



National new apartment market set to show signs of recovery in 2019

Australia saw a lot of new things in 2018: a new prime minister, tightening lending controls, debates around housing affordability and thousands of new apartments launched across Australia. But how did each market compare and what does 2019 have in store? Urbis' Apartment Essentials brings together the sales and supply data from five markets across the country, revealing the quarterly wins and losses in the many new apartment markets. Today's release provides a yearly review as the fourth and final quarter brings perspective to the recently departed 2018. Sales With new stock coming in and sales experiencing speed bumps, national apartment sales as a percentage of available stock surveyed has dropped to a new low of 7.7 per cent in quarter four. Clinton Ostwald, Director at Urbis, commented, 'we've seen fluctuating results around the country. In many markets, buyers are soaking up the existing completed stock as the brakes have been put on new launches. In other markets, new projects are still being launched to market, replenishing the supply and leading to steady sales. Sales rates have been dropping for the last two years, so it's no surprise that 2018's results were lacklustre in comparison to 2017. In Sydney, surveyed sold stock averaged 21 per cent of available supply throughout each quarter in 2017 whereas this dropped to 5.5 per cent in 2018. Melbourne and the Gold Coast followed in this same pattern with sales as a percentage of available stock dropping by around 4 per cent over the same period. Brisbane and Perth, the markets that have seen the least new stock enter, have reversed this trend and have seen slight increases in 2018. Stock It's not the stock crisis we imagined one year ago. Lower levels of new stock entering the market has continued to replenish the slow sales throughout 2018, with 24,000 new apartments launching throughout the year. The two biggest markets saw the most impressive figures; Melbourne took the cake with over 11,244 new apartments entering the market in 2018, while Sydney placed second in the country with 4,810 new apartment launches. There was a surprising standstill in Brisbane with no new launches in the quarter, however the first half of 2019 will likely bring over 1,000 new apartment launches for the sunny city. Apartment approvals are at their lowest in the history of Urbis' Apartment Essentials, sitting at 4,576 in quarter four 2018. With new design specifications and planning requirements in some jurisdictions, we're likely to see this number continue to fall in 2019. In relation to the falling levels of new launches and apartment approvals, Mr Ostwald observed, 'we need to keep an eye on supply levels as ongoing population growth, particularly on the East Coast, will quickly take up available supply. This may result in a housing supply shortage in the next 12 to 18 months as we are also seeing fewer completions in the greenfield house and land market.' Buyer Profile It truly was a year for owner occupiers, with 46 per cent of total sales for 2018 attributed to this buyer type. Interstate investors leapt up by 10 per cent in 2018, accounting for 19 per cent of sales. Local state investors, who previously accounted for 30 per cent of the market in 2017, dropped down to 17 per cent in 2018, in line with foreign investors. Q4 2018 Apartment Essentials Snapshot 7.7 per cent of the surveyed available stock was sold in the December quarter across the five markets: Sydney (6 per cent of available surveyed stock sold, 977 new apartments launched) Melbourne (9 per cent of available surveyed stock sold, 2781 new apartments launched) Brisbane (9 per cent of available surveyed stock sold, no new apartments launched) Perth (9 per cent of available surveyed stock sold, 464 new apartments launched) Gold Coast (6 per cent of available surveyed stock sold, 377 new apartments launched) National weighted average sale price recorded at \$705,226 for Q4 Sydney – \$899,793 Melbourne – \$656,739 Brisbane – \$831,884 Perth – \$602,524 Gold Coast – \$715,032 The most popular product type was two-bedroom, two-bathroom product at 47% of total sales. Across the cities the highest selling product types were: Sydney – One-bedroom, one-bathroom apartments – 48% Melbourne – Two-bedroom, two-bathroom apartments – 44% Brisbane – Two-bedroom, two-bathroom 53% Perth – Two-bedroom, two-bathroom – 41% Gold Coast – Two-bedroom, two-bathroom – 66% 25% of actively selling apartments are in presales, 49% are under construction and 26% are recently built. For media enquiries contact: Stephanie Keith, Senior Brand & Clients Consultant Ph: 02 8233 7633 E: skeith@urbis.com.au Rebecca Jagger and Alexis Carroll at DEC PR Ph: 02 8014 5033 E: urbis@decpr.com.au About Urbis Apartment Essentials The Urbis Apartment Market Essentials is the most comprehensive national survey in Australia, and the only survey for which the sales data for apartment projects with 25 or more units is collected at the time of contract rather than at settlement. Projects with 25 apartments or more are tracked from initial application through to the building being sold out for projects across Perth and key areas of density across Sydney, Melbourne, Brisbane and Brisbane. As well as tracking the status of 2,513 developments Urbis receives surveys from 295 apartment developments. Urbis recognises the traditional owners of the land on which we work. Learn more about our Reconciliation Action Plan.

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