

NATIONAL PROPERTY VALUES INDICES

(RP Data-Rismark International)

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Residential Property Market Back in Black as Property Values Bounce Back

The release today of the RP Data-Rismark Hedonic Property Value Index heralds some exciting news for the Australian residential market. According to the latest monthly indices, property values are experiencing a recovery from the modest 3 per cent falls seen in 2008. The findings confirmed that over the first two months of 2009, national dwelling values increased by 1.1 per cent with most of the capital gains coming in February (refer attached tables).

RP Data National Research Director Tim Lawless believes this turnaround in market conditions has largely been created by mortgage rates being at their lowest levels since 1970 and as a result, providing a significant boost to affordability. Mortgage rates peaked at 9.6 per cent in August 2008, and have fallen to 5.8 per cent with the prospect of more cuts when the RBA Board meets this coming Tuesday.

According to Christopher Joye, CEO of Rismark International, "The recovery in prices over the last quarter has been driven by the 40 per cent reduction in mortgage rates, the boost to the first home owners grant, the Government's fiscal stimulus and a significant housing shortage. It is now clear that the boost to the first home owners grant has been one of the Government's most successful policy measures - this price strength will hopefully encourage developers back into the market.

"The resilience of Australia's housing market has also been underpinned by our robust banking system, which CBA recently reporting that its 90-day mortgage default rate was a stunningly low 0.38 per cent.

"Despite doomsday rhetoric from some, housing finance volumes have been strong with AFG disclosing that approvals in February 2009 were the best seen since November 2007.

"The improvement in home values in 2009 following modest 3 per cent falls in 2008 highlights the absurdity of the sensationalist predictions by one or two economists in 2008 that prices would fall by 30-40 per cent.

"These index results also vindicate statements last week by the RBA that it expects to see a measured recovery in Australia's residential property market," Mr Joye said.

The latest ABS housing finance data suggests real estate investors have yet to make a return to the property market. The value of investment loans has not been this low since 2002, reflecting the low level of investor confidence across all asset-classes.

RP Data's Mr Lawless suggests the prospect of positively geared property is likely to lure more investors back into the market.

"More and more, properties are showing 'positive cash flow'. In fact, assuming an 80 per cent loan to value ratio home loan and a discounted 5.4 per cent interest rate, investors in apartments are likely to find that rental income goes a long way towards covering mortgage repayments across every capital city.

"Another interesting dynamic over the last year has been the reversal of the 'two tiered' market that was evident between 2003-07.

"During this period affluent areas had a tendency to perform best as the financial services industry boomed. At the same time, the mortgage belts suffered from low sales volumes and declines in values. South West Sydney was a classic case in point - in today's market it is the opposite. The top 10 per cent of homes in Sydney and Melbourne are off by more than 12 per cent while more affordable homes around the \$450k mark have recorded price growth.

"People sometimes forget that homes worth more than \$1 million account for less than 5 per cent of all sales. Their performance has therefore little impact on the broader housing market where 80 per cent of all sales occur within the \$200k to \$600k price bands" Mr Lawless said.

Ends.

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Key Statistics

- National dwelling values up 1.1% over first two months of '09

Capital city dwelling values - 3 months to end of Feb '09

- Sydney values ↑ 0.5% to \$509,900
- Melbourne values ↑ 1.9% to \$428,600
- Brisbane values ↓ 2.2% to \$413,700
- Adelaide values ↓ 1.3% to \$389,450
- Perth values ↓ 1.0% to \$466,900
- Darwin values ↑ 6.1% to \$426,660
- Canberra values ↓ 1.8% to \$438,900

Best performing capital city: Darwin with housing values up 6.1% over quarter and 10.7% over 12 months.

Weakest performing capital city: Brisbane with housing values down 2.2% over quarter and 7.2% over 12 months.

Highest rental yields: Darwin with gross rental yield of 6.3% for houses and 6.1% for units.

Lowest rental yields: Adelaide with gross rental yield of 4.4% for houses and 4.8% for units.

Shortest average no. days on market: Melbourne – 42 days

Longest average no. days on market: Adelaide – 78 days

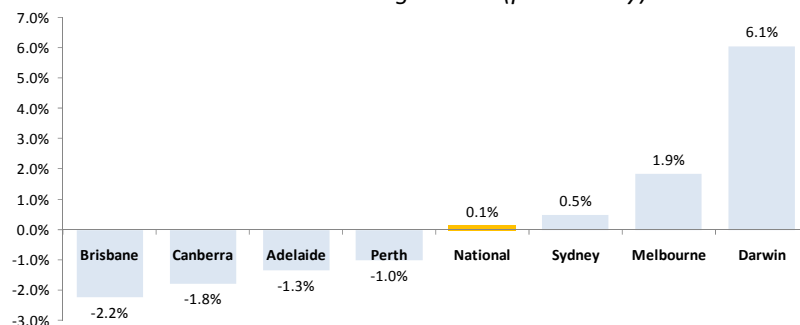
Most expensive houses: Sydney \$559,360

Most affordable houses: Adelaide \$407,020

Most expensive units: Perth \$445,370

Most affordable units: Brisbane \$321,040

Quarterly change in dwelling values
Three months ending Feb '09 (preliminary)



Tables

Index results for all dwellings, houses and units

Table 1

| RP Data-Rismark Hedonic Index Results All Dwellings | | | | | | | | |
|--|-------------------------|-----------|----------|----------|---------|---------|----------|----------|
| | Sydney | Melbourne | Brisbane | Adelaide | Perth | Darwin | Canberra | National |
| | Median Value (\$'000's) | | | | | | | |
| February 2009* | 509.923 | 428.619 | 413.696 | 389.453 | 466.916 | 426.663 | 438.897 | 453.899 |
| January 2009 | 501.136 | 416.047 | 419.645 | 389.689 | 468.897 | 424.466 | 447.524 | 448.740 |
| February YOY* | -2.17% | -1.75% | -7.18% | -1.01% | -7.15% | 10.72% | -3.69% | -3.22% |
| February QTR* | 0.48% | 1.86% | -2.23% | -1.34% | -1.01% | 6.07% | -1.78% | 0.14% |
| February YTD* | 1.69% | 3.06% | -1.20% | -1.28% | -0.32% | 1.71% | -2.19% | 1.07% |
| January YOY | -3.22% | -3.36% | -4.43% | -1.11% | -6.87% | 10.80% | -1.52% | -3.58% |
| January QTR | -1.55% | -2.00% | -1.05% | -1.33% | -1.35% | 5.65% | -0.10% | -1.47% |

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 | | | | | | | |
| February 2009* | 559.363 | 452.072 | 437.409 | 407.022 | 472.787 | 464.248 | 468.871 | 478.715 |
| January 2009 | 551.232 | 439.005 | 442.060 | 405.687 | 476.343 | 468.655 | 483.289 | 474.096 |
| February QTR Days on Market | 51 | 42 | 55 | 78 | 59 | 72 | 58 | 59 |
| February YOY* | -3.69% | -2.59% | -7.20% | -1.04% | -7.39% | 7.30% | -4.32% | -4.13% |
| February QTR* | -0.22% | 1.40% | -2.17% | -0.72% | -1.52% | 2.42% | -2.67% | -0.33% |
| February YTD* | 1.38% | 2.69% | -1.06% | -1.39% | -0.68% | -0.97% | -1.76% | 0.76% |
| January YOY | -4.35% | -4.17% | -4.83% | -1.90% | -7.01% | 10.87% | -0.35% | -4.31% |
| January QTR | -2.08% | -2.54% | -1.54% | -0.96% | -1.46% | 5.78% | -0.25% | -1.84% |

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 | | | | | | | |
| February 2009* | 428.592 | 367.354 | 321.043 | 331.896 | 445.367 | 347.660 | 348.262 | 392.363 |
| January 2009 | 418.723 | 356.074 | 332.065 | 337.277 | 441.563 | 331.580 | 339.380 | 385.865 |
| February QTR Days on Market | 38 | 39 | 53 | 70 | 44 | 58 | 57 | 50 |
| February YOY* | 1.28% | 1.03% | -7.07% | -0.89% | -6.22% | 21.59% | -1.07% | -0.37% |
| February QTR* | 2.00% | 3.39% | -2.59% | -3.78% | 1.00% | 17.87% | 2.00% | 1.58% |
| February YTD* | 2.34% | 4.24% | -1.94% | -0.84% | 1.09% | 10.06% | -3.92% | 2.04% |
| January YOY | -0.67% | -0.65% | -2.30% | 2.11% | -6.31% | 10.61% | -6.27% | -1.27% |
| January QTR | -0.39% | -0.22% | 1.61% | -2.74% | -0.90% | 5.27% | 0.53% | -0.33% |

Table 4

| RP Data-Rismark Hedonic Index Results Houses and Units Rental Yields | | | | | | | | |
|---|-----------------|-----------|----------|----------|-------|--------|----------|----------|
| | Sydney | Melbourne | Brisbane | Adelaide | Perth | Darwin | Canberra | National |
| | Quarter Results | | | | | | | |
| Houses | | | | | | | | |
| February 2009 QTR Rental Yield* | 4.97% | 4.36% | 4.77% | 4.36% | 4.82% | 6.27% | 5.74% | 4.73% |
| Units | | | | | | | | |
| February 2009 QTR Rental Yield* | 5.70% | 4.92% | 5.37% | 4.84% | 4.92% | 6.11% | 6.08% | 5.35% |

* 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 124 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

RP Data is the leading provider of property information, analysis and business solutions to the Australian and New Zealand property industry. Through our sophisticated systems, innovative products, outstanding service and global links, we are able to provide our customers with the power to confidently transact, finance and manage property assets. We have over 122 million property records in our database and Australia's most comprehensive aerial and frontage photography repository. Our innovative analysis and reporting tools are used by numerous industry bodies while government authorities use our very own indices in forecasting and policy making. Our databases are growing daily and the tools available continue to evolve. For the latest property statistics and information about the depth and breadth of the information we deliver, visit www.rpdata.com.

Rismark International

Rismark International ("Rismark") is a global funds management business that has expertise in the execution of sophisticated real estate research and investment strategies. Rismark also has a long history of advising Australian and overseas governments on the development of innovative economic policies as they relate to housing and financial markets. As a by-product of its quantitative research activities, Rismark has developed the technology and intellectual property underlying the market-leading RP Data-Rismark hedonic property price indices and related automated property valuation models (AVMs), amongst other things. In September 2008 the Australian Stock Exchange ("ASX") selected the RP Data-Rismark hedonic indices as the benchmark indices for the ASX's new residential property derivatives market, which is expected to be launched in mid 2009. Rismark's management team 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.