

RP Data - Nine Rewards

Consumer housing market sentiment survey

Released: Thursday 24 October, 2013

Housing market confidence dips in October

1,045 Australian residents respond to the most recent survey of housing market sentiment.

The results of the October RP Data - Nine Rewards housing market sentiment survey saw 1,045 participants answer a range of questions on what they expected from Australia's property market over the next six to twelve months

74% of those who participated in the survey think now is a good time to purchasing a property. While the overall results show that generally Australian's remain positive about the housing market, the proportion is lower than what the survey reported in May this year (80%) and October last year (76%).

According to RP Data's research director, Tim Lawless almost three quarters of survey respondents think that now is a good time to be purchase a house, with the most optimistic responses generally being found in those areas where dwelling values haven't shown a substantial rise over the current growth cycle. Mr Lawless said that the response to this question from residents of Sydney and Melbourne, where dwelling values have shown a substantial level of growth over recent cycles was much more muted.

Just over half the respondents (51%) to the survey expected dwelling values to rise over the next six months compared with just 33% a year ago. 57% of those surveyed expected values to rise over the next twelve months compared with just 42% a year ago.

"Clearly Australians remain positive about the direction of dwelling values, however most respondents who think values will rise over the coming six and twelve months have fairly measured expectations of value growth with most suggesting values are likely to rise by less than 5% over the coming year," Mr Lawless said.

A new question included in this survey was whether respondents thought the Australian housing market was vulnerable to a significant correction in dwelling values. 60% of respondents indicated they thought the housing market was vulnerable to a significant correction, highlighting that there is some concern amongst consumers about the sustainability of Australian dwelling values.

"While most respondents think values will continue to rise, it is interesting to note that most respondents are also concerned about the sustainability of dwelling values.

"The ongoing debate about a housing market bubble is clearly an issue that has the potential to dampen housing market sentiment, particularly in markets such as ACT, Perth and Sydney where home values tend to be higher and more than 65% of respondents think the housing market is vulnerable to a significant correction," Mr Lawless said.

Detailed results of the survey are included across the following pages.

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About RP Data: RP Data is the number one provider of property information, analytics and risk management services in Australia and New Zealand, 100 per cent owned by CoreLogic CLX– the world's largest data and analytics provider.

www.rpdata.com

About Nine Rewards: Nine Rewards part of the Nine Entertainment Co., manages online panels with over 1.4 in Australia and 60k in New Zealand. With large panels and access to consumers through a diversified media and entertainment group, Nine Rewards connects businesses with their audience for market research, marketing and lead generation purposes.

www.ninerewards.com

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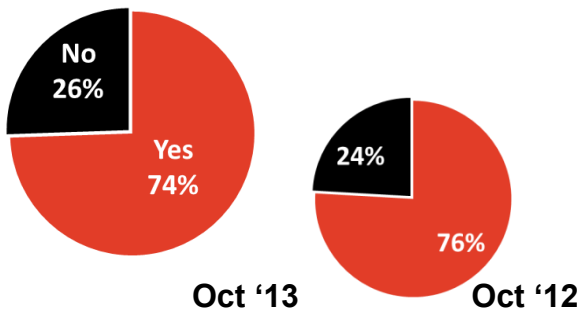
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Survey of housing market sentiment

Summary findings, October 2013

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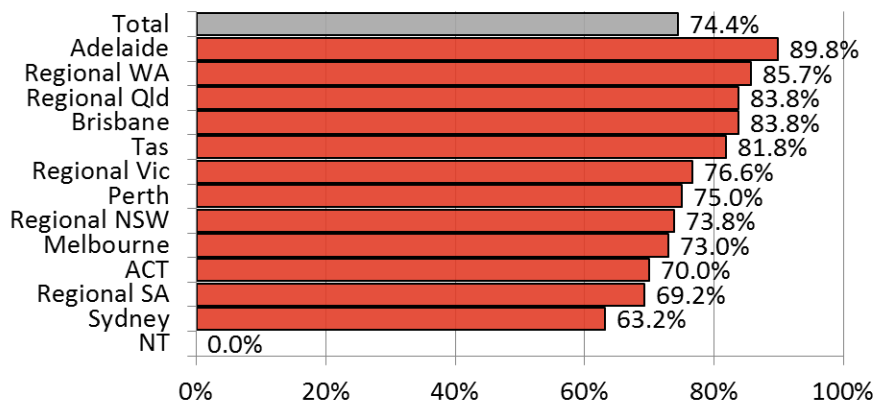
Is now a good time to buy a property or home?



74% of respondents believe now is a good time to be buying property. While the results show the vast majority of those surveyed think the timing to purchase a home is good, the results are a reduction from our May 2013 results where 80% of respondents thought it was a good time to purchase a home. The result is also slightly lower than a year ago when 76% of respondents thought it was a good time to be purchasing a dwelling.

Across the regions the results for this question showed some diversity. Not a single respondent in the Northern Territory thought now was a good time to be buying a dwelling, perhaps reflecting a reduced level of buyer sentiment in the top end housing market. Similarly, a smaller proportion of Sydney respondents (63%) thought now was a good time to be purchasing a dwelling. The May results were 10 basis points higher for Sydney at 73%. Dwelling values have moved 12.2% higher across the Sydney housing market since values bottomed out in May 2012. Many prospective Sydney buyers have either been priced out of the market or would be viewing the current level of capital gains as unsustainable.

More than 80% of survey respondents thought it was a good time to be buying a home in Adelaide, Regional Western Australia, Regional Queensland and Brisbane.



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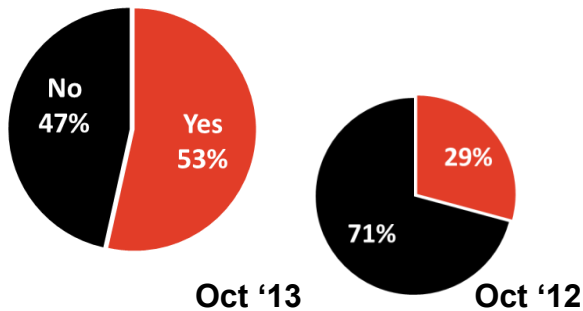
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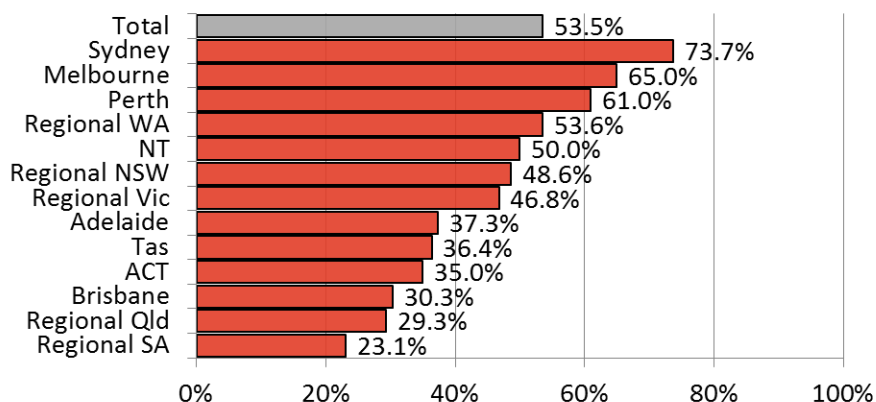
Is now a good time to sell a property or home?



Despite the strong housing market conditions only slightly more than half of respondents thought now was a good time to be selling their home. The results are dramatically higher than a year ago when only 29% of those surveyed thought it was a good time to be selling.

The strong housing market conditions in Sydney have prompted the largest proportion of respondents to suggest now is a good time to sell. About 74% of Sydney based respondents thought that now was a good time to be selling their home. Based on RP Data’s most recent weekly statistics, the typical Sydney house is selling, on average, in just 27 days, highlighting the strong selling conditions that are prevalent across this market. 65% of respondents in Melbourne thought now was a good time to be selling and 61% of Perth respondents though it was a good time to sell their home.

Housing markets where capital gains have been softer, such as South Australia, Queensland and Tasmania, have prompted survey respondents to be less bullish on selling conditions. Only 23% of those surveyed in regional South Australia thought now was a good time to be selling and 29% in regional Queensland.



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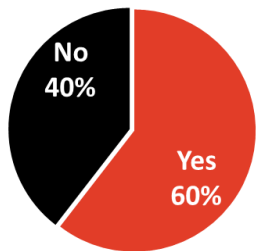
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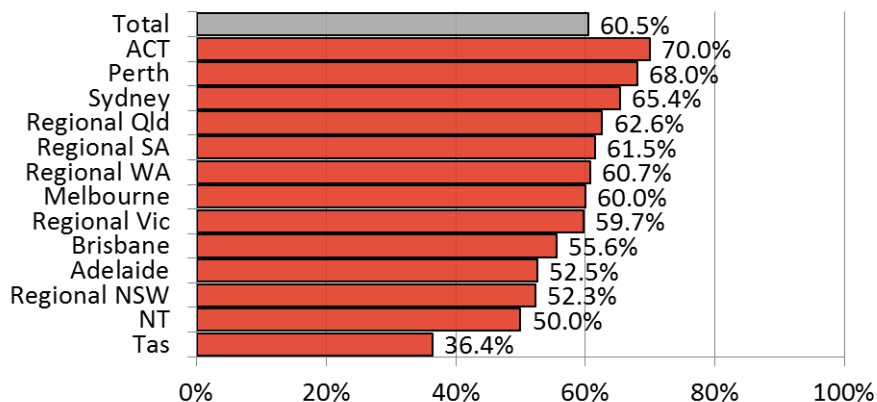
In your opinion is Australia's housing market vulnerable to a significant correction in values?



This is the first time this question has been included in the RP Data – Nine Rewards survey. The results show 60% of survey respondents believe the Australian housing market may be vulnerable to a significant correction in values. The survey didn't probe further about what level of value decline would be considered 'significant', however, it is clear that there is a level of unease about the future of Australian dwelling values.

Respondents based in the Australian Capital Territory, Perth and Sydney showed the most significant level of pessimism when it came to their belief that dwelling values are vulnerable to a significant correction. 70% of respondents in the ACT thought the local housing values were vulnerable to a significant fall, as did 68% of Perth respondents and 65% of Sydney respondents. Both Sydney and Perth have seen a greater than average run up in dwelling values over the most recent growth cycle which may be contributing to the perceived threat of a downturn in home values.

Conversely, respondents in Tasmania, where the housing market has been the weakest of any state or territory, are much less pessimistic. Only 36% of respondents thought the housing market was vulnerable to a significant correction in dwelling values. The proportion of pessimistic responses was below 60% for respondents based in the Northern Territory, regional NSW, Adelaide, Brisbane and regional Victoria.



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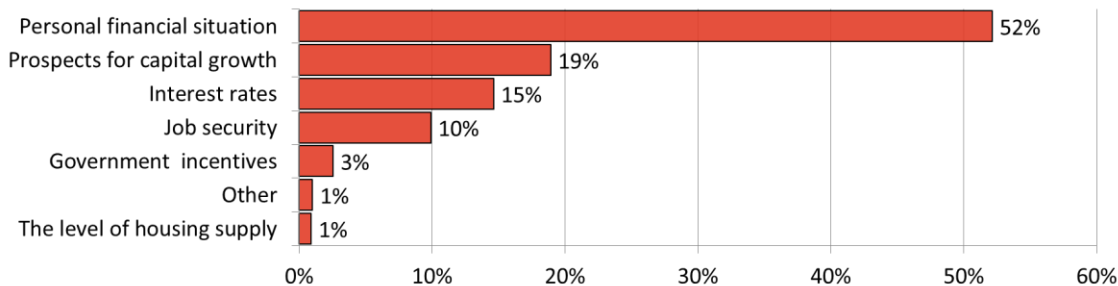
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What is the most important factor when purchasing a property?



The vast majority of respondents believe the most important factor to consider when purchasing a property is their personal financial situation at 52%. Slightly more than half of the survey participants felt this to be the most important factor when considering a property purchase. Interestingly, the housing market's prospects for capital growth also rated quite high, with just under 20% of respondents indicating this was their most important consideration. 15% of respondents thought the interest rate setting was the most important factor, while only 10% of respondents felt that job security was their most important consideration.

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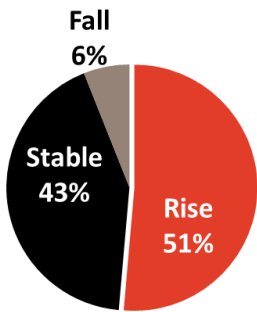
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Do you believe home values will rise, fall or remain stable over the next 6 months?

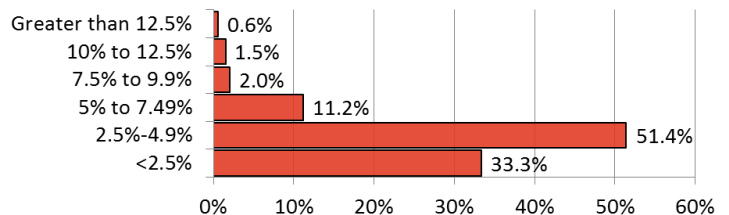


51% of respondents were expecting home values to rise over the next six months compared with just 33% of respondents in October last year. Only 6% of respondents were expecting values to fall over the coming six months.

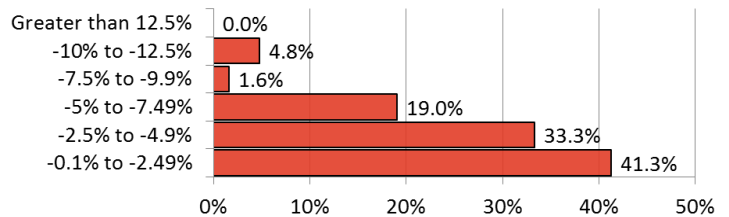
Of those respondents who are expecting home values to rise over the next six months, their expectations of growth remain relatively measured, with just over half of those respondents that thought values would rise over the next six months indicating that growth would be between 2.5% and 4.9%. The vast majority were expecting growth to be less than 5% over the next half year.

According to the 6% of respondents who think values will fall over the next six months, the largest proportion (41%) are expecting the fall to be less than 2.5% and almost 75% of respondents think values will fall by less than 5% over the coming half year.

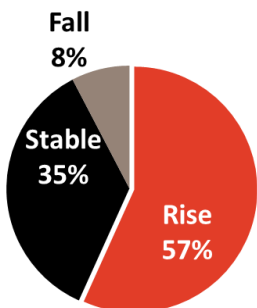
By how much do you believe home values will rise over the next 6 months?



By how much do you believe home values will fall over the next 6 months?



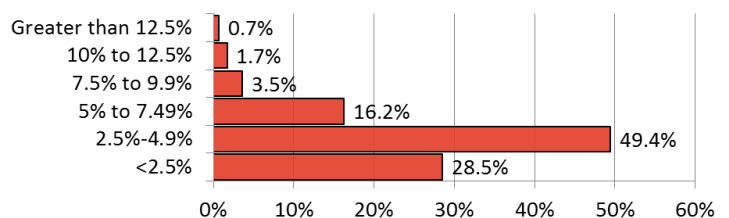
Do you believe home values will rise, fall or remain stable over the next 12 months?



A larger proportion of respondents believe Australian home values will rise over the next 12 months, with 57% of respondents expecting values to lift. Compared with the survey responses in October last year, only 42% of respondents were expecting home values to rise over the coming year.

Of those respondents who are expecting dwelling values to rise over the coming 12 months, the vast majority (78%) expect the magnitude of growth to be less than 5%.

By how much do you believe home values will rise over the next 12 months?



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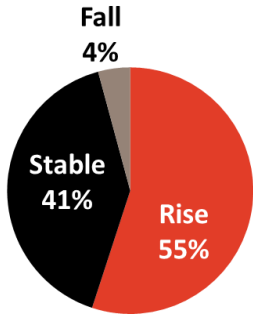
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Do you believe home rental rates will rise, fall or remain stable over the next 12 months?

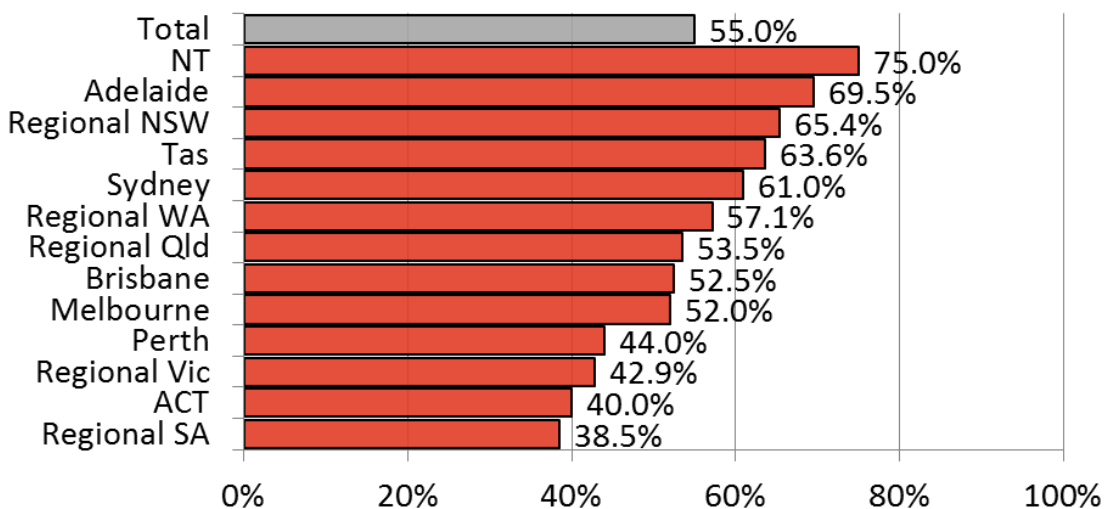


Most respondents (55%) to the survey are expecting rental rates to continue rising over the coming year, with only 4% of individuals surveyed expecting a fall in rents.

Of those respondents that are expecting a rise in weekly rents over the coming year, 41% are expecting a rise of between 2.5% to 4.9% while the second largest proportion are expecting rents to rise by under 2.5% over the year.

Respondents based in Northern Territory are the most bullish on rental markets, with three quarters of the respondents expecting higher rents over the next twelve months. Just under 70% of Adelaide respondents were expecting higher rents and more than 60% of respondents were expecting rents to move higher over the year in Regional NSW, Tasmania and Sydney.

Residents of regional South Australia showed the lowest expectation of rental rises over the coming year, with only 38.5% of respondents indicating they were expecting rents to move higher. Fewer than half the respondents in ACT, regional Vic and Perth were expecting higher rents over the coming year.



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