

NATIONAL MEDIA RELEASE

NATIONAL PROPERTY VALUES INDICES

(RP Data-Rismark International)

Released 30 January 2009

The year that was... the year ahead....

Released today, the combined RP Data-Rismark International National Property Indices report confirmed that Australian property values have demonstrated exceptional resilience to the global financial crisis with overall property values falling by only 2.6 per cent during the 2008 calendar year. Including rents, the total returns to residential property were actually positive in 2008.

By comparison, US house prices are down by more than 25 per cent, the benchmark ASX All Ordinaries Index fell by 45 per cent, and Australian Listed Property Trusts (LPTs) have declined by 55 per cent. In fact, the Australian share market has fallen by more than 5 per cent in a single day on more than four occasions during the last year.

The report confirms that the key driver of the modest tapering in Australian house prices was the rise in mortgage rates from just 8 per cent in July 2007 to a peak of 9.6 per cent in mid-2008, which is only now being reversed by the RBA.

It is fascinating to note that when the RBA lifted mortgage rates by a similar margin in 1994-95 Australian dwelling values fell by exactly the same amount (ie, 2.6 per cent) according to the RP Data-Rismark Hedonic Index.

According to RP Data National Research Director Tim Lawless the robust performance of Australian residential markets can largely be attributed to a critical undersupply of dwellings across the nation's capital cities, which Westpac estimates to be 140,000 homes and growing, combined with record population growth which is forecast by the ABS to continue through to 2056.

In addition to Australia's very strong banking system, which has not suffered from any bailouts or nationalisations, and historically low mortgage default rates, which are only 15 and 30 per cent of US and UK levels respectively, Australia's residential market has been one of the best performers internationally.

Since September 2008 the standard variable mortgage rate has fallen by nearly 30 per cent from 9.6 per cent to 6.8 per cent with the expectation that rates will fall below 6 per cent in February. Since house prices have not increased at all in 2008, there has been a huge improvement in buyer affordability.

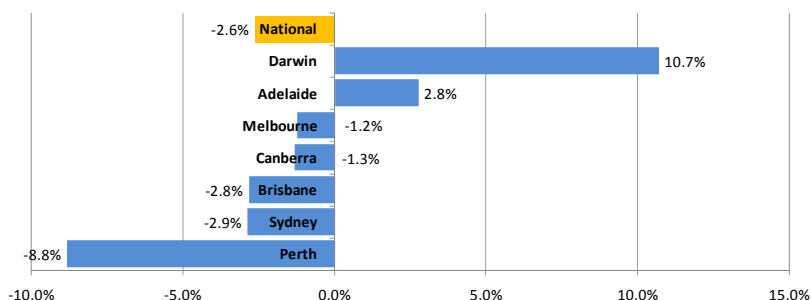
Christopher Joye, Rismark International's CEO, said, "With futures markets pricing in a sub-3 per cent cash rate by the middle of 2009, home loan rates should fall below 5 per cent presenting the most attractive borrowing costs in recorded history. In fact, home loan rates in Australia have not been less than 6 per cent since way back in 1970."

While unemployment looks set to rise to 7 per cent, this will be offset by a halving in home loan rates combined with massive government fiscal stimulus and housing subsidies. "Low interest rates and the continued serious undersupply of housing in Australia will continue to hold a floor under capital city residential values in the lower and middle segments of the market", according to Dr. Matthew Hardman, Rismark International's Head of Research.

Key Statistics

- National dwelling values down 1.1% over quarter and 2.6% over calendar year
- Darwin strongest capital growth over 2008 with dwelling values up 11.5% for 2008
- Perth weakest performer with dwelling values down 8.8% for 2008
- Darwin and Canberra are recording the strongest yields with houses returning gross 6.6% and 5.6% respectively
 - Sydney values down 2.9% for 2008 (-1.1% Dec qtr)
 - Melbourne values down 1.2% for 2008 (-0.5% Dec qtr)
 - Brisbane values down 2.8% for 2008 (-1.3% Dec qtr)
 - Adelaide values up 2.8% for 2008 (-0.2% Dec qtr)
 - Perth values down 8.8% for 2008 (-4.1% Dec qtr)
 - Darwin values up 10.7% for 2008 (+6.9% Dec qtr)
 - Canberra values down 1.3% for 2008 (+1.6% Dec qtr)

Annual change in dwelling values
2008 calendar year



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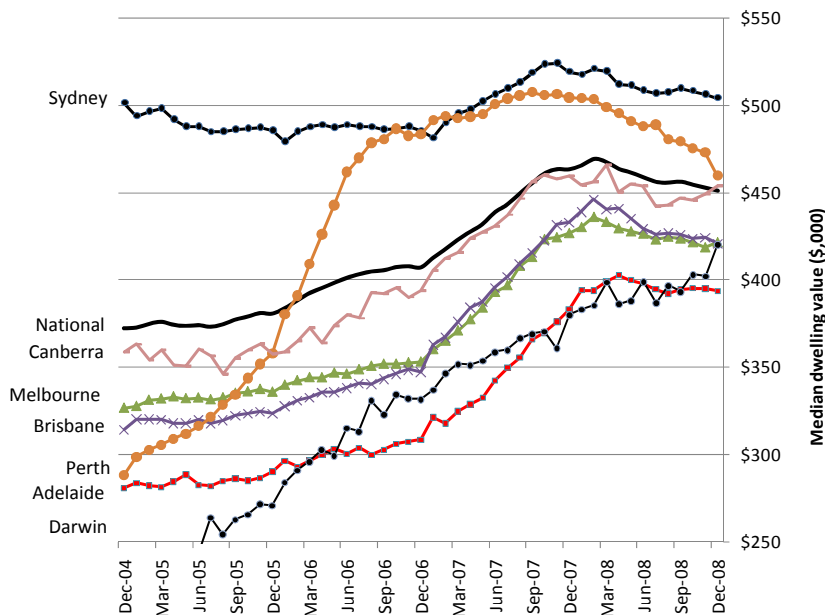
Perhaps the biggest story in residential markets is rising rental returns which are currently 5.4 per cent and 4.5 per cent for units and houses, respectively. This means that as mortgage rates fall investors will soon confront “positive gearing” opportunities given rents in some areas will be higher than rates. In Sydney, unit rents are already over 5.7 per cent while in Darwin they have hit 6.8 per cent.

The markets most prone to further declines in value will be coastal and holiday regions together with mining towns.

Tourism numbers are projected to fall considerably during 2009 which will be detrimental to coastal markets which rely on holiday renters. At the same time many holiday home owners have been forced to place their weekender on the market at a time when there is a great deal of stock available for sale in these locations.

While at the macro level Australian property values have proven to be resilient, between each of the mainland capitals the performance of the market has ranged considerably.

Change in dwelling values over time
Australian mainland capitals



Darwin stands out as having provided both the highest capital growth and strongest rental yields. Darwin houses increased in value by 11.6 per cent and unit values increased by 7.8 per cent over the year. Despite such strong capital growth, increases in Darwin rental rates actually outpaced capital growth resulting in the highest rental yields of any capital city. Darwin houses are returning a median gross yield of 6.6 per cent and gross yields for units are averaging 6.8 per cent.

Perth at the opposite end of the spectrum is Perth where house and unit values have fallen by 8.3 per cent and 11.1 per cent respectively over the calendar year. Perth dwelling values skyrocketed during 2006, peaking at an annualised growth rate of 46.2 per cent in July '06. Such growth was of course unsustainable and the result was a rapid decline in growth rates, eventually moving into consistent month on month negative growth in mid 2007. Despite the falls in value, Perth rental yields remain the lowest in the nation, having been eroded significantly by the strong capital growth of 2006. Perth houses, on average, are providing a gross rental yield of 4.3% and units are providing a gross return of 4.6%.

Sydney The best opportunity for capital growth in 2009 appears to be the Sydney market where value growth has been minimal since 2004. In fact, Sydney house values are still about \$40,000 lower than their peak reached back in February 2004. Yields have improved markedly during this time due to hefty increases in rental rates. Sydney houses are now returning the third highest yield of any mainland capital city (after Darwin and Canberra), with a median gross yield of 4.7 per cent. Sydney units are also third highest of the mainland capitals at 5.7 per cent.

Strategically affordable properties in the \$250,000 to \$600,000 price categories are likely to be the best performers.

According to Dr Hardman in high volatility environments, risk-return considerations are particularly important for portfolio management.

“The much lower volatility of residential real estate, together with its returns being negatively correlated to equities and LPTs highlights the importance of the asset class as a significant component of any well balanced investment portfolio.

“The relative performance of Aust residential property over 2008 is testament to its strength as a diversification asset,” Dr Hardman said.

Ends. Detailed tables on following page.

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)								
December-08*	504.466	421.725	420.845	393.821	460.016	420.487	453.862	451.088
November-08	506.451	418.835	424.374	395.041	473.177	402.174	449.281	452.808
December YOY*								
December QTR*	-1.07%	-0.52%	-1.28%	-0.16%	-4.09%	6.90%	1.55%	-1.13%
November YOY								
November YTD	-2.48%	-1.91%	-2.02%	3.08%	-6.21%	5.87%	-2.32%	-2.26%
November QTR	-0.22%	-1.43%	-0.60%	0.71%	-1.54%	1.36%	1.42%	-0.63%

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								
December -08*	556.877	448.189	445.106	411.694	471.343	468.520	483.861	478.821
November -08	559.754	443.406	447.767	410.573	478.455	453.278	483.620	479.348
December QTR								
Days on Market	33	32	47	71	48	73	38	49
December YOY*								
December QTR*	-1.38%	-0.18%	-1.54%	0.69%	-3.14%	6.54%	-0.08%	-1.04%
November YOY								
November YTD	-3.15%	-2.18%	-2.38%	1.43%	-6.87%	8.01%	-1.76%	-2.79%
November QTR	-0.50%	-1.69%	-0.96%	0.13%	-2.01%	2.10%	0.92%	-0.98%

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								
December -08*	418.246	352.592	326.048	335.265	418.435	319.523	363.152	382.320
November -08	418.763	354.647	332.968	344.155	453.802	294.755	345.449	386.999
December QTR								
Days on Market	31	28	46	63	45	59	46	41
December YOY*								
December QTR*	-0.38%	-1.63%	0.10%	-3.43%	-7.80%	8.01%	8.68%	-1.41%
November YOY								
November YTD	-1.00%	-1.03%	-0.05%	10.05%	-3.54%	-0.52%	-4.60%	-0.58%
November QTR	0.40%	-0.57%	1.33%	3.05%	0.29%	-0.94%	3.58%	0.45%

Table 4

RP Data-Rismark Hedonic Index Results Houses and Units Rental Yields								
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Darwin	Canberra	National
Quarter Results								
Houses								
December QTR Rental Yield*	4.66%	4.27%	4.55%	4.29%	4.25%	6.57%	5.56%	4.54%
Units								
December QTR Rental Yield*	5.71%	4.85%	5.29%	4.69%	4.59%	6.81%	6.30%	5.42%

* 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 Index results are reported by the RBA in its Statement on Monetary Policy and have recently been selected by the ASX as the basis for the ASX's new residential property derivatives market, which is set to be launched in Q2 2009. Moody's and SIRCA have both independently concluded that the RP Data-Rismark Index results are the most accurate measures of house price change in Australia.*

The RP Data-Rismark Hedonic Indices benefit from exclusive access to the most comprehensive property database in Australia 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>

* Note that the ABS House Price Index is a **quarterly** measure of house price changes. The RP Data-Rismark Hedonic Index is a **monthly** measure and so cannot be compared directly with the ABS estimates. However, when the RP Data-Rismark Index is converted to a quarterly measure the ABS Index estimates track it closely.

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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 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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