



## 2014 Apartment Resales Report

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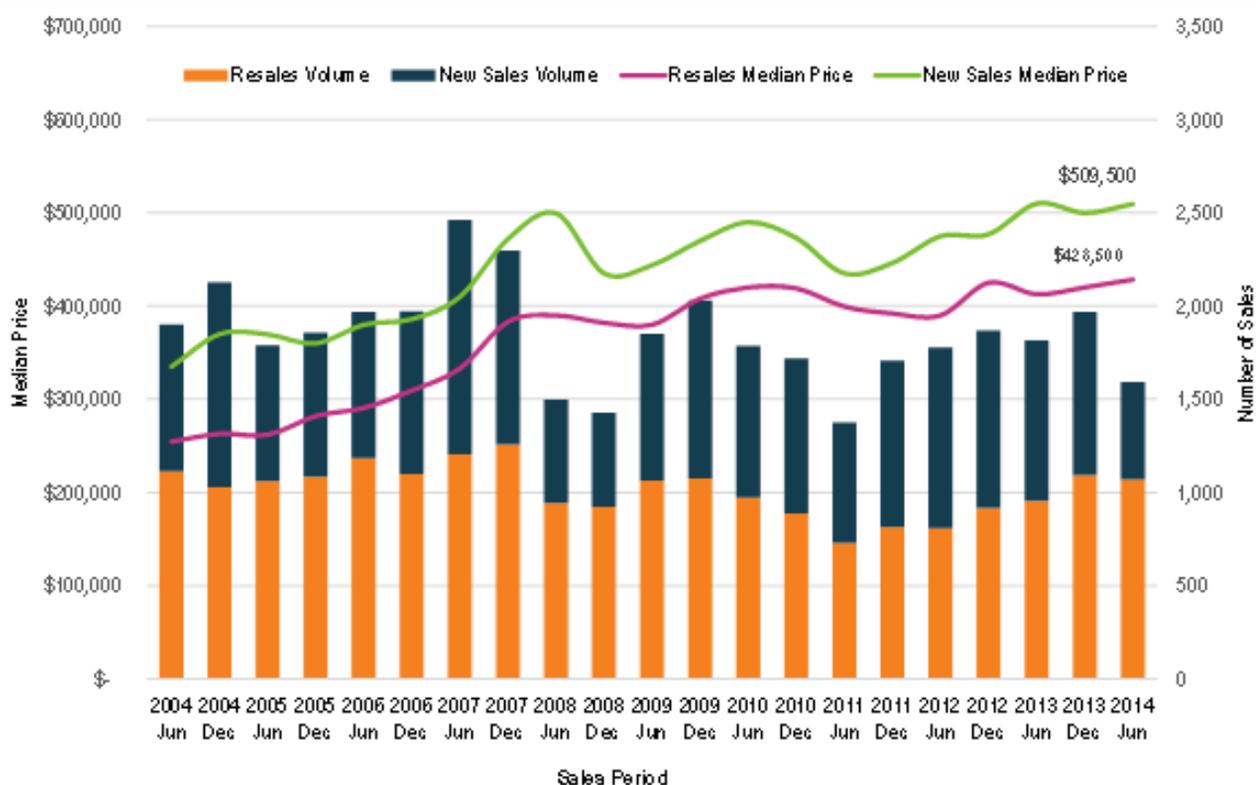
## Introduction

In property, capital growth is king. This report aims to delve into this statement and provide fact and statistics into the Inner Brisbane apartment market and the performance through recent years – via our resale analysis. This process tracks and analyses each property sold and compares to the last time this particular property was sold to identify the growth achieved over that period. By undertaking an analysis of resales data, Place Advisory is able to discover underlying trends and identify which precincts, suburbs and even buildings recognise the strongest growth. This report encompasses all historic apartment resales that have occurred within a 5km ring of Brisbane’s CBD, data has been collected to the end of June 2014.

## Resales Overview

First, a look at the Inner Brisbane market overall. Resale volumes reached their lowest point during the six month period ending June 2011, which saw a total of 729 apartments resold. In-line with the wider economy, volumes have been steadily increasing since then. The most recent six month period ending June 2014 saw 1,068 apartment resales occur across the city – an increase of 46% on the trough that occurred three years earlier in June 2011. Overall, the ratio of resold apartments to new sales has been increasing through the past 10 years. This is unsurprising given that there is a much larger prevailing market for existing apartments, and new apartment transactions is heavily dependent on the development industry and off the plan sales through each period. In the most recent 12 month period, resales represented 62% of all recorded transactions compared to 53% of all sales 10 years prior. Only 526 new transactions occurred in the most six months to June 2014.

## Unit Resales vs New Sales – Past 10 Years



Prepared by Place Advisory. Source: RP Data.

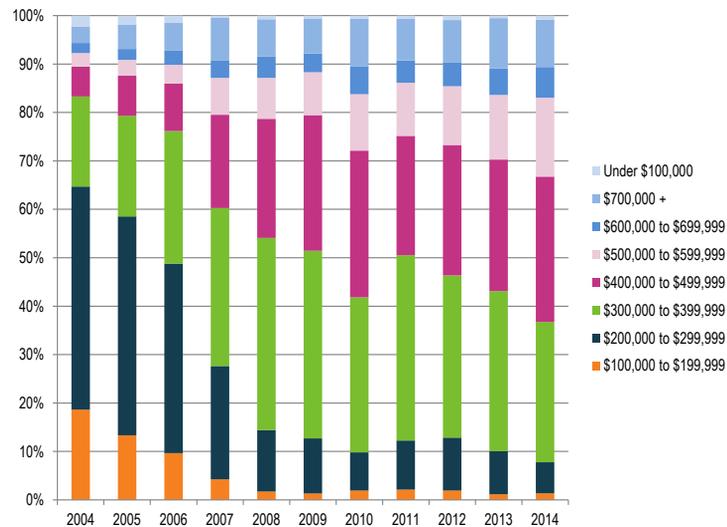
A comparison of the resales market to new apartment sales within Inner Brisbane reveals the key characteristics of each market. In general terms, new apartments are more expensive than their resold counterparts, with an average price differential of 22% over the past ten years. Given that the past twelve months have seen the median price for an apartment in the resale market increase by 3.8%, whereas new apartment medians softened 0.1%, the period ending June 2014 reveals a current price differential between the markets of 19%, with median prices of \$509,500 for new apartments and \$428,500 for resales.

Although the combination of rising prices and significant increases in sales volumes within the resales market is indicative of a strengthening Brisbane marketplace, Place Advisory is predicting a stable growth trend line over a number of years as opposed to a 'boom' – with recent years recording a very stable and consistent capital growth between the precincts. Overall, Inner Brisbane apartments have averaged a 6% annual capital growth over the past 30 years, with the average period these apartments were held for being slightly over 5 years.

Historically speaking, the top end of the unit resale market has experienced higher price growth than any other price category – the \$700,000 + price point has returned 8.7% average annual capital growth compared to most other price points returning closer to 7% - generally due to a lower percentage of this property being available in the market and due to it being located in premium positions. Recent years however, have seen the mid-market apartment prices outperform.

The 2014 year to date saw the \$600,000 to \$699,999 price point record the highest capital growth at an average of 8.2%. This is substantially stronger than the 2013 year where the three price categories between \$300,000 and \$600,000 achieved average resales growth, each performing at between 3% and 4%.

### Apartment Resales by Price Point – Past 10 Years



Prepared by Place Advisory. Source: RP Data.

The Graph above shows the bracket creep which has occurred in the past 10 years – whereby there has been a substantial increase in resales of units priced between \$300,000 and \$600,000, with unit resales at under \$300,000 shrinking in number substantially. Another area of growth is the \$600,000 and over category, which continues to expand in size as unit values increase and more recently completed luxury units come into the resales market.

The underlying demand for Brisbane apartments is very apparent. For one, they are much cheaper than in the other east coast capitals and in our current market, proximity to Asia is key. With affordability and increased demand for inner city property comes high returns to investors, but as the rental growth is beginning to ease across much of the city, this high cash flow property may be short-lived, rather substituted for by price growth. However, there is no denying Brisbane is beginning to see the first hints of capital growth occurring in the market - boding well longer term.

## Precinct Analysis

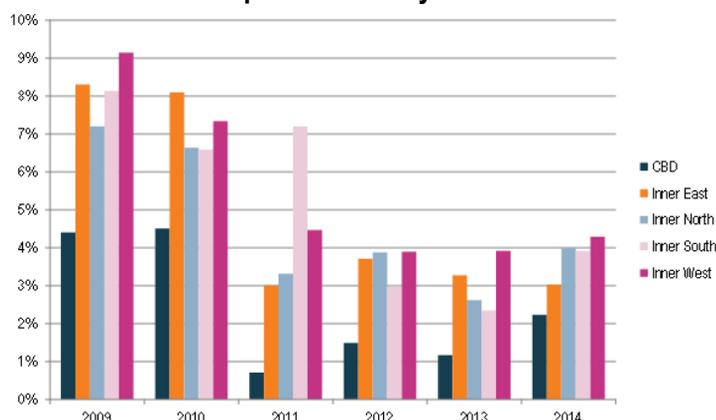
Brisbane city can be broken down into five precincts – north, south, east, west and the CBD. Each precinct is inherently unique in its demographic composition, how it interacts with the river and opportunities for employment.

As usual, the CBD saw the most expensive median resale price for the most recent six month period ending June 2014 at \$460,000. This was followed by Brisbane’s north (\$454,000), south (\$439,000), west (\$414,000) and finally the eastern precinct which realised a median resale price of \$412,000.

In terms of capital growth, the Brisbane market has seen a decline in recent years. For example, in 2014 the precinct with the highest capital growth in Brisbane was the inner west at a subdued 4.3%. This capital growth figure is less than half of what was recorded five years ago in 2009, where Brisbane’s Inner West saw apartment resales achieve capital growth of 9.1%. The past few years of lower than average annual capital growth is reflective of the wider market sentiment witnessed in a market which has reset and stabilised itself to prepare for the upward cycle. With increased buyer activity in the coming years, Place Advisory expects greater capital growth to be seen across Brisbane.

On a precinct by precinct basis, the CBD generally experiences the lowest levels of capital growth period on period, whilst Brisbane’s west was the highest performer during 2009, 2013 and 2014. The eastern suburbs consistently perform well and saw the highest capital growth during 2010 at 8.1%. A standout anomaly of the above graph is the 2011 result, where the entire Brisbane marketplace was significantly outperformed by the inner south, which saw apartment resales achieve capital growth of 7.1%. The nearest competitor during this year was the west with capital growth at 4.5%

## Capital Growth by Precinct – Past 5 Years



Prepared by Place Advisory. Source: RP Data.

## Top Suburbs

A breakdown of the top ten suburbs for capital growth reveals that historically Brisbane’s inner north dominates; with Windsor and Albion coming out on top for the suburb with the highest average capital growth historically, registering 17.4% per annum and 14.4% per annum respectively. Brisbane’s northern precinct also takes out 5 of the top 10 suburbs for average capital growth, with Windsor, Albion, Newmarket, Ascot and Lutwyche all falling within the top ten.

Capital growth data for resales that occurred within the last twelve months shows which suburbs are achieving the strongest growth in the current market. Paddington tops this list, with apartments sold within the twelve months to June 2014 achieving average capital growth of 7%. These apartments were held for 7 years on average before being resold. New Farm and Red Hill also achieved high capital growth with averages of 6.7% and 6.5% respectively.

## Capital Growth by Suburb – Past 12 Months



Prepared by Place Advisory. Source: RP Data.

## Capital Growth by Building – Past 12 Months

Building Name	Number of Apartments	Suburb	Average Capital Growth	Average Holding Period	Number of Resales
Newstead Terraces	61	Newstead	7.0%	8	7
Toowong Central	28	Toowong	6.3%	11	5
Coronation Towers	73	Auchenflower	4.9%	13	6
Glencrag	23	Spring Hill	4.9%	8	5
Wharfside Teneriffe	44	Newstead	4.6%	6	6
Mactaggarts Place	160	Newstead	3.9%	9	18
The Manors St. Lucia	101	St Lucia	3.8%	8	6
Cutters Landing - Cook	46	New Farm	3.7%	7	18
Admiralty Towers	151	Brisbane CBD	3.4%	11	9
The Cannery	187	Newstead	3.4%	6	7
Waverley Manors	45	Taringa	3.4%	8	5
Bostonian	57	Brisbane	3.3%	6	5
Summit Spring Hill Apartments	74	Spring Hill	3.1%	7	15
Felix	254	Brisbane CBD	3%	8	14

Prepared by Place Advisory. Source: RP Data.

## The Best of the Best – Which Buildings Outperformed the Rest?

At a macro level, capital growth achieved can be analysed by individual buildings. The table above shows resale data for the top buildings in terms of capital growth achieved for resales that have occurred in the past twelve months to the end of June 2014. These buildings are generally in tightly held, well-established, inner city suburbs. The top performer over the past year Newstead Terraces. This building comprises of 61 two and three bedroom apartments, including seven double storey terrace house. Over the past twelve months to June 2014 there have been seven apartments resold within this building, with resultant capital growth averaging 7%. The apartments were held on average for 8 years.

The Newstead/New Farm precinct is clearly a top performer in terms of capital growth achieved. A product of urban renewal, this area is one of Brisbane's premier residential precincts, with apartments that are tightly held and expensive to purchase. Demand for housing in the area is bolstered by enhanced liveability factors. In Brisbane's current urban environment, accessibility, walkable amenity, jobs and entertainment are all crucial in creating a suburb that will experience growth.

## Conclusion

Tracking and analysing resale data is the only true way to determine growth in real estate. Brisbane's apartment resale market is entering a new cycle of growth, boasting strong increases in sales volumes year on year. A breakdown of the Brisbane market into segments reveals that, unsurprisingly, the CBD is the most expensive place to buy an apartment on the resale market. Historically speaking, more expensive apartments have achieved the strongest capital growth due to lower supply levels and premium locations. Historically, the suburbs of Windsor and Albion have been powerhouses – boasting strong capital growth. However, resales that have occurred over the past twelve months show significant capital growth in Paddington, New Farm and Red Hill. Looking at individual buildings, the top performers by capital growth achieved are usually located in well-established inner city suburbs – particularly the Newstead/New Farm precinct.

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