

Are you a *savvy* property purchaser?

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Australian consumers have grown to be exceptionally educated when it comes to researching the property market. Not a day goes by when there isn't an article in the media reporting some aspect of the property market. Information providers like MyRP Data make researching the local marketplace much easier for the average buyer, seller or investor.

There are numerous sales and demographic statistics, valuation methods and other data available to assist you in making an informed purchasing and refinancing decision. Below is an overview of some of the information available to help make your next property purchase, or sale, a profitable experience.

Market statistics

There is a wide range of statistics measuring changes in the value of properties. Median prices are the most commonly used technique, however becoming increasingly common are:

- repeat sales indices,
- stratified medians, and
- hedonic indices.

Each method of measurement has its own pros and cons. For example, median prices can be biased by compositional changes in the types of properties that are sold during the analysed period (eg a new unit development just released). This is particularly the case where a region shows dramatic differences in geography such as water frontage, great views or substantial differences in the housing stock.

Importantly, market values and volumes should best be viewed as a time series to provide an insight into the market trends and stage of the property cycle.

Ten year sales cycle graphs, for example, highlight the level of change in property prices for a region, together with the volume of sales being achieved from period to period.

To understand the value of a property there are new cost effective tools in the market that are very easy to use, like our free suburb profile report found online.

Valuations

Full valuation

A full valuation, or traditional valuation, involves a valuer conducting a property inspection in conjunction with assessing recent proximity sales to assess the value of a property.

Desktop valuation

An electronic valuation report (EVR) is conducted by a registered valuer. In this case they do not undertake a property inspection. EVRs are possible due to the availability of detailed 'attribute' data that provides information about the property and surrounding properties.

Attribute data includes:

- land area,
- dwelling type,
- number of bedrooms,
- number of bathrooms,
- whether the property has a garage, and
- geographic indicators such as:
 - water frontage,
 - elevation, or
 - proximity to a major road.

Automated valuation

An automated valuation model (AVM) is just that – completely automated through a computing process.

“RP Data values every property in Australia each week.”

The methodology relies on complex modeling that uses the dwelling's attributes

and compares the property with recently sold surrounding homes with similar characteristics. All AVMs come with an accuracy score that provides an indication as to the reliability of the valuation. The AVMs can be very useful tools for providing vendors with an independent indicative assessment of a property's value.

Demographic data

Demographics can tell a story about the type of people who live within a particular community:

- Are they generally young or old?
- Do they prefer to rent or own?
- Are they family households, group households or lone persons?
- What is the average income level or income range? etc.

“For many buyers, understanding the overall look and feel of a suburb or neighbourhood is essential, particularly if they are buying from some distance away.”

Other demographic information such as population growth can provide invaluable insights into future market conditions.

Population growth can indicate the likely future demand, with areas of strong growth expected to be in high demand from buyers and developers.

Your mortgage broker will have access to our range of reports such as your suburb sales histories. These will be useful when purchasing a new property, refinancing an existing property or determining the current value of your property before listing on the market.



If you would like the full RP Data Market Update Report for July 2012 please call the office.



Scan the code with your smartphone to get your RP Data suburb report.