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**Turned?**

So how can you tell if a market has turned the corner?

Market watchers will have their own theories on milestones that signal a change in the fortunes of the real estate market.  I, for one, think that Brisbane has turned a corner and is well-positioned on the [property clock](http://matusik.com.au/cmsAdmin/uploads/What-time-is-it-API-Magazine-May-12.pdf).

But why do I think this?  What measures am I using?  Well, here are my ten market turn milestones.

1. Offers are made before a property goes “public”
2. Multiple offers are made – by different buyers – on the same property after listing
3. Properties start to sell above listed or reserve price
4. New properties start to sell above their resale value
5. Tightening vacancy rate & rising rents
6. The amount of established stock on the market falls
7. New housing supply falls below its long-term underlying demand
8. Job growth starts to accelerate
9. Sales volumes start to increase
10. The time resales remain on the market fall

Brisbane has nine out of ten.  Too early to call an upturn?  Maybe, but the signs are definitely there.  Of course, the proof in the pudding is a sustained rise in generic property prices.

Now, depending on which data set you believe, recent REIQ figures suggest that the Brisbane property market has turned that corner.  The median price in Brisbane rose 1.2% to $505,000 over the March quarter, according to the REIQ.

I have been helping a tradie mate to find a renovator’s delight somewhere across Brisbane’s inner to middle-ring suburbs in recent weeks.  I am amazed at how quickly offers are being thrown at well-priced stock.  Many are received before the property hits the internet, the print media or even an agent’s window.  Properties are starting to sell before they even get officially listed.

This trend is also starting to happen in well-placed, well-designed and [well-marketed](http://matusikmissive.wordpress.com/2012/05/16/modern-marketing/) new investment projects.  In inner Brisbane think *Binary*, *Vivid* and more recently *Vine,* to name a few.

According to [Place](http://www.placeprojects.com.au/media/28460/Inner%20Brisbane%20Apartment%20Market%20Report%20-%20March%20QTR%202012.pdf) advisory, there were 450 unconditional transactions during the first three months of this year – a historically quiet selling period – and this March quarter’s result was the strongest first quarter in over a decade.

And it appears to be going from strength to strength with [Belise](http://www.belise.com.au/), in Bowen Hills, converting four out of every five walk-ins in recent months, with four sales alone last week, with another couple pending. Over 60 apartments have now sold in this proposed apartment complex since the beginning of the year.

According to [Bees Nees](http://www.beesnees.com.au/) City Realty, four out of their last five sales have had multiple offers submitted.  Other trusted realtors across the city are starting to report similar trends.

Also as I [tweeted](https://twitter.com/#%21/MichaelMatusik) a few weeks back, I attended an auction run by [Doug Disher](http://www.disher.com.au/) Real Estate of a two-bedroom, unrenovated, post-war cottage in Brisbane’s St Lucia.  There were 17 registered bidders.  I mentioned to people present at the auction that it would sell for more than $725,000.  Many thought I was smoking something.  It sold under the hammer and in about ten minutes for $775,000, which was well above the reserve.

The timing of [John McGrath’s](http://www.johnmcgrathblog.com.au/) arrival in Brisbane is no accident.  And Johnno is certainly no fool.

Brisbane’s vacancy rate now is just 1.5%, and rents rose by close to $20 across most residential rental properties across the city over the past twelve months.

The amount of resale stock on the Brisbane market has fallen by 8% since this time last year. And the city is undersupplied when it comes to new housing stock.  We are currently building about [nine-tenths](http://matusik.com.au/chartsDetail.php?Where-art-thou-supply-15) of what we really need.

Of late, there has been much press about a pending oversupply of new apartments across inner Brisbane.  Now, whilst we have lots of new mooted apartment development, the fact remains that not enough new product is actually being built.  Over the last five years, for example, 13,000 new dwellings were required to accommodate the population growth, yet – based on the official statistics – just 8,017 new dwellings were approved.  Last year, just 1,902 new dwellings were approved.  At present there is a serious short-fall.

In addition, the latest ABS figures show that 22,000 full-time jobs were created across Queensland last year and about half of them are in Brisbane.

Sales are now starting to improve and especially for apartment and townhouse stock, with sales up about 11% on last quarter.  Affordable apartment sales have lifted even further, up 22% in during the first part of this year.

What’s missing is a reduction in the time resale property remains on the market.

The average Brisbane resale property now takes 132 days (just over four months) to sell.  This is up from 105 days this time last year, or about a month longer (27 days).  However, this increase is in line with the Australian capital city average.

Now, why aren’t sales picking up or the time needed to sell falling?

For mine, most home buyers aren’t that confident.  Whilst many that we speak to believe that the Brisbane market has bottomed, they can’t help being tempted to wait just in case prices fall a bit more.  On one hand, they want Steve Keen to be kinda right, but on the other they believe in [Matusik](http://matusik.com.au/), [Ryder](http://www.hotspotting.com.au/), [Yardney](http://www.metropole.com.au/) et al.  So they are waiting in the wings, so to speak.

Also, another truism is that low offers are rare.  Yes, APM reports that the average private treaty discount for Brisbane is 8.5%, but experienced agents report that agreed contract prices average under 3% for well-priced property across Brisbane.

Buyers are reluctant to invest themselves emotionally (nor will they spend their time) on a property that is (in their minds) not realistically priced.  If a property is listed too high, buyers will simply move on to the next listing.  The internet allows this to happen with ease.

One of the real issues facing the Brisbane residential market (and elsewhere, too) is that too many sellers are unrealistic and also aren’t prepared to market their property properly.  Many should take their homes off the market or reduce their asking price.

Dropping the price can open up a strong market response, especially when the “market turned” signals are getting stronger.  Even in a buyer’s market, buyers will compete for a property they want and price these days is a major part of that “want”.

And yet, in spite of an excellent position, good value for money and redevelopment potential, [certain properties](http://www.dixonfamily.net.au/fig-tree-pocket-53-cubberla-street/) just aren’t selling. Curious, indeed.

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