



URBIS

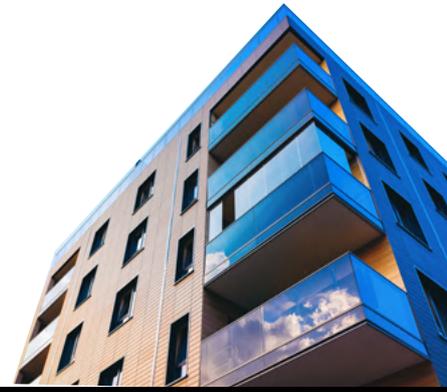
APARTMENT ESSENTIALS NATIONAL SNAPSHOT

THIRD QUARTER 2023

The Urbis Apartment Essentials provides quarterly analysis of off-the-plan sales, supply, and rents across our major cities.

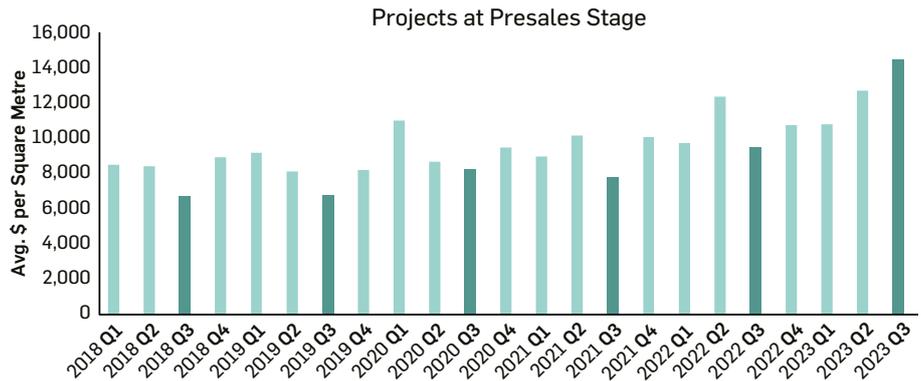
**SYDNEY
MELBOURNE
BRISBANE
PERTH
GOLD COAST**

NATIONAL APARTMENT MARKET INSIGHTS



Price per Square Metre

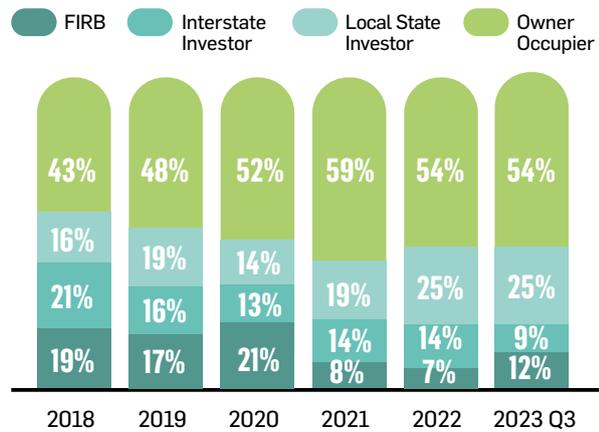
Off-the-plan apartments continue to be targetted toward owner occupiers and push for higher sales rates. This is necessary in the current environment, with construction costs having increased significantly, and capacity tightening. In Q3 2023, square metre rates increased by 9% from the previous quarter to \$14,350 per square metre for projects at Presales stage.



Source: Urbis Apartment Essentials Q3 2023

Buyer Profile

Owner occupiers continue to make up the majority of new apartment purchases. Investors are simply not as incentivised as they once were to buy property off-the-plan compared with an existing build. Compared with owner occupiers, investors in new apartment product face additional imposts. Further, while rents have increased, the cost of finance, uncertainty in the economy and political policy making continue to make it difficult for new investors to enter this market. The result is a smaller pool of stock overall and for rent, and higher price points, driving against affordability overall.



Source: Urbis Apartment Essentials Q3 2023

Sales as % of Available Stock



Source: Urbis Apartment Essentials Q3 2023

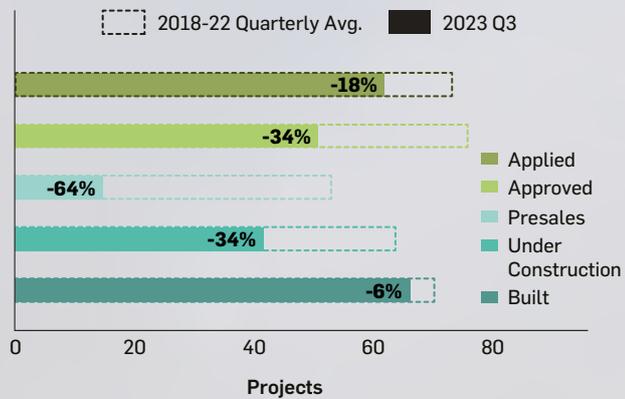
NATIONAL APARTMENT MARKET INSIGHTS

Development Activity

We are acutely aware of the challenges faced by the property industry, and they are impacting across the lifecycle of development. Tracking projects on a quarterly basis highlights the impact as fewer projects are moving from one stage to the next. Projects actively moving through the development lifecycle are well below trend, which is alarming given the current market crisis. The largest impact is at presales, with only 16 projects and 1,900 apartments having launched to market in Q3 2023. The slower rate of sales and impacts weighing on construction at this point in time are delaying more projects commencing construction.



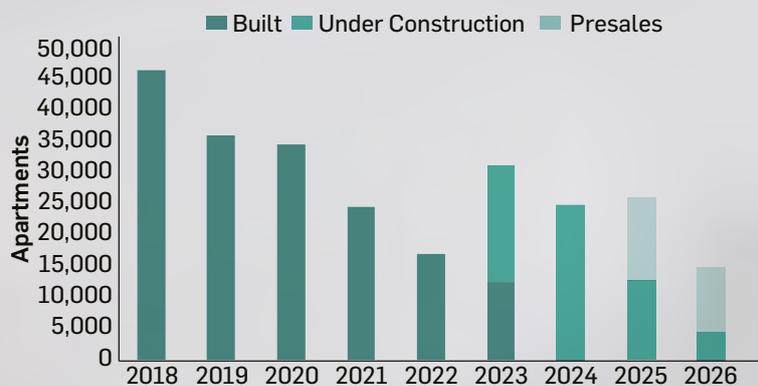
Source: Urbis Apartment Essentials Q3 2023



Source: Urbis Apartment Essentials Q3 2023

Supply Pipeline

The impact of construction delays due to higher costs and labour shortages are likely to push anticipated project completions from 2023 into 2024. We have seen this happen year on year, compiling the impact of the housing crisis because we are simply not supplying enough dwellings overall.



Source: Urbis Apartment Essentials Q3 2023

NATIONAL APARTMENT MARKET INSIGHTS

Rents In New Builds

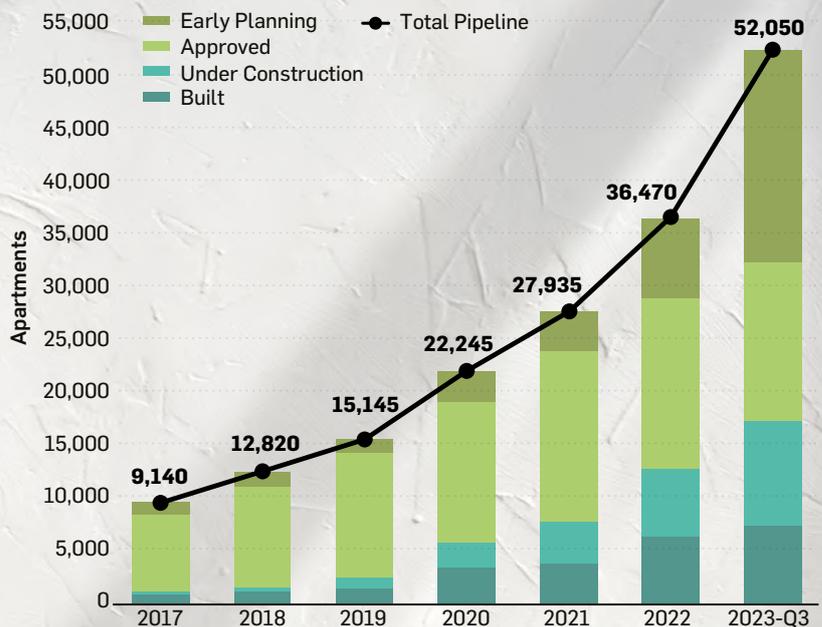
The median rent for new apartment product has moderated since the start of this year. While we hear reports of significant rental growth in the market, the data indicates we have climbed out of the lows of the pandemic and reached a level that is in line with long term growth. We anticipate rents to move upward again next year, albeit at a more moderate rate than they have. This is due to the record low vacancy rates and ever present population growth that is beyond the additional new dwellings being built. However, if the economic environment were to worsen and we see unemployment increase beyond a reasonable level, demand is likely to shift to lower priced rental stock, holding back rent growth.



Source: Urbis Apartment Essentials Q3 2023

Build-to-Rent Pipeline

In Q3 2023, the pipeline of Built-to-Rent apartments grew by 15%. Victoria remains the epicentre of BTR activity, making up 49% of the total pipeline. The housing market will continue to rely on BTR to help elevate supply levels overall but it must be supported with substantial growth in the build-to-sell pipeline, providing Australians with more diversity, security and reliability in their housing market.



Source: Urbis Apartment Essentials Q3 2023

Reach out to our experts:

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OUR SERVICES – PROPERTY ECONOMICS



Market assessment

Determining the best product and price mix



Highest & best use assessment

Determining the best land use mix for your site



Network & location strategy

Identifying growth hotspots and location opportunities



Urban strategy

Understanding the economic factors to support the best planning outcomes



Data analytics

Knowing the current state of the market and industry benchmarks



Economic impact assessment

Evidence based research into size rezoning



Primary research

Understanding what customers are thinking and the push buttons to maximise their interests



Expert Witness

Identifying and mitigating potential impacts