

National Residential Market Overview

RP Data – Rismark Hedonic Index Release

28 December 2007

Australian property prices up by 12.51% over year ending November 2007

Australian residential property prices continue to climb despite three interest rate rises within the last twelve months. Across the nation house prices increased by 11.97% over the last twelve months and unit prices increased by 14.25%.

While increasing property values is great news to home owners and investors, those segments of the market who are struggling with affordability will find it all the harder to enter the property market.

With mounting speculation of another interest rate rise during the first quarter of 2008, housing affordability is expected to continue its downward trend.

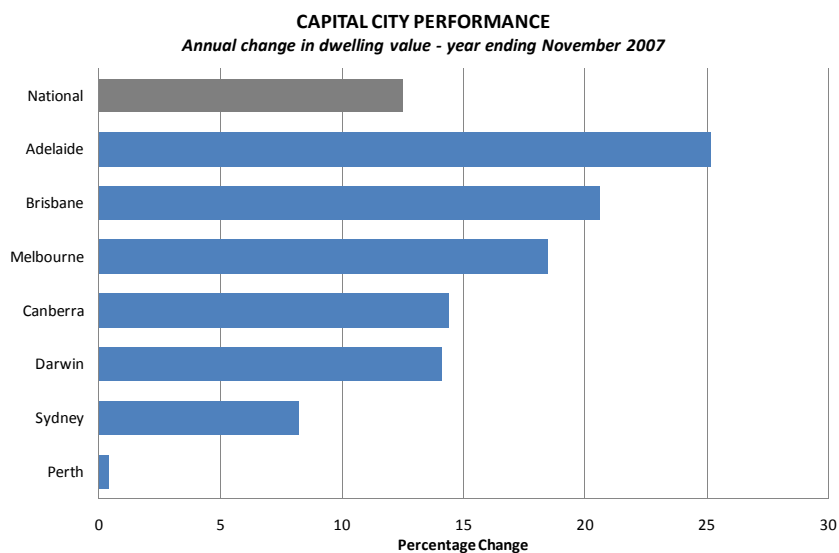
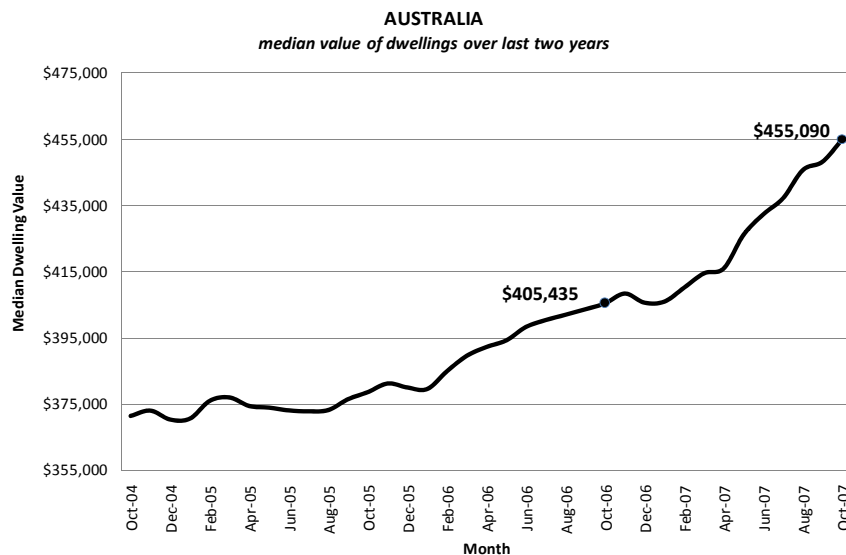
The national growth figures hide an increasingly diverse market across Australia's capital cities. The Perth market has well and truly come to a stand still with growth of just 0.4% over the last year. At the other end of the spectrum, Adelaide has continued to record further gains with property values increasing by 25.17%.

City by City

Adelaide continues to record the strongest property market in the nation with house values increasing by 23.63% and unit values increasing by 32.11% over the year ending November. Despite this spectacular annual growth, Adelaide still provides the most affordable houses of any capital city. Demand for Adelaide homes is being driven by this high level of affordability, as well as a burgeoning economy underpinned by mining and industry.

Brisbane has broken the 20% growth per annum mark, with the combined houses and units growth figure now at 20.57% over the year ending November. House values have increased by 19.52% and unit values by 26.35%. Brisbane remains as our pick as the best medium term residential property performer due to the comparatively affordable properties coupled with the strong economic growth and immigration being experienced in South East Queensland.

Melbourne growth continues with house values increasing by 17.97% and unit values increasing by 20.10% over the year. Growth is mostly focused around the inner city and bayside as well as the middle ring areas of Boroondara and Moreland. The outer areas of Melbourne such as Hume City and the Mornington peninsula are showing similar trends to Sydney's outer suburbs where the market is very flat due to affordability constraints and high levels of supply relative to demand.



Canberra house values have increased by 13.01% over the year ending November and unit values have increased by 18.68%. The Canberra market showed some volatility during the early months of 2007, however since July prices have been trending upwards consistently. The average gross rental yield on Canberra units is the highest of any capital city at 6.08%.

Darwin price growth has slowed during 2007 after recording strong price growth during 2006. House values have increased by a more sustainable 13.54% and unit values have increased by 15.72% over the year ending November. Resources activity together with military and port operations are underpinning the Darwin marketplace, which unlike Perth, has proved to be quite resilient to a significant downturn in the market. Despite the strong value rises in Darwin, the average gross rental yield on houses is still the highest of any capital city at 5.45%.

Sydney prices continue to improve with house values gaining 7.79% over the year ending November and units values increasing by 9.23%. Dwelling values have been improving since January, however the outer markets are still struggling to recover. Growth within the Sydney market is most concentrated within the Eastern Suburbs, Inner City, Lower Northern Sydney, North Shore and Northern Beaches.

Perth markets are continuing to record a weak performance after recording price growth in excess of 40% during 2006. This rate of growth was of course unsustainable. During the year ending November Perth house prices fell by 0.75% and unit values increased by 5.55%. Perth is also recording the lowest rental yields of any capital city market with an average gross rental yield of 3.41% on houses and 3.88% on units.

The two-tier dynamic deepens

Property values in Sydney are improving at a rapid rate within Inner Sydney, the Eastern Suburbs, Lower North Sydney, the North Shore and the Northern Beaches, while in the outer ring areas of Liverpool-Fairfield and Outer Western Sydney the markets remain very flat.

This same trend is now very apparent in Melbourne, where the outer areas of Hume City and the Mornington Peninsula are showing very little growth while the inner city and bayside areas are increasing in value significantly.

Perth is now also showing a similar trend where the mortgage belt southern suburbs are slipping into negative growth while Central and North Perth are holding slightly better recording growth around 5%.

These divided markets can be mostly attributed to the ongoing financial pressures being experienced in the mortgage belt areas. Fewer households are able to enter the market and more households are suffering mortgage stress due to interest rate rises and increases in the costs of living. To put it simply, there are fewer buyers willing or able to purchase in these outer locations while at the same time there are plenty of properties for sale. This imbalance between supply and demand is resulting in a two tiered market where the inner city and coastal suburbs are performing very well and the mortgage belt suburbs are struggling to keep their heads above water.

Table 1

RP Data-Rismark Hedonic Index Results								
Houses and Units								
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Darwin	Canberra	National
OCTOBER 2007 Median Prices								
Median Value (\$000)	516.522	416.359	418.022	368.860	501.060	366.685	452.738	455.090
NOV* 07 YTD	9.11%	18.93%	21.17%	24.79%	2.41%	11.00%	12.84%	13.28%
OCT 07 YTD	6.82%	18.64%	19.67%	22.66%	3.95%	13.56%	11.63%	12.20%
OCT 07 QTR	2.29%	7.70%	4.50%	5.74%	0.87%	3.37%	4.41%	4.08%
NOV* 07 YOY	8.23%	18.47%	20.57%	25.17%	0.40%	14.09%	14.36%	12.51%
OCT 07 YOY	6.22%	18.33%	20.14%	23.86%	5.21%	12.67%	13.74%	12.25%

Table 2

RP Data-Rismark Hedonic Index Results								
All Houses								
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Darwin	Canberra	National
OCTOBER 07 Median Prices & Days on Market								
Median Value (\$000)	573.843	439.089	441.633	388.617	509.351	401.543	486.817	482.601
Days on Market	43.000	28.000	37.000	47.000	41.000	51.000	39.000	
NOV* 07 YTD	8.31%	18.09%	19.99%	22.90%	2.06%	9.23%	11.00%	12.59%
OCT 07 YTD	6.04%	17.65%	18.69%	20.62%	2.32%	11.38%	9.43%	11.34%
OCT 07 QTR	2.25%	7.74%	4.11%	6.32%	0.24%	4.16%	2.37%	3.98%
NOV* 07 YOY	7.79%	17.97%	19.52%	23.63%	-0.75%	13.54%	13.01%	11.97%
OCT 07 YOY	5.90%	17.05%	18.88%	21.98%	3.58%	11.27%	12.12%	11.54%

Table 3

RP Data-Rismark Hedonic Index Results								
All Units								
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Darwin	Canberra	National
OCTOBER 2007 Median Prices & Days on Market								
Median Value (\$000)	422.223	356.979	325.766	304.130	470.624	293.412	349.691	386.873
Days on Market	41.000	30.000	30.000	40.000	37.000	44.000	40.000	
NOV* 07 YTD	10.94%	21.72%	27.78%	33.46%	3.93%	16.50%	19.60%	15.49%
OCT 07 YTD	8.59%	21.94%	25.15%	32.02%	11.00%	20.34%	21.95%	14.93%
OCT 07 QTR	2.39%	7.56%	6.66%	3.35%	3.48%	1.18%	14.00%	4.41%
NOV* 07 YOY	9.23%	20.10%	26.35%	32.11%	5.55%	15.72%	18.68%	14.25%
OCT 07 YOY	6.96%	22.63%	27.23%	32.42%	12.23%	16.90%	21.09%	14.49%

Table 4

RP Data-Rismark Hedonic Index Results								
Houses and Units Rental Yields								
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Darwin	Canberra	National
Quarter Results								
Houses OCT 07 QTR	3.88%	3.74%	4.30%	4.24%	3.41%	5.45%	4.76%	3.96%
Units OCT 07 QTR	5.00%	4.45%	4.95%	4.83%	3.88%	5.90%	6.08%	4.78%

Background

The RP Data-Rismark Hedonic Indices benefit from exclusive access to the most comprehensive property database in Australian and NZ, which is owned by RP Data Limited (ASX: RPX). RP Data spends over \$9 million annually collecting new property information and has amassed a database comprising over 89 million property data records covering around 98% of all homes. Over 70% of Australian real estate agents subscribe to RP Data's property information services.

In a recent independent review of the RP Data-Rismark Indices, the credit rating agency Moody's concluded "*The suite of indexes calculated by RP Data-Rismark represents a significant improvement in the quality of housing price statistics available in Australia.*" Moody's further commented, "*These data are more sophisticated, detailed and have better coverage than that used in the construction of existing housing price indexes in Australia. The high quality of the data makes it possible to implement hedonic indexes, which up to this point had proved difficult to construct in Australia due to data constraints.*"

For more information on the RP Data-Rismark Indices, please go to <http://www.rpdata.com/indices>

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RP Data

Established in 1991, ASX-listed RP Data (ASX: RPX) is the largest supplier of commercial and residential property information services throughout Australia and New Zealand and is the first and only provider of only provider of hedonic based Property Indices and AVM's. Subscription clients to RP Data's property information service include over 8,500 real estate agents, valuers, property developers, financial institutions and government departments. RP Data is also the largest supplier of property reports to Australians with over 600,000 property reports issued each year. With an annual investment of more than \$5 million in databases, RP Data has more than 88 million property data records covering 12 million properties in Australia and New Zealand including ownership records; 12 million property attribute records; 3.6 million property features records; 16 million property sales records; 12 million property maps; 22 million property photos; and 10 million "on the market" property listing records. For more information visit www.rpdata.com.

Rismark International

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