

Picking states with property potential

April 04, 2013 01:15 PM

The Reserve Bank of Australia (RBA) has kept Australia's official cash rate unchanged at 3 per cent for the third straight meeting this year. Explaining the decision to keep rates on hold RBA Governor Glenn Stevens noted dwelling investment is slowly increasing - including rising dwelling prices and high rental yields. The RBA also believes as the peak in resource investment draws near there will be more scope for other areas of demand to strengthen.

Property figures

After slashing 1.75 percentage points off the key cash rate since November 2011, how is the property sector faring? The latest Housing Industry Association figures have shown new home sales have fallen for the first time in four months. HIA reports new homes sales fell 5.3 per cent in February, weighed down by an 11 per cent fall in multi-unit sales.

A leading property data provider has delivered a brighter picture - reporting capital city house prices increased at the quickest pace in almost three years in the first quarter of 2013. RP Data-Rismark's home price index shows home prices gained by an average of 2.8 per cent in capital cities since the start of January 2013.

- Perth house prices up 4.3%
- Canberra up 3.8%
- Sydney up 3.4%
- Melbourne up 2.5%
- Brisbane up 1.9%
- Adelaide down 0.5%

Where should investors be looking for direction? Property buyers and developers have earmarked believe Queensland is the state most likely to outperform the nation in real estate values. According to a Ray White Projects survey, Queensland was the state-of-choice for 34 per cent of the respondents.

- New South Wales 30%
- Western Australia 14%
- Victoria 13%
- Northern Territory 6%
- South Australia 3%

Commentary

FNN speaks to Morgan Stanley Chief Economist, Gerard Minack about where he sees the Reserve Bank of Australia's cash rate heading this year:

"I think that we'll see interest rates probably on hold. The Reserve Bank [of Australia] has a bias to ease, so I think if they move this year it will be down not up. But, now that we're starting to see some leading indicators improve – consumer confidence, business confidence, house prices themselves - I think the RBA will probably just sit on its hands and be happy with the cash rate at 3 per cent."

Australian auction results

As Australians enjoyed an extended Easter long weekend auction activity was muted across capital cities - Sydney recorded a 58 per cent clearance rate from 19 properties for auction, Melbourne cleared 71 per cent from 12 properties, Brisbane had a 43 per cent clearance rate from 7 properties listed and Adelaide cleared 50 per cent from 5 reported auctions.

Commercial property sector

Property developer Mirvac Group (ASX:MGR) has completed the sale of its 50 per cent stake in Treasury Office Tower in Western Australia for \$165 million to Singapore's Keppel REIT.

Property manager Stockland (ASX:SGP) says it is expanding its presence into Sydney's south west growth corridor after submitting development applications to launch a \$1 billion major new residential community.

West Australian property developer Finbar Group Limited (ASX:FRI) has affirmed it expects a strong annual financial performance after announcing the sale of apartment projects.

Property investor DEXUS Property Group (ASX:DXS) has inked a deal to divest its remaining US industrial property for \$US56.2 million after which it will continue to focus on its core Australian properties.

http://www.finnewsnetwork.com.au/archives/finance_news_network23313.html