

Market update – Friday 10 February, 2012

Despite the fact that most economists anticipated a 25 basis point cut of official interest rates this week, the Reserve Bank (RBA) made no change to the cash rate at its first board meeting of the year. As a result, official interest rates remained at 4.25%. In the board's statement they made mention of the fact that credit growth remains modest, though there has been a slight increase in demand for credit by businesses. They also noted that housing prices showed some sign of stabilising at the end of 2011, after having declined for most of the year. According to the RP Data-Rismark Home Value Index, capital city values fell by -0.5% in the December 2011 quarter after -0.8% quarterly falls in September and June and a -1.5% quarterly fall in March 2011.

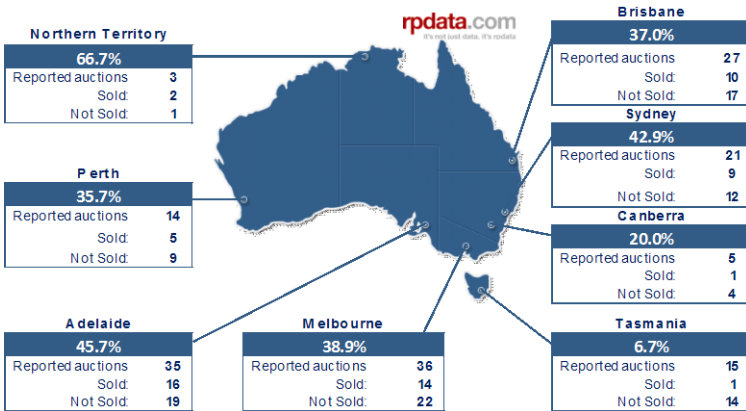
Retail trade data released by the Australian Bureau of Statistics (ABS) this week showed that retail sales fell by -0.1% in December 2011. Over the 2011 calendar year, retail trade increased by just 2.6%. The weak growth in retail spending over the year once again highlights the low levels of purchasing activity by consumers, results which are also being reflected across housing markets, private sector credit growth, finance commitments, consumer confidence and credit card usage statistics. Relating to the housing market; consumers spent more over the year on furniture, floor coverings, houseware and textile goods (5.2%), hardware, building and garden supplies (4.0%) and household goods (0.9%) while they spent less on electrical and electronic goods (-4.0%). The results suggest that although consumers are not showing an overall propensity to spend, they are prepared to purchase goods for the home or for home improvement. This is perhaps in response to the fact that housing transaction volumes are down and whilst consumers aren't prepared to move home, they will instead spend money on improving their current home.

Capital city auction markets continued to have a low volume of auctions taking place over the past week. Across the combined capitals the weighted average auction clearance rate was recorded at 41.8% over the week up from 36.3% the previous week. In Melbourne, there were 121 auctions with a clearance rate of 42.5% last week up from 38.9% the previous week. In Sydney the clearance rate was 62.5% across 69 auctions last week a vast improvement on the 42.9% clearance rate over the previous week. In the coming weeks the performance of the auction market should provide a good lead indicator as to what we can expect for sales volumes and property value growth over the earlier part of 2012. If clearance rates break the 50% mark we can expect an improvement on the housing market's performance over the second half of 2011 and if not we will probably see similar overall market conditions.

The number of new properties advertised for sale continued to climb out of its early year slumber last week. Despite the uplift, the number of new property listings is currently -0.8% lower than at the same time last year nationally and -7.8% lower across the combined capital cities. RP Data is currently tracking 294,810 properties for sale nationally and 140,700 properties across the combined capital cities. Across the nation, total listings are currently 26.8% higher than they were at the same time last year and they are 25.7% higher across the combined capital cities. Over the coming weeks we would expect the number of listings to continue to increase, the key will be whether or not the total level of stock returns to the record highs of late 2011.

The number of newly advertised properties for rent increased over the past week across both the national and capital city markets. The number of new properties listed for rent is 14.9% higher than at the same time last year nationally and 12.3% higher across the combined capital cities. RP Data is currently tracking a total of 99,453 properties advertised for rent across the nation and 66,914 properties across the combined capital cities. The total number of properties listed for rent is 4.8% higher than at the same time last year nationally and 4.3% higher across the combined capital cities.

**Auction clearance rates
Week ending January 29, 2012**



Number of properties advertised for rent

*Residential rental listings advertised over the month ending 05/02/2012
Note that listings are based on a rolling monthly count of unique properties that have been advertised for rent.*

State	New advertised listings Last month (Previous yr)	Total advertised listings Last month (Previous yr)
Qld	13,979 (12,262)	26,324 (27,548)
NSW	13,703 (11,752)	24,830 (23,031)
Vic	13,790 (11,693)	29,763 (26,314)
WA	4,229 (4,003)	7,595 (8,163)
SA	3,515 (3,037)	6,870 (5,920)
NT	574 (598)	1,143 (1,377)
ACT	267 (389)	540 (712)
Tas	1,171 (832)	2,388 (1,790)
Aus	51,228 (44,566)	99,453 (94,855)

Each week RP Data collects the most comprehensive set of auction results available in Australia. Thank you to our vast network of real estate professionals who assist us with aggregating these results. The statistics show how many auctions were reported by RP Data as well as the total number of auctions that were scheduled over the last week (due to the large number of auctions we are unable to report 100 percent of the results). 'Sold' properties indicate those properties that were either successfully auctioned on the day, sold before the auction or sold after the auction. Properties 'Not Sold' were either passed in at auction or withdrawn. The 'Market Activity Index' monitors activity on the rpdata.com professional system including the volume of Comparative Market Analysis (CMA) reports being undertaken. On average, CMA volumes lead sales activity by about two months providing one of the most timely leading indicators available in the residential property market.

Number of homes for sale

Residential property listings advertised for sale over the month ending 05/02/2012

Note that sales listings are based on a rolling monthly count of unique properties that have been advertised for sale.

State	New advertised listings Last month (same time last yr)	Total advertised listings Last month (same time last yr)	Approximate value of total listed stock	Approx agents commission available (based on 2.5% commission rate)
Qld	12,834 (10,702)	78,397 (72,489)	\$44,752,328,561	\$111,880,821
NSW	10,738 (11,997)	78,703 (59,738)	\$48,713,039,845	\$121,782,600
Vic	9,261 (9,854)	67,809 (42,473)	\$36,944,293,305	\$92,360,733
WA	6,150 (6,288)	34,115 (30,991)	\$21,722,536,575	\$54,306,341
SA	2,985 (3,361)	20,017 (15,150)	\$8,437,848,616	\$21,094,622
NT	323 (330)	1,761 (1,510)	\$1,009,355,570	\$2,523,389
ACT	505 (610)	2,074 (1,460)	\$1,520,270,920	\$3,800,677
Tas	1,424 (1,446)	11,934 (8,739)	\$6,428,114,731	\$16,070,287
Aus	44,220 (44,588)	294,810 (232,550)	\$169,527,788,123	\$423,819,470

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