

a vision of 2020.... how will the property market look in West End, South Brisbane and Highgate Hill?

A seminar held on Monday May 19th 2008 and hosted by Bees Nees City Realty.

Presenter 1: Rob Honeycombe, Managing Director of Bees Nees City Realty

- The rental market in the 4101 postcode has approx 4,400 homes, of the almost 30,000 across the inner city; just 75 homes were added to this total inner city rental pool in the past year
- Median rents of 3 bedroom houses in this area have risen 50% in the past 6 years, to \$420/week, while median rents of 2 bed apartments have almost doubled (up 95%) in that same period.
- Interestingly 4101's 2 bed apartment rents have caught up to the inner city median, and are now dearer than suburbs like New Farm, Paddington and Bulimba.
- This is an area that's snuck up on many people's radars, but is now capturing attention from the broader Brisbane market. There's an exciting future ahead.

Presenter 2: Andrew Crawford, Director of Wolter Consulting Group

- A local family in 2020 might have plenty of new lifestyle options at their doorstep: cafés on the ground floor of their apartment buildings (the 18 hour day will be a reality here with a meal available at 10pm at night!), maybe a light rail loop through the city, a new Citycat stop at West End and greater local exercise, entertainment and dining venues.
- Buildings are likely to be taller, with BCC supporting towers up to 25 storey in some areas. Expect changes to current plans to ensure we can accommodate Brisbane's growing population.
- More offices will be built, especially in the "Kurilpa" pocket of South Brisbane. Areas like this have a lot of change to come.
- Industrial uses will diminish but Council will continue to protect pre-1946 dwellings and character.
- Issues like housing affordability, open space and parkland and density need more discussion, along with tough decisions on traffic and parking. Must have carparks but need to encourage less car use.
- Mixed use projects are becoming more the norm, with offices, shops and apartments sharing buildings.

Presenter 3: Michael Matusik, Director of Matusik Property Insights

- Govt projections show Brisbane will have 50,000+ per annum population growth and we currently have a significant housing undersupply.
- Our market not at all like the USA: they are oversupplied with housing stock, home lending is very different and in Queensland in 2007 there were just 961 repossession writs, or 0.0053% of the market.
- 4101 is witnessing strong population growth and there's a shortage of rental stock – undersupplied by 600 new apartments last year, so rents were up 15%
- Looking back 12 years to 1996 an apartment in 4101 was \$132,750 and it's now \$432,250. Affordability has dropped: the local income to price ratio was 4.9 and it's now 8.



- We will see more apartment development, few new detached houses but escalating renovation activity.
 - There will be more shared accommodation as costs rise.
 - By 2020 the median apartment price might be (the usual disclaimer applies!) \$750,000 and a house \$1.5million. A median 2 bed apartment might rent for \$700; a 3 bed house \$850. Assumptions include steady interest rates and migration staying high.
 - Watch for price growth of 5-8% across Brisbane in 2008 before stronger gains in following years. The current undersupply will not be resolved anytime soon.
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- Michael's full presentation can be downloaded for the time being at www.matusik.com.au – go to Recent Presentations. While you're there we can recommend a subscription to their Snapshots. It's a great insight into the market and well worth the money!

If you have further questions please call the Bees Nees City Realty team on **07 3214 6888** or visit **www.beesnees.com.au**

