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PARTNERSHIP PROPERTY GROUP NEWSLETTER

June 2011

Dear Robert

Garnaut proposes new committee on carbon



<http://nicholsoncartoons.com.au>

[Carbon Tax - What it means for property](#)

AUSTRALIAN HOUSE PRICES

Issue 05

2011

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Kallangur

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[RP Data-Rismark Home Value Index Release](#)

ODD SPOT

Wholesale downward shift in home values unlikely

Paul Braddick, ANZ head of property research, believes that the local housing market was "delicately poised" but would avoid further price drops so long as there is no rapid rise in interest rates or unemployment levels. The on-going housing shortage would result in lower rental vacancy rates and higher rent, providing a "clear signal" to investors that the housing market was improving.

Christopher Joye, MD of Rismark International, agrees, "a lot of fuss is being made about house prices doing nothing, which is the precisely the outcome we have been predicting since early 2010. Aussie dwelling prices have not budged (off -0.6%). In the first quarter of this year, they have not moved at all either in raw or actual value terms (-0.4%). Seasonally-adjusted, the first quarter has been weaker, down about 2%. But the seasonally-adjusted data is simply a relativity, adjusted to reflect conditions that normally prevail at this time. *Actual* house prices are not down 2%. The labour market is fully employed, and household income growth is robust. The only thing that will change any of this is something the RBA controls: interest rates. If interest rates remain static, we will get mild nominal house price growth over 2011, which will likely underperform inflation (i.e., real declines, as we have seen for the last year). If rates do rise a few times this year, nominal dwelling prices will go nowhere or retrench modestly (eg. 0-5% year-on-year) depending on the number of hikes. That's not a bad thing at all. The underlying demand/supply fundamentals are very strong, and the dwelling price-to-income ratio and rent-to-price ratios will keep on improving, which is a great thing for future buyers."

Joye adds "When interest rates do eventually fall, as they will, there will be an enormous affordability dividend dropped on the housing market, which will likely trigger strong upward movements in prices (eg., in late 2012-14) as the market signals to builders that they need to start constructing more housing. In the interim, the RBA is going to be left to deal with significant rent inflation. And if worst comes to worst, for example, if the global economy has a repeat of 2007-08, the RBA will slash interest rates, with the chief beneficiary being the housing sector, just as it was during the GFC."

Chart showing Australian home values since 2006 – According to Christopher Joye, while 'soft' they are certainly not 'falling fast', with most of the downward shift occurring recently in January, presumably a flood-related effect.

Click on graph to enlarge



A British wildlife charity is urging the public to provide fresh dollops of mud in their gardens to help birds struggling to build nests. The driest April on record has left swallows and martins, species that typically build ornate nests, without the mud needed to construct their homes.

The Age, May 17, 2011

Today's Interest Rates

[For a comparison of lenders and today's interest rates](#)

Stamp Duty Collector

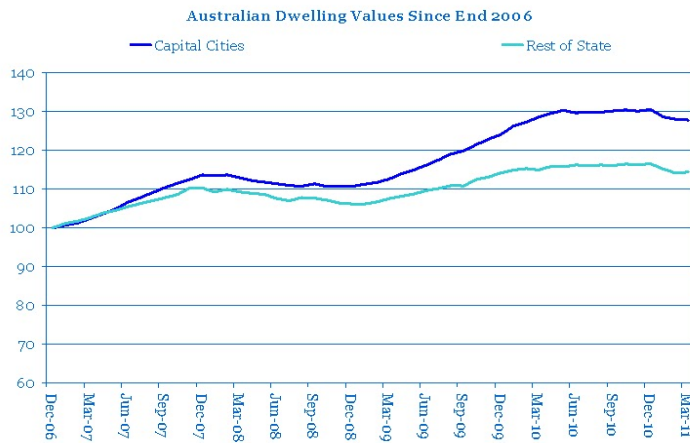
[Work out how much stamp duty will be payable on the purchase of your new property](#)

Investment Property Calculator

[Estimate the returns you may receive from an investment in a rental property](#)



- Partnership Property Group
June 2011 New sletter - <http://eepurl.com/d4JrT> 9:15AM
- Brisbane Property Update May



While the softening in prices is not good news for sellers, there is usually a silver lining to be found. According to RP Data research director Tim Lawless, "Perth and Brisbane got very close to Sydney prices before the financial crisis, but have since pulled back dramatically. The improved buying proposition in these cities should help support buyer sentiment, which has been very weak since the financial crisis."

Warm Regards, Robert Fuller and the team

Source:

[The Age. Retrieved May 30, 2011](#)

[Christopher Joye. Retrieved May 30, 2011](#)

[ABC News. Retrieved May 31, 2011](#)

FEATURE PROPERTIES

Gaythorne & Kallangur - Townhouses

GAYTHORNE TOWNHOUSES - FROM \$485,000

Stylish, brand new 3 bedroom townhouses designed for the ultimate in leisurely, contemporary living and priced to meet the market!

201 -

<http://eepurl.com/dRtQA> 2:15AM

- PARTNERSHIP PROPERTY GROUP EASTER-MAY 2011 NEWSLETTER -

<http://eepurl.com/ds7jT> 5:12AM





[View this property on our website](#) or call Robert on 0419 026 643, or email pam@ppga.net.au

KALLANGUR TOWNHOUSES \$327,500 - \$337,500

Brand new affordable development of 3 bedroom townhouses with tiled open-plan living, reverse cycle airconditioner, granite bench-top and vanities, gas cook-top, gas hot water, stainless steel appliances including dishwasher, ceiling fans, carpet, and mirror wardrobe with shelf and rail to bedrooms, and insect and security screens and vertical blinds to windows and sliding doors.

Townhouses have individual courtyards, patio, landscaping, clothes-line and are fully fenced, with water tank and remote panel-lift garage.

Body Corporate Levy \$1200per annum.

Contact Robert 0419 026 643 or email pam@ppga.net.au for

more information

IN THE MEDIA

'Housing wobbly, but not collapsing'

AUSTRALIA'S housing market is unlikely to suffer a "structural collapse" on the scale of America's property rout, a new report says. *Herald Sun*, May 31, 2011.

[Read more >>>](#)

One in four Australians will retire without owning home

DECLINING home ownership rates mean a quarter of Australians won't own a home by the time they retire, research from an industry super fund suggests. *AAP*, May 31, 2011. [Read more >>>](#)

Weekend auction results

Auction result information can be a handy tool for watching the property market, but knowing what the numbers mean and how they are calculated is the key to success. *APM*, May 29, 2011. [Read more >>>](#)

High-end homes lead price declines

The nation's most expensive suburbs have led a fall in home prices over the past month, quarter and year. RP Data - Rismark's Hedonic Home Value Index shows home prices in the capital cities eased a further 0.3 per cent in April, 1.2 per cent over the April quarter, and 1.5 per cent over the past year, seasonally adjusted. *ABC News*, May 31, 2011. [Read more >>>](#)

Housing in crisis as approvals drop, says Federal Opposition

AUSTRALIA is suffering from a housing affordability crisis because of rising interest rates and uncertainty surrounding the Gillard Government's planned carbon tax, the Opposition says. *AAP*, May 31, 2011.

[Read more >>>](#)

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<http://investment-realestate.com.au/>

PROPERTY MANAGEMENT NEWS

Rents Continue to Outpace the CPI

Rents are outstripping CPI primarily due to the fact that there is a shortage of new properties under construction, as banks have been reluctant to lend to developers. There has

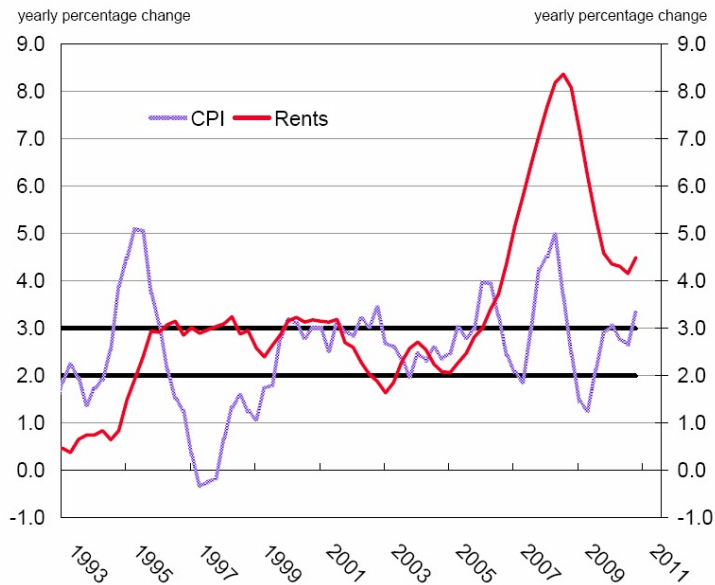
been an undersupply for some time, which will become more apparent as the property industry emerges from the slump it is currently experiencing.

The correction in the property market will be upon us before we realise, with a lag time of 12 months or so, during which time rents are likely to continue to increase.

Regards, Robert

Click on graph to enlarge

Figure 7. Rents Continue to Outpace the CPI



Source: ABS & Citi Investment Research and Analysis

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