

Now ranked second among capitals for price growth, Brisbane



The apparent decline in popularity of Brisbane real estate toward the end of last year appears to be over, with the city's real estate market regaining momentum and trailing only one other state capital.

With a fourth consecutive month of price growth, Brisbane property buyers are demonstrating a robust appetite for real estate.

Property prices in the capital of Queensland also increased in June, albeit at a slightly slower rate than the month before, in keeping with the overall trend of rising home values across the nation.

Albeit that pace of development in June marginally facilitated contrasted with May, it stayed solid notwithstanding the effect of increasing loan fees and school occasions on the general market.

Given the low consumer sentiment associated with the initial shock of Covid and the Global Financial Crisis at the beginning of the year, it may be considered remarkable that buyer numbers remain resilient.

Brisbane is presently the subsequent best performing property market among Australia's capitals, sitting simply behind Sydney as indicated by the June cost development information.

While certain people might decide to sell because of rising holding costs, especially those progressing from fixed loan fees in the last a very long time of 2023, the current profundity of purchasers seems adequate to retain such changes.

Except if there are significant changes sought after drivers, it is far-fetched Brisbane will observe further cost decreases for the time being.

New listings scarce in Brisbane

Again reflecting the broader national situation, the issue of limited supply continues to dominate the Brisbane market.

According to CoreLogic, new listings entering the market are 30 per cent lower than this time last year, while total listings in Brisbane have decreased by 15 per cent from a year ago.

This scarcity of available properties poses a significant challenge for Brisbane property buyers, as despite their willingness to make transactions, they struggle to find suitable options to purchase.

Sellers in Brisbane have been hesitant to put their properties on the market, primarily due to the lack of confidence in finding a new property to buy or rent.

In an exceptionally competitive rental market, the possibility of renting as an interim solution between a sale and purchase is challenging and often impossible.

The absence of widespread panic among sellers has resulted in a situation where they refrain from taking action, further tightening the market.

Options for buyers vary across different suburbs.

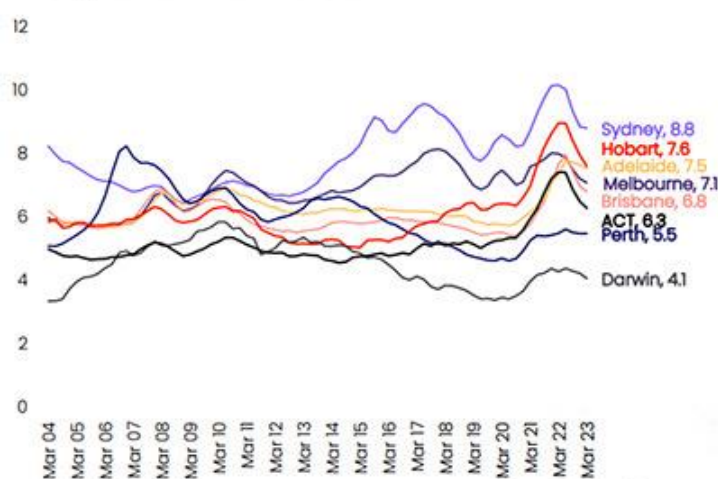
Real estate buyers making compromises

The ongoing increase in interest rates is significantly affecting borrowing capacity, which in turn impacts the property demand, however, what we're observing is that individuals are making compromises based on affordability, rather than delaying their property purchasing decisions.

Compared to other capital city markets, Brisbane property remains more affordable than most.

The dwelling value-to-income ratio for Brisbane is lower than that of Sydney, Hobart, Adelaide, and Melbourne. It's little wonder buyers from other east coast capitals are increasingly drawn north.

Dwelling value to income ratio



According to CoreLogic, Brisbane property buyers need to allocate 40 per cent of their household income to cover mortgage payments.

While high and placing the average borrower in the mortgage stressed category, this percentage is 52 in Sydney, 45 in Hobart, and 44 in Adelaide, making Brisbane the most affordable capital city on the east coast.

This affordability factor has contributed to an influx of buyers relocating from the south in recent years.

Many of these newcomers have sold their homes in New South Wales or Victoria and found equally desirable properties in Brisbane, with substantial savings remaining.

Alternatively, some buyers are upgrading their homes to enhance their lifestyle, fully aware that they can stretch their budget further and secure a high-quality property in Brisbane.

In June, the values of dwellings in Greater Brisbane rose by 1.3 per cent, according to CoreLogic, translating to a quarterly growth rate of 3 per cent. The median value of a dwelling in Greater Brisbane now stands at \$725,397.

Index results as at 30 June, 2023	Change in dwelling values				Median value
	Month	Quarter	Annual	Total return	
Sydney	1.7%	4.9%	-5.1%	-2.2%	\$1,073,924
Melbourne	0.7%	1.8%	-5.7%	-2.6%	\$762,537
Brisbane	1.3%	3.0%	-8.2%	-4.1%	\$725,397
Adelaide	0.9%	2.1%	0.0%	3.6%	\$663,136
Perth	0.9%	2.8%	2.5%	7.3%	\$588,454
Hobart	-0.3%	0.1%	-12.7%	-9.0%	\$651,187
Darwin	0.5%	-0.3%	-1.0%	4.7%	\$492,081
Canberra	0.4%	0.8%	-8.8%	-5.2%	\$830,217
Combined capitals	1.2%	3.3%	-4.8%	-1.4%	\$789,649
Combined regional	0.5%	1.1%	-6.5%	-2.4%	\$586,645
National	1.1%	2.8%	-5.3%	-1.6%	\$723,006

Additionally, PropTrack data reinforces this positive trend, indicating a 0.08 per cent increase in dwelling prices for the month across Greater Brisbane. The median value of dwellings by PropTrack is recorded at \$731,000.

Brisbane's housing market has shown strong performance for the second consecutive month, with median house values outpacing unit growth.

In June, median house values experienced a 1.3 per cent increase, resulting in a quarterly growth rate of 3 per cent. The current median value for a house in Greater Brisbane stands at \$806,781, according to CoreLogic.

PropTrack data also confirms positive growth in the housing market, reporting a 0.18 per cent increase in house prices for June.

Houses								
Month	2.0%	0.6%	1.3%	1.0%	0.9%	-0.5%	0.1%	0.5%
Quarter	5.5%	1.7%	3.0%	2.2%	2.8%	0.3%	0.8%	1.0%
YTD	6.0%	0.8%	1.0%	0.9%	3.0%	-3.9%	0.3%	-1.5%
Annual	-5.7%	-6.7%	-9.9%	-0.8%	2.7%	-12.7%	-0.2%	-10.0%
Total return	-3.3%	-4.1%	-6.3%	2.3%	7.3%	-9.0%	4.8%	-6.7%
Gross yield	2.7%	3.0%	4.0%	3.9%	4.7%	4.2%	5.8%	3.7%
Median value	\$1,324,396	\$918,971	\$806,781	\$712,421	\$615,793	\$690,085	\$585,782	\$954,079

In June, the median value for units in Greater Brisbane were outpaced by houses, recording a 1 per cent increase while reaching a new record median of \$512,262.

This growth aligns with the housing market on a quarterly basis, which has also now experienced a 3 per cent increase over the last three months.

Over the past year, units have still outperformed houses in Brisbane, with a 1.5 per cent increase in median values compared to a 9.9 per cent decrease in housing values, as reported by CoreLogic.

Units								
Month	1.2%	1.0%	1.0%	0.5%	0.5%	0.4%	1.3%	-0.2%
Quarter	3.5%	1.9%	3.0%	1.2%	2.3%	-1.0%	-2.5%	0.2%
YTD	3.5%	1.0%	3.0%	1.4%	2.0%	-3.7%	-4.1%	-0.6%
Annual	-3.4%	-3.2%	1.5%	5.8%	1.4%	-12.8%	-2.5%	-4.2%
Total return	0.3%	0.7%	6.9%	11.2%	7.4%	-8.5%	4.5%	0.5%
Gross yield	4.1%	4.6%	5.4%	5.2%	6.5%	4.7%	7.5%	5.1%
Median value	\$808,407	\$601,174	\$512,262	\$450,569	\$417,643	\$529,365	\$367,651	\$597,580

The current median value for units, according to PropTrack, stands at \$546,000.

Signs of mercy in tight rental market

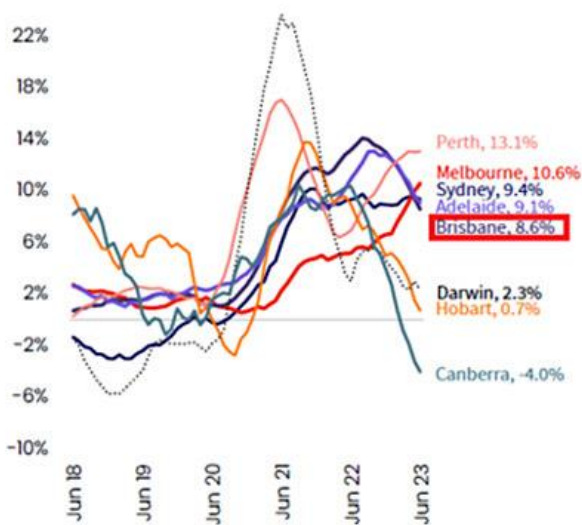
According to the most recent data from SQM Research, the vacancy rates in Brisbane have remained stable from April to May, staying at 1 per cent.

While the overall city-wide trend remains unchanged, certain regions within Greater Brisbane are experiencing an increase in vacancy rates.

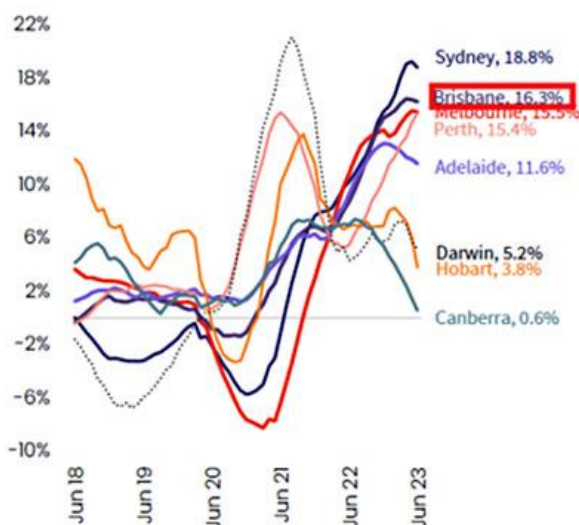
The Ipswich region, for instance, has seen a rise from its lowest point of 0.5 per cent in August last year to the current vacancy rate of 1.5 per cent. Similarly, the Brisbane CBD, which previously had a low vacancy rate of 0.9 per cent in February, has been consistently increasing and now stands at 1.4 per cent.

Brisbane is still witnessing robust international demand for rental properties.

Annual change in rents, Houses



Annual change in rents, Units



Net overseas migration is projected to reach 400,000 this fiscal year, marking a remarkable surge of nearly 27 per cent compared to the previous record set in 2008. It is worth noting that the majority of international migrants prefer to rent rather than buy when they first arrive in Brisbane.

According to data from PropTrack, the top countries conducting rental searches in Brisbane include New Zealand, United States, United Kingdom, India, China, and Singapore.

Notably, the return of Chinese students to Australia has had a significant impact on the increase in rental searches, as confirmed by PropTrack data.

Over the past 12 months, house rents have increased by 8.6 per cent, as reported by CoreLogic, while unit rent growth has nearly doubled at 16.3 per cent.

Despite these trends, rental yields have remained steady this month, with gross yields for houses holding at 4 per cent and gross yields for units at 5.4 per cent.