

## National Residential Market Overview

RP Data – Rismark Property Value Index Release

31 March 2008

### Australian property market remains resilient .....

The release today of Australia’s most comprehensive and nationally reported property value indices report by RP Data and Rismark International, clearly shows that despite earlier reports from other data providers, the country’s residential property market has been largely resilient to falls in value, however, as expected the rate of growth is declining.

According to co-author of the report, RP Data’s Tim Lawless, over the twelve months ending February 2008, Australian property values increased by 13.65 per cent to reach a median value of \$466,209. Quarterly, values increased by 1.97 per cent over the three months ending February.

Simultaneously, the ASX200 and the All Ordinaries dropped 14.71 per cent and 13.94 per cent respectively.

Using the strength of the RP Data-Rismark Property Value Index that looks at the market as a whole by using an hedonic methodology for its analysis, it shows property values in Australia clearly increased (on average) in February which is in direct contrast to the indications of other index providers as reported during early March.

Rismark International head of research Dr Matthew Hardman said, “The RP Data-Rismark International February results were surprisingly resilient, however the report indicates that we can expect the first half of 2008 to see subdued rates of capital gains with the potential for increased volatility from month-to-month and especially around RBA interest rate announcements.

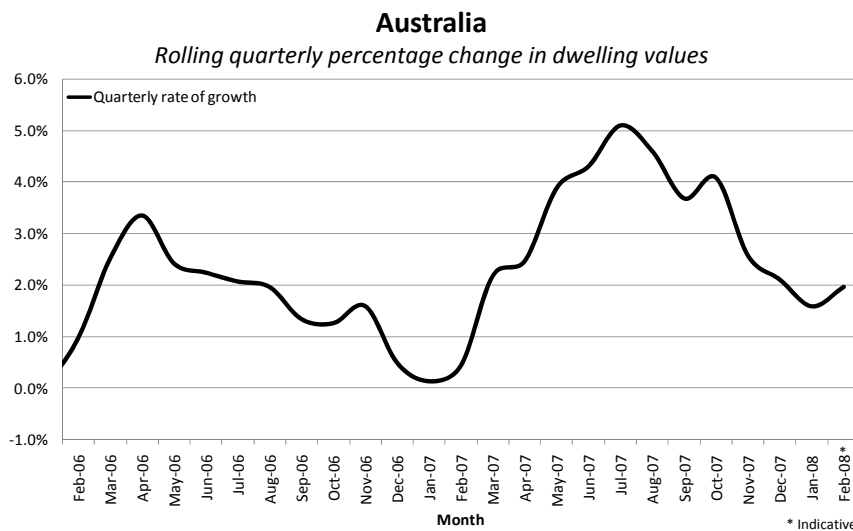
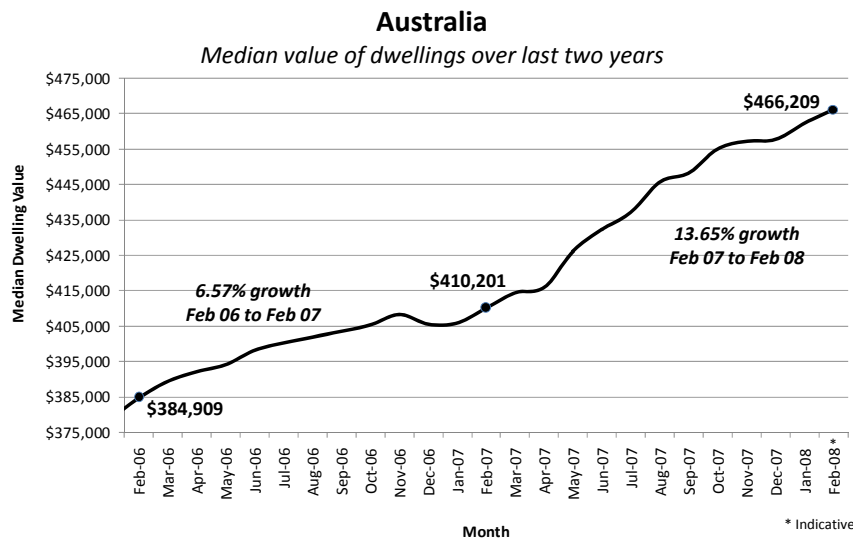
“This monthly volatility may result in some negative month-on-month returns in the very short term,” he said.

Based on quarterly figures, the national growth in property values slowed down since celebrating its peak in July last year at 5.1 per cent. Over the three month period ending February 2008, quarterly growth levels were at 2.0percent.

Dr Hardman noted that this decline in growth is a trend which is evident across all capital cities in varying degrees. He said the only fall in property values during the three months ending February 2008 has been recorded in the Sydney market where combined house and unit values fell by 0.4per cent.

“High immigration, low unemployment and a long-term housing supply shortage support projections of strong residential price growth annually of 6 to 8 per cent on average across Australia over the next three to five years.

This is a view shared by the RBA, CBA and BIS Shrapnel in separate press releases over the last week,” Dr Hardman said.



## Capital City performance

**Adelaide and Brisbane** continue to provide the strongest annual growth of any capital city, and are the only two capital cities showing solid growth across the board – from the inner city to the outer suburbs.

Adelaide has been Australia’s strongest property market during 2008, with property values growing consistently across all regions. Residential property values in suburbs through Eastern Adelaide particularly have grown strongly, with house price growth around 30 per cent, and unit price growth in excess of 30 per cent.

**The Brisbane** residential market continues to record annual price growth of over 20 per cent. Growth has been highest within the inner suburbs where house values have increased by 35 per cent over the last year.

**Melbourne** has also been booming over the last year with annual growth in house values of 22.45 per cent and 22.85 per cent for units. The strongest markets have been the inner, mid-eastern, mid-northern and southern suburbs, as well as the Moreland and Yarra Ranges areas. Value growth in these regions has been in excess of 25 per cent over the twelve months to February 2008.

The Outer Eastern and South Eastern suburbs have been essentially flat over the last three months with some suburbs increasing and some slightly falling. The lowest value growth areas have been Hume City and Outer South Eastern Melbourne with annual capital growth of between 0-5 per cent.

**Sydney** house prices on average have shown no value growth over the last three months and unit values have declined by 1 per cent. However, these average figures disguise significant differences in growth rates between different areas.

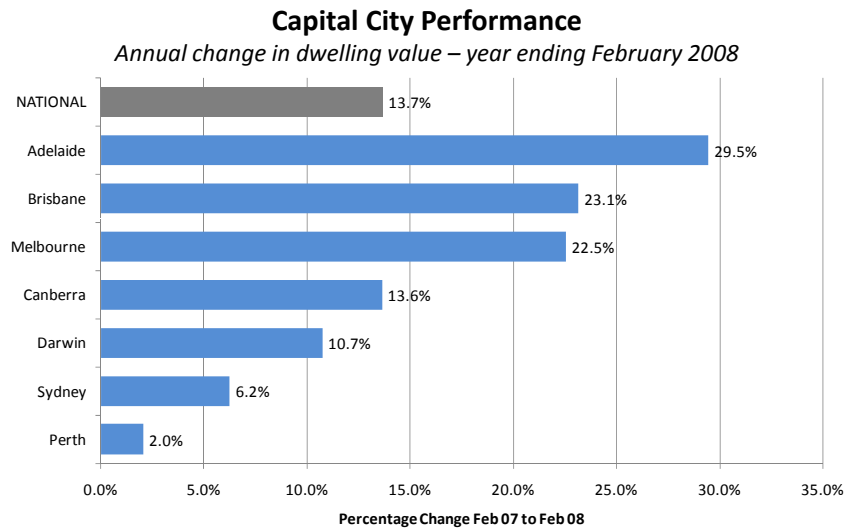
House values in south-west Sydney continued to fall and have now been joined by houses in the Inner West and Eastern Suburbs; both down about 3-4 per cent for the quarter. This is the first time the Eastern Suburbs have recorded a price fall in almost two years. The decline in the Inner West and Eastern Suburbs demonstrate the new vulnerability of upper-end markets which up to now have largely avoided any fallout from interest rate rises.

Mr Lawless said it was interesting to note that unit values in the outer west and south west of Sydney have risen slightly due to the high level of affordability these dwellings offer.

“Many prospective home buyers are now viewing units and townhomes as an increasingly attractive option,” he said.

**The Perth market**, similar to Sydney, is split between the more affluent central and eastern metropolitan areas of Perth performing above the city average, while borrowing capacity constraints have led to price falls in the south and south eastern suburbs. Overall, Perth house values increased by 3% over the twelve months ending February 2008 while unit values fell by 2.2%.

Ends.



## ***RP Data & Rismark call for greater transparency among property information providers.***

**Dr Matthew Hardman of Rismark International explains why the importance of accurately analysing a market is vital:**

In providing this monthly analysis of the entire Australian property market by using the country's most comprehensive property database, the RP Data-Rismark Hedonic Index results show that Australian residential property values clearly increased, on average over the 3 months to the end of February, in contrast to the indications of other index providers as reported during the second week of March.

It is important to note that the RP Data-Rismark Indices results show that except for Sydney and Perth, property values rose across all capital cities during this period irrespective of whether a hedonic, median price or repeat sales index was used to calculate the price movements.

The RP Data-Rismark February Index results are based on the largest available sample of property sales transactions including both data from the Valuers General and advice received from the real estate industry at large.

RP Data-Rismark International deliberately delay calculation and publication of the index results until 4-5 weeks following the subject month to ensure that we have a sufficiently large sample of sales to enable our results to be statistically reliable.

Publication of index results in such close proximity to the end of a month can potentially result in short run volatility which may be reported to the detriment of home owners, investors, builders, developers and policymakers.

Dr Hardman suggested that in future, it become standard and accepted practice that index providers disclose their methodology they are using in order to compute their results.

NOTE:

\*RP Data and Rismark recommends that caution be used when interpreting property indices results as these results can vary depending on the methodology used and sample size.

In all RP Data and Rismark published indices, methodology is clearly indicated.

More information on the RP Data-Rismark indices can be found here: <http://www.rpdata.net.au/indices/>

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
Median Prices (\$'000's)								
Feb-08*	516.549	434.680	443.647	395.834	495.555	378.767	461.676	466.209
Jan-08	514.657	426.137	437.492	395.846	498.116	380.704	451.104	462.321
Index Returns (%)								
FEB 08 YOY*	6.24	22.54	23.15	29.46	2.04	10.73	13.63	13.65
FEB 08 QTR*	-0.41	4.03	3.84	5.36	0.03	6.22	3.49	1.97
FEB 08 YTD*	0.18	4.13	2.60	3.53	0.23	1.65	1.34	1.85
JAN 08 YOY	7.70	21.32	23.02	28.21	2.30	18.10	12.42	13.88
JAN 08 QTR	-0.36	2.35	4.66	7.32	-0.59	3.82	-0.36	1.59

Table 2

RP Data-Rismark Hedonic Index Results All Houses								
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Darwin	Canberra	National
Median Prices (\$'000's) & Days on Market								
Feb-08*	576.219	461.393	468.211	417.001	515.888	426.720	491.188	498.027
Jan-08	573.494	452.464	461.708	417.567	508.207	415.253	482.049	492.341
Feb QTR Days on Market*	43	26	24	53	40	68	45	
Index Returns (%)								
FEB 08 YOY *	6.34	22.45	22.05	27.27	3.02	13.99	10.14	13.81
FEB 08 QTR*	-0.04	4.77	3.75	5.22	1.92	8.38	2.61	2.62
FEB 08 YTD*	0.83	4.35	2.52	2.97	2.23	3.82	1.16	2.41
JAN 08 YOY	7.56	20.96	21.79	26.51	0.63	15.56	9.85	13.41
JAN 08 QTR	-0.06	3.05	4.55	7.45	-0.22	3.41	-0.98	2.02

Table 3

RP Data-Rismark Hedonic Index Results All Units								
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Darwin	Canberra	National
Median Prices (\$'000's) & Days on Market								
Feb-08*	418.389	364.898	347.670	326.485	420.916	277.968	372.441	387.310
Jan-08	417.865	357.364	342.874	324.684	461.077	308.083	357.532	387.884
Feb QTR Days on Market*	46	36	20	42	42	46	51	
Index Returns (%)								
FEB 08 YOY *	6.01	22.85	29.24	39.49	-2.19	1.38	30.03	13.16
FEB 08 QTR*	-1.22	1.67	4.32	5.99	-7.67	-0.21	7.16	-0.06
FEB 08 YTD*	-1.24	3.41	3.01	5.95	-7.89	-4.76	2.05	0.10
JAN 08 YOY	8.03	22.52	29.91	35.94	9.68	25.93	24.29	15.38
JAN 08 QTR	-1.03	0.11	5.25	6.76	-2.03	5.00	2.24	0.26

Table 4

RP Data-Rismark Hedonic Index Results Houses and Units Rental Yields								
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Darwin	Canberra	National
Quarter Results								
Houses JAN 08 QTR	4.10%	4.13%	4.39%	4.25%	3.62%	5.29%	4.87%	4.20%
Units JAN 08 QTR	5.00%	4.50%	4.83%	5.00%	3.99%	6.39%	6.00%	4.86%

\* 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).