



BRISBANE APARTMENT SALES SLOWING DOWN

FINANCIAL REVIEW

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Brisbane's new-apartment market has peaked and sales are slowing but there is still enough strength to keep sales tracking above long-term averages, according to Place Advisory's March quarter report. The inner Brisbane apartment market recorded 828 unconditional transactions in the March quarter, down 36 per cent from 1293 sales in the December quarter.

Last year Brisbane experienced a historic year for the city's off-the-plan apartment market. Place Advisory director and report author Lachlan Walker said the off-the-plan market was changing and developers would need to adapt to shifting trends. "The Brisbane off-the-plan apartment market has benefited from high demand in recent years, but we are moving into a new property cycle," he said. "We have already witnessed a defined shift from what has been an investor-driven market back towards the owner-occupier market. "There is no doubt this year will be tougher than 2015 due to a variety of factors including new lending policies for purchasers and developers, the federal election and higher construction prices. With that said, it is likely sales rates will continue to track above long-term averages."

JGL's John Livingstone has seen continued strong demand for his \$200 million Newstead Series apartment project in the inner-city suburb of Newstead. However, Mr Livingstone said the market was changing and developers had to respond to that change in buyer preferences. "The market is becoming a lot more focused on the fundamentals, being prime location and high-quality stock," he said.

According to the Place report, two-bedroom apartments accounted for 52 per cent of total sales in Brisbane for the March 2016 quarter, while one-bedroom apartments totalled 41 per cent of sales. One of the most successful apartment projects during the quarter was Metro Property Development's Newstead Central Capri tower, where 43 apartments sold – bringing the total sold to 144 out of 200. The March period recorded a weigh-ted average sale price of \$602,415, reflecting a softening of two per cent on last quarter's weighted average.

At the end of the March 2016 quarter, there were 2424 apartments for sale across the inner-Brisbane market, equating to a supply of nine months. The potential residential development pipeline sits at 20,456 apartments over 100 projects. This reflects a softening of 2.6 per cent over the previous quarter, primarily due to a number of projects entering the sales cycle during the March 2016 quarter.

Mr Walker said tighter lending rules and rising construction costs would be key issues in the pipeline's delivery