

14 August 2009

Weekly Property Pulse Professional Edition

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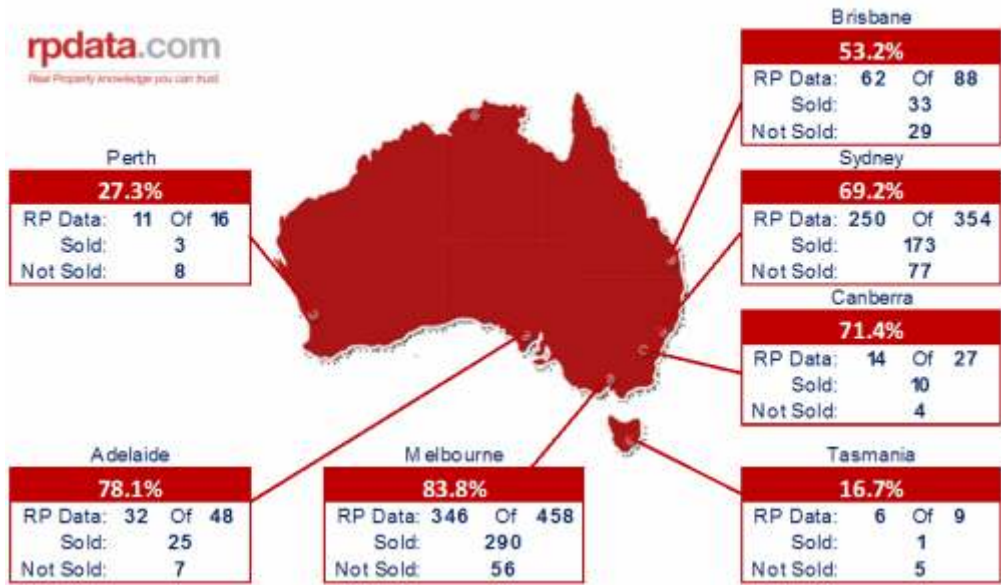
Industry Market Wrap

This week we saw three key data releases that all suggested the Australian residential property market should continue to provide modest improvements over the coming months. Housing finance commitments again trended up, with the value of housing loans taken out in June at their highest level since June 2007. Investor activity is also ramping up, with investors now comprising one quarter of housing finance commitments. Both business confidence and consumer confidence also continued to rise with both indicators now above the all important 100 point mark where optimists outweigh pessimists. Consumer confidence is now at its highest level in two years. Business confidence hasn't been this high for almost two years.

This new data falls in line with rpdata.com information which shows the national weighted average auction clearance rate is nudging 80 per cent and property values have increased by 4.5 per cent over the first half of 2009 according to the RP Data-Rismark Home Value Indices. Other leading indicators from rpdata.com are suggesting the market will remain healthy. The national 'vendor discount' (the average difference between the original listing price and final selling price) has fallen from 6.8 per cent last year to just 5.5 percent and the average number of days on market is down to 35 days (47 days at the same time last year).

Many prospective vendors have been holding their property off the market until selling conditions improve. We are now seeing a higher level of vendor confidence and surging agent activity on rpdata.com. One of the most important leading indicators is the number of CMA (Comparative Market Analysis) reports being produced at rpdata.com. On average, a property is sold within two months after the first CMA report is conducted. The last month has seen a record number of CMA reports conducted by real estate agents on rpdata.com. The surge in CMA reports suggests the market is already gearing up for what is likely to be a very active spring selling season this year.

Auction clearance rates – week ending July 26th



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 | 2,461 | 31,130 | Qld | \$11,477.6 | \$286.9 |
| NSW | 2,265 | 32,104 | NSW | \$11,543.1 | \$288.5 |
| Vic | 2,280 | 30,924 | Vic | \$6,847.2 | \$171.2 |
| WA | 1,039 | 12,066 | WA | \$4,816.9 | \$120.4 |
| SA | 698 | 7,364 | SA | \$2,327.6 | \$58.2 |
| NT | 46 | 391 | NT | \$150.9 | \$3.8 |
| ACT | 61 | 503 | ACT | \$212.1 | \$5.3 |
| Tas | 243 | 4,132 | Tas | \$1,468.4 | \$36.7 |
| Aust | 9,092 | 108,613 | Aust | \$38,597.9 | \$964.9 |

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.

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Properties in Victoria have the longest average hold period

The average hold period of a property is an important indicator as it can guide agents as to where potential vendors are and it can also help to determine likely equity in a property.

The hold period, or the average length of time a property is held before selling, is an important indicator and can be used to develop greater insight into a particular property market. The hold period is simply determined by the difference in time between when a property is purchased and consequently sold.

On a national basis over the 12 months to May 2009 the average hold period for houses was 7.5 years and the average hold period for units was 6.6 years.

What this essentially means for houses is that 7.5 years ago the median value was recorded at \$265,557 and in May this year the median house value was \$495,700. Based on this, the average value of those houses sold last year has increased by \$230,143 since purchased, at a rate of 8.7% annually.

For units the national hold period is 6.6 years and based on a median value 6.6 years ago of \$279,785 and a current median of \$406,587, the average unit vendor during the last year has seen the value of their property increase by a total of \$126,802 since they first purchased or by 5.8% annually.

Across the housing market and on a state-by-state basis Victoria (8.7 years) had the longest average hold period across sales during the last year. Victoria was followed by: New South Wales (8.3 years), ACT (7.5 years), Queensland (6.8 years), Tasmania and Western Australia (both 6.5 years), South Australia (6.2 years) and Northern Territory (4.5 years).

Caulfield in the inner north region of Melbourne had the nation's longest average hold period during the last 12 months. Across the 23 house transactions last year, vendors had owned their Caulfield house for an average of 15.8 years which was more than double the national average and more than 7 years longer than the Victorian average.

Throughout each state and territory the suburbs which recorded the longest average hold period for houses were dominated by areas of the capital city. In New South Wales and Queensland it tended to be suburbs with more affordable median house prices which tended to have the longer average hold periods, whilst in the remaining states it was generally more expensive suburbs which recorded the longest average hold periods. In the main, those suburbs detailed recorded an average age which was greater than the local average and these suburbs also tended to have a greater than average income level. The suburbs detailed also tended to be longer established residential areas rather than newer areas of the relevant cities.

For units, it was also Victoria which had the longest average hold period recorded at 7.8 years. Following on from Victoria was; New South Wales (7.1 years), ACT (6.6 years), Tasmania and Western Australia (both 6.4 years), South Australia (5.9 years), Queensland (5.7 years) and Northern Territory (4.0 years).

It was another Melbourne suburb which had the longest average hold period across sales during the last year. Strathmore located in the Moonee Valley LGA recorded an average hold period of 15.4 years across the 26 unit sales during the last year. This result was much more than double the national level and more than 7 years greater than the Victorian average.

Just like the housing market, the suburbs which have the longest average hold period for units tended to be those which are located in the capital city areas. In all states except New South Wales and Victoria it tended to be more affordable units which appear on the list of suburbs with the longest average hold period. The suburbs detailed showed a prevalence of older than average residents within. Meanwhile, the markets highlighted tended not to be the better established inner city unit markets, rather they were defined as being more suburban locations.

These results highlight those suburbs with the longest average hold period but this calculation has many uses and is simple to calculate. From this simple calculation, real estate agents can target those people most likely to be looking to sell their property. Vendors can use this measurement along with a valuation to determine the likely level of equity available in their home.

For those who have owned their home for quite a while and never looked into the statistics you may be quite surprised to see just how much equity has built up in your property and how quickly it has grown in recent years.

Suburbs with the longest average hold period - houses

| State | Suburb | LGA | No. sold | Median price | Avg hold period |
|-------|----------------|-----------------------|----------|--------------|-----------------|
| ACT | Aranda | Unincorporated ACT | 27 | \$535,000 | 9.8 |
| | Mawson | Unincorporated ACT | 25 | \$523,000 | 9.6 |
| | Chapman | Unincorporated ACT | 33 | \$575,000 | 9.5 |
| | Richardson | Unincorporated ACT | 31 | \$370,000 | 9.2 |
| | Macquarie | Unincorporated ACT | 27 | \$442,500 | 9.0 |
| NSW | Tathra | Bega Valley | 21 | \$375,000 | 14.2 |
| | Elermore Vale | Newcastle | 38 | \$347,500 | 13.8 |
| | Wallacia | Penrith | 20 | \$353,750 | 13.8 |
| | Abbotsbury | Fairfield | 43 | \$515,000 | 13.3 |
| | Morisset | Lake Macquarie | 16 | \$278,750 | 13.3 |
| | Alawa | Darwin | 47 | \$420,000 | 5.9 |
| NT | Moil | Darwin | 38 | \$447,500 | 5.8 |
| | Nakara | Darwin | 32 | \$485,000 | 5.5 |
| | Rapid Creek | Darwin | 40 | \$523,500 | 5.4 |
| | Wulagi | Darwin | 52 | \$440,000 | 5.2 |
| | Forestdale | Logan | 23 | \$570,000 | 12.4 |
| QLD | Veteran | Gympie | 19 | \$415,000 | 12.2 |
| | Holmview | Logan | 20 | \$295,000 | 12.2 |
| | Willowbank | Somerset | 13 | \$306,000 | 12.1 |
| | Herston | Brisbane | 19 | \$745,000 | 12.0 |
| SA | Crafers | Adelaide Hills | 33 | \$579,000 | 9.5 |
| | Plympton Park | Marion | 49 | \$392,500 | 9.5 |
| | Myrtle Bank | Burnside | 31 | \$675,000 | 9.2 |
| | Millswood | Unley | 26 | \$657,901 | 8.6 |
| | Kilburn | Port Adelaide Enfield | 36 | \$343,500 | 8.6 |
| | Binalong Bay | Break O'Day | 14 | \$300,000 | 9.6 |
| TAS | Cressy | Northern Midlands | 16 | \$230,500 | 9.0 |
| | Rosny | Clarence | 14 | \$398,500 | 8.9 |
| | Kingston Beach | Kingborough | 24 | \$349,250 | 8.9 |
| | Gellston Bay | Clarence | 43 | \$314,500 | 8.7 |
| VIC | Caulfield | Glen Eira | 23 | \$877,500 | 15.8 |
| | Harkaway | Casey | 12 | \$382,500 | 15.3 |
| | East Melbourne | Melbourne | 14 | \$1,280,000 | 14.7 |
| | Fairfield | Darebin | 48 | \$682,500 | 14.6 |
| | Oakleigh | Monash | 66 | \$571,000 | 14.1 |
| WA | Dampier | Roebourne | 21 | \$830,000 | 11.1 |
| | Coogee | Cockburn | 33 | \$790,000 | 9.7 |
| | Taroola Beach | Geraldton | 19 | \$430,000 | 9.6 |
| | Waterford | South Perth | 18 | \$890,250 | 9.5 |
| | Kiara | Bassendean | 20 | \$403,000 | 9.3 |

Suburbs with the longest average hold period - units

| State | Suburb | LGA | No. sold | Median price | Avg hold period |
|-------|--------------------|----------------------------|----------|--------------|-----------------|
| ACT | Isaacs | Unincorporated ACT | 20 | \$542,000 | 11.0 |
| | Palmerston | Unincorporated ACT | 69 | \$353,000 | 8.7 |
| | Charnwood | Unincorporated ACT | 10 | \$297,500 | 8.5 |
| | Melba | Unincorporated ACT | 14 | \$297,500 | 8.1 |
| | Kaleen | Unincorporated ACT | 15 | \$384,000 | 8.0 |
| NSW | Curl Curl | Warringah | 15 | \$705,000 | 11.6 |
| | Sefton | Bankstown | 18 | \$260,500 | 11.6 |
| | Bar Beach | Newcastle | 10 | \$411,000 | 11.1 |
| | Fairlight | Manly | 97 | \$585,000 | 11.0 |
| | Edgediff | Woollahra | 47 | \$465,000 | 11.0 |
| NT | Woolner | Darwin | 25 | \$415,000 | 5.3 |
| | The Gardens | Darwin | 15 | \$525,000 | 5.1 |
| | Rapid Creek | Darwin | 56 | \$323,500 | 5.1 |
| | Fannie Bay | Darwin | 50 | \$452,500 | 5.0 |
| | Desert Springs | Alice Springs | 19 | \$260,000 | 4.8 |
| QLD | Broadbeach Waters | Gold Coast | 30 | \$382,500 | 10.7 |
| | Minyama | Sunshine Coast | 25 | \$277,500 | 9.3 |
| | Warwick | Southern Downs | 21 | \$252,500 | 9.1 |
| | Bridge man Downs | Moreton Bay | 16 | \$292,500 | 8.7 |
| | Macgregor | Brisbane | 21 | \$360,000 | 8.6 |
| SA | Pooraka | Salisbury | 32 | \$206,500 | 9.4 |
| | Maylands | Norwood Payneham St Peters | 11 | \$315,000 | 8.9 |
| | Hope Valley | Tea Tree Gully | 37 | \$250,000 | 8.2 |
| | Kensington Gardens | Burnside | 38 | \$329,000 | 8.0 |
| | West Lakes | Charles Sturt | 64 | \$450,000 | 8.0 |
| TAS | Montrose | Glenorchy | 12 | \$207,500 | 8.7 |
| | Riverside | Launceston | 25 | \$205,000 | 8.7 |
| | Prospect Vale | Launceston | 47 | \$215,000 | 8.0 |
| | Wynyard | Waratah/Wynyard | 16 | \$201,250 | 7.5 |
| | Hadspen | Meander Valley | 11 | \$150,000 | 7.5 |
| VIC | Strathmore | Moonee Valley | 26 | \$387,500 | 15.4 |
| | Colac | Colac-Otway | 20 | \$174,750 | 14.6 |
| | Burwood East | Whitehorse | 17 | \$395,000 | 14.5 |
| | Carlton North | Yarra | 31 | \$388,000 | 14.0 |
| | Surrey Hills | Whitehorse | 72 | \$494,000 | 14.0 |
| WA | Bedford | Stirling | 24 | \$481,250 | 10.1 |
| | Ocean Reef | Joondalup | 12 | \$377,500 | 9.8 |
| | Woodlands | Stirling | 16 | \$422,500 | 9.3 |
| | Ballajura | Swan | 16 | \$330,000 | 8.7 |
| | Kingsley | Joondalup | 31 | \$405,000 | 8.7 |

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