

# NEWS

October 2009

## Strong Key Indicators in Spring Property Market

**The Australian property market continues to gain strength with increased confidence in many sectors and in the Australian economy in general. Australia's economy has, according to RP Data, bounced back stronger than anyone predicted, with GDP (Gross Domestic Product) figures released at the end of August showing growth of 0.6% in the nation's economy over the year to June 2009.**

Improved economic conditions, combined with an Australian property market that defied international trends see today's market performing remarkably well. National property prices strengthened by 4.7% over the last 12 months, with every capital city recording an increase over the past three months, according to RP Data. While Darwin boomed ahead with 19.4% growth in its median house price over the year, Sydney and Melbourne achieved 5.7% and 6.9% respectively – well above the national average. Brisbane houses grew in value by 1.8%, while residential units enjoyed 6.6% growth.

Vendors are indeed encouraged by the increased value of their homes, with new listings on the market up by 15% in August compared to July. With the number of advertised listings and auction volumes increasing in August, spring appears to be off to a very strong start. Auction clearance rates have been exceptional, with a national average clearance rate of 78% achieved in the last week of August.

First home buyer activity, which saw finance commitments from the sector soar by 94.3% in the year to June according to the REIA, is abating somewhat. First home buyers have fallen from 29% of the market to 27%, with the trend expected to continue as the First Home Buyer Grant Boost halves at the end of October and ceases at the end of December. Decreasing competition from this sector has seen investors, along with second and third home owners looking to upgrade or re-locate, more active in the market.

With general economic confidence, employment figures and the property market on the up and up, transacting on the property market should always be made with the expert guidance of industry experts. There are traps and pitfalls to be avoided, as well as opportunities for capital gain. Your local Professionals agent welcomes no-obligation discussions about your individual situation and requirements.



### Quick Tip

Some specialists believe that by spending money on improving your home pre-sale, you can make \$3 for every \$1 of outlay, and sell the home in less time and with less stress. Talk to your local Professionals to discover ways of improving the likelihood of maximising the sale price of your property.

# Investors Active & Population Booming

The number of investors favouring the property market over shares continues to rise, according to figures released by Ray Morgan research. Investment activity in the property sector has substantially increased, with the Australian Bureau of Statistics reporting increases in the value of investment housing commitments for several consecutive months to June.

While investors have been quick to capitalise on low interest rates and the softer house prices of early 2009, it's also important that investors keep the basic economic law of supply and demand in mind for long-term decision-making. Australia's housing supply shortage, combined with massive population growth, looks set to see capital city housing markets continue to hold their own into the future, according to Australian property investment expert Michael Yardney.

Australia is currently experiencing its biggest population explosion in history, according to a recent Commsec study, which reported a record 253,415 migrants arriving in Australia in 2008. This equates to almost 700 new arrivals per day. Adding to our numbers too is the fact that we're currently in the midst of a baby boom. 296,700 babies were born in 2008, representing the highest rate of births reported since quarterly records began 27 years ago.

Given that vacancy rates remain at record lows at under 3% on average in all capital cities, and that Australia's critical shortage

of supply is unlikely to abate in the near future, rental demand and yields look to remain high into the foreseeable future.

Whilst many investment opportunities exist in today's property market, some types of properties in some locations will perform better than others. When making investment decisions, it is important to not only consider past performance, but to predict future performance based on changing demographics and lifestyle trends. It is also important to dig below apparent trends to identify key strategic markets.

Your local Professionals agent, a valued member of a well-respected broader network comprising well over 300 offices throughout Australia, New Zealand and Asia-Pacific countries, can assist with the relevant information about capitalising on today's property market for the most informed decision-making.



## Time For A Change?

The spring season often brings change. We might feel a certain restlessness. We might start thinking about making that move to greener pastures. Australians of all ages are increasingly making a sea or tree change for the healthy lifestyle benefits it brings. When moving to coastal or rural towns, careful consideration of a few basics will ensure the move is the right one for you!

- Thorough homework is not just important, it's essential. A favourite holiday location might not necessarily offer the facilities, services and work or business opportunities you require. We tend to view everything through rose-coloured glasses while relaxing on holidays. Take them off if considering permanent residency.

- Given moving to a very different location is a major change often requiring long-term planning, you might like to test

the waters first. It is advisable, where possible, to rent in the area for six to twelve months, or buy an investment property there, before making the permanent move.

- When re-locating, consider properties just outside the most popular towns, thereby taking advantage of lower property prices while still reaping the lifestyle benefits.

- How accessible will your new home be to family and friends? Whilst we often establish new networks, think about how the move will affect your current family and social situation.

- Whether planning to work, start a business or retire in a new area, careful financial planning is paramount. Ensure you have a sound financial advice and a plan before making the move.



[www.professionals.com.au](http://www.professionals.com.au)

