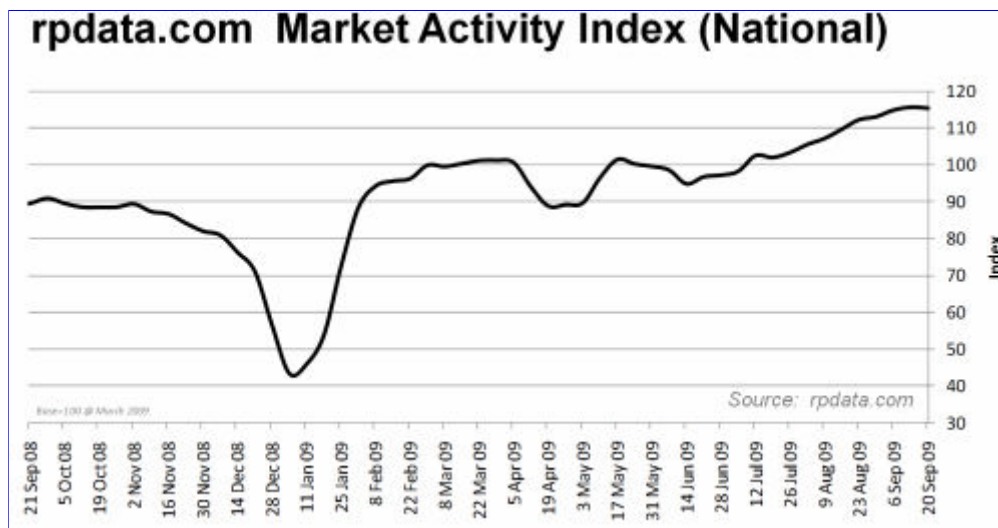


Weekly Property Pulse Professional Edition

25 September 2009 - This week's edition covers.....

- ▶ [rpdata.com Market Activity Index](#)
- ▶ [Industry Market Wrap](#)
- ▶ [Article: Units no longer housing's poor cousin](#)
- ▶ [Commercial: Vinci Carbone's eleven](#)
- ▶ [Check out the new rpdata.com blog](#)

Market Activity Index



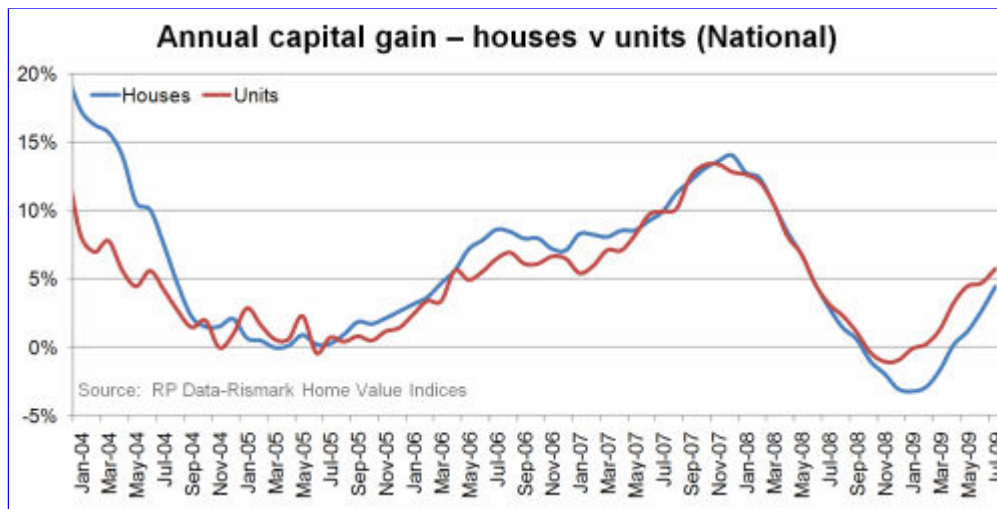
RP Data's market activity index has flattened over the last week, after recording consistent improvements since the start of June. The index, which is based on a measure of real estate agent activity, increased by 17 percent since the start of June and is currently 29 percent higher than the same period last year.

The slowing in the index over the last week indicates that the scramble by real estate agents to list properties for the spring selling season is slowing. The gains in the index are now translating into real increases in the amount of stock being advertised for sale: compared with last month, the number of new property listings advertised for sale is up 12 percent to 50,630.

Industry Market Wrap

According to the ABS, Australia's population growth has hit the record books (again) with a net increase of 439,000 new residents over the year to March 2009. To provide some perspective, in raw numbers Australia's population growth has never been this high. In

outperform units. Most would argue that the underlying value of the land associated with a house is the real driver of capital growth. However over the last five years there has been little difference between the two property types based on the rate of capital growth. Nationally, houses have recorded an annualised rate of capital growth of 4.8 percent while unit values have increased by 4.7 percent per annum over the same period.



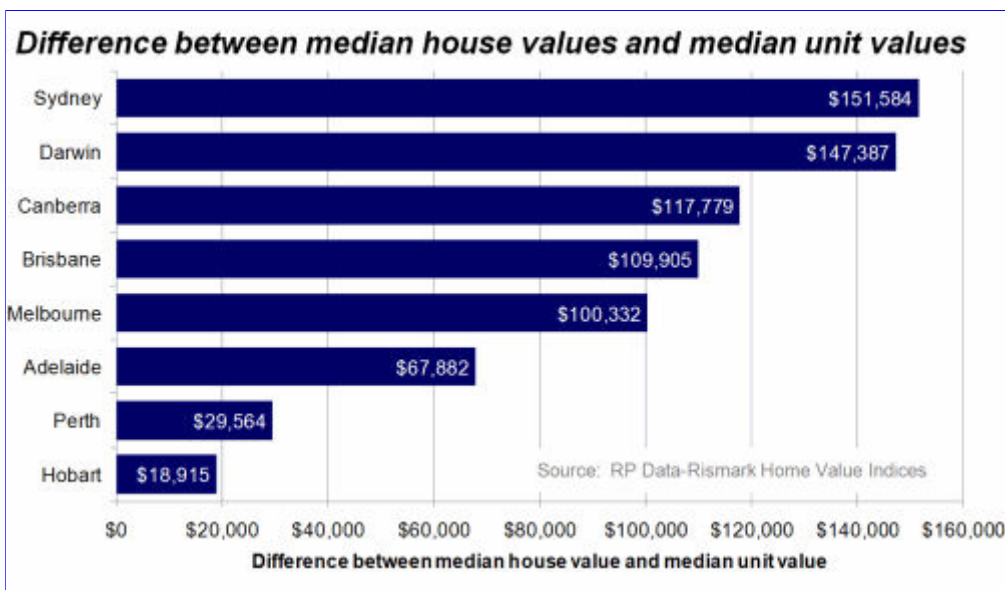
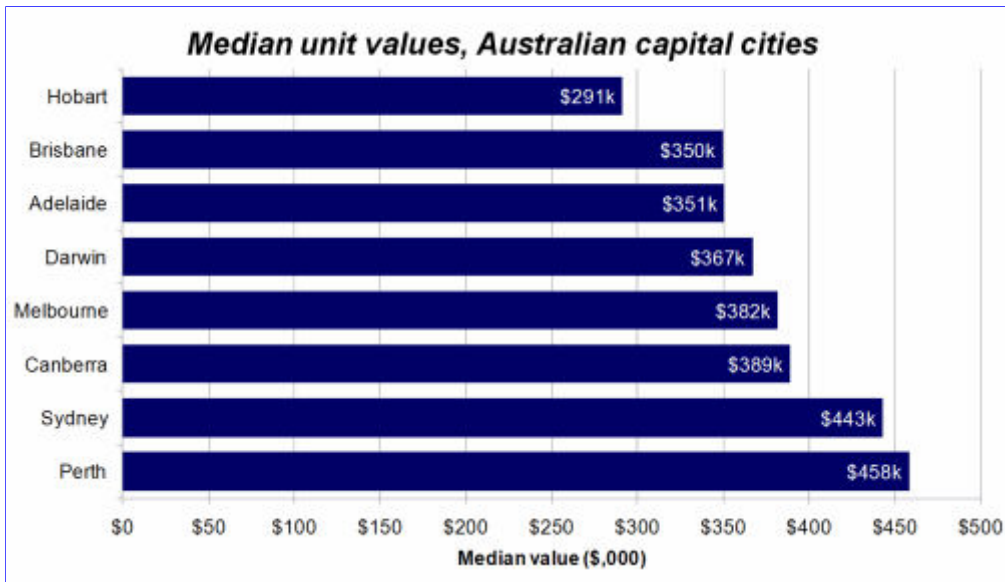
The equivalent level of capital growth associated with units is a relatively new phenomenon. Over the last ten years houses have outperformed units by about two percent per annum.

The improvement in capital growth associated with units may be attributable to housing affordability. Based on the national house value (\$506,000) and national unit value (\$409,000), units are about \$100,000 more affordable than houses; a fairly compelling differential for many home buyers.

Another reason for the improvement in unit values is the changing demand side factors in the Australian market place. More baby boomers are downsizing from their empty nest; twenty and thirty something's are more interested in living in the same location as where they work and play; and the lack of purpose built student accommodation has seen demand for units increase markedly from the overseas student sector.

Developers have responded accordingly, introducing units designed for a very specific segment of the market: luxurious boutique apartments for the empty nesters, smaller one and two bedroom apartments with minimal kitchen facilities for the young professionals and tiny apartments with communal social areas for the student market are just a few examples.

Additionally, units tend to provide higher rental yields than houses. This is partly due to the fact that unit developments are typically located in areas that have high rental demand: close to major transport networks, employment nodes or retail centres.



With population growth now projected to be well beyond expectations (Treasury recently announced that the Australian population is projected to reach 35 million in 40 years time; 7 million more residents than was originally forecast) and strategic land supply likely to remain constrained for a long time, the demand for well located unit projects is likely to increase.

Of particular interest to investors will be transit oriented developments (TOD's) that take advantage of more affordable but strategically located land to provide unit product that is both affordable and desirable. This style of development is generally mixed use in nature, incorporating a mix of residential, retail and office space that is located directly on a key transport spine such as train line or bus way. The TOD concept works on many levels: traffic is reduced as the population will prefer the speed and efficiency of the public transport system to commute into work, the land use is maximised to provide the highest and best use through medium and high density housing close to a major transport spine, and the mix of residential, retail and office space provides a vibrant environment in both day and night time hours.

Other types of developments that have been popular amongst investors and owner occupiers over the last decade have been urban renewal projects where inner city or strategically located industrial precincts have been converted to residential and/or mixed use providing many of the same benefits as outlined above. Urban renewal projects will normally be developed around a central master plan that ensures a good balance of housing

with non-residential uses as well as appealing urban design that includes sustainable landscaping, pedestrian and bicycle friendly pathways and public transport.

Vinci Carbone's eleven



An office building in Prahran, Victoria has been sold at auction, the eleventh sold by agents of Vinci Carbone over the past two weeks. The modern, two-level office building, situated at 8-19 Grattan Street, Prahran, was purchased by an East Melbourne accountant on a yield of 5.88%.

[Read the full article....](#)

Check out the new rpdata.com blog

The rpdata.com blog has been created. Check it out at - blog.rpdata.com. Our aim with the blog is to not only provide insight and commentary on the property market but to create a place to hold discussions and forums and engage with you on what's happening in the Australian property market.

The blog will be maintained by Research Director, Tim Lawless and Senior Analyst, Cameron Kusher. Check it out, leave some comments and let Tim and Cameron know what kind of information you want to see them discuss.

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