

Property behind the headlines

Do you ever wonder what all the headlines are trying to say? Bad news sells papers and often, with property, the headlines like to tell bad news.

Over this past year you may have seen headlines such as:

- “Australian Housing Overpriced”,
- Australian Property Set to Fall X%”
- House Prices Fall Another X%”
- Australians Live in the Most Expensive Housing Stock”, etc.

However, you may have also noticed recent headlines over the first months of 2013 from the *Australian Financial Review*, including:

- “House Prices on the Rise Across the Nation” (January 2013)
- “House Prices Make Solid Gains” (February 2013)
- “Housing Values Maintain Build Up” (February 2013)
- “Prestige Homes Back in Vogue”

(February 2013)

- “Plan to Fix the Housing Crisis (February 2013)
- “Boom is Back in Perth Housing Market” (February 2013)
- “Buyers Crowd in for a Piece of Prestige” (February 2013)
- Home Prices Preparing for Lift-off” (March 2013).

It now appears that property headlines have turned full circle and are starting to speak of good news for property owners and investors from a strong growth point of view. But is this expected or unusual?

From my experience and what I can see from the property market figures over some many decades in time these cycles move up and down as regular as day and night comes and goes. Or as the writer of

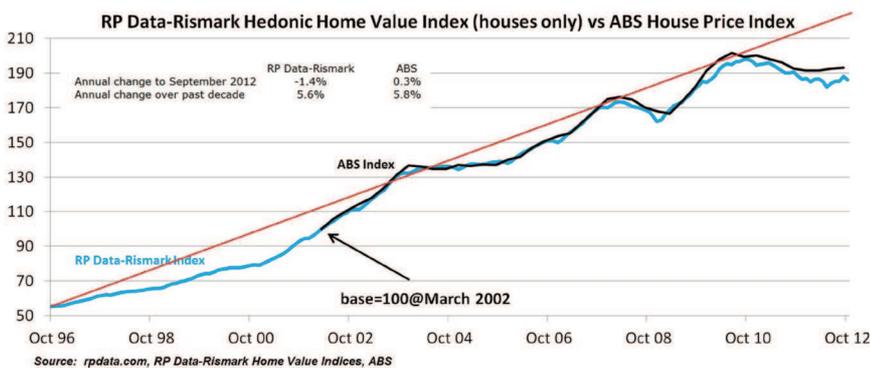
Ecclesiastes 3:1 said many thousands of years ago: “There is a time for everything, and a season for every activity under heaven.” And, I might say, there is a time for strong growth and there is a time for slow/no growth. Has this been the case for Australian property over decades? Yes, it has.

The graph by RPDData – *Annual and quarterly change in capital city home values – 1998-2013* shows that in some years there has been strong growth of 10-15 percent, while in some years there has been up to slow growth of 5-5.3 percent. This means that in some years property equity growth is good and greater than the average (approx 5.6 percent on this data) per annum and in other years equity growth is less than average – a time to grow and a time not to grow.

The RPDData – Rismark Hedonic Home Value Index (1996-2012) and the ABS House Price Index (2002-2012), also shows the trend to grow strongly in some years and less than average in others.

From a property investor’s perspective it is important to know what are the drivers of this equity growth over the longer period. The answer is population increase. Natural increase has been growing along with net overseas immigration. Pre-GFC, Australian had a net increase from immigration over the 200,000 and a total population of just over 21 million. Immigration intakes fell back since then, but last year, 2012 net immigration rose again to be just under 200,000 (197,000). That was an 18 percent increase on the preceding year. For total population, the Urban Development Institute of Australia (UDIA) has recently confirmed that it expects that the Australian population will reach 35.9 million by 2050. This places the question as to where they will all live.

A rapidly increasing percentage of buyers and tenants want to live in cities and are turning to a preference for strata and small lot developments. This will enable urban



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infill and allow living to remain closer into the major capital cities. How is this being done, you may ask?

Medium lot size is decreasing. Data from UDIA – State of the Land Report indicates the data below:

Year	2003-2004	2011-2012
Capital City	Median Land size (m2)	Median Land size (m2)
Brisbane	650+	510
Perth	580	450
Melbourne	600	500
Sydney	560	510 (09-10)
Adelaide	520	380

As a property investor you may ask what this means for your investment behaviour. It means that when buying an investment property for long-term results look to where, more and more buyers are looking for their home – smaller lot sizes. For many reasons that could include less garden maintenance, smaller home, lower mortgage, smaller family unit, to name a few.

So to be part of the trend for greater return and equity growth from a growing population that is demanding smaller lot sizes and close to CBD facilities, it may not be the type of home you currently live in. It may mean that you need to read behind the headlines and see how you can be part of the growth in property and not be buying unwanted property types. 🏠

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PMC Weekend Naracoorte SA May 24-26

A fun-filled, informative weekend in South Australia's beautiful Naracoorte. Wine tasting and dinner on Friday evening upon arrival, accompanied by some wise words on property investing from Kevin Young is sure to set the mood for the weekend. A full camp cooked breakfast on Saturday morning will see you set for the day to attend workshops on a variety of topics from a wide range of speakers. Imagine listening to Wendy sitting in an underground cave, or learning how to access your equity from a finance broker in a cheese factory. There's even time for a coffee and delicious French pastry or a visit the Sheeps Back Museum to pick up some winter woollies. This a great opportunity to spend time chatting with other PMC members from around Australia. It is an opportunity to gain that vital extra information, only gained from spending time with multi millionaires. Contact Jill & Bevan Clifford for more details.

9th PMC International Workshop, Penang, Malaysia- 05-12 October 2013

The venue will be the Shangri-la Golden Sands Resort. The workshop is a "hands on workshop" where members work on their own property data. The cost includes economy flights from Sydney, transfers, accommodation, breakfast, tuition fee, two dinners and a pre-activity day. Members can bring their children as the property has wonderful facilities for kids. Pre or post-extensions are optional. Places are limited so if you are interested please contact Sharyn Bojczenko.



PMC Melbourne Cup- 5th November 2013

Supported by the Byrnes Branch This wonderful experience to attend this iconic event in Melbourne has been confirmed. So dress up and come to Flemington. Limo transfers to/from the course are optional. All food and beverages for the day are included as well as the BBQ at Phil and Margaret Byrnes' home on November 4. This event usually sells fast and is open to PMC members, their families and friends.

June 2014 Scenic Cruises- France and Europe

Fabulous deals are still available for PMC members to join either of two cruises on board the wonderful SCENIC Space-Ships. Early bird deals are available on our allocation. Cruise through the south of France for 14 days, or join the 15 day cruise from Amsterdam to Budapest. PMC discount to members is also available.

Private tours for Members

PMC and TIC members can book their private trips through Club Travel. All your travel needs will be looked after from the time you leave home and return. Email or call Sharyn for more information.

International Airfares

There are great deals on these fares as competition has stepped up with the Qantas/ Emirates deal being approved at the end of March. Together with the excellent currency exchange of the AUD\$ and US\$, this is the time for international travel for Australians, as it offers wonderful savings.

PMC Club Travel

Submit all enquiries to Club Travel consultant Sharyn Bojczenko:
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