

Brisbane Residential Insight

Q4 2023

Knight Frank's quarterly analysis of mainstream residential sales and rental markets across Greater Brisbane

knightfrank.com.au/research

Apartments remain in short supply for buyers and renters

▲ The shallow new apartment pipeline in recent years is being reflected in the established apartment market across Greater Brisbane with the fastest average selling time of all capital cities last quarter and now lower than a year ago.

SALES PERFORMANCE

Across Greater Brisbane, mainstream sales volume trended down 15.1% in the September 2023 quarter with 51,729 residential homes (houses and apartments) sold, after annual sales volume recorded -22.7%.

On average, the days on market for a home was 47 days in September 2023. This was 53 days three months earlier, and 44 days one year ago.

The auction clearance rate at the end of the September 2023 quarter was 61.3% from 236 scheduled actions. This was higher than the prior quarter at 60.2% (from 134 auctions held). By comparison, the same quarter last year was 49.6% (out of 130 auctions) sold (CoreLogic).

PRICE PERFORMANCE

Residential property prices increased 4.1% in the year to September 2023, while rising 1.5% in the last quarter to stand at a median value of \$756,500.

Looking forward, average prices are forecast to rise 5% at the end of 2023, with 5% in 2024 and 4% in 2025, according to Knight Frank Research.

RENTAL PERFORMANCE

The total residential rental vacancy was recorded at 1.0% in September 2023, rising 30 bps over the past year across Greater Brisbane (REIA). Generally, 3% vacancy is considered a balanced rental market between supply and demand.

Gross rental yields rose 36 bps in the year ending September 2023, as residential property averaged 4.63%.

Residential rents increased 2.7% in the September 2023 quarter, while increasing by 10.5% annually, to stand at \$580 per week.

Knight Frank Research forecast rents to rise 12% at the end of 2023, with 9% likely in 2024, and 7% in 2025.

NEW BUILDS

Annual building approvals in September 2023 grew by 2.5% to total 19,334 additional dwellings in Greater Brisbane, compared to a fall of 24.0% a year ago. In this time, 11,643 houses and 7,691 apartments were approved. This was trending 6.0% lower for house approvals, and 18.6% higher for apartment approvals, compared to the year earlier.

3.3%

Queensland annual economic growth in 2022 with forecast of 3.2% in 2025

4.1%

Greater Brisbane unemployment rate in September 2023

4.35%

Official cash rate target in December 2023 with forecast of 3.9% in 2025

-20.1%

The annual change in Queensland new household loan commitments in September 2023

-17.3%

Yearly change in number of lending commitments to owner occupier first home buyers in Q3 2023

2.2%

Greater Brisbane population change in 2022 to an estimated 2.6 million persons, with 1.7% annual forecast in 2025

\$756,500

Greater Brisbane residential median value at the end of September 2023

4.1%

The change in Greater Brisbane's median residential values recorded between September 2022 and September 2023

1.0%

Total residential rental vacancy in September 2023 across Greater Brisbane

Greater Brisbane Established Houses

- ▲ The reduction in sales volume of houses is a reflection on limited supply given rising demand has lifted price growth across Greater Brisbane in the past quarter and shortened the sales period for transactions.

\$849,000

Greater Brisbane median house value at end of September 2023

3.3%

The change in Greater Brisbane's median house values in the year to September 2023

7.3%

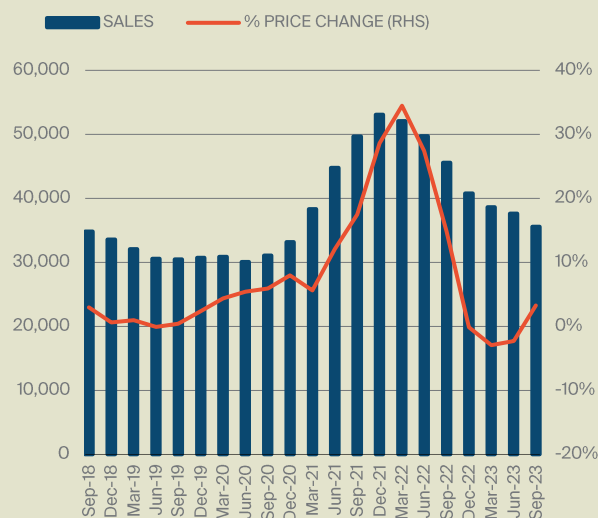
Annual median weekly rental growth in September 2023 across Greater Brisbane houses

SALES & PRICE PERFORMANCE

- ▲ Greater Brisbane sales volume fell by 16.1% in the September 2023 quarter to total 35,555 houses, whilst annual sales volume was 22.0% lower than a year ago.
- ▲ The average days on market for a house was 49 days in September 2023. This was 54 days three months earlier, and 43 days one year ago.
- ▲ Median house values rose 3.3% in the year to September 2023, while rising by 1.4% over the last quarter to \$849,000 (APM).

Brisbane Houses Sales Market

No. annual sales & % annual price growth



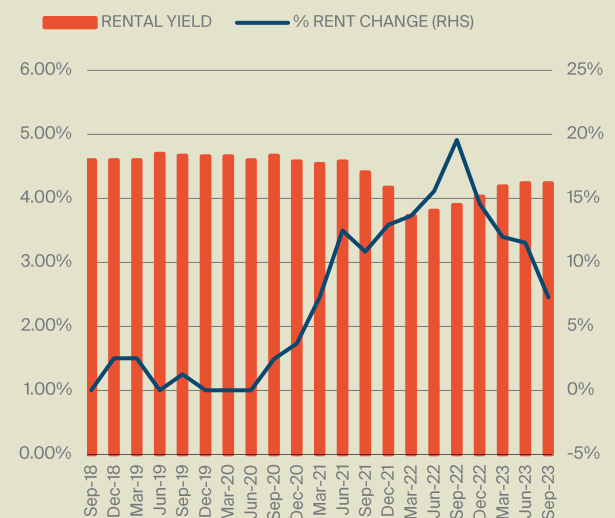
Source: Knight Frank Research, APM

RENTAL MARKET

- ▲ Gross rental yields increased 34 bps in the past year, with Greater Brisbane houses averaging 4.24% in September 2023.
- ▲ House rents rose 1.7% in the September 2023 quarter, while being up 7.3% annually, to stand at \$590 per week (APM).

Brisbane Houses Rental Market

Gross rental yield & % annual rental change



Source: Knight Frank Research, APM

Greater Brisbane Established Apartments

- ▲ As rental growth continues to climb for Brisbane apartments over the past year, gross rental yields have followed, encouraging the faster pace for sales taking place and prices edging higher.

\$495,000

Greater Brisbane median apartment value at the end of September 2023

7.7%

The change in Greater Brisbane median apartment values in the year to September 2023

19.6%

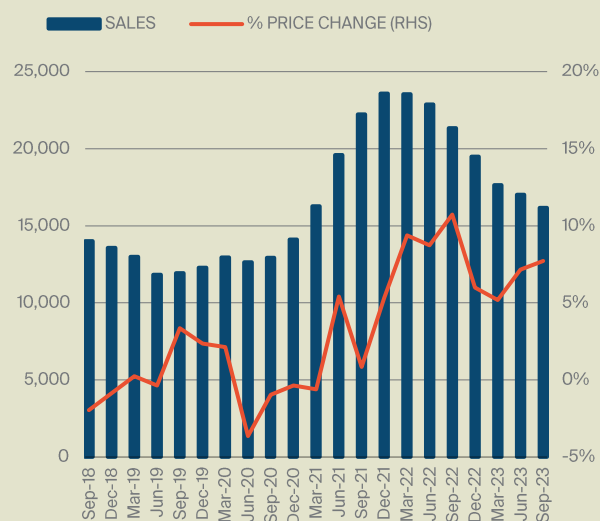
Annual median weekly rental growth in September 2023 across Greater Brisbane apartments

SALES & PRICE PERFORMANCE

- ▲ Greater Brisbane apartment sales volume decreased by 13% in the September 2023 quarter to count 16,174 apartments in the past year, as annual sales volume was 24.2% lower than a year ago.
- ▲ The average time on market for an apartment was 41 days in September 2023. This was 52 days one quarter earlier, and 46 days one year ago.
- ▲ Median apartment values grew by 7.7% in the year to September 2023, while rising 1.6% in the last quarter to stand at \$495,000 (APM).

Brisbane Apartments Sales Market

No. annual sales & % annual price change



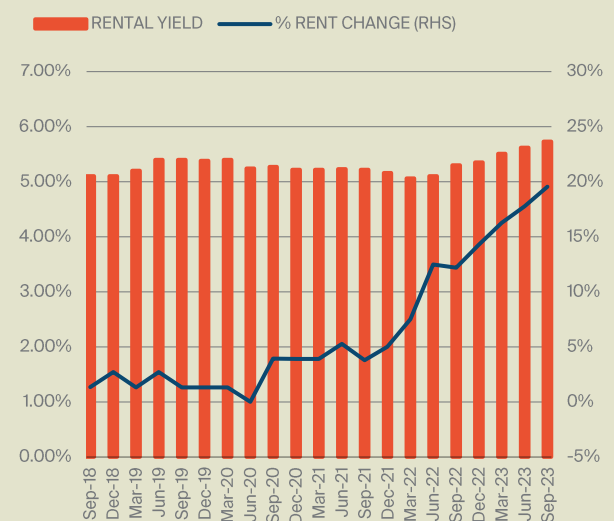
Source: Knight Frank Research, APM

RENTAL MARKET

- ▲ In the year to September 2023, Greater Brisbane apartment gross rental yields increased 43 bps to 5.73%.
- ▲ Apartment rents rose 3.8% in the September 2023 quarter, while rising 19.6% annually to \$550 per week (APM).

Brisbane Apartments Rental Market

Gross rental yield & % annual rental change



Source: Knight Frank Research, APM

Greater Brisbane Residential Forecast

Key Drivers Forecast

	2021	2022	2023f	2024f	2025f	Average 2023f-2025f
QLD Economic Growth	6.1%	3.3%	3.0%	2.6%	3.2%	2.9%
Unemployment Rate	5.1%	3.7%	3.7%	4.3%	4.3%	4.1%
Cash Rate Target	0.1%	1.2%	3.9%	4.6%	3.9%	4.1%

Source: Oxford Economics

Brisbane Residential Forecast

	2021	2022	2023f	2024f	2025f	Average 2023f-2025f
Price Performance	23%	1%	5%	5%	4%	5%
Rental Market	11%	14%	12%	9%	7%	9%

Source: Knight Frank Research

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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