

NATIONAL MEDIA RELEASE

NATIONAL HOME VALUE INDICES

(RP Data-Rismark International)

Released Tuesday 30 June 2009

Australian home values rise by 4 per cent in 2009, virtually wiping out 2008 losses

Out today, the monthly RP Data-Rismark International, national Home Value Index confirmed that home values in Australia continued to trend upwards over the month of May to now reach a national median of \$468,819; just 0.1 per cent, or \$520, shy of their peak in February 2008.

The results reveal that apart from Perth, for the first five months of 2009 home values in every mainland capital city in Australia increased.

Based on Australia's largest property database, which includes around 90,000 capital city home sales in 2009 alone, the monthly RP Data-Rismark National Home Value Index recorded an overall increase of 0.9 per cent in the month of May, and a remarkable 3.9 per cent gain over the first five months of 2009. During the 12 months to May 2009, Australian home values have increased by 1.6 per cent.

RP Data head of research Tim Lawless said, "These latest results herald a national residential market recovery."

"It's important to note that it has taken just 15 months for values to recover from the February '08 peak. I believe these results are encouraging, especially when we take a closer look at other Western markets around the world where prices are mostly in decline," Mr Lawless said.

Rismark International managing director Christopher Joye concurred with Mr Lawless' comments and said, "The February RP Data-Rismark Index results were the first clear signs of the so-called economic 'green shoots'. All of the subsequent evidence—housing finance approvals, auction clearance rates, and other independent house price data—has affirmed this story of an incredibly resilient housing market."

"The recovery in Australia's housing market, which has defied countless doomsayers, has in turn been the cornerstone of the Australian economy's stability in 2009. The robust rise in Australian home values this year has given builders and developers confidence to hire labour and buy materials to invest in new homes. It has also given existing owners the confidence that their largest investment has been a secure store of wealth while other asset-classes have been decimated", Mr Joye said.

The improvement in market conditions during 2009 has been largely driven by an increase in owner-occupier (as opposed to investor) activity, which, according to ABS data, is up 23 per cent over the year.

According to Mr Lawless, although investor activity remains low, investment interest is likely to gather pace in the second half of 2009.

"Investors and first home buyers typically compete for similar housing stock. As first home buyer demand starts to taper leading up to the wind back of the first home buyer's boost, it is likely investor participation will grow. Investors are becoming increasingly attracted to the strong rental yields that are creating positive cash flow opportunities within key markets around Australia."

The RBA, which subscribes to the RP Data-Rismark Index data, confirmed its findings in their June Board Minutes, which noted that "dwelling prices showed a modest rise in April, following gains in the previous few months." RP Data-Rismark was the only major index provider that the RBA covered to publicly release its April results.

Key Statistics

- National dwelling values up 0.9% in month of May
- National dwelling values up 3.9% over first five months of '09

Capital city dwelling values - 5 months to end of May '09

- Sydney values ↑ 5.2% to \$529,785
- Melbourne values ↑ 6.1% to \$443,811
- Brisbane values ↑ 2.6% to \$432,101
- Adelaide values ↑ 0.5% \$396,839
- Perth values ↓ 0.5% to \$468,052
- Darwin values ↑ 5.5% to \$444,846
- Canberra values ↑ 2.1% to \$460,309

Best performing capital city: Melbourne, with home values up 6.1% over first five months of 2009. Over twelve months, Darwin remains the top performer with a 14.3% increase in home values.

Weakest performing capital city: Perth with housing values down 0.5% over the first five months of 2009 and down 4.6% over 12 months.

Highest rental yields: Darwin with gross rental yield of 6.1% for houses and 6.2% for units.

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

Shortest average no. days on market: Sydney & Melbourne houses – 29 days and Perth units – 23 days

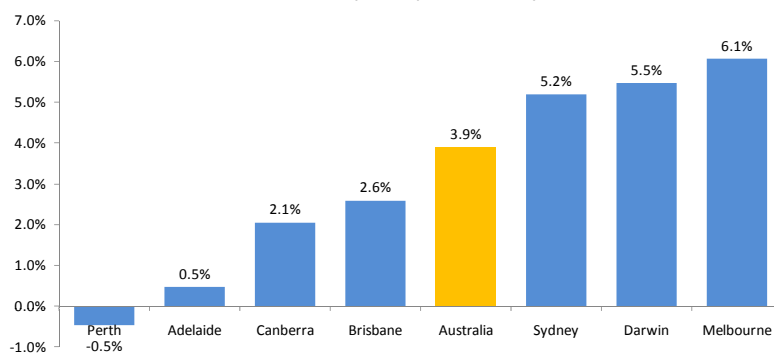
Highest median house value: Sydney \$582,543

Most affordable houses: Adelaide \$412,516

Most expensive units: Sydney \$442,994

Most affordable units: Brisbane \$327,982

Change in dwelling values
Five months to May'09 (preliminary)



The Australian Bureau of Statistics housing finance data in April also showed the first signs of a rebound in investor participation. Given the capital gains recorded across most cities, growth in rental yields is now flattening. The gross annualised rental yield for units is now 5.3 per cent while house rental yields are slightly lower at 4.5 per cent.

In terms of property types, units continue to outperform houses. Over the first five months of 2009 unit values increased by 4.5 per cent while house values rose by 3.7 per cent.

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 affordability proposition for units is compelling. Units are generally located closer to the city and along transport spines which is very appealing to many Gen Y and Gen X buyers."

***Technical Note:** Readers should be aware of three 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. 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 1-3 month 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 will dominate because there are more January sales than February and March. In practice, however, there will in the end 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. The other issue 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 in fact house prices be rising. RP Data-Rismark's hedonic regression method overcomes this problem. Finally, unlike the ABS Index, which excludes terraces, semi-detached homes and apartments, the RP Data-Rismark Hedonic Index includes all properties.

City by City Summary

Sydney

Sydney home values have increased by 3.5 per cent over the 12 months to May 2009 with house values up by 2.5 per cent and unit values climbing an impressive 5.7 per cent. Over the first five months of 2009 Sydney has been one of Australia's best performing cities with median house values up by 5.1 per cent and median unit values increasing by 5.4 per cent. Growth in Sydney home values has been a long time coming, with Australia's largest property market recording virtually no value growth between 2004 and 2009. The recovery in the Sydney market is being lead 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 4.6 per cent and units 5.6 per cent.

Melbourne

Melbourne home values have risen by 3.5 per cent over the 12 months to May 2009. Over this period, house values have increased by 3.3 per cent and unit values by 4.5 per cent. Over the first five months of 2009, Melbourne has been the 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 5.9 per cent during 2009 and units which have recorded value increases of 6.7 per cent. Melbourne houses (together with Sydney) currently have the shortest average time on market at 29 days.

Brisbane

Brisbane home values remain slightly in the red on an annual basis, with home values -0.5 per cent lower in May than the same time last year. Over the first five months of 2009 Brisbane has begun to once again show positive growth. During the first five months of the year house values increased 1.6 per cent whilst unit values fell by -0.3 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 5.5 per cent.

Adelaide

Adelaide home values have recorded a fall of -0.7 per cent during the year to May with Adelaide being the only mainland capital city with a median home value under \$400,000. Over this period, house values have declined by -1.3 per cent whilst the value of units has increased by 1.7 per cent. During the first five months of this year property values have proven to be quite resilient with house values quite flat (-0.2 per cent) and unit values increasing by 3.0 per cent. The city also is recording comparatively low rental yields, with houses averaging a 4.3 per cent gross return and 5.0 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 five months of 2009. On an annual basis Perth house values have fallen by -4.6 per cent and unit values have depreciated -5.1 per cent. The Perth market continues to buck the trend of the rest of the Australian market with house values falling by -0.5 per cent during the first five months of 2009 whilst units values are down -0.3 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 May 2009, median house values increased by 14.8 per cent and median unit values showed phenomenal growth of 13.1 per cent. During 2009 to May, house values have continued their strong performance, climbing by 4.8 per cent and units have increased by an impressive 7.6 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 falling by -0.2 per cent. Over this period, house values actually fell by -1.2 per cent and unit values increased by 4.1 per cent. The first five months of this year has seen house values appreciate by 1.7 per cent and unit values increased by 3.3 per cent. Canberra remains home to the nations second best gross rental yields which sit at 5.4 per cent for houses and 5.7 per cent for units.

Ends. Additional information – please contact Mitch Koper at RP Data on 0417 771 778 or Christopher Joye on 0414 980 264.

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)								
May 09 Value	529.785	443.811	432.101	396.839	468.052	444.846	460.309	468.819
Apr 09 Value	523.848	436.192	427.091	397.941	472.382	445.166	460.596	464.636
May 09 MTH	1.13%	1.75%	1.17%	-0.28%	-0.92%	-0.07%	-0.06%	0.90%
May 09 QTR	2.71%	3.96%	2.22%	1.41%	-0.81%	4.34%	3.12%	2.47%
May 09 YTD	5.19%	6.06%	2.58%	0.47%	-0.47%	5.47%	2.05%	3.90%
May 09 YOY	3.46%	3.53%	-0.52%	-0.68%	-4.63%	14.33%	-0.19%	1.56%
Apr 09 MTH	0.80%	1.82%	0.35%	0.59%	-0.74%	1.91%	2.74%	0.87%
Apr 09 QTR	3.44%	3.62%	1.62%	1.70%	0.23%	3.32%	3.77%	2.72%
Apr 09 YTD	4.01%	4.24%	1.39%	0.75%	0.45%	5.55%	2.11%	2.98%
Apr 09 YOY	2.17%	1.42%	-3.06%	-1.17%	-4.53%	15.03%	1.62%	0.22%

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								
May 09 Value	582.543	469.357	458.748	412.516	475.481	493.430	487.012	495.287
Apr 09 Value	575.728	462.158	451.630	413.556	476.591	496.771	487.952	490.453
Days on Market	29	29	32	72	31	65	32	
May 09 MTH	1.18%	1.56%	1.58%	-0.25%	-0.23%	-0.67%	-0.19%	0.99%
May 09 QTR	2.79%	4.13%	2.69%	1.14%	-0.86%	4.35%	2.32%	2.52%
May 09 YTD	5.11%	5.86%	3.13%	-0.15%	-0.52%	4.79%	1.72%	3.72%
May 09 YOY	2.45%	3.25%	-0.21%	-1.28%	-4.52%	14.76%	-1.23%	1.00%
Apr 09 MTH	1.13%	2.37%	0.28%	0.39%	-1.04%	3.87%	2.49%	1.05%
Apr 09 QTR	3.64%	3.57%	1.97%	1.48%	-0.69%	4.77%	3.14%	2.61%
Apr 09 YTD	3.88%	4.24%	1.53%	0.10%	-0.29%	5.50%	1.92%	2.71%
Apr 09 YOY	0.85%	0.99%	-3.15%	-1.71%	-4.68%	13.81%	1.03%	-0.57%

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								
May 09 Value	442.994	377.077	327.982	345.477	440.783	342.724	379.567	403.186
Apr 09 Value	438.501	368.360	331.210	346.785	456.932	336.693	377.880	400.620
Days on Market	24	27	29	66	23	56	35	
May 09 MTH	1.02%	2.37%	-0.97%	-0.38%	-3.53%	1.79%	0.45%	0.64%
May 09 QTR	2.53%	3.40%	-0.26%	2.47%	-0.59%	4.33%	6.31%	2.30%
May 09 YTD	5.38%	6.72%	-0.32%	2.97%	-0.26%	7.61%	3.32%	4.47%
May 09 YOY	5.71%	4.45%	-2.21%	1.73%	-5.07%	13.05%	4.05%	3.32%
Apr 09 MTH	0.11%	0.06%	0.72%	1.35%	0.40%	-3.73%	3.72%	0.30%
Apr 09 QTR	3.01%	3.79%	-0.24%	2.57%	3.91%	-0.95%	6.31%	3.03%
Apr 09 YTD	4.31%	4.26%	0.66%	3.36%	3.39%	5.71%	2.86%	3.81%
Apr 09 YOY	5.14%	2.84%	-2.56%	0.99%	-3.96%	18.96%	3.99%	2.68%

Table 4

RP Data-Rismark Hedonic Index Results Houses and Units Rental Yields								
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Darwin	Canberra	National
Quarter Results								
Houses								
May 09 QTR YLD	4.62%	4.20%	4.60%	4.31%	4.52%	6.39%	5.43%	4.54%
Units								
May 09 QTR YLD	5.58%	4.80%	5.47%	4.99%	4.98%	6.11%	5.71%	5.32%

* 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 by end 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 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 129 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 an 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

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.

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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.