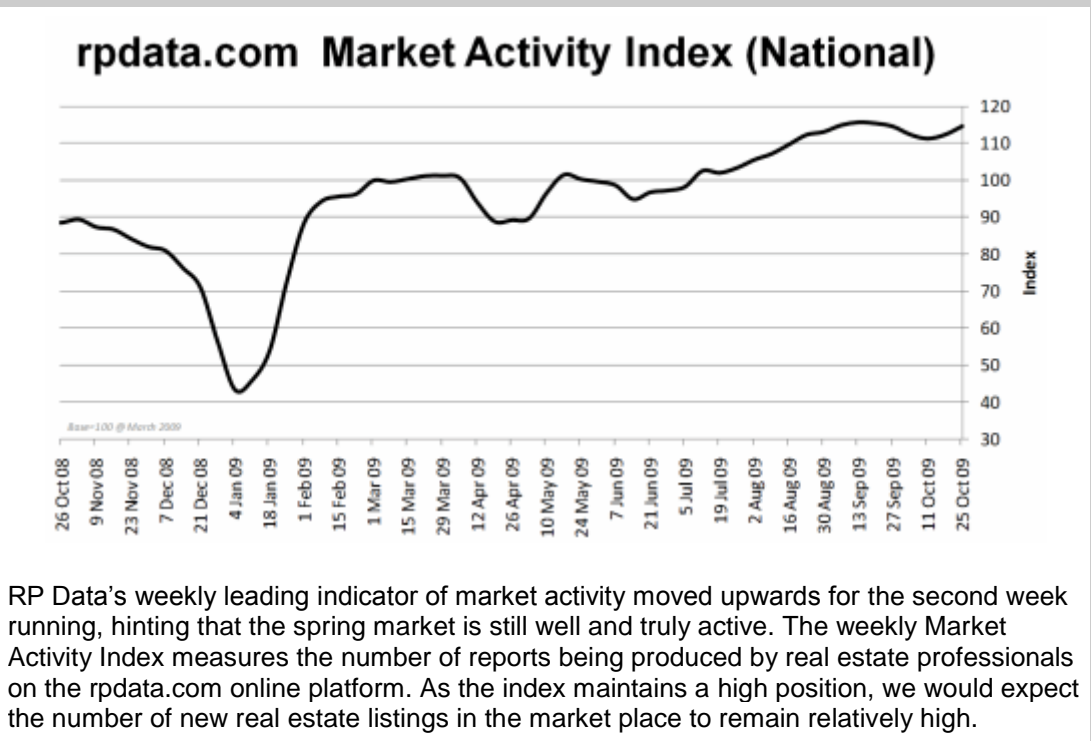


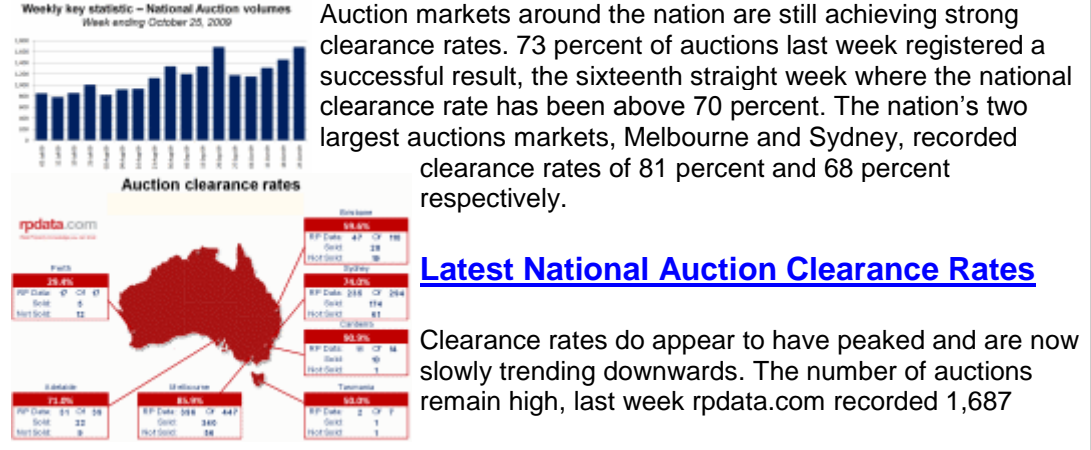
Market Activity Index



Industry Market Wrap

CPI figures released by the Australian Bureau of Statistics this week now show inflation has slipped to its lowest level in ten years. Headline inflation was at 1.3 percent over the year ending September 2009, however the Reserve Bank's preferred measures of inflation (the trimmed mean and weighted median CPI) increased by 3.2 percent and 3.8 percent respectively over the year which is outside the RBA's comfort zone of 2 to 3 percent. The CPI figures were slightly higher than most economists expected and the consensus is that interest rates will rise a further 25 basis points on Melbourne Cup day.

Weekly Key Statistic - National Auction Volumes



auctions, the highest number of auctions held over a week for this year.

Want to know the auction results for your local area? Login to rpdata.com and go the Auction Results panel on the top right corner of the home page.

[Advertised Stock On The Market](#)

Advertised stock on the market			
Area	New advertisements	Total advertised stock	Approved/under review
NSW	21,542 (21.5%)	21,542 (21.5%)	1,000 (4.7%)
VIC	10,288 (10.3%)	10,288 (10.3%)	1,000 (4.7%)
QLD	10,288 (10.3%)	10,288 (10.3%)	1,000 (4.7%)
SA	10,288 (10.3%)	10,288 (10.3%)	1,000 (4.7%)
WA	10,288 (10.3%)	10,288 (10.3%)	1,000 (4.7%)
NT	10,288 (10.3%)	10,288 (10.3%)	1,000 (4.7%)
TOTAL	102,880 (102.9%)	102,880 (102.9%)	10,000 (47.0%)

New listings to the market have been consistently above 48,000 over the last month and a half. Despite the stock additions coming onto the market, total housing stock being advertised for sale has continued to fall. There are now 16 percent or 39,000 fewer

homes being advertised for sale compared to the same time last year.

Want to know what is happening in your local patch? Make sure you have subscribed to rpdata's On the Market® service. [Click here](#) or phone 1300 734 318 for a free 2 week trial.

Global warming may heat up Tree Change markets

A Parliamentary report on global warming released this week highlights the uncertainty surrounding coastal property markets. Some prospective Sea Changers may become Tree Change converts.

Tree Change properties, often considered the poor cousin to Sea Change properties, may be given an unexpected boost, with a recent Parliamentary report highlighting potential issues associated with properties located close to the water due to global warming. The report, released this week by the House Standing Committee on Climate Change, Water, Environment and the Arts and titled 'Managing our coastal zone in a changing climate' suggests that a one centimetre rise in sea levels could lead to at least one metre of erosion on the shoreline, making coastal properties vulnerable to flooding, erosion, high tides and surging storms.

The implications for coastal property markets around Australia are likely to be far reaching, particularly for properties within 3km of the ocean and less than six metres above sea level:

- Insurance companies are likely to reassess the value of premiums on potentially affected properties;
- Coastal property owners may be slugged with additional charges aimed at funding the works associated with coastal remediation and risk mitigation (or it may be the broader community that funds these activities)
- New development in areas that are subject to potential inundation may be blocked or face large hurdles associated with planning and development approval
- Existing homes may actually rise more in value due to new supply constraints

In all likelihood, the values of coastal properties will continue to rise despite the heightened uncertainty that surrounds coastal markets. Ultimately, most owners and buyers will choose lifestyle and prestige over the more practical considerations raised in the report.

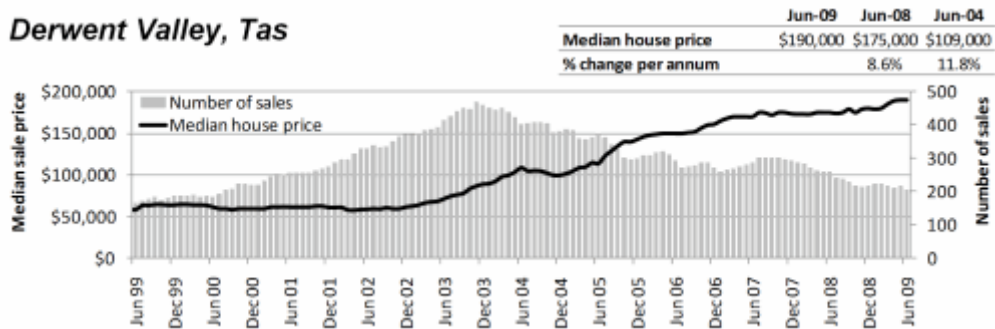
There will, however, be a portion of the market that turns away from the coast and look towards higher ground. 'Tree Change', where buyers move from the city to a rural location, has been gathering momentum for some time. Hinterland markets and agricultural regions close to the capital cities have become more popular due to the high prices of properties located near the water and the increasing demand from baby boomers who are winding down or approaching retirement. The increased uncertainty surrounding coastal markets is

likely to propel demand for these regions even higher.

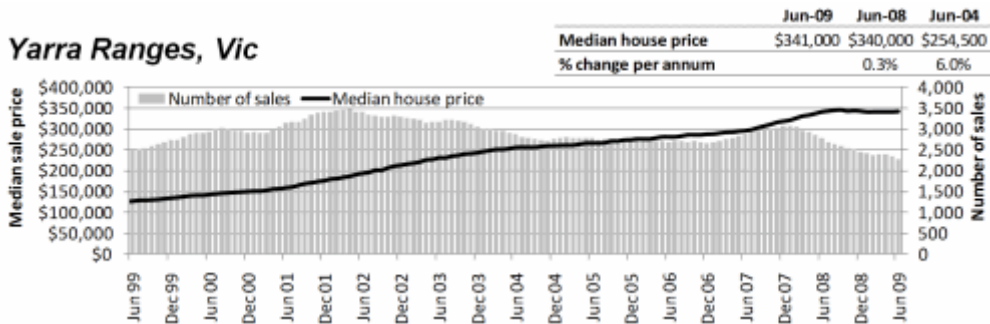
Traditionally, Tree Change buyers have been attracted to the larger land areas that rural locations offer together with the tranquility and privacy that comes naturally in these locations.

Some of the most popular Tree Change markets in each state are highlighted in the graphs and tables below. All have seen a considerable reduction in sales volumes that is synonymous with lifestyle markets around Australia. Apart from Tasmania's Derwent Valley and Victoria's Yarra Ranges, all have seen a reduction in the median house price over the last year. The most popular Tree Change markets are generally those that are within commuting distance to a capital city or major centre.

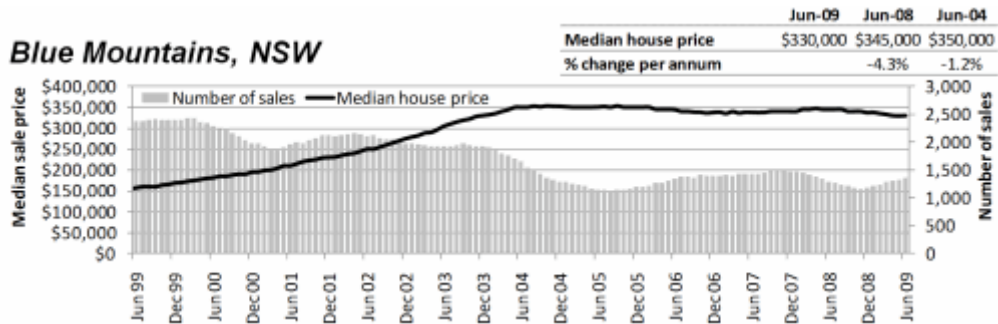
Derwent Valley, Tas



Yarra Ranges, Vic

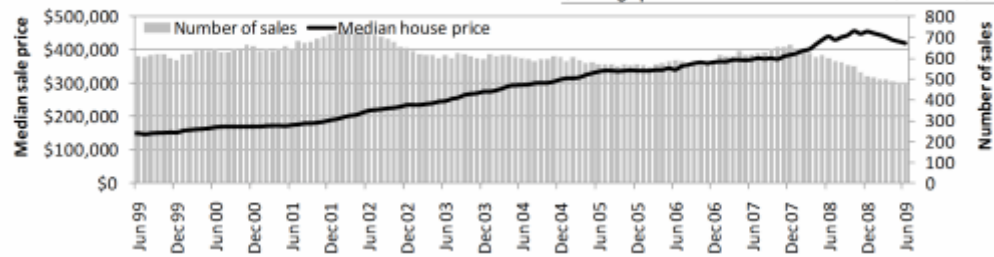


Blue Mountains, NSW



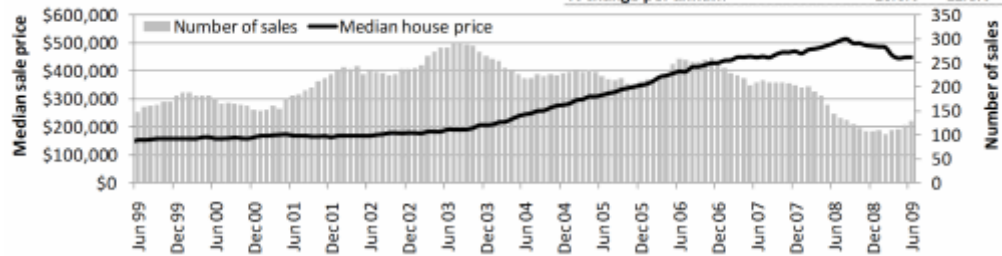
Adelaide Hills, SA

	Jun-09	Jun-08	Jun-04
Median house price	\$420,000	\$440,000	\$295,000
% change per annum		-4.5%	7.3%



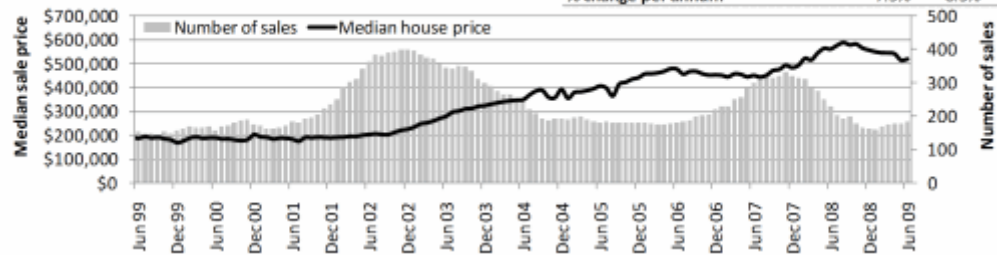
Augusta–Margaret River, WA

	Jun-09	Jun-08	Jun-04
Median house price	\$450,000	\$500,000	\$246,250
% change per annum		-10.0%	12.8%



Sunshine Coast Hinterland, Qld

	Jun-09	Jun-08	Jun-04
Median house price	\$520,167	\$562,233	\$349,208
% change per annum		-7.5%	8.3%



Over the longer time period, however, growth in house prices has been fairly consistent with most markets analysed recording a reasonable rate of growth over the last five years. The Blue Mountains in New South Wales is the exception with house prices still lower than what they were when the market peaked in 2004. Such a poor performance over the last five years is likely to be viewed as an opportunity by many prospective buyers who can still take advantage of relatively low prices in a Tree Change market that is within commuting distance to the Sydney CBD.