

# CBA-RP Data Home Buyer's Index (HBI)

## February 2012 sees buyers remain firmly in the driver's seat

*With property values remaining soft and at the number of properties available for sale at above average levels, market conditions continue to be very much in the buyer's favour.*

The Commonwealth Bank – RP Data Home Buyers Index provides an indication of how well market conditions are suited to buyers or sellers. The Index is based on the ratio of properties available for sale compared with the number of housing loans that are being committed to by clients of Australia's largest mortgage lender, the Commonwealth Bank. Where the number of properties being advertised for sale outweighs the number of mortgage commitments (adjusted for market share), the market is considered to be in favour of the buyer; effective supply is outweighing demand. Where new home loans are outweighing the number of homes available for sale, market conditions generally favour the seller.

At a national level, the Australian real estate market continues to favour the buyer rather than the seller, although conditions have shown a modest improvement in recent months as the volume of stock available has eased. Total advertised stock levels continue to outweighing the number of home loans funded, suggesting buyers should have a reasonable amount of leverage when it comes to negotiating on the purchase of a home.

Of course across each state the results are quite different. In Queensland and Tasmania market conditions are well and truly skewed towards the buyer. The number of homes being advertised for sale is extremely high compared with demonstrated buyer demand. At the other end of the spectrum is the Australian Capital Territory, which is experiencing balanced market conditions with vendors and buyers relatively evenly matched.

These trends broadly match the growth trends in home values with Canberra the only capital city that has not recorded a fall in values over the past year while Hobart and Brisbane have been the weakest performing markets.

At a capital city level conditions typically indicate that the market is in favour of the buyer. Again, Canberra is the outlier with conditions proving to be balanced along with Melbourne.

### Across the capital cities

**Sydney (Buyers market)** Sydney's selling conditions have improved slightly over the last month however, buyers remain better positioned in negotiations than vendors. Given these conditions vendors will likely have to set more competitive prices in order to attract purchaser interest.

**Melbourne (Balanced market)** Market conditions across Melbourne are relatively balanced however, they slightly favour buyers rather than sellers. The ratio of listings in the market to finance commitments suggests that buyers are slightly better positioned than sellers and vendors will need to keep this in mind when trying to sell their home.

**Brisbane (Buyer's market)** Housing market conditions in Brisbane have improved slightly for sellers over the past month however, conditions continue to favour buyers with the amount of housing supply outstripping the number of buyers that are active in the current market. Buyers remain in a strong negotiation position and vendors will need to be realistic about their price expectations.

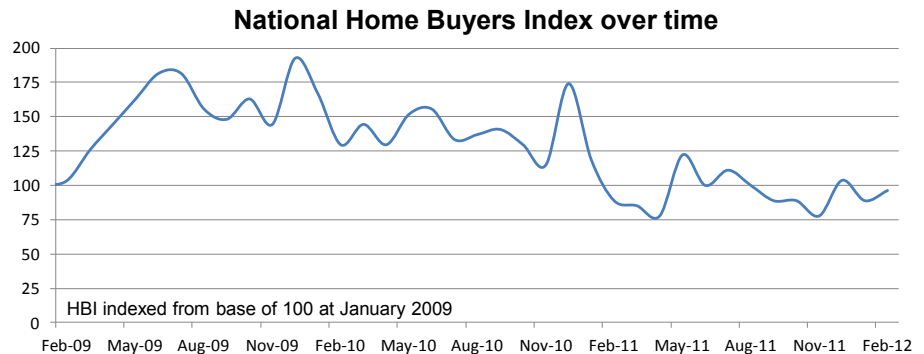
**Adelaide (Buyer's market)** Housing market conditions across Adelaide continue to favour buyers rather than sellers however, the market is moving closer to balance. Those people looking to buy homes in Adelaide hold a slightly superior position in negotiations to those looking to sell in the current market. Compelling list prices are still likely to attract ample interest under these conditions.

**Perth (Buyer's market)** Prospective home buyers in Perth remain in the driver's seat, with the number of homes for sale still outweighing effective demand. The Index suggests that buyers are enjoying a stronger position when it comes to settling on the purchase price however, conditions for sellers continue to show signs of improvement. Sellers will still need to be realistic in their price expectations in order to make a sale.

**Hobart (Extreme Buyer's market)** The index for Hobart shows market conditions remain well and truly in favour of the buyer, which suggests increased scope for price negotiation in the current market. Effective supply is continuing to outweigh effective demand which is likely to result in a superior negotiation position for buyers.

**Darwin (Buyer's market)** Conditions across the Darwin housing market have remained unchanged over the last month and continue to favour the buyer. Should vendors hope to successfully sell their property they will need to set their price appropriate to the current market.

**Canberra (Balanced market)** Across Canberra, buyer demand and the supply of housing available for sale is in relatively evenly balance with conditions only slightly favouring the purchaser. The current HBI reading shows a balanced market with buyers and sellers evenly matched.



### HBI by State – February 2012

State	HBI Score	Comments
NSW	2	Buyers market
Vic	2	Buyers market
Qld	1	Extreme buyers market
SA	2	Buyers market
WA	2	Buyers market
Tas	1	Extreme buyers market
NT	2	Buyers market
ACT	3	Balanced market
National	2	Buyers market

### HBI by Capital city – February 2012

Capital city	HBI Score	Comments
Sydney	2	Buyers market
Melbourne	3	Balanced market
Brisbane	2	Buyers market
Adelaide	2	Buyers market
Perth	2	Buyers market
Hobart	1	Extreme buyers market
Darwin	2	Buyers market
Canberra	3	Balanced market

*Index scores are based on the ratio of homes available for sale compared with the number of mortgage commitments adjusted for market share. 1 – Extreme buyer's market, 2 – Buyer's market, 3 – Balanced market, 4 – Sellers market, 5 – Extreme sellers market*

# CBA-RP Data Home Buyer's Index (HBI)

## Top 10 Best sellers markets, national

Rank	Region	State	HBI Indicator
1	Pilbara	WA	Sellers market
2	Canberra	ACT	Balanced market
3	Central Highlands	Vic	Balanced market
4	Kimberley	WA	Balanced market
5	North Western	NSW	Balanced market
6	Central West	Qld	Balanced market
7	Loddon	Vic	Balanced market
8	Melbourne	Vic	Balanced market
9	Central West	NSW	Buyers market
10	Adelaide	SA	Buyers market

Note, regions are based on Statistical Division boundaries. Ranking is based on the underlying HBI Index values.

The resource intensive Pilbara region of Western Australia is the nation's best sellers market. The region includes suburbs such as South Hedland and Dampier where housing markets are benefitting significantly from demand related to the resources sector.

Across the rest of the nation, the best selling conditions you'll find are balanced between buyers and sellers which highlights the current market conditions with values generally falling and a high volume of stock available for sale.

## Top 10 Best buyers markets, national

Rank	Region	State	HBI Indicator
1	West Moreton	Qld	Extreme buyers market
2	Gold Coast	Qld	Extreme buyers market
3	Wide Bay-Burnett	Qld	Extreme buyers market
4	South East	SA	Extreme buyers market
5	Sunshine Coast	Qld	Extreme buyers market
6	Lower Great Southern	WA	Extreme buyers market
7	Upper Great Southern	WA	Extreme buyers market
8	Mersey-Lyell	Tas	Extreme buyers market
9	Murray	NSW	Extreme buyers market
10	North West	Qld	Extreme buyers market

Note, regions are based on Statistical Division boundaries. Ranking is based on the underlying HBI Index values.

The regions where sellers hold the least leverage and buyers are very much empowered tend to be primarily coastal or lifestyle markets where housing conditions have been relatively weak. Lifestyle destinations such as Queensland's Gold Coast, Wide Bay-Burnett and Sunshine Coast and the Lower Great Southern region of Western Australia are all showing conditions very much in favour of the buyer. Buyer activity within tourism centric and lifestyle markets has fallen away since the onset of the GFC which has made selling properties in these locations challenging.

## HBI for Sydney regions

Rank	Region	HBI	Comments
1	Fairfield-Liverpool	3	Balanced market
2	Blacktown	3	Balanced market
3	Outer South Western Sydney	3	Balanced market
4	Inner Sydney	3	Balanced market
5	Central Western Sydney	2	Buyers market
6	Canterbury-Bankstown	2	Buyers market
7	Outer Western Sydney	2	Buyers market
8	St George-Sutherland	2	Buyers market
9	Eastern Suburbs	2	Buyers market
10	Central Northern Sydney	2	Buyers market
11	Inner Western Sydney	2	Buyers market
12	Lower Northern Sydney	2	Buyers market
13	Northern Beaches	2	Buyers market
14	Gosford-Wyong	1	Extreme buyers market

Note, regions are based on Statistical SubDivision boundaries. Ranking is based on the underlying HBI Index values.

Sydney's overall market conditions which favour the buyer in most regions, indicating the amount of stock available for sale is greater than the number of mortgage applications. The exceptions are certain pockets including the more affordable areas of: Fairfield-Liverpool, Blacktown and Outer South Western Sydney and Inner Sydney where the HBI shows a balanced marketplace.

## HBI for Melbourne regions

Rank	Region	HBI	Comments
1	Northern Outer Melbourne	4	Sellers market
2	Melton-Wyndham	3	Balanced market
3	South Eastern Outer Melbourn	3	Balanced market
4	Eastern Outer Melbourne	3	Balanced market
5	Hume City	3	Balanced market
6	Northern Middle Melbourne	3	Balanced market
7	Moreland City	2	Buyers market
8	Southern Melbourne	2	Buyers market
9	Greater Dandenong City	2	Buyers market
10	Frankston City	2	Buyers market
11	Western Melbourne	2	Buyers market
12	Boroondara City	2	Buyers market
13	Eastern Middle Melbourne	2	Buyers market
14	Yarra Ranges Shire Part A	2	Buyers market
15	Inner Melbourne	2	Buyers market
16	Mornington Peninsula Shire	1	Extreme buyers market

Note, regions are based on Statistical SubDivision boundaries. Ranking is based on the underlying HBI Index values.

Melbourne's housing market has recently softened after recording strong capital gains and buyer activity during 2009 and early 2010. The HBI has moderated since this time with conditions moving from a sellers market back to reasonably balanced market conditions. The outer Melbourne fringe where housing prices are more affordable maintain the best selling conditions across the city, particularly in the mortgage belt strongholds of Northern Outer Melbourne where the HBI shows a sellers market.

# CBA-RP Data Home Buyer's Index (HBI)

## HBI for Brisbane regions

Rank	Region	HBI	Comments
1	Pine Rivers Shire	2	Buyers market
2	Southeast Outer Brisbane	2	Buyers market
3	Northwest Outer Brisbane	2	Buyers market
4	Inner Brisbane	2	Buyers market
5	Northwest Inner Brisbane	2	Buyers market
6	Southeast Inner Brisbane	2	Buyers market
7	Beaudesert Shire Part A	1	Extreme buyers market
8	Logan City	1	Extreme buyers market
9	Ipswich City	1	Extreme buyers market
10	Redland Shire	1	Extreme buyers market
11	Redcliffe City	1	Extreme buyers market
12	Caboolture Shire	1	Extreme buyers market

Note, regions are based on Statistical SubDivision boundaries. Ranking is based on the underlying HBI Index values.

## HBI for Adelaide regions

Rank	Region	HBI	Comments
1	Eastern Adelaide	2	Buyers market
2	Northern Adelaide	2	Buyers market
3	Southern Adelaide	2	Buyers market
4	Western Adelaide	2	Buyers market

Note, regions are based on Statistical SubDivision boundaries. Ranking is based on the underlying HBI Index values.

## HBI for Perth regions

Rank	Region	HBI	Comments
1	North Metropolitan	3	Balanced market
2	East Metropolitan	2	Buyers market
3	South East Metropolitan	2	Buyers market
4	South West Metropolitan	2	Buyers market
5	Central Metropolitan	2	Buyers market

Note, regions are based on Statistical SubDivision boundaries. Ranking is based on the underlying HBI Index values.

Brisbane's housing market has recorded one of the weakest performances in terms of value declines over the past twelve months and conditions generally reflect a buyers market. The HBI is showing extreme buying conditions across around half of Brisbane's sub regions, highlighting the low level of buyer activity relative to the number of homes being advertised for sale. The markets that show the most challenging selling conditions are generally the more affordable regions located outside of the Brisbane Local Government area boundary.

The Adelaide market is showing a buyers market across all regions. Despite the fact that all regions are favouring the buyer, the Adelaide housing market is currently slightly more balanced than it is across Australia.

Perth's housing market, similar to Brisbane, has underperformed the broader capital city average since late 2007. The HBI for regions of Perth highlight the weak market conditions with most locations showing buyers market conditions. The exception has been the North Metropolitan where market conditions are balanced. Although across the city market demand remains relatively low compared with the number of properties available for sale there has been some improvement in the HBI reading for Perth since the index bottomed in April this year.