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Units are being sold faster than they can be replaced on the market

RESEARCH shows that in some capitals, apartments are starting to sell faster than they are being replaced.

In Brisbane the amount of attached stock on the market is down 20 per cent over the past 12 months - also Perth (12 per cent) and Darwin (20 per cent).

In contrast, the remaining capitals have all recorded a rise in stock.

A report from JA Group auctioneers confirms particular strength in the 5km Brisbane inner-city ring over the past three months.

Along with the emerging recovery in Brisbane, the desire to live closer to the CBD appears to represent a growing mentality among residents, particularly professionals attracted to inner-city living, with work, home and play in close proximity.

JA reports that the divide in sales outcomes grew throughout the winter, between properties located within 5km of Brisbane's CBD and the overall southeast Queensland market.

And a shortage of quality inner-city stock, combined with increased buyer confidence, is the reason for a resulting clearance rate 14 per cent higher than the general market.

Nationally, fewer than 70,000 apartments/townhouses were for sale last month.

High numbers were found in Hobart, where the amount of stock on the market increased by 31 per cent; also Canberra 24 per cent; followed by Melbourne 8 per cent and Adelaide 7 per cent. Sydney saw no change.

So, just what do these percentages of stock on the market actually mean?

When looking at the amount of stock on the market as a proportion of all attached housing stock in an area, a turnover of between 4 per cent and 6 per cent is normal. Less than 4 per cent means that the market is somewhat tight or undersupplied; and anything over 6 per cent is indicative of an oversupply.

So for Brisbane (3 per cent), the apartment market is undersupplied. The same applies in Perth (3 per cent), Sydney and Adelaide (both 2 per cent).

Housing markets at equilibrium are Melbourne and Darwin (both 4 per cent), and Hobart (5 per cent).

The problem with Melbourne isn't its overall amount of apartment supply on the market but rather the location and type of supply.

Too much is in and around the CBD and rents out to a very narrow market segment - overseas students. Also, many new apartments are too small and do not allow sharing.

A national market comparison saw Surfers Paradise achieve the greatest drop over the past year, with the number of apartments on offer down by 373, or 24 per cent.

Brisbane's CBD was close behind, with 311 - or 24 per cent - fewer apartments on the market over this time last year.

For Surfers, there are still some 1200 apartments on offer (including resale and off-the-plan supply); but there are fewer than 250 in inner Brisbane.

The market continues to experience a shift from houses to apartments, with a growing acceptance of apartments as serious options by owners and investors.