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Weekly Property Pulse Professional Edition

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Industry Market Wrap

It was certainly an exciting week for property related data releases this week with the RBA Board having their monthly meeting, Westpac and the Melbourne Institute releasing their consumer confidence figures and the ABS releasing its housing finance data as well as the latest labour force statistics.

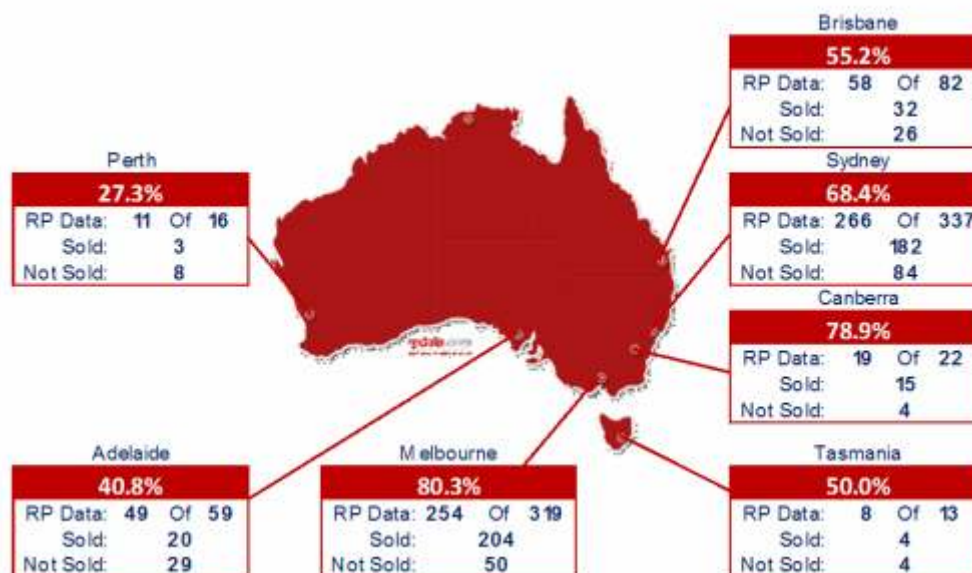
As expected, following the RBA Board Meeting it was announced that the official cash rate would remain on hold this month at 3%. This was the third month in a row that the RBA has made no adjustment to rates and although the Reserve Bank Governor maintained there is still scope to reduce rates, the move to leave rates unchanged was supported by the positive data (detailed below) which was released following the RBA's meeting.

The Westpac-Melbourne Institute's Consumer Sentiment figures signaled growing confidence in the Australian economy, with their index recorded at 109.4 points during July. This was the second month in a row the index was above 100 points indicating that economic optimism was outweighing pessimism. The results were extremely encouraging given that just two months ago the index was recorded at 88.8 points indicating a strong pessimism towards the economy. The last two months has seen the index jump by 12.7% in June and 9.3% in July.

Housing finance data was also released this week and it showed that finance commitments for both owner occupied and investment housing has again increased during May 2009. During 2009, seasonally adjusted figures show that owner occupier finance commitments are up 23.5% and investment finance commitments have risen 10.9% and now match levels last witnessed during July 2008. 29.5% of all owner occupier finance commitments were taken on by first home buyers; up from just 17% a year ago. The number of first home buyer grants issued in May and June were at record levels, suggesting that first home buyer demand is not yet winding back.

Balancing the positive news, unemployment figures from the ABS show that the jobless rate has increased again and now sit at 5.8%. The Federal Government is forecasting the unemployment will rise to 8.5% by mid next year. With the recent economic data painting a brighter picture than most economists had expected it may turn out that the rate of unemployment does not rise this high.

Auction clearance rates – week ending July 5th



Each week RP Data collects the most comprehensive set of auction results available in Australia. Thank you to our vast network of real estate professionals who assist us with aggregating these results. The statistics show how many auctions were reported by RP Data as well as the total number of auctions that were scheduled over the last week (due to the large number of auctions we are unable to report 100 percent of the results). 'Sold' properties indicate those properties that were either successfully auctioned on the day, sold before the auction or sold after the auction. Properties 'Not Sold' were either passed in at auction or withdrawn.

Advertised stock on the market

State	New advertised listings	Total advertised listings	State	Approximate value of total listed stock (\$m)	Approx agents commission available (based on 2.5% commission rate) (\$m)
Qld	2,889	30,009	Qld	\$11,064.3	\$276.6
NSW	2,725	33,255	NSW	\$11,954.8	\$298.9
Vic	2,172	21,473	Vic	\$7,027.1	\$175.7
WA	1,117	13,595	WA	\$5,427.3	\$135.7
SA	676	7,931	SA	\$2,500.6	\$62.5
NT	45	355	NT	\$237.0	\$5.4
ACT	53	482	ACT	\$203.5	\$5.1
Tas	272	4,178	Tas	\$1,484.6	\$37.1
Austl	9,948	111,258	Austl	\$39,537.9	\$988.4

RP Data monitors advertised properties closely. Each week we update our databases with new properties that have been added to the market. Of course we also update the current stock listed for sale: what is the marketing history, have there been changes to the price or selling method, how long has a particular property been advertised for sale and who is selling it. Want to know what is happening in your local patch? Check out RP Data's On the Market® service.

Click [here](#) or phone **1300 789 303** for a free 2 week trial to find out how you can see what listings are available in your area with On the Market®.

Strong population growth continues to drive demand for housing

At the same time last year, RP Data reported that record overseas migration levels coupled with rising fertility rates resulted in the strongest population growth figures in almost 20 years. Well, the trend's continuing.

Australia is currently undergoing a boom in population with the current rate of growth the highest since the baby boom of the 50's and 60's. The latest figures released by the Australian Bureau of Statistics (ABS) reveal that Australia's population increased by 1.9% or 406,083 new residents over the 2008 calendar year. Australia's total population now sits at more than 21.6 million people.

Population change – Australian states and territories

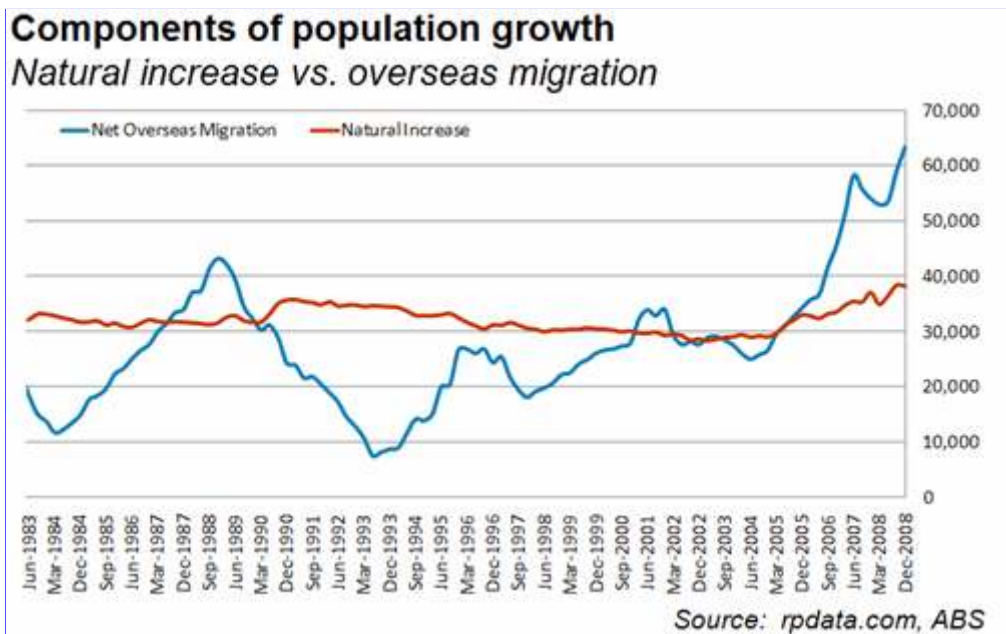
Total change and components of growth

State / Territory	2007	2008	Components of growth			
			Total Growth	Natural Increase	Overseas Migration	Interstate Migration
New South Wales	6,943,884	7,041,393	97,509	45,940	74,259	-22,690
Victoria	5,262,390	5,364,796	102,406	35,683	67,766	-1,043
Queensland	4,242,789	4,349,529	106,740	35,799	49,713	21,228
South Australia	1,593,494	1,612,002	18,508	7,613	16,090	-5,195
Western Australia	2,138,062	2,204,040	65,978	19,099	40,614	6,265
Tasmania	495,377	500,278	4,901	2,555	1,613	733
Northern Territory	217,435	221,682	4,247	2,849	707	691
Australian Capital Territory	342,074	347,843	5,769	3,107	2,651	11
Australia	21,237,904	21,643,987	406,083	152,668	253,415	-

Source: rpdata.com, ABS

At the national level, the two components of population growth measured are overseas migration and natural increase (ie. total births minus total deaths) both indicators are trending upwards, and both indicators are sitting at historic highs.

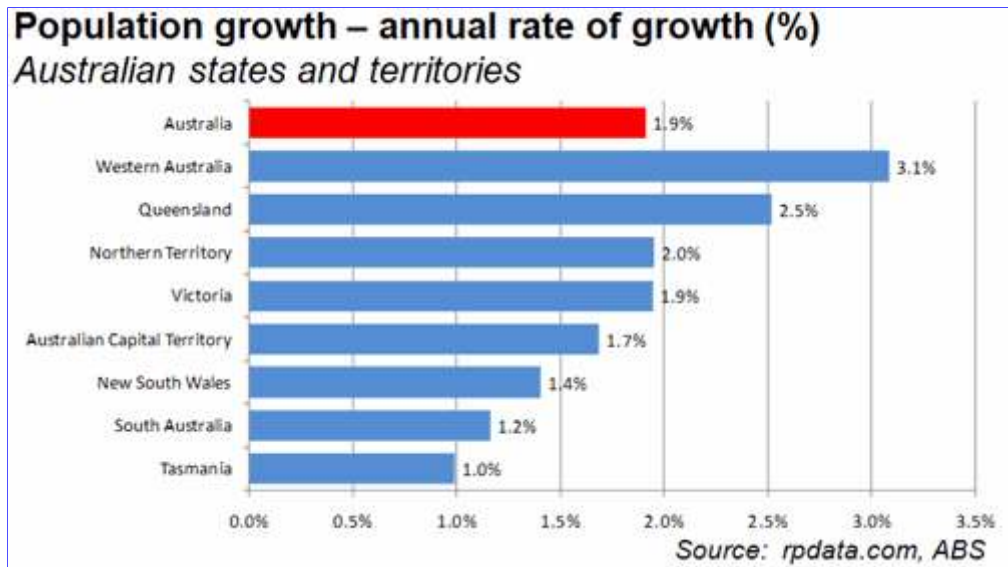
Over the 2008 calendar year net migration (arrivals vs. departures) was recorded at 253,415 persons. This was an exceptionally strong increase on the already strong figure of 184,438 recorded during 2007. Migration is likely to fall during 2009 with the Federal Government cutting back on the number of skilled migrants allowed into Australia. In March, the Government announced it would cut the 2008-09 skilled migrant intake by 14 per cent. The latest budget announced migration would be cut even further equating to a total drop of about 20 per cent down to 108,100 skilled migrant places for 2008/09. The net migration figures are unlikely to reflect a total fall of 20% due to the fact that the economy and job prospects are stronger in Australia than most other countries throughout the world. Given this, the total outflow of residents is also likely to reduce during 2009.



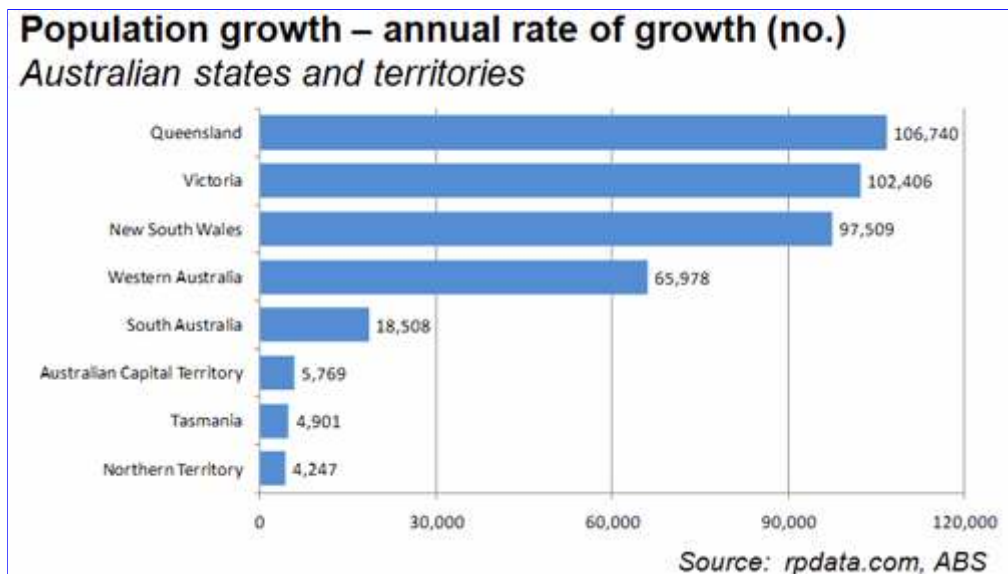
The rate of natural increase (or births minus deaths) has also increased – likely to be driven higher by the ‘baby bonus’ and the trend of more overseas migrants having larger families. The national fertility rate has increased from 1.7 children per female back in 2002/03 to 1.9 in 2007/08.

On a state-by-state basis Western Australia remains the fastest growing state with population growth recorded at 3.1%. The resources sector has continued to offer significant employment opportunities throughout the state during 2008 however, this is likely to abate in the coming year. Western Australia’s population growth has well and truly been fuelled by

overseas migration which has accounted for 40,614 new Western Australian's or almost 62% of the state's population growth.



Looking at raw numbers, Queensland has recorded the highest number of new residents with just under 107,000 new Queenslanders during 2008. Queensland's population growth is being bolstered due to the fact that the state enjoys the nation's strongest interstate migration flow as well as strong natural increase and overseas migration numbers. Just behind Queensland, Victoria saw its population increase by 102,406 persons through 2008 with the increase primarily due to overseas migration (66.2%).



Whilst the Government's announced cuts to migration will have an impact on population growth over the next year, levels are likely to remain relatively high as birth rates continue to improve and fewer residents leave for overseas jobs.

Population growth continues to remain a very strong indicator of housing demand. Strong population growth in recent years directly relates to strong demand for housing, particularly new housing. Both building approvals and commencements have continued to trend downwards at a time where population growth is powering ahead.

Based on the average household size across Australia, which is projected by the ABS to be 2.48 persons in 2008, this level of population growth has created demand for approximately 164,000 new dwellings. Only 147,000 residential dwellings were commenced last year, highlighting the fundamental undersupply of dwellings across the nation (and this doesn't take into account dwelling demolitions).

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