

Apartment Living



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The Growing Popularity Of Apartment Living

The long held Great Australian Dream – a white picket fence, large block of land, and a barbecue out the back – is no longer everyone's first property choice. With the rise of urbanism and evolution of Brisbane's socioeconomic drivers, more and more consumers are looking to apartments as their future home.

In Australia, densification took on a higher profile during the late 60s, when the Strata Title legislation allowed members of the population to own a flat in a multi-unit building. Before this, apartment blocks were owned as a single property solely by landlord investors – the origins of a predominantly rental market. However, the development of warehouse, industrial, and waterfront sites in the late 70s provided a wealth of opportunity for investors and first home buyers – and this trend continues to occur within the Inner South Side of Brisbane today.

What we have seen within the past few years indicates a shift in society's cultural attitudes that has affected first time purchasers. Instead of choosing the grandeur and upkeep of a suburban home, buyers are prioritising their proximity to restaurants, cafes, shops, and the inner city. Not only are apartment buildings generally closer to the CBD and countless work spaces, but they present a low maintenance opportunity and a maximisation of leisure time. With blocks sporting pools and entertainment areas, these apartments are more than a living space – they become part of a lifestyle precinct.

Affordability and accessibility have also played a key role in the growth of apartment living. Apartments closer to the CBD are generally more affordable than nearby houses, and domestic and offshore investors have driven demand for new building sites in localities close to transport, education, and retail hubs.

Additionally, downsizers (such as baby boomers) are looking to sell the family home and retire into newer, more manageable properties within a convenient part of town. This trend is reflected in recent Census data, which dictated a 7% decrease in house numbers from 2001 to 2011, and a similar 6% increase in apartment dwellers for 4101.

The benefits of apartment growth are extensive, including boosting housing stock levels, increased construction activity, and new employment opportunities. Not only does this help from a socioeconomic perspective, but also from an aesthetic perspective, as architecture firms seek to revolutionise the look and feel of our cities. Additionally, we can look forward to improved communal interaction through the development of new cafes, boutiques, concierge services, gyms, pools, and boundless entertainment facilities.

According to the ABS, Australia's population is set to double to 46 million people over the next 50 years. This population growth, coupled with ongoing development of new apartment sites, ensures that we will continue to see higher density living around our cities for years to come.



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Boom Has Possible Downside

Development continues to look up in Brisbane's construction sector with a 33% jump in the number of cranes in the city skyline since late last year.

With residential activity accounting for most of the rise, there are currently 48 cranes on sites around the city. This is a fantastic indicator of the confidence in the industry and the jobs being created.

However, the buzz surrounding the construction industry's reboot has been tempered by research raising some concerns of a wave of 'irrational enthusiasm' that threatens to infect the inner-Brisbane apartment sector.

Research has shown that a surge in development activity has coincided with an easing of market drivers such as vacancy, rental

growth and population. While there may be a lot of activity at present, the medium-term outlook is not so pretty.

Approximately 3000 apartment approvals were recorded in Brisbane in the first half of 2014, the highest on record. And there are 21,000 apartments in 183 projects at various stages of development.

Adding to this buzz, at least 25 residential development sites have been placed under contract since June last year. They have the potential to deliver an additional 10,000 apartments.

While the initial supply in 2013 and 2014 was absorbed, supply levels in 2015 are now impacting on vacancy rates and yields.

New Unit Developments

Botanica	Edmonstone Street, South Brisbane	179 Units
Olympia	Russell Street, South Brisbane	69 Units
Soda	Cordelia Street, South Brisbane	131 Units
Southpoint	Grey Street, South Brisbane	221 Units
Vida	Riverside Drive, West End	148 Units
Artisan	Merivale Street, South Brisbane	66 Units
Arena	Edmonstone Street, South Brisbane	191 Units
Habitat	Forbes Street, West End	150 Units
Light & Co	Montague Road, West End	460 Units
Citro	Victoria Street, West End	106 Units
Art House	Hope Street, South Brisbane	329 Units
The Melbourne Residences	Melbourne Street, South Brisbane	178 Units
Highline West End	Bank Street, West End	142 Units
Ink	Montague Road, West End	107 Units
Opera	Cordelia Street, South Brisbane	180 Units
Muse	Tondara Lane, West End	132 Units
Riverpoint on Ferry	60 Ferry Road, West End	50 Units
Virtuoso	51 Ferry Road, West End	77 Units
Escent	Buchanan Street, West End	56 Units
Blackfold	27-29 Bank Street, West End	56 Units
Verde	5 Cameron Street, South Brisbane	82 Units
Gardens	Duncan Street, West End	122 Units
Brisbane Casino Tower	Hope Street, South Brisbane	378 Units

Median Unit Rents for Postcode 4101

September Quarter 2014

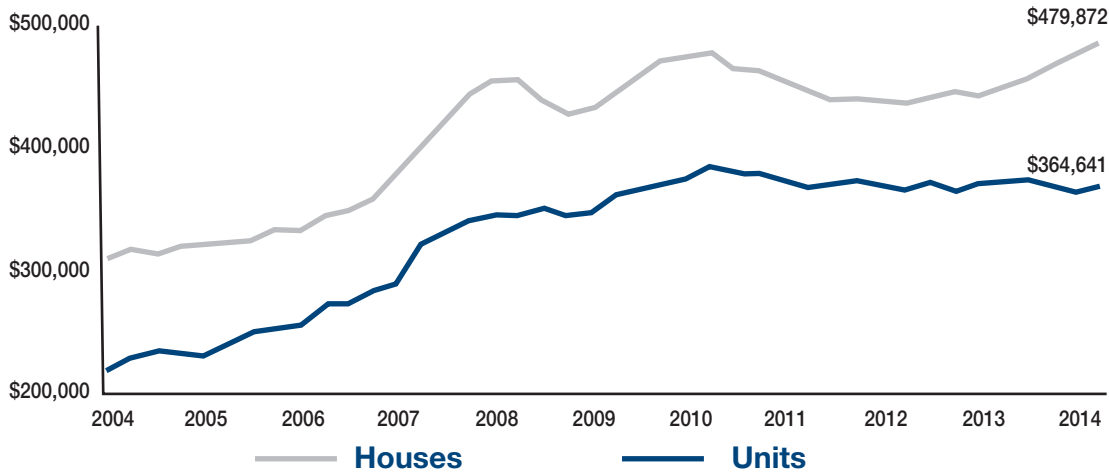
BEDROOMS	1	2	3
MEDIAN RENTS	\$330	\$500	\$700

September Quarter 2015

BEDROOMS	1	2	3
MEDIAN RENTS	\$340	\$500	\$750



Brisbane house and unit prices in sync but units flatter



Interest Rate Movements

Right up to the end of 2014, it had been predicted by economists that the next movement in interest rates would be upward in the first half of 2015.

Fast forward to the end of the third quarter and we've already seen two drops in the official rate with a real possibility of a further decrease by the end of the year.

Volatility in global financial markets continues, whilst in Australia, most data is consistent with moderate growth in the economy. Resource sector investment spending continues to decline, whilst some areas of business are seeing expansion at varying rates. Public spending is scheduled to be subdued.

Interest rates are currently at 50 year lows and likely to head lower as competition to lead intensifies.

Looking forward, continued current monetary policy should provide support to demand and help growth to strengthen over time. Inflation is also expected to remain at the lower end of the Reserve Bank's target range of 2-3% over the next 2 years (2.3% for the previous 12 months).

Based on these inflation figures, stable-wages growth, and stable unemployment, it is likely that there will be a prolonged period of stability in interest rates.

This has been further confirmed with consumers ditching fixed-rate loans and taking on variable rates instead. Nearly all 5 year fixed-rate loans are under 5%, further indicating that interest rates are likely to stay at low levels for a considerable time.

Population Growth

One of the key drivers of property demand is population growth, and while the state's net migration levels have remained at record lows for a number of years now, our population overall is still growing.

More than half of Queensland's population increase was recorded in Greater Brisbane, which was up 1.6% from 2013 to 2014.

According to the Australian Bureau of Statistics, this is the slowest growth rate Brisbane has recorded in more than a decade, largely as a result of a slowdown in both net overseas and net interstate migration.

A contracting resources sector and lack of investment has seen Queensland lag behind most other states. An encouraging sign is Queensland's construction industry which is up 10.7% on our decade average.

While interstate investors are starting to look for better buying opportunities in Brisbane, employment is ultimately the key to population growth – as it is one of, if not the main reason why we leave one city or state for another.

A strong market and growth in full time employment are important ingredients in improving and sustaining a strong property market.



WEST END

ADDRESS	DESCRIPTION	SALE PRICE
16 Barnsley Street	2 Bed, 1 Bath	\$450,000
29 Crowther Street	2 Bed, 1 Bath	\$407,000
5 Duncan Street	3 Bed, 2 Bath	\$760,000
37 Duncan Street	2 Bed, 2 Bath	\$851,000
45 Duncan Street	2 Bed, 2 Bath	\$754,000
28 Ferry Road	2 Bed, 2 Bath	\$497,500
42 Ferry Road	2 Bed, 2 Bath	\$985,000
9 Ganges Street	2 Bed, 1 Bath	\$670,000
232 Boundary Street	1 Bed, 1 Bath	\$330,000
35 Buchanan Street	3 Bed, 3 Bath	\$1,425,000
10 Carlow Street	2 Bed, 1 Bath	\$490,000
20 Donkin Street	3 Bed, 2 Bath	\$1,200,000
37 Duncan Street	2 Bed, 2 Bath	\$515,000
45 Duncan Street	2 Bed, 2 Bath	\$867,000
28 Ferry Road	3 Bed, 2 Bath	\$742,000
55 Forbes Street	2 Bed, 1 Bath	\$475,000
55 Forbes Street	3 Bed, 2 Bath	\$1,210,000

HIGHGATE HILL

ADDRESS	DESCRIPTION	SALE PRICE
20 Baynes Street	3 Bed, 2 Bath	\$855,000
11 Beaconsfield Street	2 Bed, 1 Bath	\$515,000
54 Brighton Road	2 Bed, 1 Bath	\$550,000
85 Dornoch Terrace	3 Bed, 2 Bath	\$1,000,000
68 Gladstone Road	3 Bed, 2 Bath	\$623,000
83 Gladstone Road	3 Bed, 2 Bath	\$655,000
47 Hampstead Road	2 Bed, 2 Bath	\$629,000
67 Hampstead Road	2 Bed, 1 Bath	\$425,000
26 Paradise Street	3 Bed, 2 Bath	\$621,000
86 Dornoch Terrace	2 Bed, 2 Bath	\$700,000
44 Brighton Road	2 Bed, 2 Bath	\$520,000
12 Sankey Street	3 Bed, 2 Bath	\$767,000

**FAIRFIELD/
YERONGA**

ADDRESS	DESCRIPTION	SALE PRICE
43 Victoria Street	1 Bed, 1 Bath	\$248,000
38 Brougham Street	2 Bed, 2 Bath	\$465,000
8 Wilton Terrace	1 Bed, 1 Bath	\$249,000
41 Shottery Street	2 Bed, 2 Bath	\$387,000
15 Nelson Street	2 Bed, 2 Bath	\$400,000
348 Fairfield Road	3 Bed, 2 Bath	\$462,500
21 Yeronga Street	2 Bed, 2 Bath	\$475,000
22 Querrin Street	3 Bed, 2 Bath	\$480,000

SOUTH BRISBANE

ADDRESS	DESCRIPTION	SALE PRICE
8 Cordelia Street	1 Bed, 1 Bath	\$370,000
42 Cordelia Street	2 Bed, 2 Bath	\$510,000
62 Cordelia Street	2 Bed, 2 Bath	\$489,000
10 Lower River Terrace	3 Bed, 2 Bath	\$1,500,000
30 Mollison Street	3 Bed, 2 Bath	\$533,000
8 Cordelia Street	2 Bed, 2 Bath	\$490,000
45 Cordelia Street	3 Bed, 2 Bath	\$642,000
9 Edmonstone Street	2 Bed, 2 Bath	\$681,000
6 Manning Street	2 Bed, 2 Bath	\$585,000
46 Manning Street	2 Bed, 2 Bath	\$585,000
78 Merivale Street	2 Bed, 2 Bath	\$510,000
26 Mollison Street	2 Bed, 2 Bath	\$521,000
46 Montague Road	1 Bed, 1 Bath	\$250,000
228 Vulture Street	2 Bed, 1 Bath	\$520,000

ANNERLEY

ADDRESS	DESCRIPTION	SALE PRICE
28 Villa Street	1 Bed, 1 Bath	\$212,000
33 Lagonda Street	1 Bed, 1 Bath	\$230,000
47 Lothian Street	1 Bed, 1 Bath	\$264,000
61 Franklin Street	2 Bed, 1 Bath	\$289,000
21 Albert Street	2 Bed, 1 Bath	\$314,000
87 Prince Street	2 Bed, 1 Bath	\$315,000
17 Caroline Street	2 Bed, 1 Bath	\$322,000
66 Waldheim Street	2 Bed, 2 Bath	\$446,500
25 Cracknell Road	3 Bed, 2 Bath	\$462,000
28 Oakwood Street	3 Bed, 2 Bath	\$495,000

Recent Unit Sales

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