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Weekly Property Pulse Professional Edition

This week's edition covers

- ▶ [Industry Market Wrap](#)
- ▶ [Article: Time to revisit top end property](#)
- ▶ [Follow RP Data on Twitter](#)

Industry Market Wrap

The Reserve Bank of Australia decided to keep Australia's cash rate at a near 50 year low of just 3% when they met this week. In his statement the Reserve Bank Governor pointed to the fact that worldwide economic stimulus was helping the global economy to stabilise. He also stated that economic conditions have been stronger than anticipated in Australia for a few months and that the risk of a severe economic contraction had now abated. The Governor's statements seem to suggest that the scope for further interest rate cuts is very minor and given this, the latest interest rate futures yield curve is indicating that financial markets believe that rates will not fall any further. The yield curve shows an expectation that in one year's time interest rates will sit 1.5% above their current level. With the first increase in rates expected around November or December this year.

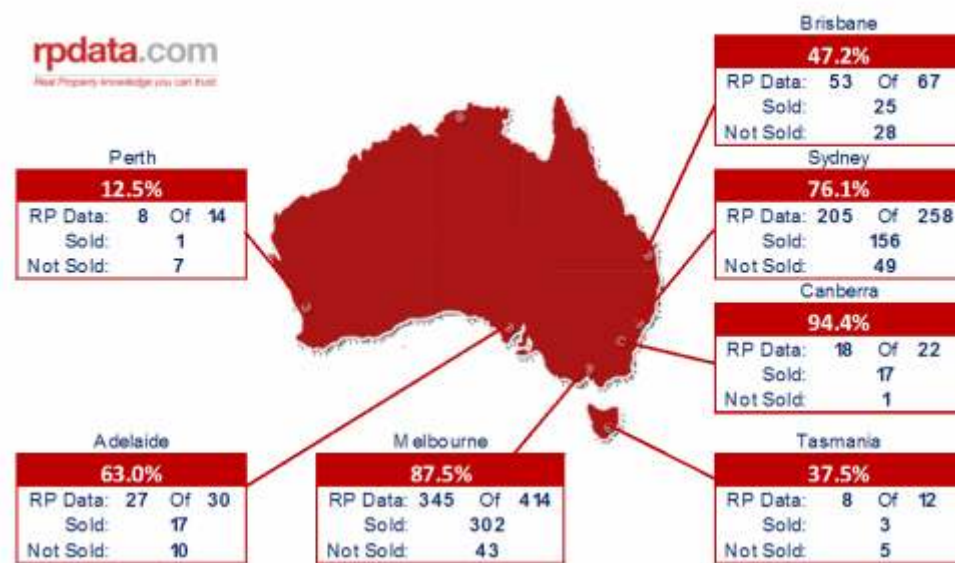
Late last week the ABS released their building approvals data and although building approvals increased by 9.3% during June on a seasonally adjusted basis, on a state-by-state basis the performance was quite varied. In the three largest states, which as a result are the states with the strongest demand for housing and requirement for new dwelling building approvals, the number of approvals on a trend basis rose by: 1.0% in New South Wales, 0.2% in Victoria and 1.8% in Queensland. Even compared to just one year ago, the number of dwelling approvals nationally in June 2009 is -14% lower with approvals in New South Wales -28% lower and in Queensland they were -31% lower.

These results highlight the significant demand and supply imbalance and also provides some insight as to why property values are once again beginning to rise. With fewer properties being built than required to cater to demand, competition for available stock increases and as a result, upwards price pressure is created. This is why Governor Steven's highlighted the under supply issues in his speech last week and why governments need to be much more proactive in allowing additional construction and most importantly, these new dwellings need to be available at affordable prices coupled with provision of critical infrastructure in and around these dwellings.

The ANZ released their latest July job advertisements survey this week and the results showed a -1.7% fall in advertisements during July. The results although showing a decline in the number of jobs advertised represented a marked slowdown from the previous month when job advertisements fell by -6.7%. Later this week the ABS will release the labour force statistics and many expect unemployment to be recorded at or around 6%. In the Federal Government's Budget they anticipated that unemployment would peak at 8.5% in mid 2010. Despite the fact that unemployment is still rising the rate of increase in the

unemployment rate to date coupled with the fact that the rate of decline in the number of job advertisements appears to be slowing suggest that the forecast unemployment rate of 8.5% may have been a little too pessimistic.

Auction clearance rates – week ending August 2nd



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	2,360	29,095	Qld	\$10,727.2	\$268.2
NSW	2,211	31,170	NSW	\$11,205.1	\$280.1
Vic	2,021	20,341	Vic	\$6,656.6	\$166.4
WA	955	12,025	WA	\$4,800.6	\$120.0
SA	683	7,341	SA	\$2,320.4	\$58.0
NT	45	373	NT	\$143.7	\$3.6
ACT	53	487	ACT	\$205.2	\$5.1
Tas	268	4,212	Tas	\$1,486.8	\$37.4
Aust	8,595	105,042	Aust	\$37,309.0	\$933.2

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.

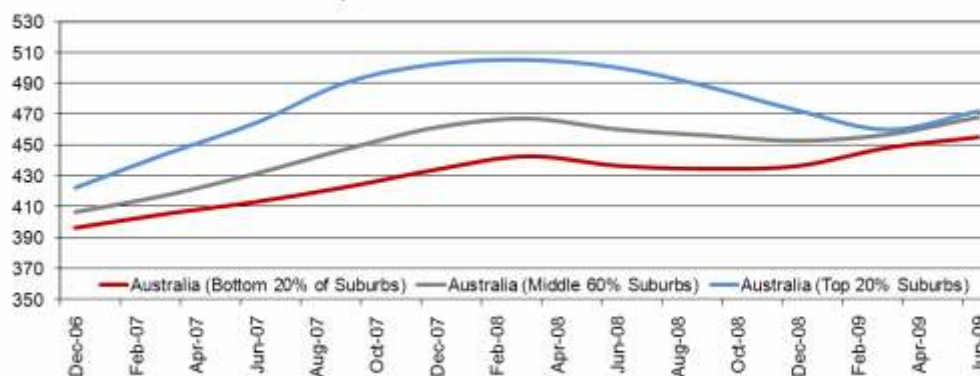
Click [here](#) or phone **1300 789 303** for a free 2 week trial to find out how you can see what listings are available in your area with On the Market®.

Time to revisit top end property

As last week's RP Data-Rismark Monthly Home Value Indices release detailed, all sectors of the market are now beginning to recover and now may be the time to look to reinvest in top end property.

Across the country the most affordable 20% of properties, the middle of the market and the top 20% of properties are now all recording increases in their values. After bottoming in the March quarter of 2009, the top end of the market has now begun to improve. The median value of Australia's premium property market is still 8.1% below the March 2008 peak but early evidence suggests the top end is following the broader market into a recovery.

Change in home values Top, middle and bottom end



Source: rpdata.com - Rismark

For those people that have the financial ability it now appears to be a good time to purchase more expensive properties at competitive prices. The prestige market has suffered due to few active buyers and a higher than normal amount of stock on the market which has led to price falls and reductions in the asking price of many homes that are being advertised for sale.

Our analysis this week focuses on the 'discounting' within Australia's most expensive suburbs. The 'discount' refers to the average difference between the original asking price of a home and the ultimate selling price of a home. Nationally, the average rate of vendor discounting stands at about 5.6% for houses and 4.6% for units.

Of Australia's top 20% of most expensive suburbs which recorded 10 sales or more over the last 12 months, many have recorded much larger discount levels.

An interesting trend to note is that all of the suburbs detailed with the greatest average discounts for houses are situated adjacent to water. Western Australia clearly dominates the list with half of the suburbs detailed with nine of these being situated in Perth. Outside of Perth, Queensland has four suburbs listed with all of them located in either Brisbane or the Gold Coast. New South Wales also has four suburbs on the list with only Byron Bay outside of Sydney. Melbourne is the only other region included on the list with two entries.

Top 20 – largest average discount (houses) Based on Australia's most expensive suburbs

Suburb	Council area	State	Number of sales		% of total house stock advertised for sale (12 months)	Average Discount
			(12 months)	Median price		
Applecross	Melville	WA	30	\$2,000,000	9.3%	-19.7%
Swanbourne	Claremont	WA	18	\$1,205,000	7.0%	-18.4%
Dampier	Roebourne	WA	21	\$830,000	11.6%	-18.3%
Surfers Paradise	Gold Coast	QLD	54	\$1,284,000	14.7%	-18.0%
Paradise Point	Gold Coast	QLD	115	\$825,000	15.1%	-16.4%
St Lucia	Brisbane	QLD	56	\$774,000	6.5%	-15.6%
Mount Pleasant	Melville	WA	34	\$1,362,500	6.5%	-15.6%
City Beach	Cambridge	WA	53	\$1,650,000	10.0%	-15.6%
New Farm	Brisbane	QLD	44	\$847,500	10.1%	-15.5%
Byron Bay	Byron	NSW	55	\$650,000	7.9%	-15.2%
Macmasters Beach	Gosford	NSW	18	\$572,500	6.0%	-15.1%
Brighton	Bayside	VIC	248	\$1,350,000	6.9%	-15.0%
Burraneer	Sutherland Shire	NSW	19	\$1,475,000	8.2%	-14.9%
Clontarf	Manly	NSW	23	\$2,487,500	8.3%	-14.8%
Claremont	Claremont	WA	59	\$1,480,000	8.8%	-14.8%
North Beach	Stirling	WA	21	\$965,000	11.7%	-14.7%
Dalkeith	Nedlands	WA	43	\$2,435,000	9.2%	-14.6%
Hampton	Bayside	VIC	105	\$995,000	6.8%	-14.5%
Mosman Park	Mosman Park	WA	76	\$1,630,000	10.6%	-14.5%
Scarborough	Stirling	WA	36	\$765,000	4.5%	-14.3%

Source: rpdata.com

When looking at the percentage of total stock listed for sale over the last 12 months you

can see that these suburbs have also generally had a high level of stock available. Nationally the average percentage of total stock listed for houses sits at 7.8%. Across the 20 suburbs with the largest average discount 13 of these suburbs have had a greater than average amount of stock advertised for sale over the last 12 months. The most extreme examples are two of the Gold Coast's suburbs: Paradise Point has had 15.1% of its total stock advertised for sales and Surfers Paradise has seen 14.7% of that suburbs stock listed in the last year.

Throughout the unit market there is also some significant levels of discounting however, the average levels are much smaller than those recorded for houses.

Top 20 – largest average discount (units)
Based on Australia's most expensive suburbs

Suburb	Council area	State	Number of sales		% of total unit stock advertised for sale (12 months)	Average Discount
			(12 months)	Median price		
Main Beach	Gold Coast	QLD	170	\$615,000	4.8%	-13.6%
Twin Waters	Sunshine Coast	QLD	23	\$499,000	27.0%	-12.4%
Hope Island	Gold Coast	QLD	243	\$688,000	21.0%	-12.3%
Broadbeach	Gold Coast	QLD	346	\$435,000	5.6%	-11.9%
Mount Waverley	Monash	VIC	161	\$468,000	5.6%	-11.2%
Peregian Beach	Sunshine Coast	QLD	34	\$470,000	7.3%	-11.0%
Benowa	Gold Coast	QLD	74	\$427,500	6.3%	-10.9%
Avalon	Pittwater	NSW	50	\$467,500	8.5%	-10.8%
Cottesloe	Cottesloe	WA	24	\$810,000	10.1%	-10.7%
Balmoral	Brisbane	QLD	30	\$413,750	6.3%	-10.3%
Noosa Heads	Sunshine Coast	QLD	116	\$572,500	7.7%	-10.1%
Double Bay	Woollahra	NSW	77	\$636,000	4.3%	-10.1%
Crawley	Nedlands	WA	38	\$437,500	7.3%	-9.8%
Doncaster	Manningham	VIC	88	\$468,063	4.3%	-9.7%
Brighton	Bayside	VIC	143	\$597,500	4.5%	-9.2%
Kangaroo Point	Brisbane	QLD	194	\$420,000	5.3%	-8.6%
Balgowlah	Manly	NSW	89	\$555,000	6.7%	-8.5%
Terrigal	Gosford	NSW	112	\$438,750	9.1%	-8.4%
Byron Bay	Byron	NSW	73	\$438,000	10.2%	-8.4%
Hamilton	Brisbane	QLD	78	\$415,000	7.4%	-8.2%

Source: rpdata.com

Like the results for houses, the vast majority of suburbs sit adjacent to water with Balmoral, Doncaster and Mount Waverley the exceptions. Queensland suburbs dominate the list of units with the greatest discount accounting for half of the suburbs, all of which are found in Brisbane, the Gold Coast or the Sunshine Coast. New South Wales has the second greatest supply with five of the 20 suburbs detailed, all of which are in Sydney whilst Melbourne has three entries and Perth has two.

On average, suburbs with 10 or more unit sales during the year have recorded 8.0% of their total stock advertised for sale during the last year. Across the 20 suburbs detailed, their average level of stock listed for sale is 8.5% however, only six of the 20 suburbs have had more than 8.0% of their total stock listed for sale. Like the results across the housing market, coastal areas of Queensland have recorded some of the largest levels of stock on the market with Twin Waters seeing 27.0% of its total unit stock put up for sale last year and Hope Island recording 21.0%

The clear trend throughout both lists is that suburbs located adjacent to water are the ones which have been hampered by the greatest level of discounting whilst they have also seen above average levels of stock come to the market during the last year. With the upper end of the market showing the first signs of improvement, but with prices still well below peak and potential buyers remaining thin on the ground, now is clearly the best opportunity to get a competitive price on a high quality property before buyers become more active.

Did you know that you can find vendor discounting, days on the market and gauge market share in your suburb with RP Data's On the Market®? [Click here](#) for a 14 day FREE trial.

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