



Sales hit six-year high

Brisbane's Inner Ring apartment market has well and truly turned the corner, according to the latest Colliers International Brisbane Apartment Report.

It shows that for the quarter ending September 2010, the sector experienced the strongest sales rate for new apartment stock in six years – and a 56 per cent increase from the corresponding period in 2009.

Lachlan Walker, Colliers International Project Management & Research - Residential, said broadly speaking the Brisbane apartment market was in a similar position in the property cycle as it was more than a decade ago, where the market was looking more positive and just a few years from a major property boom, following a substantial period of depressed market conditions.

“The resounding theme for the September 2010 quarter is that the Brisbane Apartment market has made strong progress in recovering from the effects of the GFC,” he said.

“It has been a difficult two years since the impacts of the declining US economy impacted the Australian property market, however the most recent quarter has seen the strongest rate of sale for the Brisbane market since 2004.”

The report revealed that there were 425 unconditional sales of new apartments within Brisbane's Inner Ring, encompassing the five-kilometre radius from the CBD, representing an increase of 21 per cent per cent from the 276 sales recorded in the June 2010 quarter.

This brings the total unconditional sales for the 2010 year-to-date to 977 transactions for Brisbane's Inner Ring, 182 more transactions than recorded for the entire 2009 calendar year.

Some 32 per cent or 135 of the 425 unconditional sales were recorded in Laing O'Rourke's new residential release, M & A, in Brisbane's Fortitude Valley. Other strong performers were FKP's The Milton to be developed by FKP which registered 68 unconditional sales for the three month period, as well as Devine's Riverside Hamilton and Aria Property Group's Station 16, which saw 41 and 42

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sales respectively.

Mr Walker said sell rates within projects across the Brisbane market, currently averages around 4.5 sales per month and appears to be increasing.

“Some projects, in direct relation to the product mix available within the building and directly influenced by price, have outperformed this statistic, particularly those in secure investment locations,” he said.

“This comes as a result of a market which is facing an upward swing in the coming two years as Brisbane enters its next positive cycle.”

Mr Walker said the new apartment market appears to be entering a new period of sales growth as stock has been reconfigured and is now focussed upon high transactional turn-over at a market accepted weighted average price.

“Weighted average prices have softened over the past twelve months, with \$534,894 being recorded for the September quarter, an 11 per cent decrease from the June 2010 quarter and 16 per cent below the September period in 2009,” he said.

“Competition for buyers between projects is set to increase particularly in the inner north as supply escalates. However, off-the-plan sales will elevate as a result.”

As at end September 2010, a total of 1,584 apartments remained for sale in the Inner Ring, with 47 per cent being two-bedroom configurations, 35 per cent one-bedroom and just 14 per cent being three bedroom apartments.

Mr Walker said these remaining developer apartments were likely to supply the current market demand for just 11 months.

“Our observation is that developers, in general, have become more risk averse given the recent climate and are seeking a greater understanding of where the true demand will come from prior to launching new projects.”

Colliers International still anticipated a period of increasing new supply over the next 12 months for the Inner Ring.