

Subject: Global warming may heat up Tree Change markets
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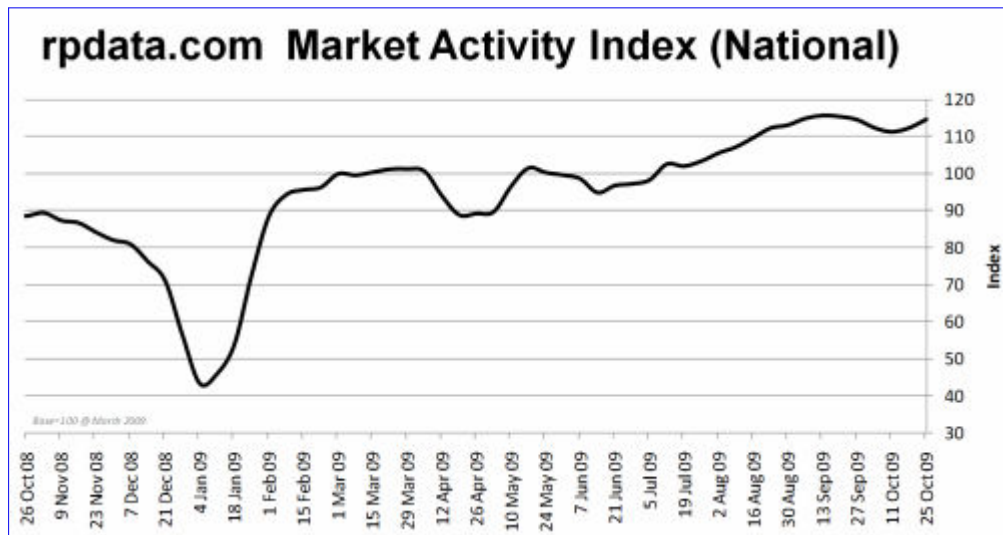
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Weekly Property Pulse Professional Edition

30 October 2009 - This week's edition covers...

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Market Activity Index



RP Data's weekly leading indicator of market activity moved upwards for the second week running, hinting that the spring market is still well and truly active. The weekly Market Activity Index measures the number of reports being produced by real estate professionals on the rpdata.com online platform. As the index maintains a high position, we would expect the number of new real estate listings in the market place to remain relatively high.

Industry Market Wrap

CPI figures released by the Australian Bureau of Statistics this week now show inflation has slipped to its lowest level in ten years. Headline inflation was at 1.3 percent over the year ending September 2009, however the Reserve Bank's preferred measures of inflation (the trimmed mean and weighted median CPI) increased by 3.2 percent and 3.8 percent respectively over the year which is outside the RBA's comfort zone of 2 to 3 percent. The CPI figures were slightly higher than most economists expected and the consensus is that interest rates will rise a further 25 basis points on Melbourne Cup day.

Weekly Key Statistic - National Auction Volumes



percent respectively.

Auction markets around the nation are still achieving strong clearance rates. 73 percent of auctions last week registered a successful result, the sixteenth straight week where the national clearance rate has been above 70 percent. The nation's two largest auctions markets, Melbourne and Sydney, recorded clearance rates of 81 percent and 68

Latest National Auction Clearance Rates



Clearance rates do appear to have peaked and are now slowly trending downwards. The number of auctions remain high, last week rpdata.com recorded 1,687 auctions, the highest number of auctions held over a week for this year.

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

page.

Advertised Stock On The Market

State	RP Date	CR	SA	NS
Western Australia	29	47	188	28
South Australia	29	44	104	24
Queensland	29	44	104	24
New South Wales	29	44	104	24
Victoria	29	44	104	24
Tasmania	29	44	104	24
ACT	29	44	104	24
NT	29	44	104	24

New listings to the market have been consistently above 48,000 over the last month and a half. Despite the stock additions coming onto the market, total housing stock being advertised for sale has continued to fall. There are now 16

percent or 39,000 fewer homes being advertised for sale compared to the same time last year.

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 734 318 for a free 2 week trial.

Global warming may heat up Tree Change markets

A Parliamentary report on global warming released this week highlights the uncertainty surrounding coastal property markets. Some prospective Sea Changers may become Tree Change converts.

Tree Change properties, often considered the poor cousin to Sea Change properties, may be given an unexpected boost, with a recent Parliamentary report highlighting

potential issues associated with properties located close to the water due to global warming. The report, released this week by the House Standing Committee on Climate Change, Water, Environment and the Arts and titled 'Managing our coastal zone in a changing climate' suggests that a one centimetre rise in sea levels could lead to at least one metre of erosion on the shoreline, making coastal properties vulnerable to flooding, erosion, high tides and surging storms.

The implications for coastal property markets around Australia are likely to be far reaching, particularly for properties within 3km of the ocean and less than six metres above sea level:

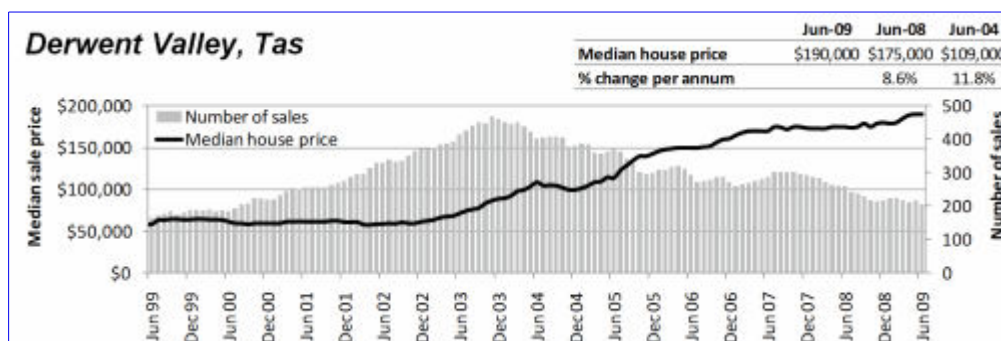
- Insurance companies are likely to reassess the value of premiums on potentially affected properties;
- Coastal property owners may be slugged with additional charges aimed at funding the works associated with coastal remediation and risk mitigation (or it may be the broader community that funds these activities)
- New development in areas that are subject to potential inundation may be blocked or face large hurdles associated with planning and development approval
- Existing homes may actually rise more in value due to new supply constraints

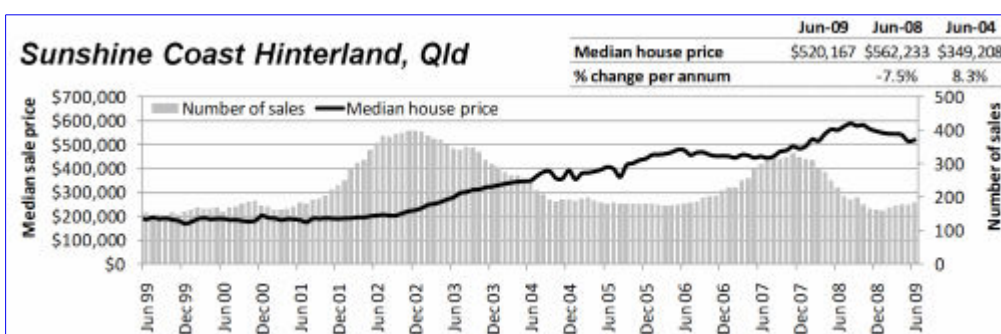
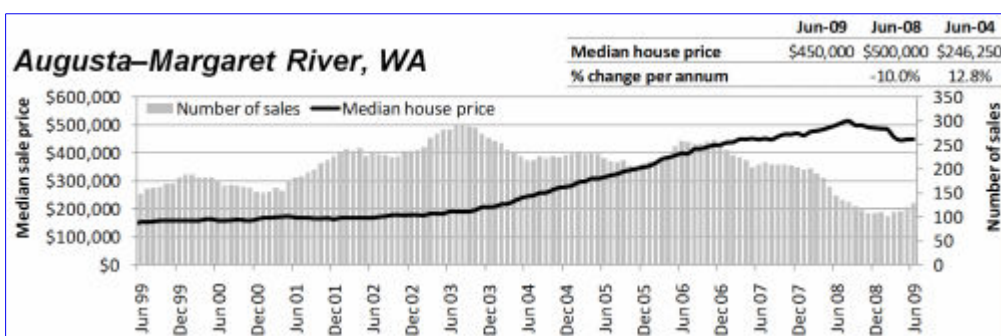
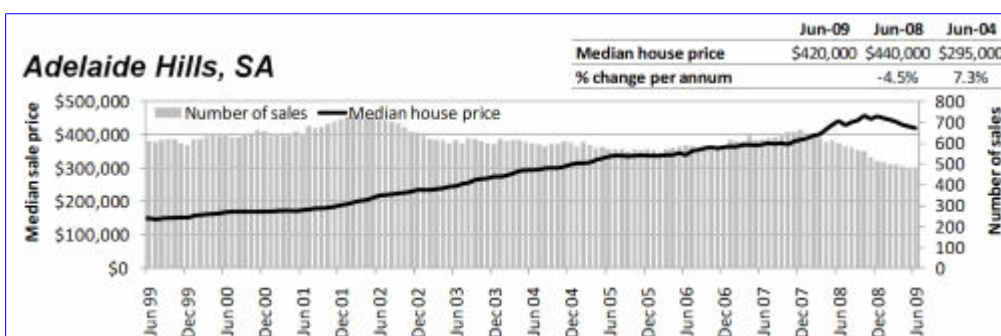
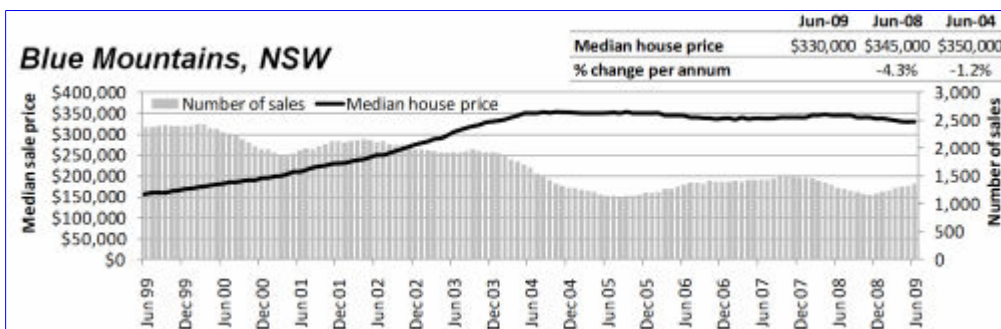
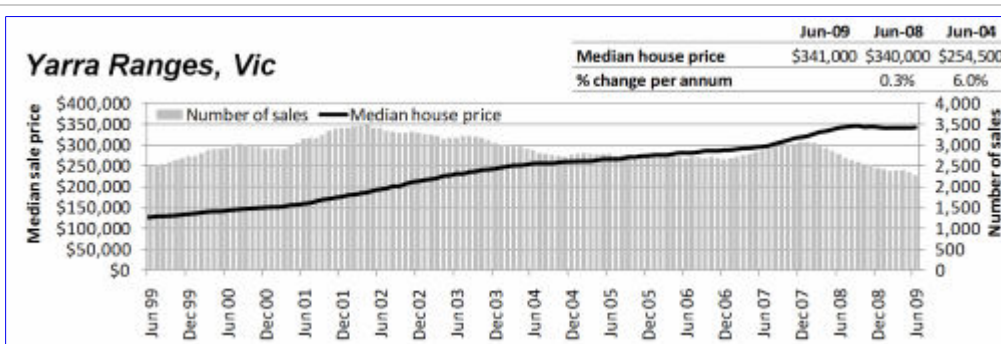
In all likelihood, the values of coastal properties will continue to rise despite the heightened uncertainty that surrounds coastal markets. Ultimately, most owners and buyers will choose lifestyle and prestige over the more practical considerations raised in the report.

There will, however, be a portion of the market that turns away from the coast and look towards higher ground. 'Tree Change', where buyers move from the city to a rural location, has been gathering momentum for some time. Hinterland markets and agricultural regions close to the capital cities have become more popular due to the high prices of properties located near the water and the increasing demand from baby boomers who are winding down or approaching retirement. The increased uncertainty surrounding coastal markets is likely to propel demand for these regions even higher.

Traditionally, Tree Change buyers have been attracted to the larger land areas that rural locations offer together with the tranquility and privacy that comes naturally in these locations.

Some of the most popular Tree Change markets in each state are highlighted in the graphs and tables below. All have seen a considerable reduction in sales volumes that is synonymous with lifestyle markets around Australia. Apart from Tasmania's Derwent Valley and Victoria's Yarra Ranges, all have seen a reduction in the median house price over the last year. The most popular Tree Change markets are generally those that are within commuting distance to a capital city or major centre.





Over the longer time period, however, growth in house prices has been fairly consistent with most markets analysed recording a reasonable rate of growth over the last five years. The Blue Mountains in New South Wales is the exception with house prices still lower than what they were when the market peaked in 2004. Such a poor performance over the last five years is likely to be viewed as an opportunity by many prospective buyers who can still take advantage of relatively low prices in a

Tree Change market that is within commuting distance to the Sydney CBD.

Nurses to move to Waterloo



The New South Wales Nurses' Association has purchased a building in Waterloo, New South Wales, with the intention of relocating from its Camperdown headquarters.

The Heidelberg Building at 50 O'Dea Ave, Waterloo, was purchased by the Association from Challenger Financial Services.

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

Blog: Australia is being let down by poor public transport infrastructure

I have spent the last month travelling around Europe, visiting 12 different cities and the thing this has taught me is that Australia's public transport is not up to scratch. The question must be asked why do Governments continue to build more and more roads (usually toll roads these days) instead of providing real public transport solutions?

[Full article at blog.rpdata.com...](#)

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