

# ***RP Data - Nine Rewards***

## ***Consumer housing market sentiment survey***

Released: Wednesday 26 February, 2014

### **Survey reveals - Australian's confident about housing market conditions**

***The results of the January RP Data - Nine Rewards housing market sentiment survey saw 1,047 participants answer a range of questions on what they expected from Australia's property market over the next six to twelve months***

76% of those surveyed now think it is a good time to buy property. While the overall results showed that Australian's are generally positive about the housing market, the proportion is now lower than the results of a year ago (80%), but slightly higher than October last year (74%).

The survey showed that just over three quarters of all respondents think that now is a good time to purchase a home, with the most optimistic responses coming from respondents in areas where dwelling values haven't shown a substantial rise over the current growth cycle. On the flipside, the response from residents of Sydney and Melbourne, where dwelling values have shown a substantial level of growth over recent cycles, was much more muted.

Half of the survey respondents (50%) expected dwelling values to rise over the next six months compared with just 38% a year ago, while only 5% of respondents are expecting values to fall over the next half year. 56% of those surveyed expected values to rise over the next twelve months compared with a lower 51% a year ago.

RP Data national research director Tim Lawless said, "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."

Survey respondents were also asked whether they thought the Australian housing market was vulnerable to a significant correction in dwelling values; 60% of respondents indicated they thought this may be the case. Mr Lawless said that the high proportion of respondents showing concern about a material correction in dwelling values highlights that, despite the strong housing market conditions, there is an underlying concern amongst consumers about the sustainability of the growth in 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. At the same time we are seeing transaction numbers continuing to rise and auction clearance rates that are at near record highs. This suggests that market demand remains high despite these concerns.

"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 Sydney and Melbourne where home values tend to be higher and more than 64% 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.

**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](http://www.rpdata.com)

**About Nine Rewards:** Nine Rewards part of the Nine Entertainment Co., manages online panels with over 1.4million in Australia and 80k in New Zealand. Nine Rewards connects businesses with their audience for market research, marketing and lead generation purposes.  
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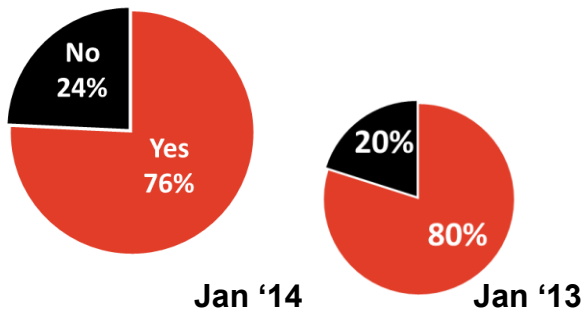
# RP Data – Nine Rewards

## Survey of housing market sentiment

Summary findings, February 2014

1,047 Australian residents responded to the most recent survey of housing market sentiment from RP Data and Nine Rewards.

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

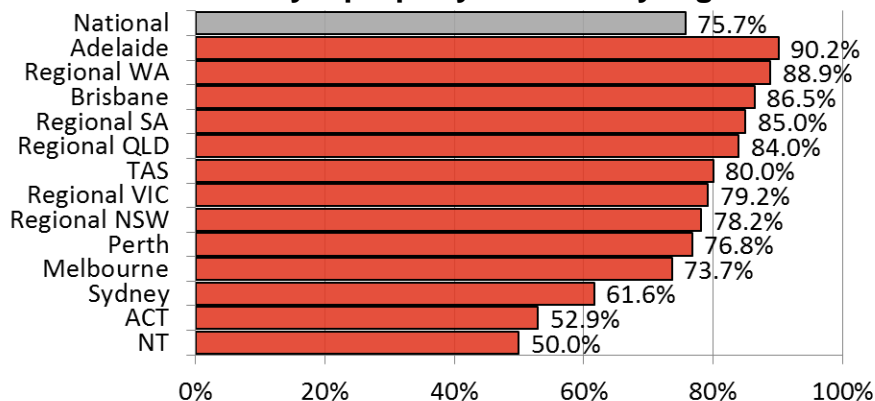


76% of respondents believe now is a good time to be buying property. While the results show the vast majority of those surveyed think the timing to purchase a home is good, the results are a reduction from a year ago where 80% of respondents thought it was a good time to purchase a home.

Looking at the responses by region, the areas where housing market conditions have generally been softer reveal a more positive response from participants. 90% of respondents from Adelaide, where dwelling values have increased by just 2.5% over the past twelve months, felt that now was a good time to be purchasing a home. Similarly in Brisbane where dwelling values are up 3.8% over the year and remain about 6% lower than their previous peak, 87% of respondents think the current market represents good buying conditions.

In contrast, in regions where housing markets have shown strong capital gains over the past year or so, respondents are indicating a lower level of optimism about purchasing a home. In Sydney, Melbourne and Perth, where dwelling values have moved to new historic highs, the proportion of respondents who think now is a good time to buy a property is substantially fewer. The fact that these markets are well into their growth phase is likely causing potential market participants to act with a higher level of caution.

### % of respondents who believe now is a good time to buy a property or home by region



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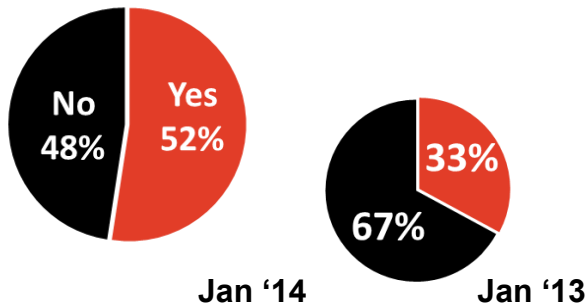
# RP Data – Nine Rewards

## Survey of housing market sentiment

Summary findings, February 2014

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

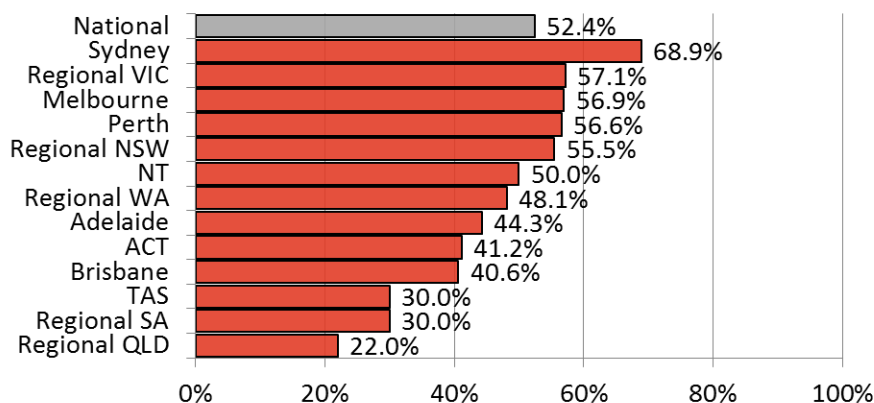


There has been a large improvement in respondent optimism towards the selling environment over the past year. Slightly more than half the survey participants thought now was a good time to be selling a property compared with only one third of all respondents a year ago. The improvement in selling optimism comes as no surprise considering the strong housing market conditions over the past year.

Regionally, the largest proportion of respondents who think now is a good time to be selling a home are based in Sydney; a market where supply is short and vendors are very much empowered. Melbourne and Perth also showed a large proportion of respondents who thought now would be a good time to sell a home. Each of these three markets have shown very buoyant housing market conditions over the past year, and, based on the responses, survey participants still see these regions as a seller's market.

At the other end of the scale are markets that can still be broadly classified a buyer's markets. Respondents felt that the regional areas of Queensland, South Australia and Tasmania were areas where selling conditions were less than optimal. The low result in regional Queensland, where only 22% of respondents thought it was a good time to sell can probably be attributed to the sluggish resources sector and tourism sectors, with both industries having a profound effect on housing market demand across regional Queensland.

### % of respondents who believe now is a good time to sell a property or home by region



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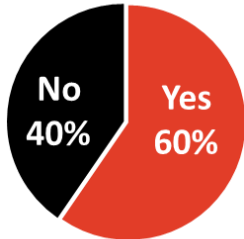
# RP Data – Nine Rewards

## Survey of housing market sentiment

Summary findings, February 2014

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

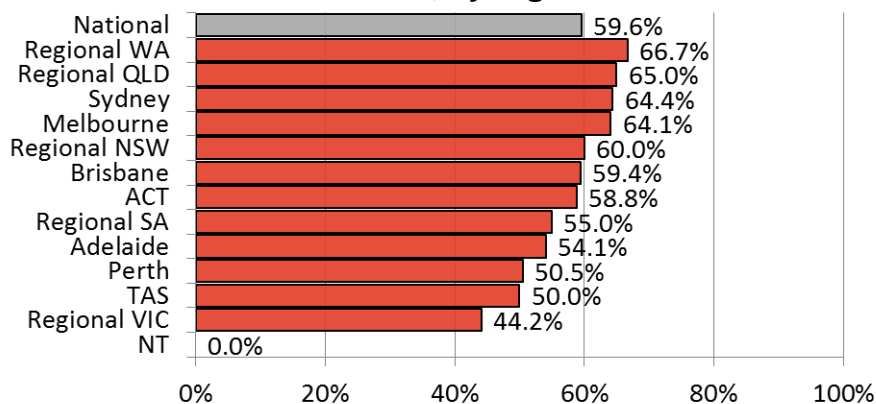


This is the second time this question has been included in the RP Data – Nine Rewards survey. The results are unchanged from the October survey, with 60% of survey respondents believing the Australian housing market may be vulnerable to a significant correction in values. The survey didn't probe further 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.

The responses regionally showed some divergence with respondents located in regions largely associated with the resources sector (Regional Western Australia and Regional Queensland) showing the most extreme views. 67% of survey respondents in regional Western Australia believe the housing market is vulnerable to a significant correction and 65% of regional Queensland respondents felt this way.

The respondents from Sydney and Melbourne were close behind with 64% of respondents believing the local housing market may be due for a substantial correction. Interestingly, housing market indicators remain strong across both Sydney and Melbourne with clearance rates at or close to record highs and transaction numbers continuing to rise.

#### % of respondents who believe Australia's housing market is vulnerable to a significant correction in values, by region



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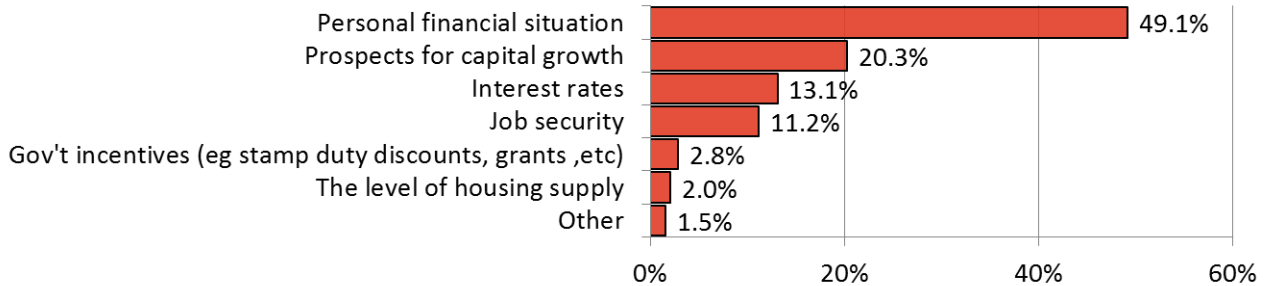
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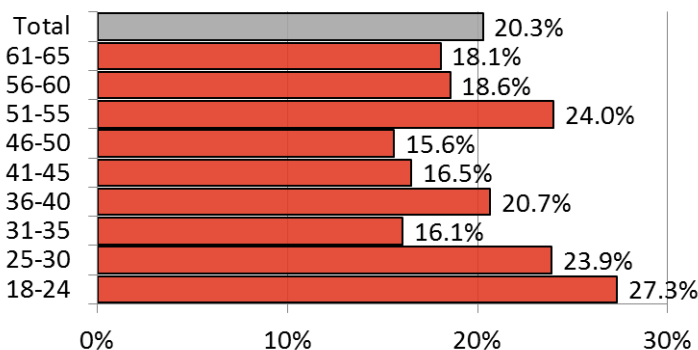
### What is the most important factor when purchasing a property?



The vast majority of respondents believe the most important factor to consider when purchasing a property is their personal financial situation at 49%. Almost 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 20% of respondents indicating this was their most important consideration when purchasing a property. 13% of respondents thought the interest rate setting was the most important factor, while only 11% of respondents felt that job security was their most important consideration.

Arguably, an individual's personal financial situation includes many of the other aspects surveyed in this question which is why it rates so high.

#### % of respondents where 'prospects for capital growth' was the most important factor when purchasing a property, by age cohort



The fact that 'prospects for capital growth' rates so high amongst survey participants highlights the fact that many housing market participants are seeking to build their wealth via property.

This response was especially important to those survey participants aged 18-24, where 27% of this group indicated the prospects for capital gains was the most important factor for purchasing a home. These buyers are the most likely to be purchasing an initial home at the more affordable end of the market with a view to growing equity and upgrading their home in the future.

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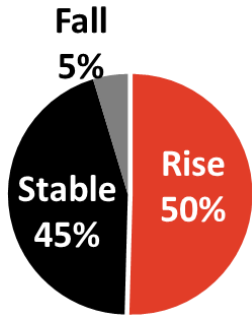
# RP Data – Nine Rewards

## Survey of housing market sentiment

Summary findings, February 2014

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

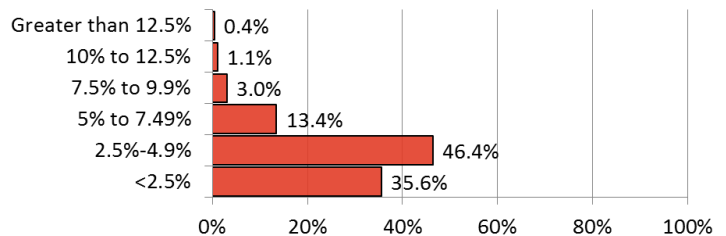


Half of respondents surveyed were expecting home values to rise over the next six months compared with just 38% at the same time last year. Only 5% of respondents were expecting values to fall over the coming six months.

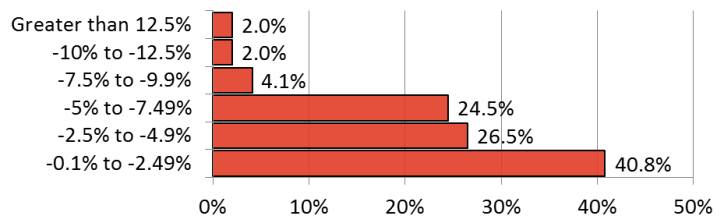
Of those respondents who are expecting home values to rise over the next six months, their expectations of growth remain relatively measured, with 46% of respondents that thought values would rise over the next six months indicating that growth would be between 2.5% and 4.9%. The vast majority were expecting growth to be less than 5% over the next half year.

According to the 5% 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 67% of respondents think values will fall by less than 5% over the coming half year.

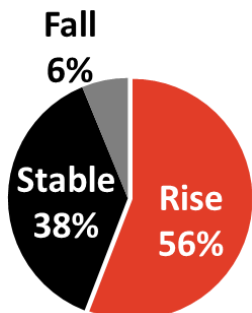
#### By how much do you believe home values will rise over the next 6 months?



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



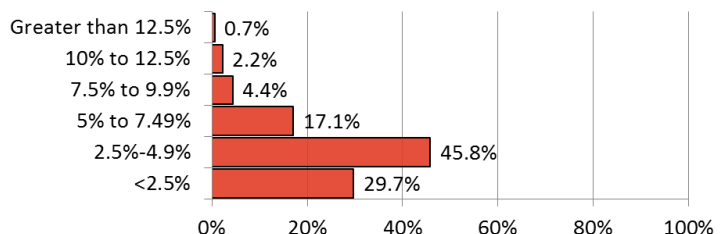
### Do you believe home values will rise, fall or remain stable over the next 12 months?



A larger proportion of respondents believe Australian home values will rise over the next 12 months, with 56% of respondents expecting values to lift. Compared with the survey responses at the same time last year, a lower 51% 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 (76%) 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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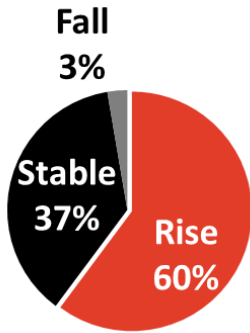
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## Survey of housing market sentiment

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



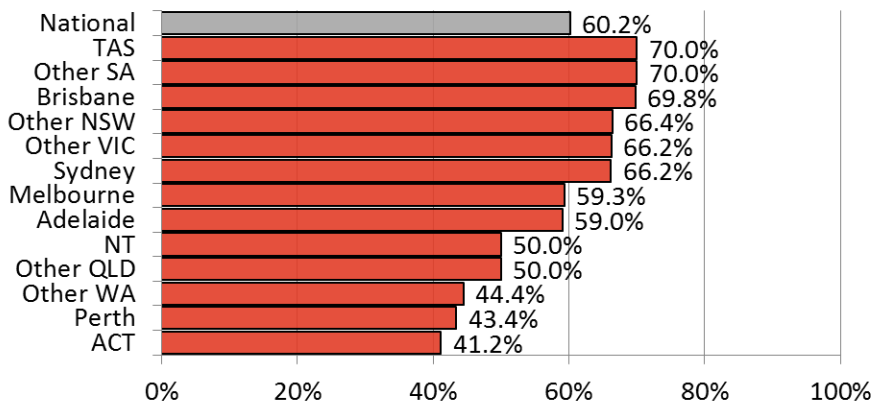
Most respondents (60%) to the survey are expecting rental rates to continue rising over the coming year, with only 3% of individuals surveyed expecting a fall in rents.

Of those respondents that are expecting a rise in weekly rents over the coming year, 43% are expecting a rise of less than 2.5%, while 71% of those surveyed are expecting rents to rise by less than 5% over the year.

Respondents based in Tasmania, regional South Australia and Brisbane are the most bullish on rental markets, with 70% of the respondents expecting higher rents over the next twelve months.

Respondents located in the Australian Capital Territory are the most bearish on rents. Canberra has been showing relatively weak rental market conditions over the past twelve months due high supply levels of rental stock and dwindling rental demand. Perth is also showing a significant rental market slow down which is supported by the low proportion of respondents who are expecting higher rents over the coming year.

**% of respondents who believe rents will rise over the coming twelve months by region**



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