



Buyer Sentiment 2019

BRISBANE RESIDENTIAL PROPERTY MARKET

IN RECENT YEARS, THE APARTMENT MARKET HAS STRUGGLED ON THE BACK OF RECORD SUPPLY LEVELS WHILST THE HOUSING MARKET CONTINUED ALONG A STEADY UPWARD TREND BEFORE LEVELING OFF TOWARDS THE END OF 2018.

Now however, it appears as though the Brisbane property market is taking a positive turn as it continues to transition into the next cycle. Place Advisory has analysed the results of a recent Buyer Sentiment Survey to find out what the feeling is like in the market place and what potential buyers really prefer in a property.

THE CURRENT MARKET

The property market is currently being buoyed by several positive stimuli which are likely to return the Brisbane property market to a period of growth, albeit at a steady and gradual pace. These include the continuation of negative gearing and capital gains tax incentives, reductions in holding costs on the back of recent interest rate cuts, and improvements in bank serviceability levels.

In addition, property market fundamentals continue to improve in Brisbane with new apartment supply quickly declining at a time when population growth continues to increase, which has translated into strongly declining vacancy rates over the past 12 months.

SURVEY RESULTS

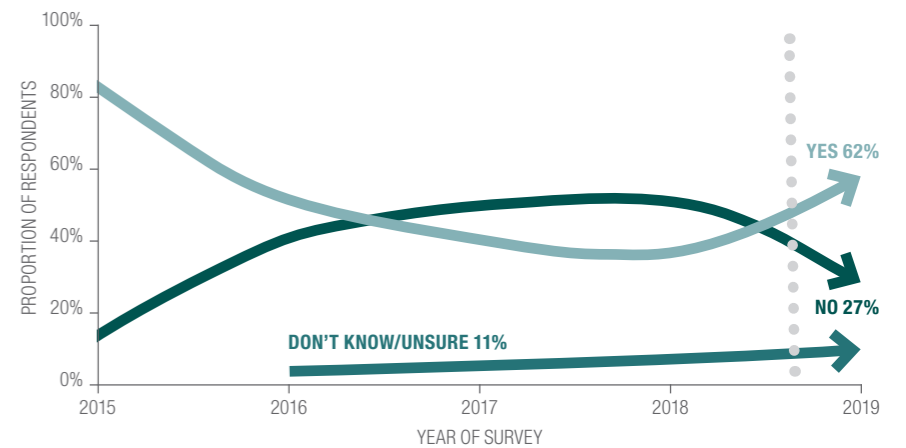
We have broken down our respondents and their answers into different aspects of the property market, including their thoughts on the market overall, what type of property they are interested in buying and when they would like to purchase.

BRISBANE PASSES THE BOTTOM OF THE PROPERTY CYCLE

Positive sentiment is beginning to filter through the market place with many believing that the Brisbane property market has turned the corner. In 2019, 62% of respondents claimed that they thought the Brisbane property market was either the same or better than 12 months prior.

This result is a strong reversal of a negative trend in recent years whereby respondents thought the property market was getting gradually worse and is no doubt influenced by recent positive developments affecting the property market. The result further suggests that the Brisbane property market has now passed the bottom of the cycle.

MARKET SENTIMENT COMPARED TO PREVIOUS YEAR



Please note: In previous years the question was phrased "has the market improved". Answered allowed have been stipulated on the graph for the different survey years.

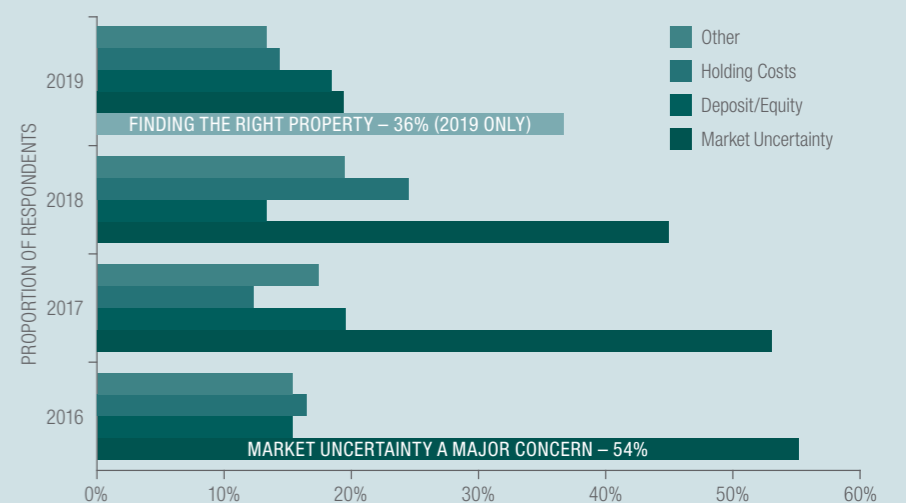
BIGGEST ISSUE BUYING A PROPERTY

Now that there is increased certainty in the market, particularly with no negative gearing and capital gains changes, the main concern of potential property purchasers has shifted significantly.

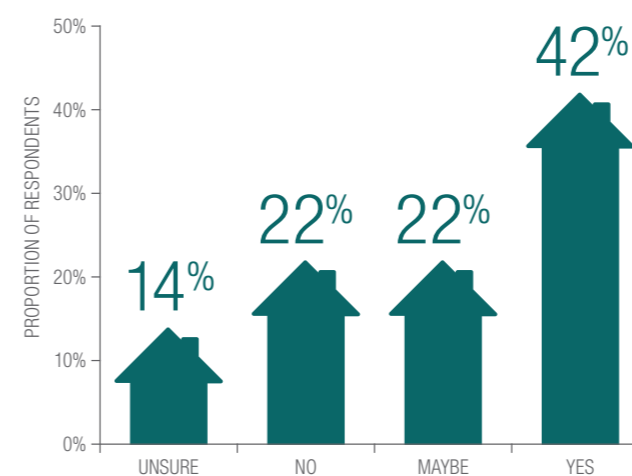
In 2019, 36% of respondents indicated that their biggest concern is now simply finding the right property. After being recorded as the "Major" concern of recent years, market uncertainty saw a significant fall from 44% of respondents in 2018 to just 19% in 2019. This result is a strong indication that confidence is improving throughout the marketplace.

Other notable concerns in 2019 were; coming up with a deposit or a lack of equity (18%) and ongoing holding costs (14%). Biggest Concern Facing Market Participants from Purchasing

BIGGEST CONCERN FACING MARKET PARTICIPANTS FROM PURCHASING



MARKET SENTIMENT FOR THE NEXT 12 MONTHS



BRISBANE PROPERTY MARKET BELIEVED TO IMPROVE THROUGH TO 2020

Almost two thirds of respondents believe that the Brisbane market will be at least as strong as it is now over the coming 12 months with 42% believing that the Brisbane property market will clearly be a better market in 2020.

This market outlook of respondents strengthens the argument that Brisbane's property market has now begun transitioning into the early stages of a positive growth cycle

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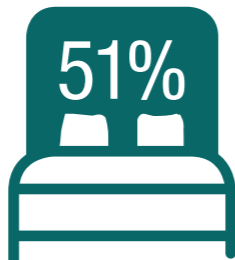


DESIRE AN EXTRA MULTIPURPOSE ROOM

Additionally, over half of respondents (51%) preferred a three-bedroom property with a further 56% of respondents also desiring an extra multipurpose room. This preference for larger properties is consistent with recent market trends in the new apartment market whereby purchasers are currently preferring higher quality and larger properties.

Furthermore, for apartments, adequate carparking has been revealed as the number one issue with an overwhelming 97% of respondents claiming it is of critical importance. Supporting this notion is the result that only 6% of respondents would consider an inner-city apartment without a car park even if it had good access to public transport.

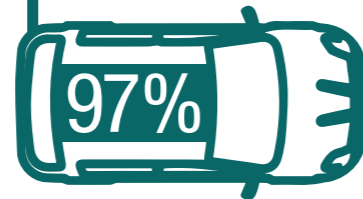
PREFERRED PROPERTY TYPES



PREFERRED A THREE BEDROOM PROPERTY



WOULD CONSIDER BUYING AN APARTMENT WITHOUT A CARPARK

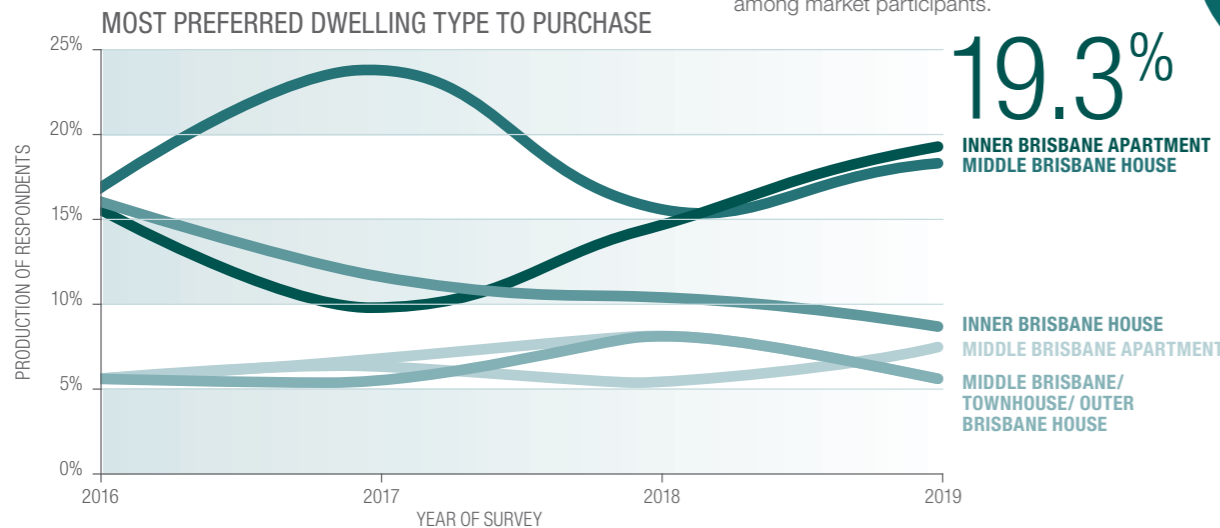


ADEQUATE CARPARKING CRITICALLY IMPORTANT

AN INNER-CITY APARTMENT IS NOW THE MOST PREFERRED DWELLING TYPE

As the Brisbane property market improves it is apartments that are becoming the more preferred property type of potential buyers. In 2018, preference for apartments and the Inner Brisbane region began to increase for the first time in several years.

In 2019, an inner-city apartment took top spot as the most preferred property type to purchase with 19% of all respondent votes - up from 15% in 2018 and now at their most preferable level in at least the last five years.



A Middle Brisbane house was the only house category to increase in popularity with Inner Brisbane houses in particular continuing to gradually lose ground against other property types.

After several years of underwhelming performance in the apartment market as a result of large supply levels, the rapidly changing fundamentals of this market segment are creating optimism among market participants.

MOST IMPORTANT LOCATIONAL DRIVERS

It is clear that potential property buyers prefer their property to be close to good public transport options providing occupants with access to areas throughout Brisbane. This has been the overall most important locational driver over the past several years.

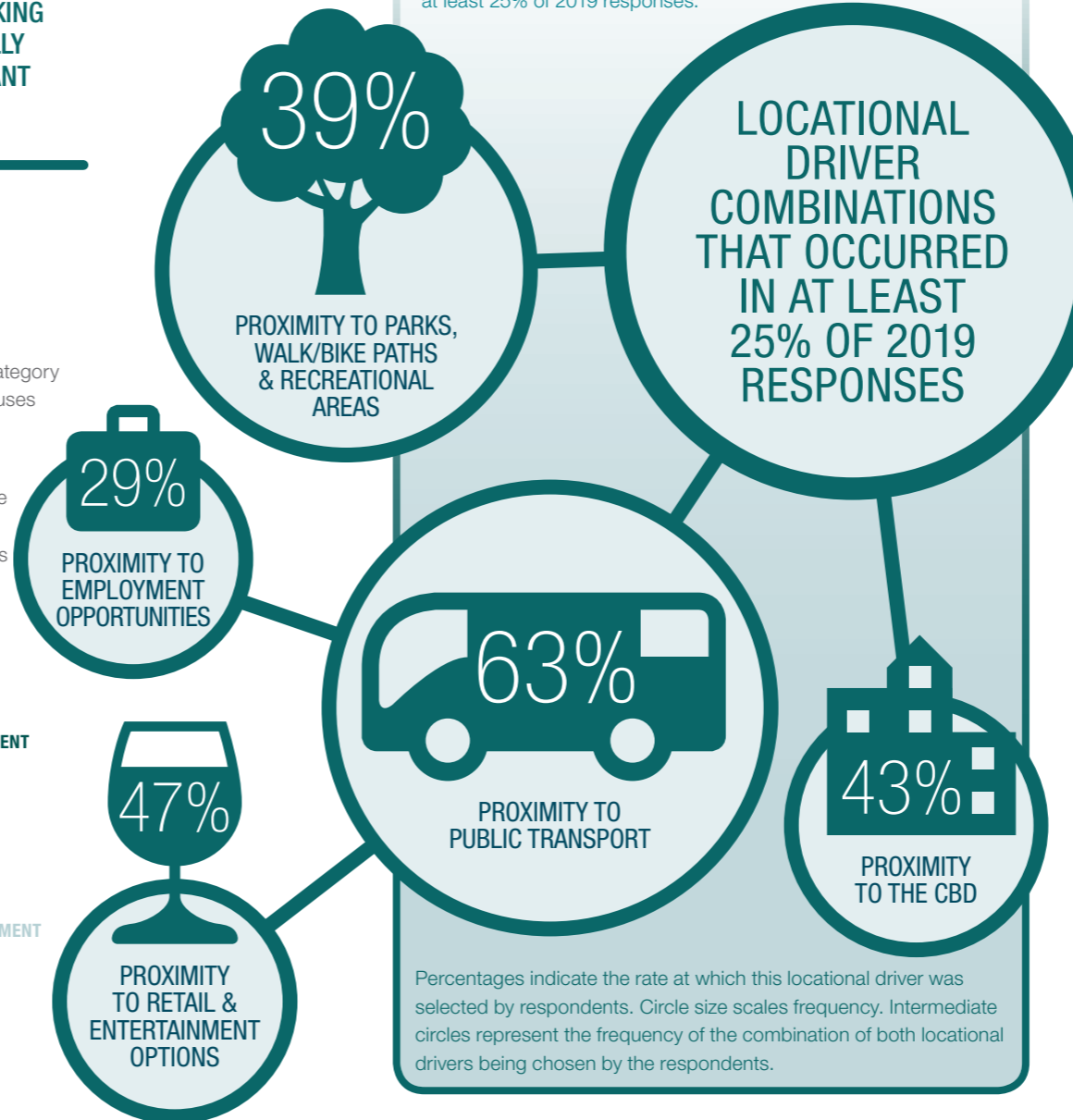
RANKING OF IMPORTANCE BETWEEN 2019 TOP 5 LOCATIONAL DRIVERS IN PREVIOUS YEARS

	PUBLIC TRANSPORT	RETAIL & ENTERTAINMENT	PROXIMITY TO THE CBD	PARKS, WALKWAYS & BIKE PATHS	EMPLOYMENT OPPORTUNITIES
2016	1ST	2ND	3RD	5TH	4TH
2017	1ST	3RD	2ND	4TH	5TH
2018	2ND	3RD	1ST	-	4TH
2019	1ST	2ND	3RD	4TH	5TH

This year, respondents were able to choose all locational drivers that were important to them. Public transport was chosen by 63% of respondents, clear of the three next most important locational drivers retail and entertainment options, the CBD, and parks and recreational areas.

Below is a graph indicating the most popular combinations of locational drivers as selected by respondents in 2019.

Representation of Locational Driver Combinations that Occurred in at least 25% of 2019 responses.



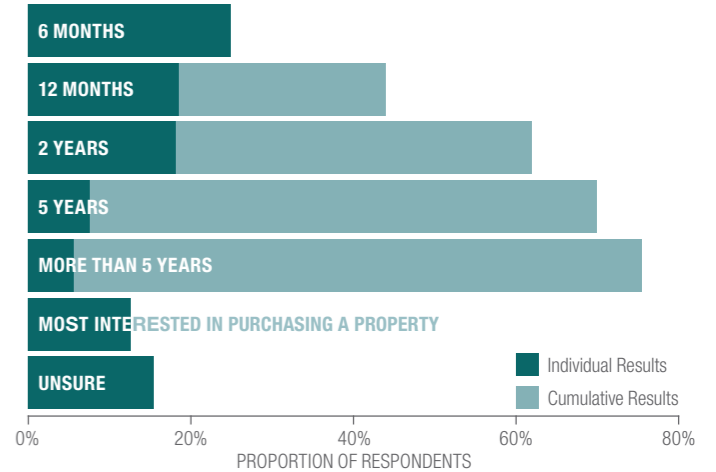
Percentages indicate the rate at which this locational driver was selected by respondents. Circle size scales frequency. Intermediate circles represent the frequency of the combination of both locational drivers being chosen by the respondents.

WHEN DO POTENTIAL PURCHASERS WANT TO BUY A PROPERTY

With more optimism in the minds of Brisbane property market participants, it is no surprise that there has been an increase in the proportion of respondents that would like to purchase within a short timeframe. In 2018, 20% of respondents indicated that they would like to buy within the next six months. In 2019, this has increased to 24%.

This year, the proportion of respondents that would like to purchase property in the next two years was 60%. This is a clearly a reflection of the sentiment that the Brisbane property market has now passed the bottom of the cycle and is showing an increasing amount of potential.

RESPONDENTS WOULD LIKE TO BUY A PROPERTY WITHIN THE NEXT.



SURVEY CONCLUSION

Place Advisory's 2019 Buyer Sentiment Survey has revealed a clear shift towards a positive sentiment about the Brisbane property market. Results suggest that market participants now see Brisbane as having passed the bottom of the property cycle and approaching a return to growth.

We further revealed important aspects that potential buyers are looking for in a property. Preference continues to be for higher quality properties with more space. This is consistent with trends in the new apartment market for the past 12 months which is reported on in our [Quarterly Report "Apartment"](#) where potential buyers indicated a preference for three-bedroom properties with an extra multipurpose room close to public transport that MUST have adequate parking.

Finally, with improved sentiment in the marketplace, the proportion of respondents wishing to buy within the near future increased modestly compared to last years results. Clearly, positive sentiment regarding the Brisbane property market is increasing.



07 3107 9223 | research@eplace.com.au
placeprojects.com.au