

Weekly Property Pulse Professional Edition

This week's edition covers

- ▶ [Industry Market Wrap](#)
- ▶ [Article: The \\$1 million club just got smaller](#)

Industry Market Wrap

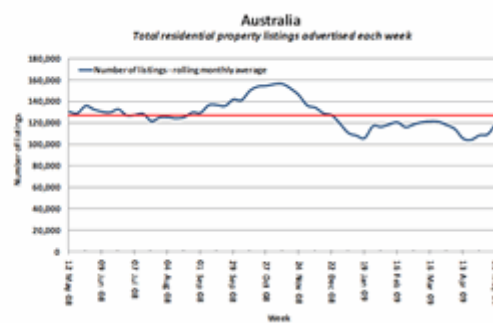
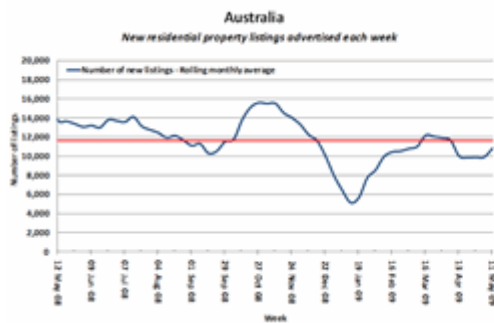
The big news this week was the announcement of the Federal Budget. In its most basic form, the budget is likely to provide some clarity to potential buyers about how the government will treat them in the new financial year. Leading up to the budget there was a great deal of speculation about the future of the boost to the First Home Buyers Grant; what (if any) incentives or concessions might be introduced for non-first home buyers and investors and how the government expects the national economy to travel over the next year. The budget has provided more certainty to the market which is likely to have a positive flow on affect.

RP Data was expecting that the Government would maintain the \$21,000 boost for new dwellings and wind back the grant for existing dwellings to \$7,000. The logic being that it makes sense to focus the greatest stimulus on areas of the housing market that will provide the greatest benefit to the economy. A focussed stimulus on new dwellings would have a substantial multiplier effect, creating jobs and stimulating demand for buildings products and services as well as home appliances, furnishing and providing benefits to a wide range of other peripheral industries. In addition, more new dwelling sales will assist in alleviating the chronic housing undersupply Australia is facing.

Another announcement in the budget that is likely to impact on the property market is the \$22 billion allocated to infrastructure spending. The key benefactors of the infrastructure fund will be regions located along the Eastern Seaboard, particularly South East Queensland. Perhaps the greatest and most immediate requirement, however, is to establish much needed linkages between the outer fringes of the nations metro areas where the large proportion of Australia's population growth is concentrated. Many of these regions are in desperate need of transport infrastructure improvements and public transport options. This is where the most affordable land is located, yet few people desire to live where travel routes are congested or are substandard.

Auction clearance rates – week ending May 10th

City	Clearance Rate	Total Auctions	RP Data Auction Results	Sold Prior To Auction	Sold At Auction	Sold After Auction	Passed in	W/drawn
Adelaide	54.5%	86	66	9	26	1	26	4
Brisbane	47.9%	90	73	11	21	3	35	3
Canberra	61.5%	33	26	3	13	0	10	0
Melbourne	77.3%	551	431	69	248	16	96	2
Perth	58.3%	49	36	10	9	2	11	4
Sydney	72.4%	394	330	62	174	3	72	19
Tasmania	63.6%	15	11	4	2	1	4	0



APPROXIMATE COMMISSION:

Based on the median dwelling value of \$457,191 we estimate the total amount of available commission to be \$1.56 billion available across the Australian mainland.

The \$1 million club just got smaller

The number of suburbs with a median price of more than \$1 million has slumped over the last 12 months as these traditional 'safe havens' have felt the brunt of the global economic turmoil.

Over the last 12 months the number of suburbs with a median house or unit price of more than \$1 million has fallen from 151 suburbs nationwide to 134 suburbs. NSW saw the greatest change in the number of these elite suburbs, with a net loss of 8 suburbs or 9%. Qld and SA on the other hand, recorded a net gain of \$1 million plus suburbs of 1 each.

No of suburbs with a \$1 million plus median price 2008 vs. 2009

State	2008	2009	Change (no)	Change (%)
NSW	86	78	-8	-9%
WA	29	23	-6	-21%
Vic	25	20	-5	-20%
Qld	6	7	1	17%
SA	5	6	1	20%
Total	151	134	-17	-11.3%

It is unsurprising to see that the number of suburbs with a median price of more than \$1 million has shrunk during the last 12 months given the impact of the global financial crisis. This has resulted in huge losses in superannuation, large falls across equity markets and price falls across premium property markets.

Across the 151 suburbs which recorded a median house price of \$1 million or greater during 2008, 106 suburbs or more than 70 percent of these suburbs, recorded a fall in median price during the year.

Some fairly high profile residential locations have actually fallen out of the \$1 million club during the last 12 months.

Suburbs which have fallen out of the \$1 million club

Suburb	State	Property Type	Number Sold	Median Price 2008	Median Price 2009	12 month Growth
Ardross	WA	House	25	\$1,050,006	\$772,500	-26.43%
South Fremantle	WA	House	22	\$1,059,998	\$797,500	-24.76%
Cottesloe	WA	Unit	23	\$1,025,500	\$785,000	-23.45%
Rossmoyne	WA	House	19	\$1,027,005	\$815,000	-20.64%
North Adelaide	SA	House	42	\$1,180,000	\$944,000	-20.00%
Shelley	WA	House	21	\$1,030,000	\$835,000	-18.93%
Warrawee	NSW	House	29	\$1,099,495	\$895,000	-18.60%
South Yarra	VIC	House	119	\$1,100,002	\$900,000	-18.18%
Sorrento	WA	House	59	\$1,060,006	\$870,000	-17.93%
Hawthorn East	VIC	House	107	\$1,150,007	\$955,000	-16.96%
Dolans Bay	NSW	House	14	\$1,119,996	\$937,750	-16.27%
Killarney Heights	NSW	House	48	\$1,022,495	\$870,000	-14.91%
Narrabeen	NSW	House	27	\$1,150,002	\$985,000	-14.35%
Little Bay	NSW	House	25	\$1,099,995	\$950,000	-13.64%
New Farm	QLD	House	41	\$1,040,006	\$900,000	-13.46%
Lane Cove	NSW	House	62	\$1,099,997	\$960,000	-12.73%
Leabrook	SA	House	15	\$1,074,998	\$940,000	-12.56%
Malabar	NSW	House	24	\$1,000,000	\$879,000	-12.10%
Shenton Park	WA	House	32	\$1,065,004	\$945,500	-11.22%
Naremburn	NSW	House	38	\$1,054,996	\$936,900	-11.19%
Elwood	VIC	House	81	\$1,100,000	\$990,000	-10.00%
Strathfield	NSW	House	143	\$1,087,497	\$985,000	-9.43%
Willoughby	NSW	House	61	\$1,055,003	\$960,000	-9.01%
Surrey Hills	VIC	House	119	\$1,015,000	\$925,000	-8.87%
Abbotsford	NSW	House	20	\$1,074,998	\$980,000	-8.84%
Crows Nest	NSW	House	44	\$1,000,000	\$942,250	-5.78%
Black Rock	VIC	House	40	\$1,050,000	\$997,500	-5.00%
Brighton East	VIC	House	158	\$1,002,502	\$977,500	-2.49%

Within NSW, long established residential suburbs such as Lane Cove, Willoughby, Crows Nest, Malabar and Naremburn all no longer have a median house price of more than \$1 million.

In Vic, South Yarra and Hawthorn East within the inner city area, bayside locations such as Elwood and Black Rock and exclusive Eastern Suburbs areas like Surrey Hills all have recorded a current median house price below \$1 million.

Qld's only suburb to fall out of the \$1 million plus club was the inner city riverfront location of New Farm, whilst North Adelaide, adjacent to the Adelaide CBD in SA was its only \$1 million plus suburb to slip out of the list. WA on the other hand, had seven suburbs fall out of the \$1 million plus club and recorded the four suburbs with the largest falls in median

price over the year.

Ardross in Perth recorded the largest price fall of any suburbs which no longer has a median price of \$1 million or greater with the median house price falling by 26.4% from \$1.05 million to \$772,500, interestingly it is adjacent to one of the city's most expensive suburbs, Applecross however it doesn't enjoy the same riverfront location.

Nine individual suburbs joined the \$1 million plus club during the last 12 months, NSW with 3 suburbs joining the club contributed the greatest number of new members. The riverfront location of Tennyson Point, Cheltenham in the Hills District to the north of the city and the Eastern Suburbs suburb, Bondi Junction have all record an increase in median price resulting in them joining the \$1 million club.

Suburbs which have entered the \$1 million club

Suburb	State	Property Type	Number Sold	Median Price 2008	Median Price 2009	12 month Growth
Tennyson Point	NSW	House	14	\$939,500	\$1,392,500	48.22%
Ascot	QLD	House	46	\$915,250	\$1,235,000	34.94%
Malvern	SA	House	28	\$881,500	\$1,181,000	33.98%
Eaglemont	VIC	House	21	\$935,500	\$1,175,000	25.60%
Pullenvale	QLD	House	34	\$900,000	\$1,090,000	21.11%
Cheltenham	NSW	House	19	\$885,000	\$1,060,000	19.77%
Toorak Gardens	SA	House	25	\$910,500	\$1,060,000	16.42%
Bondi Junction	NSW	House	60	\$912,500	\$1,035,000	13.42%
Menora	WA	House	12	\$989,500	\$1,072,500	8.39%

In Qld and SA, both witnessed two suburbs enter the \$1 million plus club. The long established residential location of Ascot overlooking the Brisbane River and the rural residential location of Pullenvale both now enjoy a median price in excess of \$1 million in Brisbane. In SA, the inner city localities of Toorak Gardens and Malvern, both within minutes of the CBD have seen their median price increase over the last year to in excess of \$1 million.

Within Vic, the Eastern Suburbs location, Eaglemont, now enjoys a median house price above \$1 million whilst in Perth, the inner city suburb of Menora also now has a median house price of more than \$1 million.

Although some of the key economic indicators are now suggesting that the worst of the global financial crisis may be behind us (within Australia at least) RP Data anticipates further weakness in the top end market during 2009. This is largely due to the fact that instability in the global economy has resulted in few buyers looking to spend more than \$1 million. In saying this there is still some evidence of buyer activity with nine new suburbs entering the \$1 million club in the last 12 months. For those with the financial capability it may be the best time in a long time to negotiate yourself a bargain price (relatively speaking) in some of the country's most exclusive suburbs.

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