



State of the Market
29 August 2011

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REIV



Market fundamentals

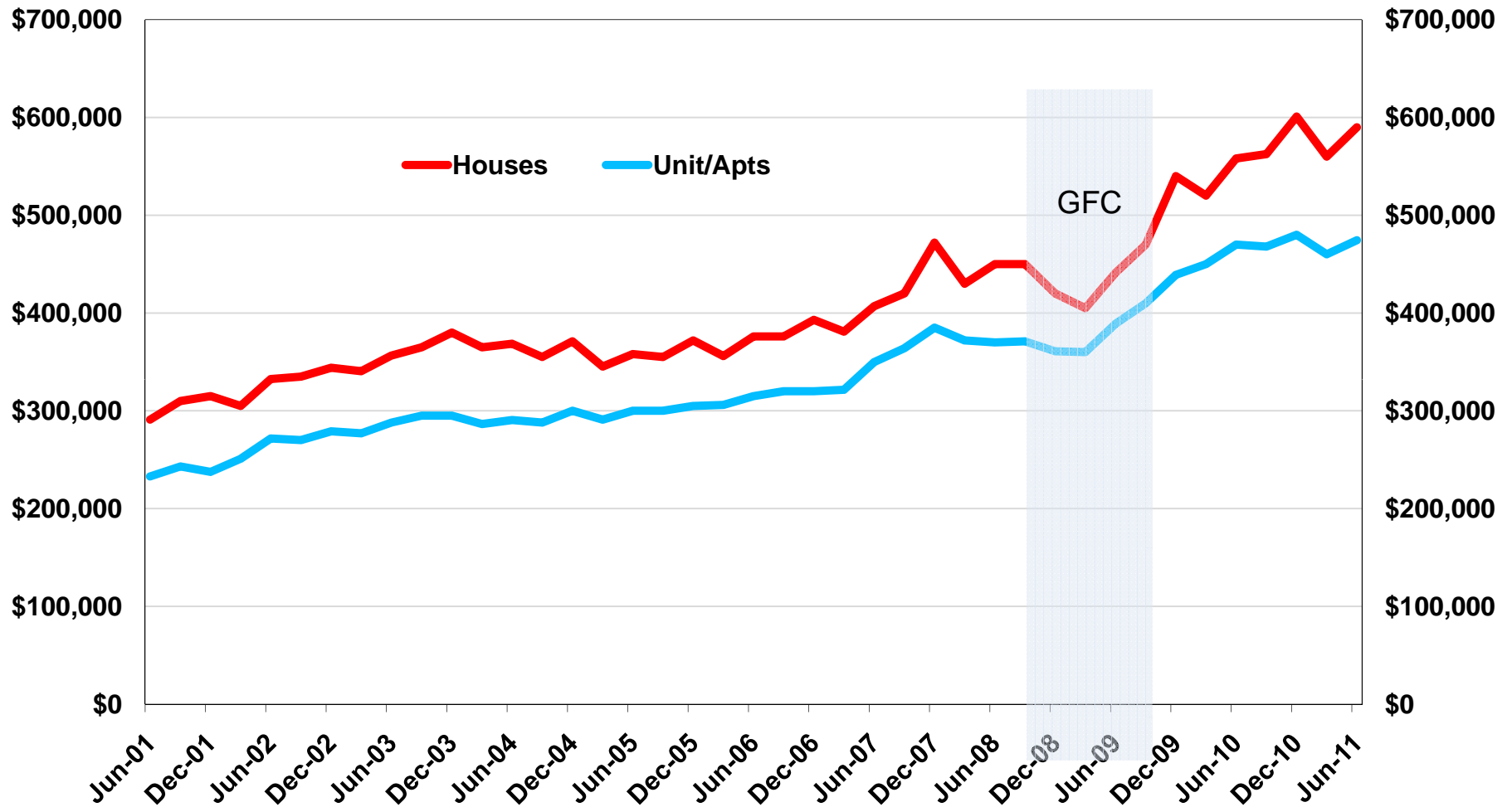
AUCTION

Historical Victorian Residence
1911 Set On A Substantial G
Allotment Measuring 15.6x3

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Metro Melbourne 10 yr Median Prices

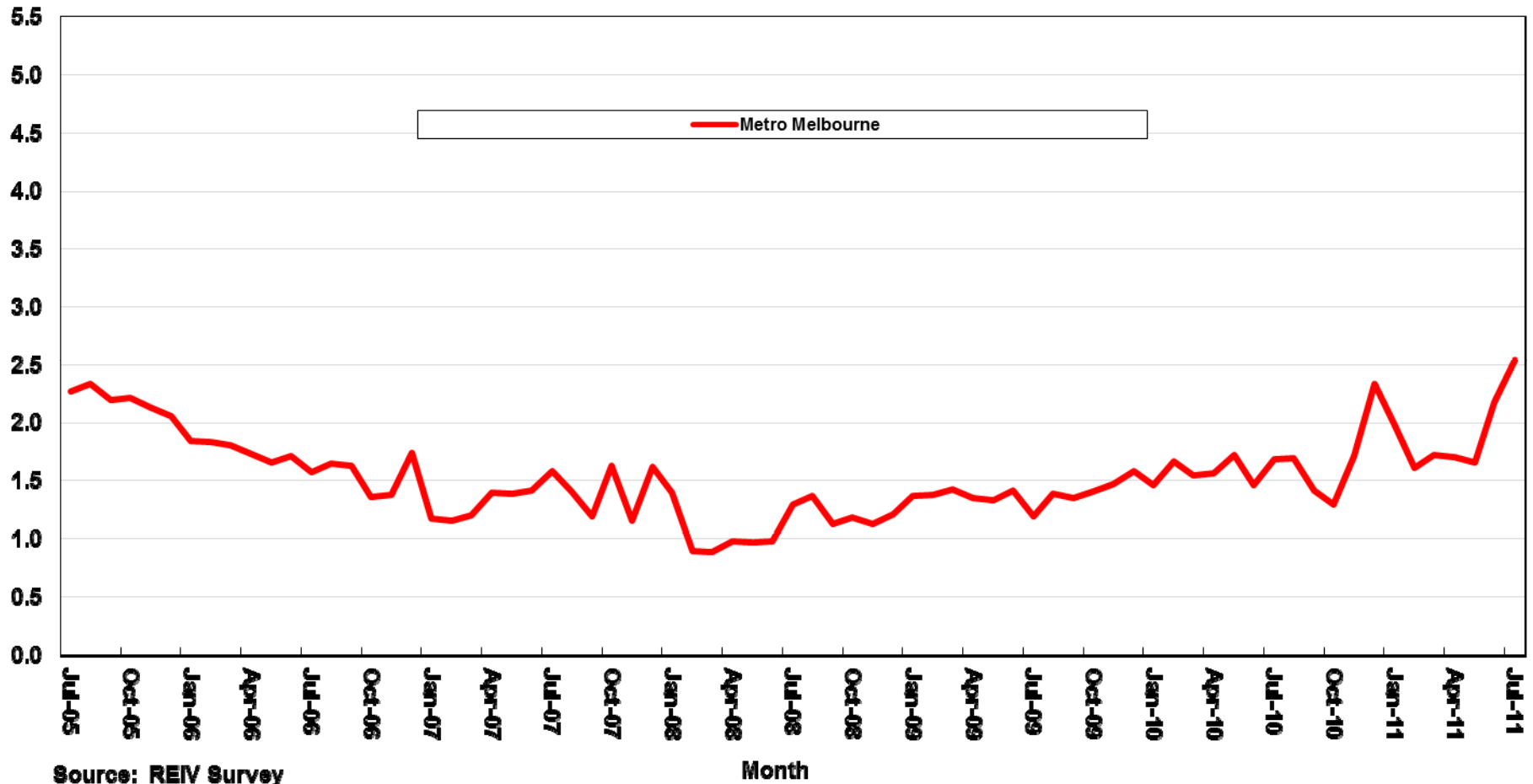


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Vacancy Rates

Long Term Metro Melbourne Residential Vacancy Rate



Source: REIV Survey

Month

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Why its not a bubble

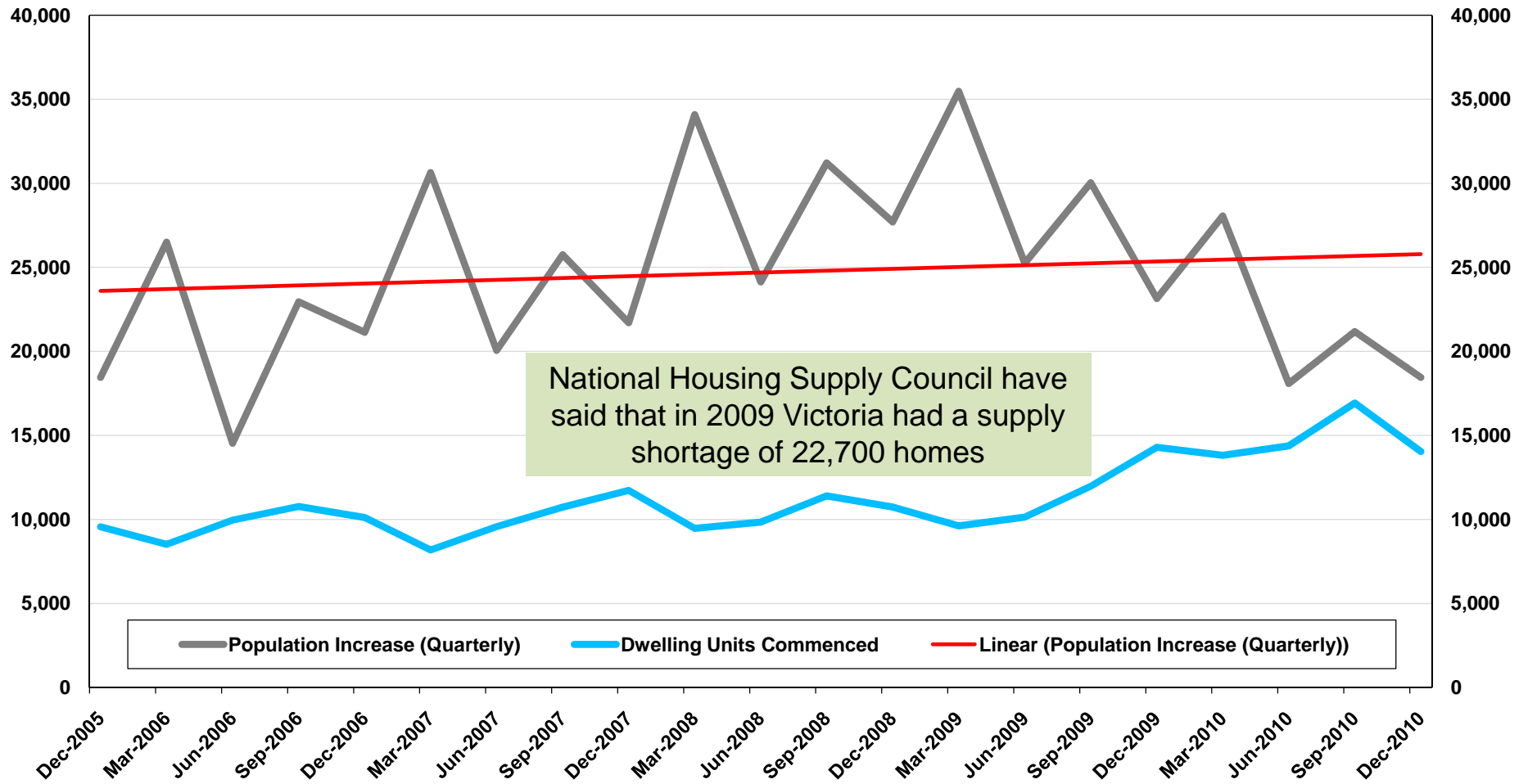
	Dec Q 2000 - Dec Q 2005	Dec Q 2005 - Dec Q 2010
Number of dwelling units Commenced (Vic)	225,859	221,535
Net Migration (Vic)	328,844	480,473
Change in median house price	38%	62%

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Supply shortage in Victoria

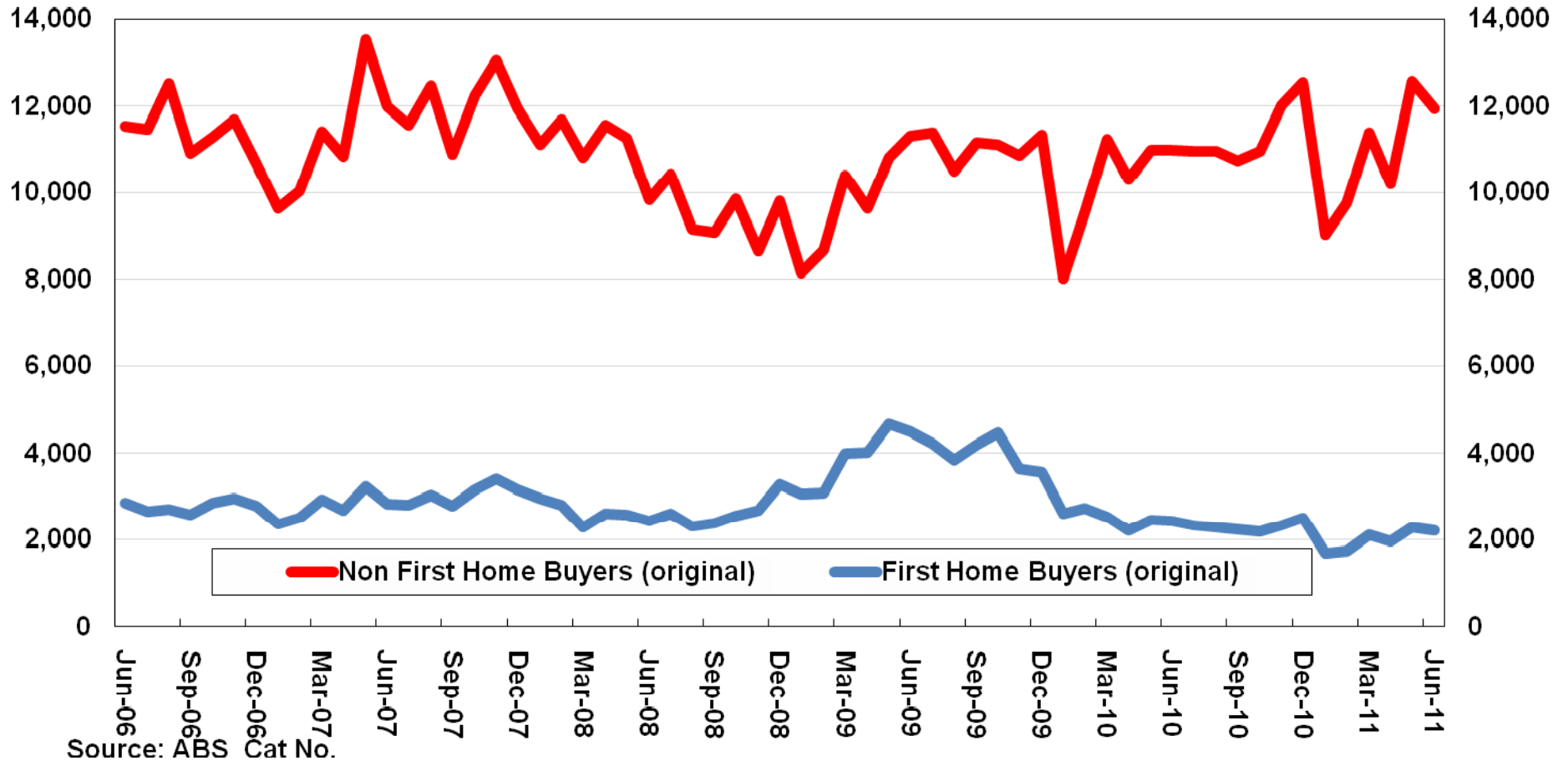
Population Increase vs. Dwelling Commencements (Victoria)



Source: ABS Cat No. 3101.0 and 8752.0

But affordability is keeping first home buyers out

Number of Housing Finance Commitments by type of borrower (Victoria)

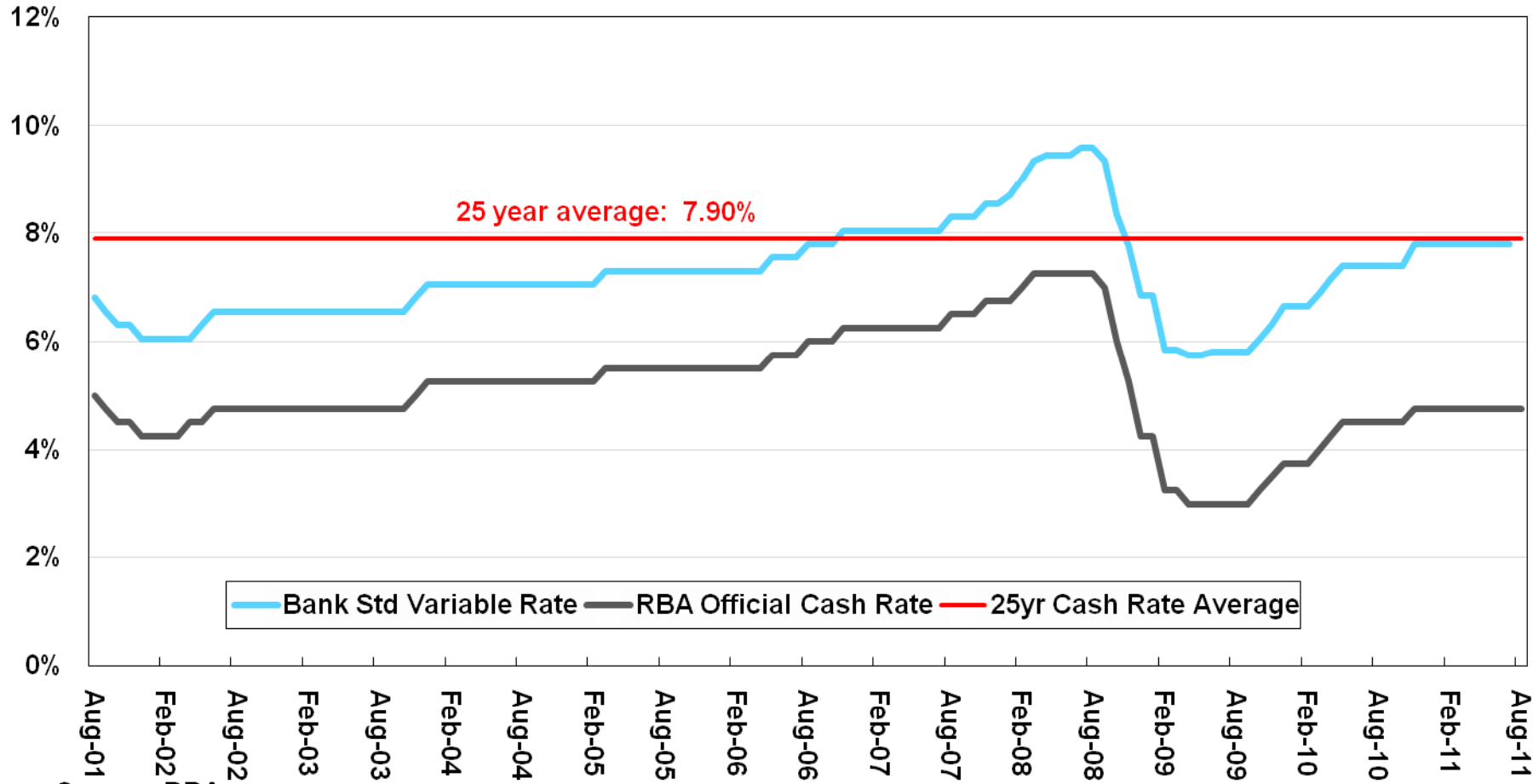


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Interest rates stable

RBA Cash Target Rate : Last Ten Years



Source: RBA

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Current market

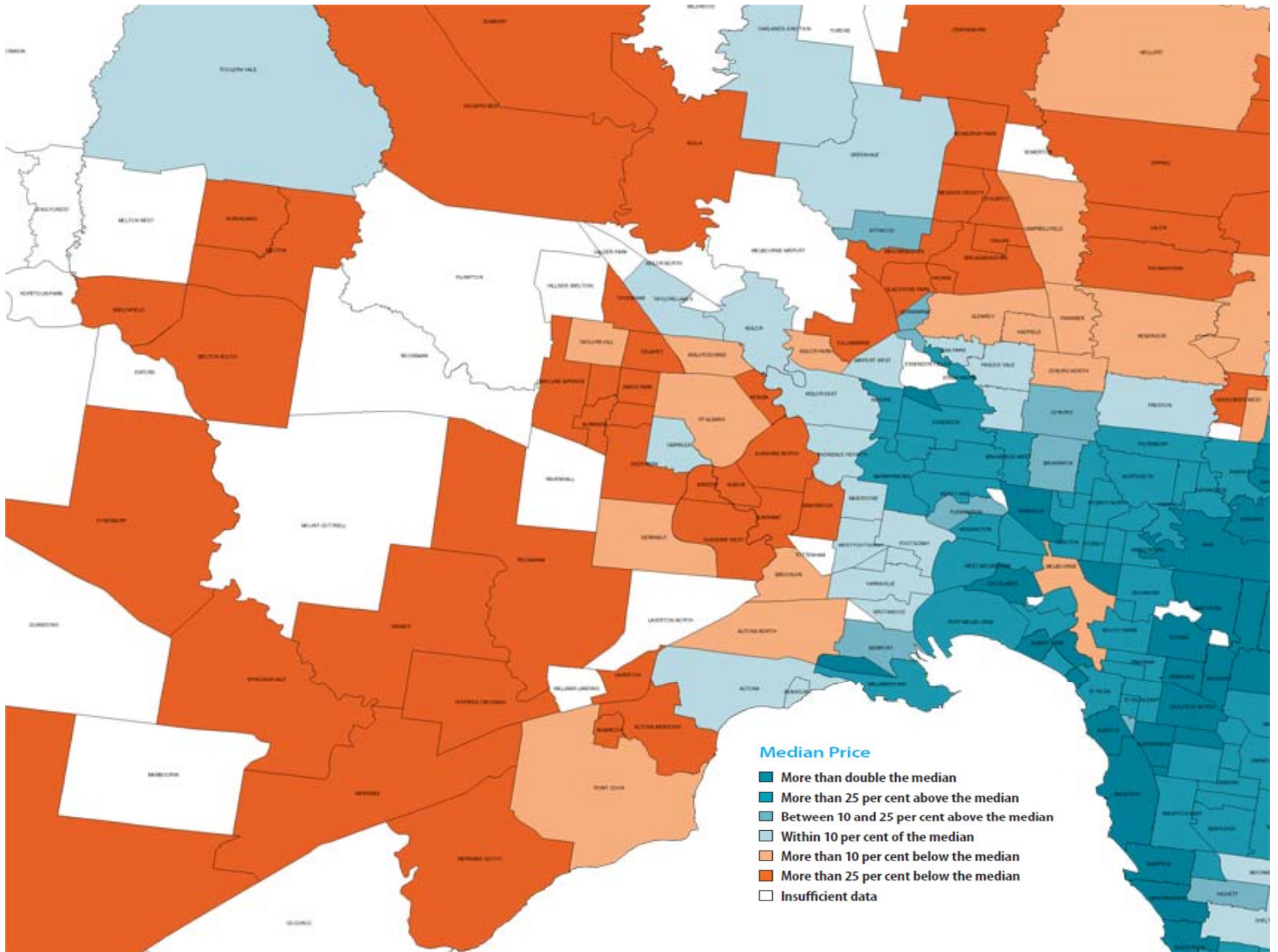


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The Melbourne residential median house price was \$590,000 in the June Q 2011.

This represented an increase of 5.4 per cent since the March Q 2011 and an 5.7 per cent increase since the June Q 2010.



Melbourne's current hotspots – prices (quarter)

	<u>Jun-11 Median</u>	<u>Mar-11 Median</u>	<u>Quarterly Change</u>
Mount Eliza	\$795,000	\$660,000	20.5%
Brighton	\$1,790,000	\$1,508,500	18.7%
Essendon	\$1,050,000	\$900,000	16.7%
Melton	\$312,500	\$273,000	14.5%
St Albans	\$440,000	\$387,500	13.5%
Northcote	\$916,500	\$817,500	12.1%
Mitcham	\$615,000	\$577,500	6.5%
Preston	\$630,000	\$592,250	6.4%
Berwick	\$505,000	\$476,625	6.0%
Wheelers Hill	\$700,500	\$663,000	5.7%

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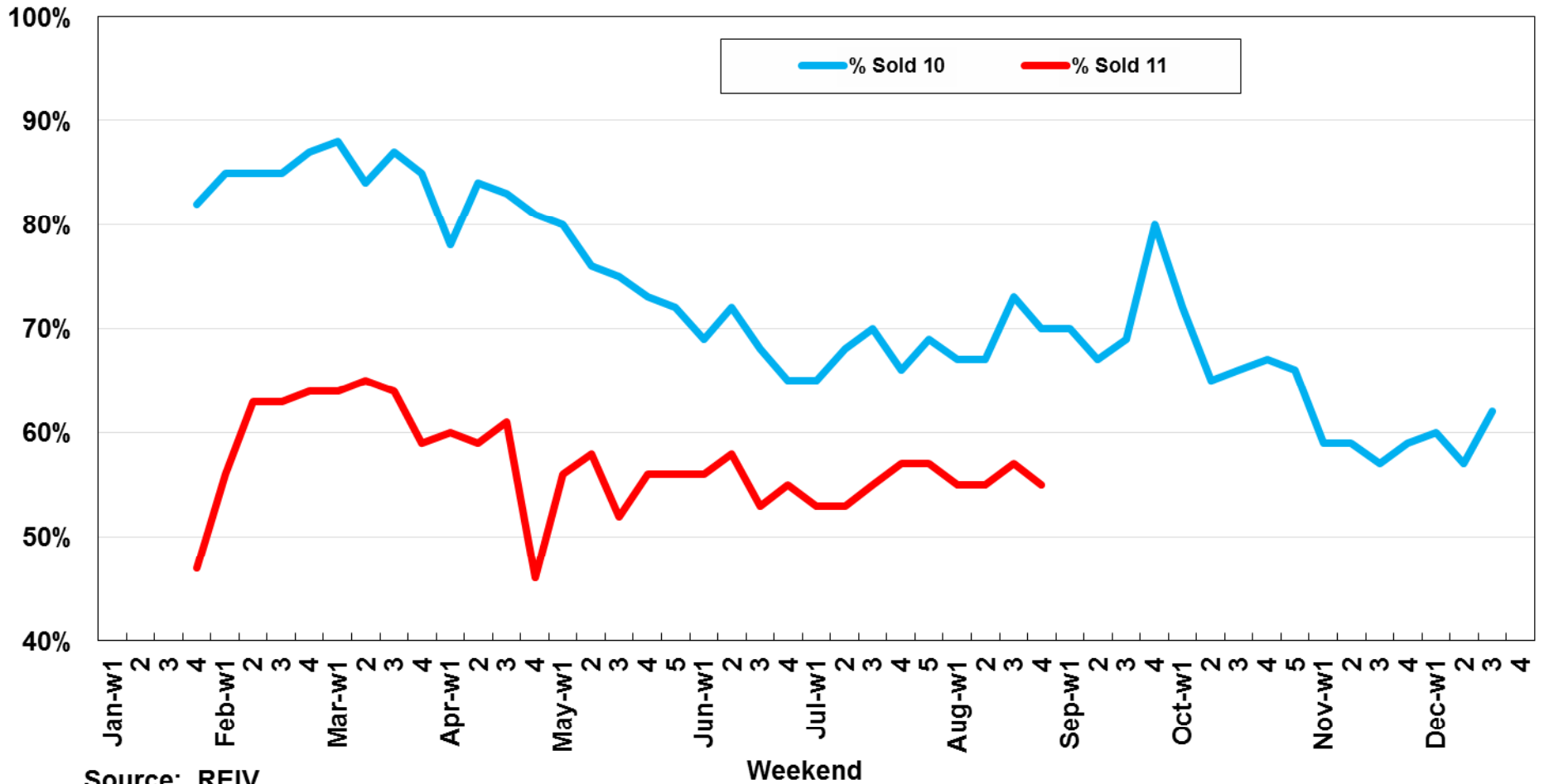
West/North West current hotspots – prices (year)

	<u>Jun-11 Median</u>	<u>Mar-11 Median</u>	<u>Jun-10 Median</u>	<u>Annual Change</u>
Gowanbrae*	\$645,500	NA	\$546,000	18.2%
Cairnlea*	\$528,000	\$516,500	\$460,000	14.8%
Brunswick East*	\$840,000	\$690,000	\$740,000	13.5%
Niddrie*	\$873,750	\$841,500	\$780,000	12.0%
Sunbury	\$375,000	\$366,250	\$337,250	11.2%
Taylor's Lakes*	\$532,000	\$526,000	\$480,000	10.8%
Taylor's Hill*	\$517,000	\$453,500	\$475,000	8.8%
Doreen*	\$494,500	\$480,000	\$455,000	8.7%
Maribyrnong*	\$840,000	\$890,000	\$775,000	8.4%
St Albans	\$440,000	\$387,500	\$410,000	7.3%
Wyndham Vale	\$315,000	\$301,500	\$297,500	5.9%

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Clearance rates v 2010



Source: REIV

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Melbourne Market Year to Date

	Total auctions reported	Total sold	Clearance rate (%)	Total reported private sales	Total - Value
2011	18,355	10,676	58	17,394	\$16.2B
2010	20,051	15,160	76	20,145	\$20.5B
2009	11,722	9,480	81	22,951	\$15.2B
2008	17,640	11,594	66	17,979	\$14.4B

Sales volume

* Year to Date updated to 29 August 2011

20 per cent lower than 2010
 13 per cent lower than 2009
 5 per cent lower than 2008

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Summary

- Difficult market to characterise
- Minimal price growth expected this year
- Transaction levels impacted by confidence
- Health of the economy to be the major determinant over the next 12-18 months



Monday's 8.30pm
Ch31 (44 on digital)



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