

## National Residential Market Overview

### RP Data – Rismark Hedonic Index Release

Released: Thursday 31 January, 2008

### Adelaide property owners \$80,000 richer during 2007

Australia's powerful property market is set for more solid growth based on the results of the combined RP Data/Rismark Hedonic Indices report released today.

As forecasted by RP Data and Rismark, the Australian residential property market delivered "spectacular" returns in 2007 with capital growth of more than 13 per cent, despite six interest rate rises over the last 2.5 years, and the uncertainty caused by the US sub-prime crisis.

RP Data and Rismark expects that the residential market will continue to deliver strong returns for investors through 2008 and significantly outperform other asset classes.

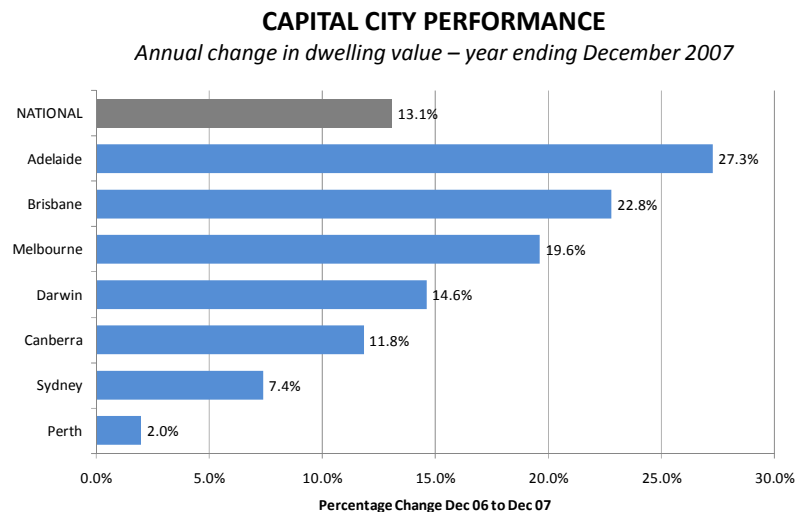
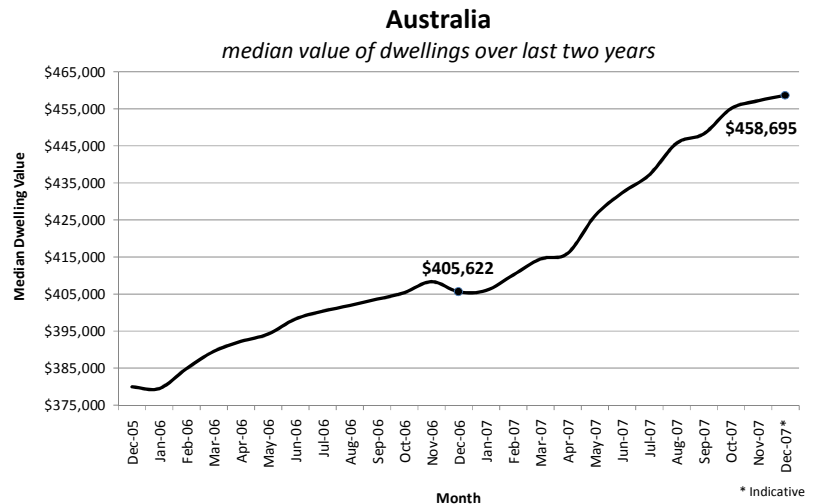
Christopher Joye, CEO of Rismark International said, "Allocations to residential property will therefore provide super funds and other institutional investors with very attractive diversification opportunities to offset the losses they realise in other sectors."

"The residential property market's recovery in 2007, which should continue during 2008, is a function of a number of factors, including immigration, strong economic growth, relatively low "real" interest rates, and significant housing supply constraints," Mr Joye said.

The report highlighted the fact that property in Australian capital cities grew by 13.08 per cent, outperforming the ASX 200 which grew at 11.8 per cent.

According to RP Data National Research Director Tim Lawless, across Australia houses have appreciated by 11.90 per cent on average over the twelve months to December 2007, while units appreciated by an average of 16.87 per cent over the same period. The average Australian property owner has gained just over \$50,000 in capital appreciation during 2007.

Adelaide continued to be the strongest performing city where over the year ending December 2007, house values increased by 26.09 per cent and unit values increased by 32.58 per cent. In dollar values this represents an average gain of \$82,000 for Adelaide property owners. Despite this exceptional level of growth, Adelaide houses still have the least expensive price tag of any capital city with the median value now at \$406,270.



Unit values continue to increase at a faster rate than house values during 2007. Nationally, unit values increased by 16.87 per cent compared with house values increasing at the rate of 11.9 per cent over the calendar year.

Mr Lawless said, “Units and townhomes are increasing in popularity due to their more affordable price points. Many potential house buyers are blocked from the market due to affordability constraints. These buyers are looking towards higher density living in order to buy into the market.

“In addition, developers are catering to the unit market, by providing larger floor areas, open plan designs, a blend of indoor and outdoor living and integrating high end fixtures and fittings,” he said.

Looking at the west coast of Australia, the Perth market continues to lose its shine. Over the December quarter Perth house prices slipped backwards by 3.34 per cent. However, while houses values have waned, unit values remained steady increasing by 7.55 per cent over the year.

Mr Lawless said if population growth is a sound indicator of a market’s potential, the Perth market will experience a turn around. As a whole, Western Australia is enjoying the highest rate of population growth in the nation which is fuelling demand for housing. Affordability appears to be the biggest issue holding back the market.

Looking at rental yields, the highest returns on houses are being achieved within the Darwin market.

The average rental yield on a house at Darwin is 5.27 per cent which is now 1.3% higher than the national average. Unit yields are also very strong in Darwin, averaging 6.14 per cent. However, Canberra is recording the strongest yields for unit rentals, achieving an average gross rental yield of 6.28 per cent. Perth is recording the lowest rental yields at 3.46 per cent for houses, and 4.01 per cent for units.

Rental yields are likely to continue to improve nationally as demand for rental accommodation is heavily outweighed by supply.

**ENDS.**

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## Tables

### Index results for all dwellings, houses and units

Table 1

RP Data-Rismark Hedonic Index Results Houses and Units								
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Darwin	Canberra	National
2007 Median Prices								
Nov-07	518.659	417.828	427.245	375.685	495.406	356.602	446.101	457.217
2007 Returns								
DEC 07 YOY*	7.37%	19.61%	22.79%	27.26%	0.48%	14.60%	11.82%	13.08%
Dec 07 QTR*	1.45%	3.83%	4.57%	4.90%	-3.20%	3.20%	1.34%	2.32%
NOV 07 YTD	7.26%	19.06%	22.31%	24.93%	2.78%	10.44%	9.99%	12.72%
2007 Returns								
NOV 07 QTR	1.76%	3.84%	4.91%	5.56%	-0.83%	-2.77%	0.10%	2.57%
NOV 07 YOY	6.39%	18.60%	21.70%	25.30%	0.76%	13.51%	11.48%	11.96%

Table 2

RP Data-Rismark Hedonic Index Results All Houses								
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Darwin	Canberra	National
2007 Median Prices & Days on Market								
Nov-07	576.458	440.390	451.292	396.329	506.179	393.737	478.691	485.319
Dec QTR Days on MKT*	27	18	28	49	41	68	53	
2007 Returns								
DEC 07 YOY *	5.92%	18.98%	21.40%	26.09%	-1.16%	13.23%	9.47%	11.90%
Dec 07 QTR*	0.87%	3.81%	4.39%	5.42%	-3.34%	3.95%	0.51%	1.94%
NOV 07 YTD	6.52%	18.00%	21.28%	23.01%	1.68%	9.22%	7.60%	11.97%
2007 Returns								
NOV 07 QTR	1.76%	3.60%	4.61%	5.48%	-1.36%	1.64%	-1.93%	2.40%
NOV 07 YOY	6.01%	17.89%	20.81%	23.73%	-1.12%	13.52%	9.55%	11.35%

Table 3

RP Data-Rismark Hedonic Index Results All Units								
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Darwin	Canberra	National
2007 Median Prices & Days on Market								
Nov-07	423.575	358.888	333.284	308.047	455.863	278.546	347.555	387.533
Dec QTR Days on MKT*	24	18	20	45	47	46	53	
Returns								
DEC 07 YOY *	10.70%	21.72%	30.53%	32.58%	7.55%	18.86%	22.80%	16.87%
Dec 07 QTR*	2.75%	3.92%	5.54%	2.66%	-2.65%	1.05%	4.96%	3.50%
NOV 07 YTD	8.94%	22.59%	28.04%	33.72%	7.52%	14.24%	21.21%	15.13%
2007 Returns								
NOV 07 QTR	1.75%	4.60%	6.55%	5.88%	1.37%	-13.89%	9.54%	3.10%
NOV 07 YOY	7.26%	20.95%	26.61%	32.37%	9.20%	13.48%	20.28%	13.89%

Table 4

RP Data-Rismark Hedonic Index Results Houses and Units Rental Yields								
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Darwin	Canberra	National
Quarter Results								
Houses NOV 07 QTR	3.91%	3.77%	4.28%	4.20%	3.46%	5.27%	4.67%	3.98%
Units NOV 07 QTR	5.02%	4.39%	4.86%	4.80%	4.01%	6.14%	6.28%	4.80%

\* The results are "indicative" only, since they rely on a smaller sample of property sales data and do not reflect the MORE comprehensive sales database used to publish the "final" figures.

## 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](http://www.rpdata.com).

### **Rismark International**

Rismark is a global real estate investment business that specialises in quantitative research, funding, and securitisation. Rismark is a private company owned by management and a number of leading financial services companies. Rismark has executed exclusive strategic agreements with organisations such as Adelaide Bank, PMI Mortgage Insurance, GFI Group (NASDAQ: GFIG), Wizard Home Loans, RP Data Limited, and others. Rismark's management team has extensive experience in quantitative residential real estate research and is augmented by a Global Research Advisory Board comprising of eminent academics from Sydney University, Melbourne University, and Yale. For more information visit [www.rismark.com.au](http://www.rismark.com.au) or [www.efm.info](http://www.efm.info).