PROPERTY MARKET OVERVIEW

BRISBANE: 2023

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1 GROUP PROPERTY ADVISORY

WELCOME

Dear Valued Readers

Often perceived as unpredictable over the years, the Brisbane Property market has become one of the most consistent, stable and best performing markets in the country

Brisbane had a stronger and longer lasting boom than either Sydney or Melbourne, with property values increasing by 40.8% between July 2020 and June 2022. It also had a shorter peak to trough decline than either of the other cities, with values declining by 11% from the peak. Most of this has now been recovered, however; some areas are still lagging and therefore presenting opportunity

Brisbane retains strong long-term prospects as properties remain more affordable than either Sydney or Melbourne and present much higher yields. Combine this with strong infrastructure spending, attractive lifestyle, high interstate migration and international exposure from the Olympics and it is likely that Brisbane's property markets will continue to grow over the next decade with only short periods where prices may flatline or decline during that time.

Stock levels have remained stable year on year, but new stock has reduced and with population pressure we expect this market to continue to be tightly held. The sheer geographical landscape of Brisbane does not lend to scaling itself very easily due to surrounding ocean, national parks and of course the river and flood catchments. This will make well located houses, near infrastructure in high demand from buyers and renters alike. Steer clear of units, but townhouses can also make for viable investments as we see them in short supply as well. Even better, build them!

As borrowing power has decreased, buyers are approaching the market with more caution and an eye for quality property. Overall, there is slightly less competition for properties and buyers are in a better negotiating position with more time to wait for the right property. But as the market recovers from the 11% decline since the peak, we expect values to increase past this level next year.

Please don't hesitate to reach out if we can help you make better investment decisions

Best Regards,

Julian Muldoon, 1Group



MAJOR PROJECTS



The Queensland State Government, Australian Federal Government and Brisbane City Council are investing around \$55.5 billion in current and recent infrastructure projects, including:

- 1. 2032 Brisbane Olympics: An estimated total of \$5 billion will be spent to host and develop the infrastructure for the 2032 Brisbane Olympics. completed by 2030.
- Cross River Rail: A total of \$5.4 billion to fund the Cross River Rail. This is Queensland's biggest infrastructure project and includes a 10.2km rail line which runs from Dutton Park in Brisbane's Southern Suburbs to Bowen Hills in the northern suburbs. The line will include a 5.9km tunnel under the CBD and will see the delivery of four new underground rail stations at Boggo Road, Woollongabba, Albert Street and Roma Street. The project will create around 7,000 construction jobs and is due to be completed by 2025.
- 3. Brisbane Metro: A total of \$944 million for the Brisbane Metro high frequency bus rapid transit system involving the construction of two lines totaling 21 kilometres plus 18 stations. The project is jointly funded by the Federal Government (\$218.5 million) and Brisbane City Council (\$644 million) and is due to be completed by 2024. kilometres of tunnels. The WestConnex will include provision to link to the future M6 motorway extension to Southern Sydney and to extend the M8 motorway to link to the proposed West Harbour tunnel and the Northern Beaches.
- 4. New Bridges: A proposal to spend \$550 million building five new green bridges across the Brisbane River, including Kangaroo Point Green Bridge; Toowong to West End Green Bridge; St Lucia to West End Green Bridge; Breakfast Creek Green Bridge; and Bellbowrie Green Bridge.
- 5. Brisbane Live Arena: The proposed \$2 billion Brisbane Live arena, comprising an integrated transport and entertainment precinct at Roma

Street, including a 17,000 seat entertainment venue. The development may include residential towers and the State Government is looking to the private sector to partially fund the project.

Gabba Stadium: Proposed \$1 billion upgrade of the Gabba Stadium, which is set to be the epicentre of Olympic activity.

MAJOR PROJECTS



There are also several significant private sector developments in the pipeline, including:

- 1. Queens Wharf: The \$3.6 billion Queen's Wharf development, covering a total of 12 hectares of land and comprising 390,000 sqm of floor space including four hotels, 2,000 residential apartments, a casino, and 50 bars and restaurants. The development will be delivered by Far East Consortium, Star Group and Chow Tai Fook and is due to be completed in 2023.
- 2. RNA Showgrounds: The \$2.9 billion RNA Showgrounds redevelopment by Lend Lease in Bowen Hills, comprising 340,000 sqm of residential, commercial and retail space.
- 3. Millennium Square: The \$2 billion Millennium Square redevelopment, which will transform News Corp's existing four hectare base in Bowen Hills into a state-of-the-art multimedia hub, residential and lifestyle precinct.
- **4. Eagle Street Pier**: The \$2.1 billion Eagle Street Pier precinct to be developed by Dexus, including two office towers, public open space and a retail precinct.

KEY STATS

Metric	Latest	Previous	Change
Median Dwelling Prices	\$735,394 (July 2023)	\$781,850 (July 2022)	-5.9%
Median House Prices	\$819,832 (July 2023)	\$884,336 (July 2022)	-7.3%
Apartment Prices	\$520,346 (July 2023)	\$504,520 (July 2022)	3.1%
Median Weekly Rental – houses	\$\$692 (Aug 2023)	\$622 (Aug 2022)	11.25%
Median Weekly Rental – Units	\$546 (Aug 2023)	\$459 (Aug 2022)	+18.9%
Vacancy Rate	1.0% (Jun 2023)	0.7% (June 2022)	0.3%
Time on Market	25 (July 2023)	13(Feb 2022)	-21 days
Stock on Market (under 30 days)	7,250 (July 2023)	7,940 (Aug 2022)	-690
Stock on Market (total)	17,692 (July 2023)	20,697 (July 2022)	-3,005
Auction Clearance Rates (average)	47% (Aug 2023)	62% (April 2022)	-5%
New Dwelling Approvals	2,715 all dwellings (April 2023) 1,578 houses (April 2023)	3,007 all dwellings (April 2022) 1,949 houses (April 2022)	-9.7% -19.0%

THE DATA

PROPERTY VALUES

- Median Dwelling price for Brisbane at the end of July 2023 was \$735,394, which is down 5.9% on a year ago. This represents a drop of \$46,456 in median dwelling prices over the past year. However, this figure is up 5.8% on February 2023 and represents the fifth successive month on month increase in property values since June 2022, suggesting that the market has stablised.
- 2. The lowest point of the current Brisbane property market cycle was recorded in February 2023, when a median dwelling value of \$694,495 was recorded. The peak to trough of Brisbane's current market cycle lasted 7 months from a peak of \$784,826 in June 2022 to the lowest point of \$694,495 in February 2023.
- 3. House values dropped further than apartment values. Median house value now stands at \$819,832, a drop of 7.3% or \$64,504 compared to a year ago.

- On the other hand, apartment values increased by 3.1% to \$520,346 or an increase of \$15,826. The gap between apartment and house values has narrowed as limited borrowing capacity encourages buyers to look to buy apartments or townhouses rather than houses.
- of 41.8% in dwelling values between July 2020 and June 2022. From June 2022 until the low point of the market in February 2023, Brisbane dwelling prices declined by 11%. As a result of prices increasing by 5.8% since February 2023, Brisbane property values sit 36.6% higher than at they were in June 2022.
- 5. Strongest performing SA3 region in year to April 2023 was the Ipswich Hinterland, with a 1.8% increase in median values to \$544,931.



Sources: CoreLogic | Domain | www.statistica.com | SQM Research

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Brisbane Marketing Update

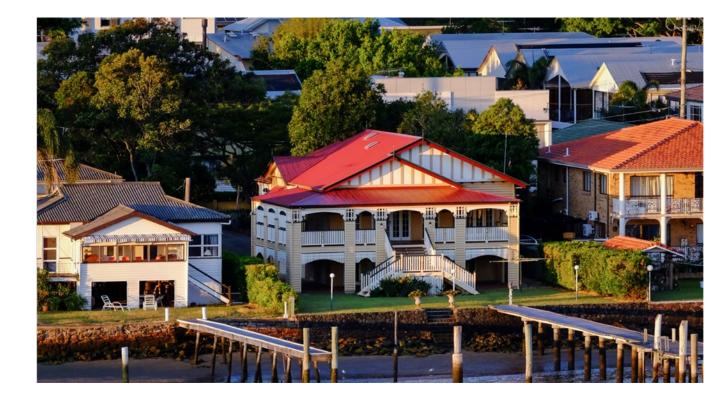
RESIDENTIAL

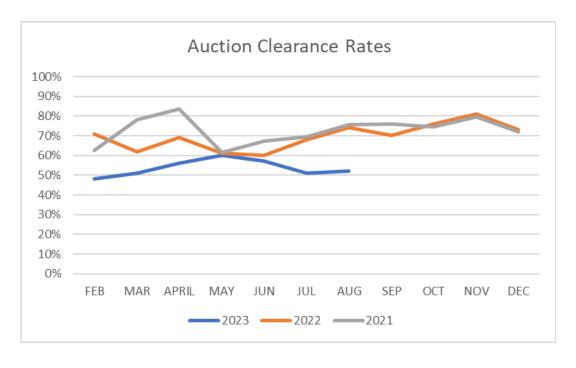
RENTAL VALUES & VACANCY RATES

- Average asking rental prices for houses increased by \$72 in the year to August 2023. Current average asking rental is \$692. This represents an annual increase of 11.25%.
- Asking rates for apartments have increased even further than houses, with asking rates increasing by \$87 to \$526 in the year to May 2023, which represents an increase of 18.9%
- Meanwhile, the average vacancy rate across the Brisbane metro area remained tight at 1.0% in June 2023, which is actually a slight increase of 0.3% compared to June 2022.
- The combination of increasing rents and very tight vacancy rates has created an affordability crisis for some, while on the flip side investors are experiencing improved yields and returns.

AUCTION CLEARANCE RATES

- Brisbane recorded an average clearance rate of 57% for the June 2023 quarter, which is lower than the 62% clearance rate recorded for the June 2022 quarter.
- Auction clearance rates dropped to an average of 42% over the last six months of 2022, so the latest clearance rates indicate something of a market bounce back.
- However, while auction clearance rates are slowly recovering, they are still somewhat short of the 2021 average clearance rate of 72%.

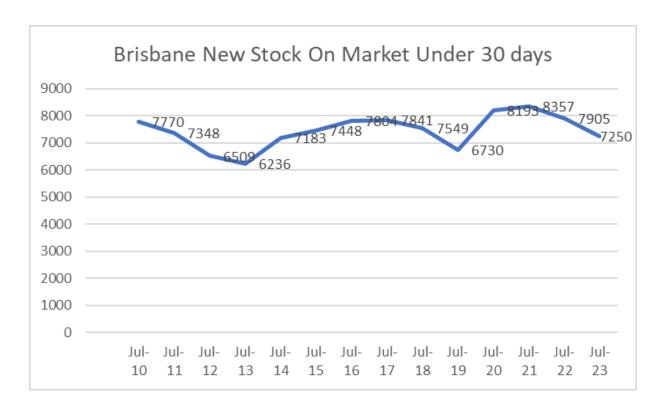




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SUPPLY

- Total stock on market is lower year on year with 17,692 properties listed for sale in July 2023 compared with to 20,697 properties listed for sale in July 2022.
- The number of new properties entering the market has also dropped slightly with 7,250 newly listed properties in April 2023 compared with 7,940 newly listed properties in April 2022.
- The average days of market meanwhile has increased from 13 days in February 2022 to 25 days in July 2023.





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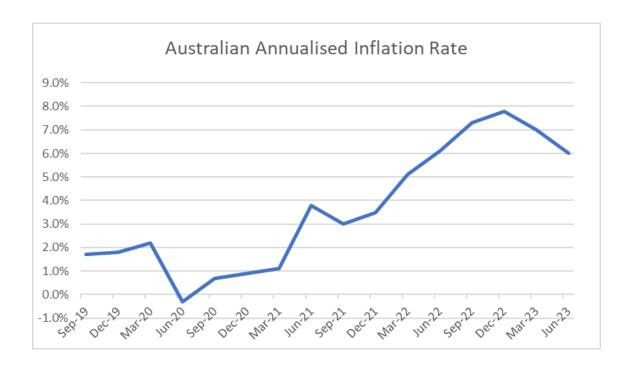
AUSTRALIAN ECOMONICS/DEMOGRAPHICS/LENDING FIGURES

Australia Population	26,439,111 (July 2023)	25,422,788 (2021 Census)	+702,026	Source: ABS	Sep 2022
Greater Brisbane Population	2,628,083 (2022 Estimate)	2,270,800 (2016 Census)	+255,438	Source: ABS	Census 2021
Unemployment (National)	3.5% (July 2023)	4.0% (March 2022)	-0.5%	Source: ABS	March 2022
Unemployment (QLD)	3.9% (May 2023)	3.9% (March 2022)	-0.1%	Source: ABS	March 2023
National Immigration (arrivals)	395,000 (June 2022)	146,000 (Jun 2021)	+249,000	Source: ABS	Jun 2022
National Immigration (departures)	224,000 (June 2022)	230,900 (Ju/n 2021)	-6,900	Source: ABS	Jun 2022
Net population gain/loss	170,900 (net gain)	84,900 (net loss)	N/A	Source: ABS	Jun 2022
Interest Rates (official cash rate)	4.1% (Aug 2023)	0.10% (April 2022)	+3.75%	Source: RBA	May 2023
Inflation (CPI)	6.0% (July 2023)	3.5% (Dec 2021)	+3.5%	Source: RBA	Dec 2022
Mortgage Approvals/Loan Commitments for Housing (National - total value)	\$24.6b (June 2023)	\$32.76b (Feb 2022)	-26.86%	Source: ABS	Feb 2023
Mortgage Approvals/Loan Commitments for Housing (QLD- total value)	\$3.165b (Mar 2023)	\$3.859b (Mar 2022)	-30.9%	Source: ABS	Feb 2023
First Home Buyers (National - total value)	\$3.49b (Feb 2023)	\$4.43b (Feb 2022)	-26.8%	Source: ABS	Feb 2023
Investor Activity (National - total value)	\$8.69b (June 2023)	\$11.268b (Mar 2022)	-29.89%	Source: ABS	Feb 2023
Investor Activity (QLD- total value)	\$3.090b (Feb 2023)	\$4.35b (Feb 2022)	-28.9%	Source: ABS	Feb 2023
Owner-Occupier Activity (National - total value)	\$15.91b (June 2023)	\$21.246b (Mar 2022)	-27%	Source: ABS	Feb 2023
Owner-Occupier Activity (QLD - total value)	\$3.165b (Mar 2023)	\$3.859b (Mar 2022)	-17.94%	Source: ABS	Feb 2023
First Home Buyers (QLD - no of new loan commitments)	1,748(Mar 2023)	2,039 (Mar 2022)	-14.27%	Source: ABS	Feb 2023

ECONOMICS/DEMOGRAPHICS

- Net overseas migration has bounced back quicker than expected following the reopening of borders in early 2022. This has added to rental demand, and will support housing demand into the medium term.
- A total of 395,000 migrants arrived in the year to June 2022, compared with 146,000 in the year to June 2021. This compares with 224,000 permanent departures over the same period, representing a net migrant intake of 170,900 in the year to June 2022. This is a significant increase on the net loss of 84,900 in the year to June 2021.
- The Labour Market is tight, with unemployment nationally dropping to just 3.5% by July 2023. This represents a 0.5% drop from March 2022. Unemployment in Queensland was 3.9% in May 2023, down by 0.1% on March 2022.
- Interest Rates have been increased 11 times by the RBA in successive months following the first rise from a historical low of 0.10% in May 2022 to 0.35%. As of August 2023, the official cash rate is 4.1%.
- While inflation has increased significantly in the past eighteen months, it appears that the peak has now passed. The ABS reported that annual inflation is 6.0% for the year ending July 2023. This is an 1% drop from the 7% reported for May 2023 indicating that inflationary pressures are starting to ease.
- Affordability/Borrowing Power is much tighter following the recent interest rate rises.
- High household savings will help to provide a buffer against higher mortgage rates and cost of living pressures. The RBA noted that the median variable mortgage borrower had enough in their offset/redraw account to cover 20 months of mortgage repayments.
- Mortgage approvals on a nationwide basis to March 2023 are significantly down on the previous year, with \$23.96b in loans approved compared to \$32.52b the previous year.
- First home buyer and investor mortgage rates are also down by 26.8% and 29.89% respectively.

- In Queensland, investor and owner-occupied mortgage approvals are down year on year by 28.9% and 17.94% respectively.
- Meanwhile the number of new loan commitments for first home buyers is also down
 by 14.27%.



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