

Tighter research focus on housing
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REAL estate research group Rismark International and property data company RP Data have formed an over-the-counter (OTC) residential price derivatives market with broking house GFI.

The property derivatives market will use residential pricing indices developed by RP Data and Rismark. The RP Data Rismark Index will provide much-needed monthly and quarterly reports on Australia's housing markets.

The Reserve Bank of Australia has complained about the lack of standardised information in the real estate market.

But the index has been set up primarily as a tool for investors, developers and institutions wanting to hedge property prices.

"House price derivatives will be useful for investors who want to gain, diversify or hedge their exposure to residential property, without the complexities associated with transacting in the underlying physical market," GFI senior managing director for Asia Pacific Jurgen Breuer said.

Developing the derivative market gives renters a chance to cash in on price rises, making it possible to put any gains toward buying a new home for themselves.

Home owners also could hedge against falling property prices, while lenders and insurers can use the market to help reduce the risk of default.

According to the new benchmark RP Data-Rismark Australian Property Index, national property prices fell 0.59 per cent last month but rose by 7 per cent in 2006.

The new indices, which will measure prices by postcode, capital city and state, will be published monthly and quarterly.

The real estate derivatives market is well developed in the UK and the US.