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Weekly Property Pulse Professional Edition This week's edition covers

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Market Activity Index



This week we have launched the rpdata.com Market Activity Index which provides arguably the best leading indicator of where market activity is heading. The 'Market Activity Index' monitors activity on the rpdata.com professional system including the volume of Comparative Market Analysis (CMA) reports being undertaken by real estate professionals. On average, CMA volumes lead sales activity by about two months providing one of the timeliest leading indicators available in the residential property market. The index has been trending upwards since the beginning of June suggesting we are heading for a very active spring selling season.

Industry Market Wrap

[Latest National Auction Clearance Rates](#)



Auction clearances remain robust with Australia's two primary auction markets, Melbourne and Sydney,



maintaining clearances above 80 percent and 70 percent respectively. Each week RP Data collects the most comprehensive set of auction results available in Australia.

Want to know the auction results for your local area? Login to rpdata.com and go to the Auction Results panel on the top right corner of the home page.

Summary Of Advertised Stock On The Market

State	Total advertised	Total advertised (excl. vacant)	Advertisement of vacant properties	Properties with vacant properties
NSW	1,234,567	987,654	246,913	1,234,567
QLD	876,543	654,321	222,222	876,543
VIC	543,210	432,109	111,101	543,210
SA	210,987	109,876	101,111	210,987
WA	109,876	87,654	22,222	109,876
TAS	87,654	65,432	22,222	87,654
NT	65,432	43,210	22,222	65,432
ACT	43,210	21,098	22,112	43,210
Other	21,098	10,987	10,111	21,098
Total	3,087,654	2,367,890	619,764	3,087,654

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? Make sure you have subscribed to rpdata's On the Market® service. [Click here](#) or phone **1300 789 303** for a free 2 week trial.

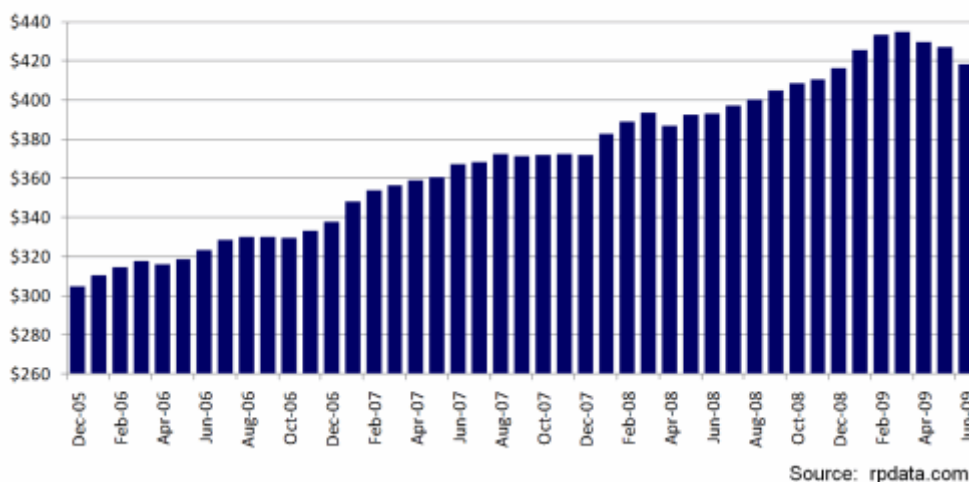
Rental relief

Rental rates across Australia's capital cities fell over the June quarter as renters look for more affordable housing options.

Renters have been hit hard over the last three years with rents across the country rising by an average of 30 percent over this period; renters, on average, are now paying \$95/week more to the landlord than three years ago.

In fact, rental rates have been rising steadily since housing affordability became a real issue in the early part of the new decade. As more households were financially blocked from buying a home the only other option was to rent. As demand for rental accommodation grew, the supply of new housing and investor numbers remained consistently low (the market is reliant on private investors to provide the vast majority of rental housing). The net result of this high demand and lack of new supply is that there has been a large amount of upwards price pressure on weekly rents.

National weekly rents over time



More recently the rental market appears to have peaked with national weekly median rents falling slightly in each month post March '09. Weekly house rents fell by 3.5 percent (\$15)

over the June quarter. Unit rents have been much more resilient, recording a fall of just 0.6 percent over the June quarter.

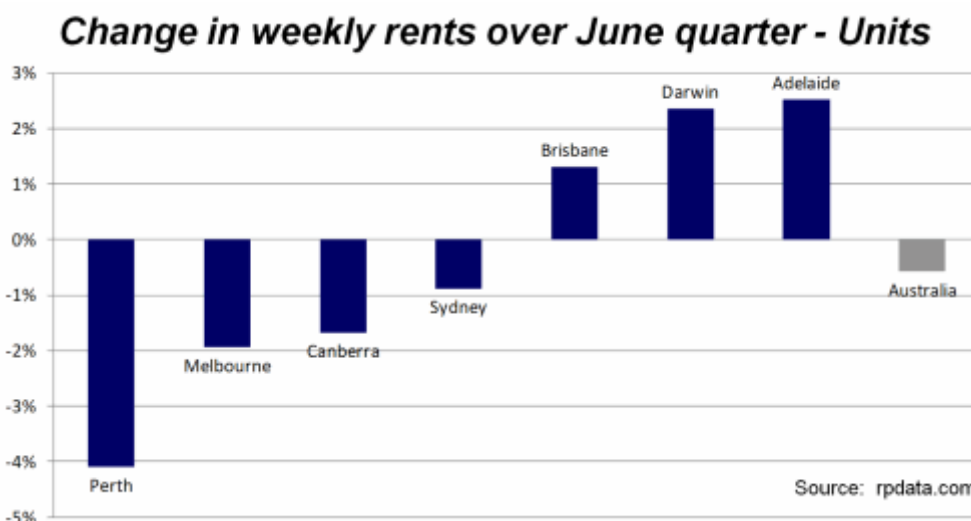
The easing in weekly rents comes as housing affordability returns to levels not seen since 2002 thanks to interest rates reaching 5.75 percent and modest falls in housing values. The improvement in housing affordability together with declines in rental affordability has caused many renters to assess whether buying is now a better option than renting. A recent study conducted by rpdata.com on behalf of the Commonwealth Bank of Australia showed there had been a substantial increase in the number of suburbs around Australia that are now cheaper to buy than rent.

The largest falls in house rents have been recorded in Canberra where the median weekly rent is down just over 6 percent for the June quarter. The median weekly rent for a Canberra house has fallen from \$530 in March '09 to \$498 in June.



At the other end of the spectrum, the only mainland capital city to record an improvement in the median weekly rental rate was Darwin which now has the most expensive weekly rental rate for houses of any capital city. On average, renters in Darwin are paying about \$100/week more to rent a house than someone renting in Sydney.

The resilience of the rental market for units is not surprising. Unit rents have virtually remained steady since March and actually improved in Brisbane, Darwin and Adelaide over the June quarter. With rental affordability becoming a real issue it is likely more renters are choosing units rather than houses for the lower rents, lower upkeep and the fact that they can live in more desirable locations compared to detached housing rents.



With rental rates now coming off the boil and property values once again rising we are seeing the first signs of rental yields being eroded. Nationally, the gross rental yield for

houses peaked at 4.7 percent in March and has since fallen to 4.4 percent due to a fall in weekly rents and increase in house values of 2.1 percent over the quarter.

The average gross rental yield for units has fallen only slightly (5.4 percent to 5.3 percent over the June quarter) thanks to rents staying relatively firm and a lower rate of growth in unit values over the quarter (1.2 percent). For investors, units have historically provided stronger rental yields and it looks set for this trend to continue.

Gross rental yields – national houses and units



Renters shouldn't get their hopes up too much however. Vacancy rates remain tight across the nation with all capitals recording less than 3 percent vacancy in rental stock. With such low vacancy rates and not a great deal of new supply entering the market it is logical to expect weekly rents to avoid any significant declines for the foreseeable future.

Investors shouldn't be discouraged by the recent peak in rental markets. Rental yields remain historically higher than the long term average and competition amongst investors hasn't gathered too much pace just yet. Additionally capital growth has once again become evident which demonstrates the resilience and consistency of returns in the Australian residential property market. The figures presented above outline the broad trends in the market – astute investors need to be digging below the surface of these macro trends and identifying strategic markets that will satisfy their investment criteria (our new Suburb ScoreCard product is ideal for undertaking this suburb level analysis).

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