

## NATIONAL PROPERTY VALUES INDICES MEDIA RELEASE

(RP Data/Rismark International)

Released 29 August 2008

### National Property Indices Reveals Good Time to Start Buying

The latest release of the RP Data/Rismark International National Property Values Indices shows that Australia's residential property market continued to lose some ground during July with national dwelling values down by 1.81 per cent over the seven months to July 2008.

Tim Lawless, RP Data's national research director said, "The falls have been modest particularly when compared with the share markets where the S&P/ASX 200 fell by 21.5 per cent during the same period."

"These declines in property values comes as buyers take the cautious approach and wait on the sidelines," Mr Lawless said.

The number of house and unit sales is now 30 per cent below the ten year average and 40 per cent below the recent peak in sales volumes which occurred in March 2007.

Based on the findings in the Indices, there are too few buyers to create any degree of competition that is required to place upwards pressure on dwelling prices.

"We are not likely to see a wholesale return of home buyers and investors to the market until consumer confidence improves markedly," Mr Lawless said.

As seen in the Westpac-Melbourne Institute Consumer Sentiment Index for August, a jump in confidence may provide an encouraging sign that consumers are starting to view domestic economic conditions in a slightly more positive light.

The August consumer sentiment figures revealed a 9.1 per cent jump for the month as oil prices fell and interest rate cuts became more certain. This confidence is likely to improve if the RBA makes successive rate cuts, thus encouraging buyers back to the market.

The only market to maintain a positive rate of growth over the first seven months of 2008 was Adelaide where dwelling values increased by 2.83 per cent to July 2008. Despite strong growth, Adelaide still provides the most affordable detached housing of any mainland capital city with a median value of \$410,753.

Perth and Sydney are the only capital markets to record an annualised fall in property values with Perth dwellings down by 3.82 per cent and Sydney dwellings down 1.14 per cent in value over the 12 months ending July 2008.

Dr Matthew Hardman of Rismark International refutes recent commentary suggesting the possibility of falls ranging from 10 to 20 per cent for the property market nationally.

"The Australian residential property market has diversified significantly over the past decade. Therefore, large national falls are much less likely. "Recent stress testing conducted by Rismark International suggests the probability of a 10% fall nationally in a 12 month period is less than 1% ie. a 1 in 100 year event and the probability of a 20% fall nationally in a 12 month period is less than ¼% ie. a 1 in 400 year event."

"We do however expect fluctuations of 1-2 per cent in returns due to seasonal factors and natural volatility. Consumers should not read too much into a 2 per cent fall over winter, as it could easily be reversed with the traditional spring bounce back, particularly now that the interest rate environment appears to have stabilized," Dr Hardman said.

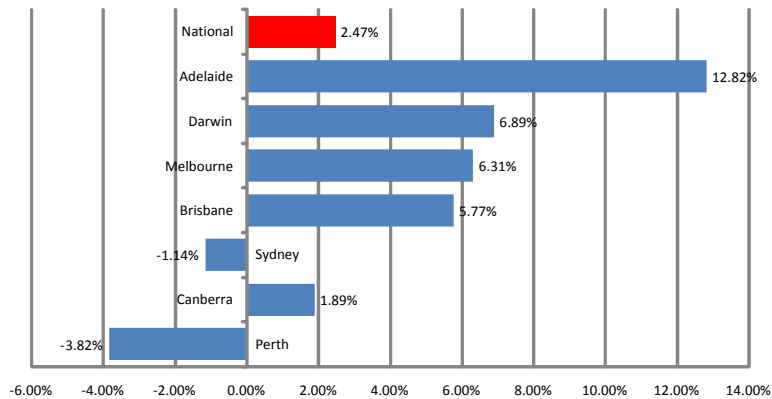
#### OBESERVATIONS – Rents & Yields

Around the country rental yields are up as rental rates continue to outpace dwelling values in the growth states. Nationally, the average gross rental return for houses and units is now 4.31 per cent and 5.12 per cent respectively.

Darwin recorded the strongest performance for yields where gross annualised rental yields are averaging 6.4 per cent for houses and 6.5 per cent for units. The is largely because the Darwin rental market is benefitting from relatively inexpensive housing combined with a very tight rental market and growing rental demands. The median house and unit values are well below national average at \$421,390 and \$308,300 respectively.

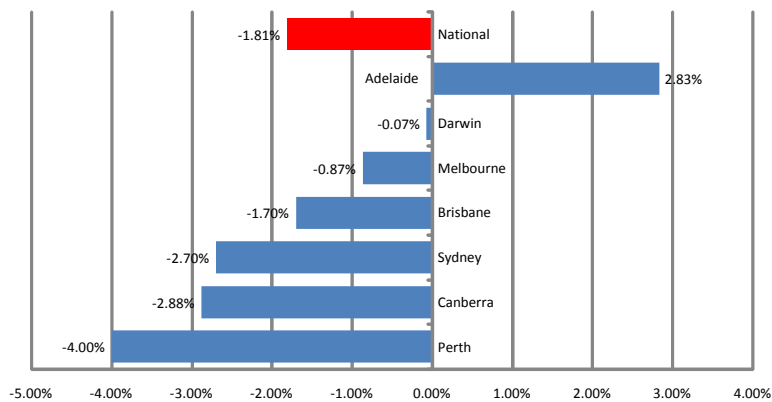
#### Capital City Performance

Annual change in dwelling value – year ending June 2008



#### Capital City Performance

Change in dwelling value – seven months ending July 2008



## **Around the State**

### **Sydney Property Market**

- On average over Sydney as a whole, house and unit values are down about 2.7% in the first 7 months of this year. Overall, values have been slightly negative through winter.
- Our view is that the Sydney market will begin to turn around strongly in the more affluent areas by Spring 2009, largely due to supply shortages and continued high wages and low unemployment.
- We do not believe prices in the Western and South Western Sydney regions will fall much further, due to increasing rental yields, high construction costs and demand for new housing.

### **Melbourne Property Market**

- Melbourne values have fallen on average less than 1% in the past 3 months.
- On an annual basis, Melbourne house and unit values have increased by 5.6% and 8.6% respectively
- The gross rental yield on houses and units is lower than the national average due to the strong value growth in dwellings during 2007, however yields are now showing month on month improvements.

### **Brisbane Property Market**

- Brisbane house values have fallen on average 1.9% and 0.3% for units over the last seven months, versus an average rise of 5.8% over the past 12 months.
- Prices of home units in the inner and south eastern suburbs have held and in many areas risen as prospective buyers choose a unit over a house due to affordability.
- Rental yields are slightly below the national average with houses providing a gross rental return of 4.3% and units returning 5.0%

### **Adelaide Property Market**

- Adelaide property values are still growing, 1.6% for houses and 8% for units since Christmas.
- The winter months have seen the Adelaide market slow further, recording an average fall in dwelling values of 2.2% over the three months ending July 08.
- Adelaide houses still provide the most affordable entry point to the mainland capital city market with a median house value of \$410,753
- Gross rental yields are well below the national average due to house and unit value growth outpacing rental rates. Houses are averaging a gross rental yield of 3.9% and units are averaging a gross rental return of 4.65%

### **Perth Property Market**

- Perth overall has not slumped as heavily as some commentators have suggested it might: it's off an average of 4% so far this year.
- Perth buyers should be conservative about the price they are willing to pay due to the dependence of capital values on the continuation of world demand for metals.
- Perth rental yields remain the lowest of any capital city with houses providing an average gross rental return of 3.9% and units returning 4.5%.

### **Canberra**

- Overall, Canberra house and unit values have fallen by about 2.9% over the first seven months of the year.

### **Darwin**

- Overall, the Darwin market can be described as flat with dwelling values virtually at the same level as at the start of the year.
- Darwin remains the most affordable city to purchase a unit with the median value currently \$308,300.
- Darwin provides the highest rental yields of any capital city with houses providing an average gross rental return of 6.4% and units returning 5.4%.

**ENDS. Contact Mitch Koper for enquiries: 0417 771 778**

**For more detailed information on the RP Data – Rismark Indices, please go to [www.rpdata.com/indices](http://www.rpdata.com/indices)**

## 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 Value (\$'000's)							
July-08*	505.454	420.181	426.087	394.137	485.175	384.933	442.241	454.132
June-08	508.047	420.204	431.970	398.178	487.438	399.173	459.626	457.027
July YOY*	-1.14%	6.31%	5.77%	12.82%	-3.82%	6.89%	1.89%	2.47%
July YTD*	-2.70%	-0.87%	-1.70%	2.83%	-4.00%	-0.07%	-2.88%	-1.81%
July QTR*	-1.27%	-0.86%	-3.59%	-2.19%	-2.48%	-2.26%	-1.74%	-1.72%
June YOY	-0.05%	7.36%	8.98%	16.66%	-2.77%	10.71%	6.76%	4.11%
June YTD	-2.20%	-0.87%	-0.34%	3.88%	-3.55%	3.62%	0.94%	-1.18%
June QTR	-2.19%	-2.16%	-2.11%	-0.61%	-2.15%	-1.14%	-0.79%	-1.99%

#### Table 2

RP Data-Rismark Hedonic Index Results All Houses								
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Darwin	Canberra	National
	Median Value (\$'000's) & Days on Market							
July-08*	561.942	442.697	450.393	410.753	486.701	421.390	481.040	480.953
June-08	562.292	444.414	455.134	416.461	490.890	434.640	495.686	483.939
July QTR Days on market	37	31	45	66	63	74	40	
July YOY*	-1.21%	5.64%	5.46%	12.32%	-5.43%	7.27%	5.13%	2.22%
July YTD*	-2.66%	-1.47%	-1.96%	1.60%	-5.42%	1.48%	-0.34%	-2.17%
July QTR*	-1.42%	-1.53%	-3.80%	-2.48%	-3.11%	-3.02%	0.49%	-2.08%
June YOY	-0.66%	7.17%	8.57%	16.05%	-3.72%	9.60%	8.97%	3.88%
June YTD	-2.60%	-1.09%	-0.93%	3.02%	-4.60%	4.68%	2.70%	-1.56%
June QTR	-2.38%	-2.53%	-2.47%	-0.20%	-2.42%	-1.79%	1.04%	-2.15%

#### Table 3

RP Data-Rismark Hedonic Index Results All Units								
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Darwin	Canberra	National
	Median Value (\$'000's) & Days on Market							
July-08*	412.527	361.363	331.113	339.697	479.572	308.300	324.924	387.623
June-08	418.810	356.960	341.462	338.277	474.768	324.622	350.588	390.297
July QTR Days on Market	38	56	35	55	58	64	45	
July YOY*	-0.99%	8.55%	7.44%	14.82%	2.72%	5.81%	-10.45%	3.26%
July YTD*	-2.77%	1.10%	-0.29%	7.99%	1.66%	-4.30%	-12.84%	-0.66%
July QTR*	-0.91%	1.35%	-2.47%	-1.04%	-0.04%	0.01%	-10.64%	-0.59%
Jun YOY	1.31%	8.00%	11.20%	19.19%	1.03%	13.97%	-1.77%	4.82%
June YTD	-1.29%	-0.14%	2.83%	7.54%	0.64%	0.77%	-5.95%	0.02%
June QTR	-1.77%	-0.95%	-0.19%	-2.23%	-1.11%	0.72%	-7.92%	-1.50%

#### Table 4

RP Data-Rismark Hedonic Index Results Houses and Units Rental Yields								
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Darwin	Canberra	National
	Quarter Results							
Houses July QTR YLD*	4.55%	4.23%	4.28%	3.94%	3.85%	6.41%	5.07%	4.31%
House June QTR YLD	4.37%	4.14%	4.29%	3.94%	3.89%	5.92%	5.14%	4.25%
Units July QTR YLD*	5.65%	4.74%	4.97%	4.65%	4.48%	6.53%	5.43%	5.12%
Units June QTR YLD	5.58%	4.70%	4.94%	4.55%	4.42%	6.35%	5.49%	5.09%

\* 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 103 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).