

# FINANCIAL REVIEW

SE **Property**  
HD **Southern buyers drive Brisbane sites**  
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The **purchase** of **apartment** development sites in inner Brisbane surged in the first quarter as developers moved north from Sydney and Melbourne.

A total of more than \$134 **million** worth of **residential** development sites, each worth more than \$5 **million**, **sold** in the inner city in the three months, almost equal to 2013's \$136 **million** total.

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Values for such **residential** sites have increased by up to 66 per cent said CBRE with no sign of a cooling market.

"If the value gap between Sydney and Melbourne compared with Brisbane remains, then the market here will keep rising," CBRE director Peter Court said.

"Part of the market fuelling this demand is the investment by overseas interests. As long as they continue buying in Sydney and Melbourne, we will see southern developers keep buying in Brisbane," he said.

From 2009 to 2011, CBRE identified an average of just six **residential** development **site** sales a year, with the total value of investment at \$143 **million**. In 2012 and 2013, the number of sales identified jumped to 29, with the total value of investment rising to \$252 **million**.

From 2009 to 2012, a majority of sites **sold** achieved a sales rate of less than \$3000 a square metre. But in 2013, 10 of the 15 sales identified achieved above \$3000 a square metre, with four above \$5000 a square metre of **site** area. Competition increasing

Metro **Property** founding director Ken Woodley, who has just contracted to **buy** a massive **island site** in south Brisbane for \$22 **million**, said the competition from interstate was increasing.

"There is a lot of action coming up from down south, but all I am saying is that whoever has the best **site** and best products wins.

"There are plenty of bad sites being bought which we wouldn't touch."

Local developer ARIA **Property Group**'s Tim Forrester, who paid \$10 **million** for a prime **site** in South Brisbane in November last year said there was no sign of overheating.

"I'm not surprised to see the prices being paid. The numbers work, especially with construction costs not having moved," Mr Forrester said. "We think there'll be some upward movement in the end price of apartments."

The market is being driven mainly by southern developers who are being priced out of Sydney and Melbourne and are heading north.

Sunland **Group**, which paid \$20 **million** for the Australian Broadcasting Corporation's former Brisbane riverfront headquarters in September last year, has been active in the southern markets but has noticed the competition from offshore developers.

"The **Chinese** investment has affected the city **property** markets," Soheil Abedian said last week, "I believe it is making it difficult for some developers to increase their pipeline." Demand remains

CBRE expected the hunt for sites to continue well into 2014 and 2015.

"As long as there's continued price growth and as long as interstate migration continues, I don't think this increase in buying will **lead** to any oversupply," CBRE's Peter Court said.

Valuers, LandMark White, said an eventual oversupply was possible .

"It is expected the surge of new developments in Brisbane's inner suburbs coupled with the predominant level of investor-owned stock may have recently led to a slight oversupply of rental stock and hence a reduction in demand, softening rental growth," the **company** said.

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