

NATIONAL MEDIA RELEASE

NATIONAL HOME VALUE INDICES

(RP Data/Rismark International)

Released Friday 29 May 2009

Home values continue to recover, recording a healthy 2.8% increase over the first four months of 2009

The RP Data/Rismark Australian Home Value Index out today confirmed that housing values around Australia rose by a healthy 2.8 per cent over the first four months to April '09—virtually wiping out the price falls seen in 2008 according to RP Data National Research Director Tim Lawless.*

Unlike the Australian Bureau of Statistics House Price Index, which excludes terraces, semi-detached homes, and apartments, the RP Data/Rismark International hedonic methodology, which is reported by the Reserve Bank of Australia, includes all dwellings. In addition, RP Data benefits from the largest sample of early property sales and property attributes (such as number of bedrooms, bathrooms and land area) of any index provider in Australia.

Over the first four months to April '09, every mainland capital city apart from Perth recorded an increase in home values with the most significant gains in Darwin (+5.3 per cent), Melbourne (+4.4 per cent), and Sydney (+3.9 per cent).

According to Rismark International Managing Director Christopher Joye, "Our analysis demonstrates that home values are rising in around 80 per cent of all suburbs with only the top 20 per cent of suburbs ranked by price suffering material falls."

The recent growth in the Australian residential property market has fuelled speculation about a 'bubble' developing in the first home buyers market but RP Data's Mr Lawless believes these claims are largely unjustified.

"Home values in Australia's mortgage belts, which are the prime first home buyer markets, were flat or falling between 2004-07 while the inner city and affluent markets enjoyed consistent growth. In 2008-09 we have seen a reversal of these fortunes," he said.

Mr Joye adds "While first-time buyer activity has certainly supported the market, people forget that 70-75 per cent of home buyers are not first timers. Also, lending standards are more conservative today than they have been for over 15 years with maximum borrowing ratios being consistently reduced."

The return to capital growth comes as weekly rental rates start to level.

Mr Lawless said, "Rental rates across Australia have powered ahead over the last three years, providing the best gross rental yields investors have seen for a long time.

"We are now seeing growth rates for weekly rents start to level due to decreasing rental affordability which is causing many renters to consider buying a home instead of renting.

"Gross rental yields are likely to peak over the coming months suggesting that now is probably the best time for investors to roll up their sleeves and become active," he said.

In terms of housing stock, units are continuing to outperform houses where over the first four months of 2009 values increased by 3.3 per cent while house values increased by 2.7 per cent.

Key Statistics

•National dwelling values up 2.8% over first four months of '09

Capital city dwelling values - 4 months to end of April '09

- Sydney values ↑ 3.9% to \$522,797
- Melbourne values ↑ 4.5% to \$436,548
- Brisbane values ↑ 1.6% to \$427,520
- Adelaide values ↑ 0.7% to \$397,454
- Perth values ↓ 0.8% to \$466,385
- Darwin values ↑ 5.3% to \$443,179
- Canberra values ↑ 1.1% to \$455,713

Best performing capital city: Darwin with housing values up 5.3% over the first four months and 14.7% over 12 months.

Weakest performing capital city: Perth with housing values down 0.8% over the first four months of the year and down 5.7% over 12 months.

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

Lowest rental yields: Melbourne with a gross rental yield of 4.2% for Melbourne houses and 4.8% for units.

Shortest average no. days on market: Melbourne houses – 32 days and Sydney units – 25 days

Longest average no. days on market: Adelaide houses – 79 days and Adelaide units - 71 days

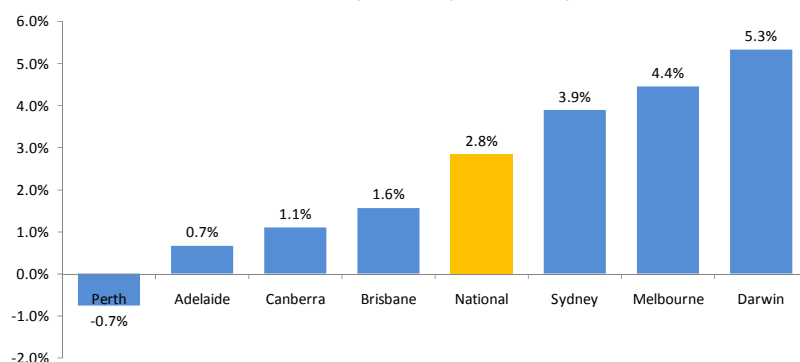
Most expensive houses: Sydney \$574,713

Most affordable houses: Adelaide \$413,084

Most expensive units: Perth \$441,946

Most affordable units: Brisbane \$328,460

Change in dwelling values
Four months to April '09 (preliminary)



In closing Mr Lawless said "The stronger performance of the unit market is due to a number of factors. Comparing median house and unit values nationally, the price gap between is just over \$90,000, so the value proposition of a unit is very compelling. Additionally, units are generally located closer to the city and along transport spines which is very appealing to many Gen Y and Gen X buyers," he said.

The monthly Australian capital city home value changes are as follows: January (+0.1 per cent); February (+1 per cent); March (+0.6 per cent); and April (+1 per cent). The April index results are indicative and may be subject to small revisions.

****Technical Note:** Readers should be aware of two technical points. First, the monthly RP Data/Rismark Hedonic Index compares month-to-month index results. Accordingly, the first quarter of 2009 index results compare the end of March index with the end of December index like you would when measuring share market returns. This gives us the +1.8 per cent result described above. Another way to measure index returns is to combine all the months together in a quarter and compare them to the previous quarter's pooled index. So you would combine all sales in January, February and March and compute an index value. You would then compare this to the pooled October, November, and December index value. The problem here is that because many home sales are reported by the Valuer Generals offices with a delay, the sample sizes in the more recent months are smaller than the earlier month. So in the first quarter of 2009, January's sales dominate because there are more January sales than February and March. In practice, however, there will ultimately be a much higher number of sales in February and March. This is the approach used by the ABS. To overcome this problem, RP Data-Rismark treats each month separately. If we pool all three months like the ABS, the pooled quarterly index return is still positive +0.3 per cent (this has, in fact, revised upwards from the previous estimate of +0.1 per cent as more sales for Feb/March come through). The second consideration is that the ABS uses a "stratified median price index". If more lower valued homes are selling because of an increase in, say, first time buyer activity, median price indices can report lower returns when house prices may be rising. RP Data/Rismark's hedonic method overcomes this problem.

City by City Summary

Sydney

Sydney home values have increased by 2 per cent over the 12 months to April '09 with house values up by 0.7 per cent and unit values climbing an impressive 4.9 per cent. Over the first four months of 2009 Sydney has been one of Australia's best performing cities with median house values up by 3.9 per cent and median unit values increasing by 4 per cent. These modest growth figures have been a long time coming for the Sydney market which has experienced virtually no value growth between 2004 and 2009. The recovery in the Sydney market is being led by the more affordable western suburbs of Sydney; the same areas that saw the greatest value decline during the last five years. Rental yields for houses and units in Sydney remain strong with houses returning 4.7 per cent and units 5.7 per cent.

Melbourne

Melbourne home values have risen by 1.5 per cent over the 12 months to April 2009. Over this period, house values have increased by 1.0 per cent and unit values by 3 per cent. During 2009, Melbourne has been the second best performing capital city market in terms of appreciation in median dwelling values. The impressive result is reflected in the strong performance of house values which are up by 4.4 per cent during 2009 and units which have recorded value increases of 4.5 per cent. Melbourne house currently have the shortest average time on market at 32 days.

Brisbane

The falls in Brisbane property values witnessed during 2008 appear to be a thing of the past. On an annual basis dwelling values in Brisbane are still down by -3 per cent during the year with house values falling -2.9 per cent and unit values declining by -3.4 per cent. Over the first four months of 2009 Brisbane has begun to once again show positive growth. During the first four months of the year house values climbed 1.9 per cent whilst unit values fell by -0.2 per cent despite the fact Brisbane is home to mainland Australia's most affordable unit market. Rental returns for houses have softened slightly and currently sit at 4.6 per cent whilst unit rental yields continue to improve and are now recorded at 5.4 per cent.

Adelaide

Adelaide dwelling values have recorded a fall of -1.3 per cent during the year to April with Adelaide property still more affordable than any other mainland capital city. Over this period, house values have declined by 1.7 per cent whilst the value of units has increased by 0.7 per cent. During the first four months of this year property values have proven to be quite resilient with house values quite flat (+0.1 per cent) and unit values increasing by 2.9 per cent. Adelaide property is currently taking the longest time to sell with houses recording an average of 79 days to sell and units taking 71 days to sell. The city also currently has the nations softest rental yields recorded at 4.4 per cent for houses and 4.9 per cent for units. The low yields are the result of home values rising at a much more rapid pace than rental rates during 2007; a phenomenon that is common in high capital growth markets.

Perth

Perth is the only mainland capital city market to record a fall in property values during the first four months of 2009. On an annual basis Perth house values have fallen by 5.4 per cent and unit values have depreciated 7.1 per cent. The Perth market continues to buck the trend of the rest of the Australian market with house values falling by 1 per cent during the first four month of 2009 whilst units showed very slight growth of just 0.1 per cent during the period. Although Perth is currently Australia's softest market, the slow performance needs to be viewed in light of the spectacular (and unsustainable) growth in Perth values between 2005 and mid 2007. Annualised price growth peaked around 45 per cent during the middle of 2006.

Darwin

The northern capital continues to show strong growth with the market seemingly unaffected by the Global Financial Crisis. During the 12 months to April 2009, median house values increased by 13.1 per cent and median unit values showed phenomenal growth of 18.4 per cent. During 2009 to April, house values have continued their strong performance, climbing by 5.1 per cent and units have increased by an impressive 6.0 per cent. As well as recording exceptional value growth, Darwin still has the nations best rental yields at 6.3 per cent for houses and 6.3 per cent for units.

Canberra

The last 12 months has seen a relatively flat market for Canberra with dwelling values increasing by 0.2 per cent. Over this period, house values actually fell by 0.7 per cent and unit values increased by 3.8 per cent. The first four months of this year has seen house values appreciate by 0.8 per cent and unit values increased by 2.4 per cent. Canberra remains home to the nations second best gross rental yields which sit at 5.5 per cent for houses and 5.9 per cent for units.

Ends.

Additional information – please contact Mitch Koper at RP Data on 041 777 1778.

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)								
Apr-09	522.797	436.548	427.520	397.454	466.385	443.179	455.713	463.554
Mar-09	517.700	426.400	424.215	394.963	473.869	434.735	448.124	458.909
Apr 09 MTH	0.98%	2.38%	0.78%	0.63%	-1.58%	1.94%	1.69%	1.01%
Apr 09 YTD	3.89%	4.45%	1.57%	0.67%	-0.75%	5.32%	1.11%	2.83%
April 09 QTR	3.43%	4.02%	2.02%	1.60%	-0.80%	3.08%	2.88%	2.71%
Apr 09 YOY	2.01%	1.49%	-3.01%	-1.25%	-5.73%	14.67%	0.23%	-0.01%
Mar 09 MTH	0.83%	0.09%	0.73%	1.13%	0.76%	2.12%	0.67%	0.64%
Mar 09 QTR	2.87%	2.02%	0.78%	0.04%	0.84%	3.31%	-0.58%	1.80%
mar 09 YOY	-0.38%	-1.79%	-3.69%	-0.93%	-4.85%	9.08%	-4.49%	-1.85%

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								
Apr-09	574.713	462.457	452.873	413.084	473.042	494.549	481.883	489.748
Mar-09	566.533	449.497	449.061	411.234	480.115	477.885	474.918	483.477
April QTR Days on Market	33	32	39	79	35	60	39	
Apr 09 MTH	1.44%	2.88%	0.85%	0.45%	-1.47%	3.49%	1.47%	1.30%
Apr 09 YTD	3.85%	4.44%	1.91%	0.12%	-0.97%	5.10%	0.79%	2.69%
April 09 QTR	3.70%	4.00%	2.57%	1.58%	-1.20%	4.36%	2.08%	2.75%
Apr 09 YOY	0.72%	1.04%	-2.93%	-1.73%	-5.39%	13.51%	-0.65%	-0.71%
Mar 09 MTH	0.60%	-0.07%	0.86%	1.05%	0.38%	1.25%	0.08%	0.46%
Mar 09 QTR	2.37%	1.51%	1.05%	-0.33%	0.51%	1.55%	-0.67%	1.37%
mar 09 YOY	-1.74%	-2.68%	-3.55%	-1.01%	-4.63%	6.83%	-4.96%	-2.61%

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								
Apr-09	437.389	368.865	328.460	346.245	441.946	335.201	376.578	398.599
Mar-09	437.366	366.062	327.130	341.654	450.939	344.035	367.102	397.988
Apr QTR Days on Market	25	29	37	71	28	58	47	
Apr 09 MTH	0.01%	0.77%	0.41%	1.34%	-1.99%	-2.57%	2.58%	0.15%
Apr 09 YTD	3.96%	4.49%	-0.24%	2.88%	0.12%	6.03%	2.36%	3.26%
April 09 QTR	2.84%	4.07%	-0.88%	1.70%	0.80%	-0.69%	6.10%	2.59%
Apr 09 YOY	4.90%	3.02%	-3.43%	0.68%	-7.05%	18.44%	3.78%	2.18%
Mar 09 MTH	1.34%	0.61%	0.06%	1.43%	2.27%	4.74%	3.05%	1.21%
Mar 09 QTR	3.96%	3.70%	-0.64%	1.52%	2.16%	8.82%	-0.22%	3.10%
mar 09 YOY	2.65%	1.18%	-4.41%	-0.62%	-5.68%	16.24%	-2.57%	0.54%

Table 4

RP Data-Rismark Hedonic Index Results Houses and Units Rental Yields								
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Darwin	Canberra	National
Quarter Results								
HOUSES								
APR QTR YLD	4.69%	4.17%	4.63%	4.35%	4.59%	6.26%	5.46%	4.58%
UNITS								
APR QTR YLD	5.69%	4.84%	5.43%	4.94%	5.04%	6.34%	5.88%	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>

Media enquiries contact:

Mitch Koper
National Communications Manager
RP Data Limited
Mobile: 0417 771 778
mitch.koper@rpdata.com

Christopher Joye
Managing Director
Rismark International
Mobile: 0414 980 264
christopher.joye@rismark.com.au

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 126 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.