

BRISBANE SALES VOLUMES STRONG

Brisbane once again achieved very strong annual sales volumes, with apartments achieving the strongest growth levels across all capital cities, while rental growth for apartments remained stable over the same period. Vacancy continues to trend below equilibrium, albeit with a solid pipeline of projects. Apartment capital values remained stable in the month of May, with house values achieving the second strongest growth rate across the country.

Key facts July 2015

Capital growth for houses in the last month grew 2.2% (up 3.7% year-on-year); while apartments remained stable (up 3.3% year-on-year)

Sales volume was up 6.4% for houses and up 21.4% for apartments year-on-year to May

Annual **rental growth** for houses was recorded at 3.4% while apartments remained stable over the year to May

Gross **rental yields** currently average 4.89% for houses and 5.30% for apartments

- The cash rate remained stable at 2.00% in June after falling 25 basis points in May - a new historic low.
- Net interstate migration into Queensland remained strong in the year to December 2014, while the city's real estate becomes comparatively more affordable than other cities. Population growth is set to continue for the Brisbane metropolitan area, with an annual rate of 1.2% projected out to 2021.
- The unemployment rate as at May 2015 stands at 5.5% for the metropolitan region (SA4), trending below the 6.5% rate of May 2014.
- Building approvals in the three months to May totalled 2,502 houses and 4,379 apartments approved in the Brisbane metropolitan area. This is trending 1.2% higher for houses and 107.8% higher for apartment approvals compared to the same period in 2014.
- Sales transacted in the twelve months to May tallied 39,845 houses (up 6.4% on previous year) and 18,977 apartments (up 21.4% on prior year).
- House values rose 2.2% in the month of May (growth of 3.7% over the last year) to a median of \$484,500 while apartment values remained stable over the month (rising 3.3% over the year) to record a median of \$376,500.
- Over the year to May rental growth was recorded at 3.4% for houses and also remained stable for apartments. Weekly median rents are currently achieving \$455 for houses and \$380 for apartments.
- Total vacancy was last recorded at 2.2% in March 2015 for Brisbane; with 3.1% for the inner ring (0-5km), 2.2% for the middle-outer ring (5-20km) and 1.9% for the surrounds.
- In May 2015, gross rental yields across the metropolitan area compressed 5bps for houses and 11bps for apartments compared to the year prior.

FIGURE 1
Brisbane Capital Value Growth
12-month rolling

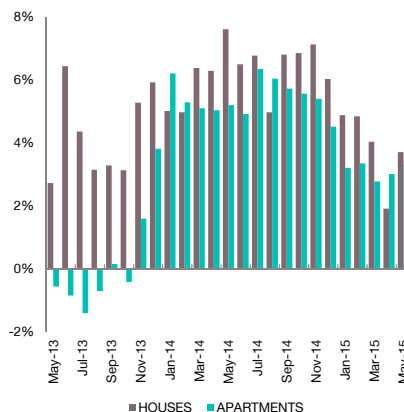
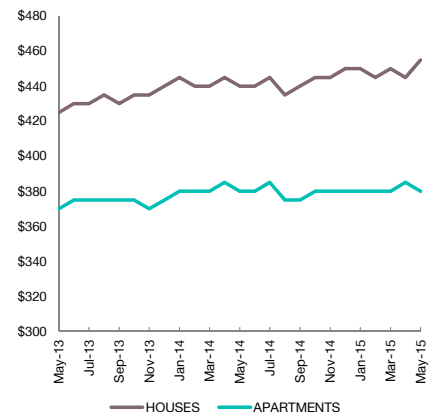


FIGURE 2
Brisbane Rents
Median, weekly



MICHELLE CIESIELSKI
Knight Frank Residential Research

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Knight Frank House Price Index, Brisbane Mainstream

| | KF House Price Index January 2000=100 | 12-month % change | 6-month % change | 3-month % change | Monthly % change |
|--------|--|-------------------|------------------|------------------|------------------|
| May-14 | 304 | 7.6% | 3.9% | 2.8% | 0.4% |
| Jun-14 | 305 | 6.5% | 2.4% | 1.9% | 0.1% |
| Jul-14 | 308 | 6.8% | 2.6% | 1.8% | 1.3% |
| Aug-14 | 303 | 5.0% | 2.4% | -0.3% | -1.7% |
| Sep-14 | 307 | 6.8% | 2.7% | 0.9% | 1.3% |
| Oct-14 | 310 | 6.8% | 2.4% | 0.5% | 1.0% |
| Nov-14 | 314 | 7.1% | 3.1% | 3.4% | 1.2% |
| Dec-14 | 315 | 6.0% | 3.5% | 2.7% | 0.5% |
| Jan-15 | 315 | 4.9% | 2.2% | 1.7% | 0.0% |
| Feb-15 | 310 | 4.8% | 2.4% | -1.0% | -1.5% |
| Mar-15 | 311 | 4.0% | 1.3% | -1.3% | 0.2% |
| Apr-15 | 309 | 1.9% | -0.4% | -2.1% | -0.7% |
| May-15 | 316 | 3.7% | 0.6% | 1.7% | 2.2% |

Source: Knight Frank Residential Research, Residex

Knight Frank Apartment Price Index, Brisbane Mainstream

| | KF Apartment Price Index January 2000=100 | 12-month % change | 6-month % change | 3-month % change | Monthly % change |
|--------|--|-------------------|------------------|------------------|------------------|
| May-14 | 274 | 5.2% | 3.4% | 1.5% | -0.3% |
| Jun-14 | 273 | 4.9% | 2.4% | 0.7% | -0.3% |
| Jul-14 | 277 | 6.3% | 2.6% | 1.0% | 1.5% |
| Aug-14 | 277 | 6.0% | 2.8% | 1.2% | 0.0% |
| Sep-14 | 278 | 5.7% | 2.5% | 1.8% | 0.3% |
| Oct-14 | 279 | 5.6% | 1.4% | 0.4% | 0.1% |
| Nov-14 | 279 | 5.4% | 1.9% | 0.7% | 0.3% |
| Dec-14 | 279 | 4.5% | 2.1% | 0.3% | -0.1% |
| Jan-15 | 279 | 3.2% | 0.5% | 0.1% | 0.0% |
| Feb-15 | 279 | 3.3% | 0.5% | -0.1% | 0.0% |
| Mar-15 | 279 | 2.8% | 0.3% | 0.0% | 0.0% |
| Apr-15 | 283 | 3.0% | 1.6% | 1.5% | 1.5% |
| May-15 | 283 | 3.3% | 1.3% | 1.5% | 0.0% |

Source: Knight Frank Residential Research, Residex

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RESIDENTIAL RESEARCH

Michelle Ciesielski

Director
+61 2 9036 6659
Michelle.Ciesielski@au.knightfrank.com

Bradley Rehn

Assistant Analyst
+61 2 9036 6656
Bradley.Rehn@au.knightfrank.com

Matt Whitby

Head of Research and Consulting
+61 2 9036 6616
Matt.Whitby@au.knightfrank.com

PROJECT MARKETING BRISBANE

Gillian Bail

Director
+61 7 3246 8842
Gillian.Bail@au.knightfrank.com

INTERNATIONAL PROJECT MARKETING

Erin Van Tuil

Director
+61 2 9036 6699
Erin.VanTuil@au.knightfrank.com

QUEENSLAND

Ben McGrath

Managing Director
+61 7 3246 8814
Ben.McGrath@au.knightfrank.com

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