

## PROPERTY MARKET MONITOR

### RESIDENTIAL OVERVIEW - DECEMBER QUARTER 2007

#### *BRISBANE*



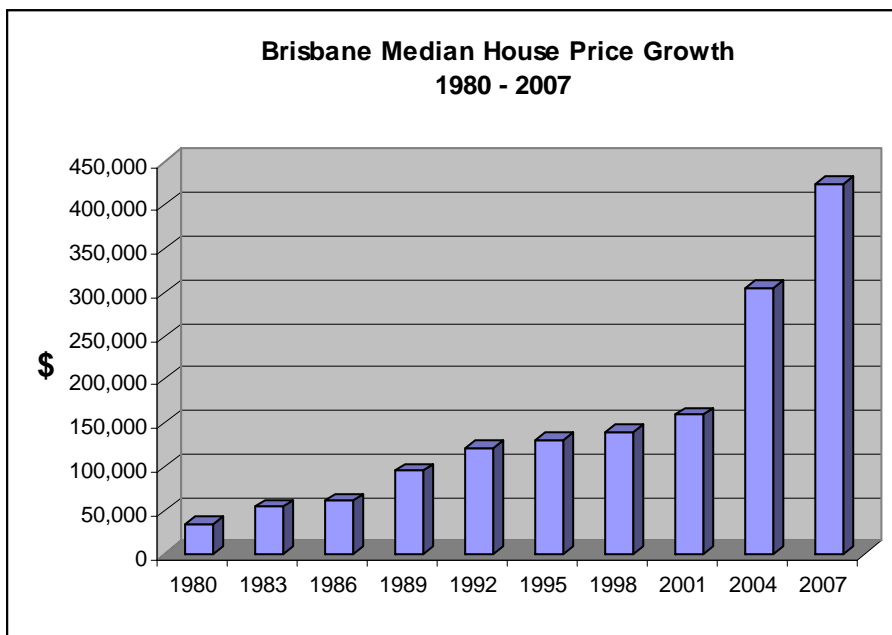
#### RESIDENTIAL HOUSING MARKET

Queensland's residential property market has recorded positive median house price growth throughout the last quarter of 2007. The unit and townhouse residential property market also mirrored the state's housing market with steady price growth during the year. With low housing affordability at the present time, units and townhouses provide the perfect affordability buffer.

In the December quarter, Brisbane's median house price was \$425,368, an increase of 20.12% from December 2006. The median unit price for Brisbane in the December quarter was \$322,127 which is an increase of 11.28% from the same time in 2006. The Ipswich suburb of Brookwater golf community experienced the greatest growth in 2007. The median house price in Brookwater increased to \$590,000 in the 12 months to the end of December 2007, a jump of 62.8%.

Queensland's increasing population and limited market stock has produced a situation where demand has out-stripped supply, creating upward pressure on residential housing prices. Graph 1 demonstrates the growth in the median house price in Brisbane from 1980 to 2007.

Graph 1 Increase in Median sale price



Tables 1 and 2 provide an example of the top three performing suburbs in Queensland over the last year. Consistency throughout Queensland has provided substantial median growth in most major areas.

Table 1 - Best performing suburbs over the last 12-months for houses.

SUBURB	December QTR 2007	% CHANGE OVER YEAR
Brookwater golf community	\$590,000	62.8
Calliope	\$352,500	56
Pioneer	\$315,000	53.7

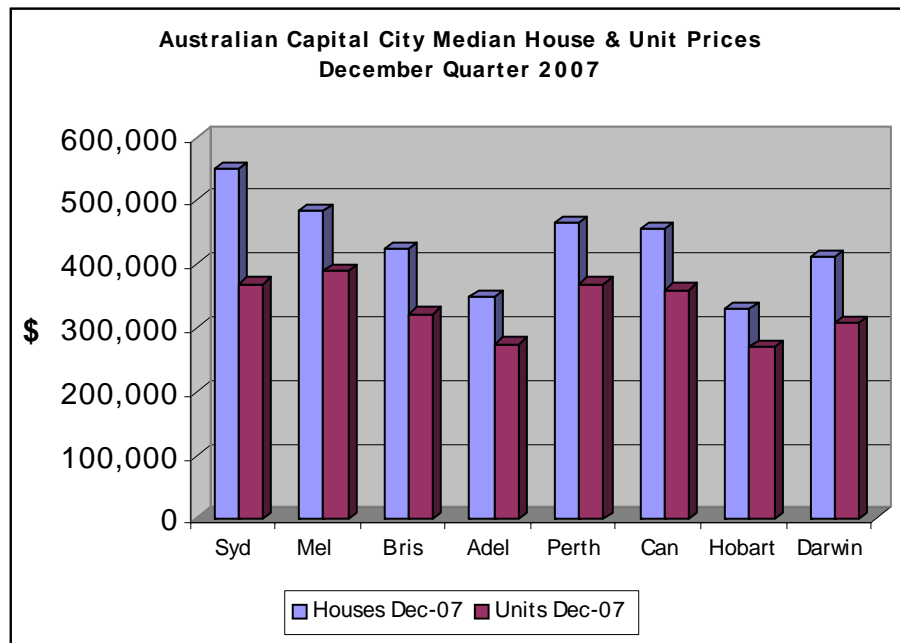
Table 2 – Best performing suburbs over the last 12-months for units & townhouses.

SUBURB	December QTR 2007	% CHANGE OVER YEAR
Peregian Beach	\$377,500	98.7
Milton	\$695,000	90.4
Eagleby	\$260,500	88.8

In regards to units and townhouses, six of the top ten performing suburbs came from Noosa in 2007. This is due to the number of waterfront properties sold in the region and the number of new developments. At the same time it is also an example that you can not beat prime locations.

Graph 2 illustrates the variation between Median House and Unit prices throughout the States and Territories of Australia.

Graph 2



Source: REI

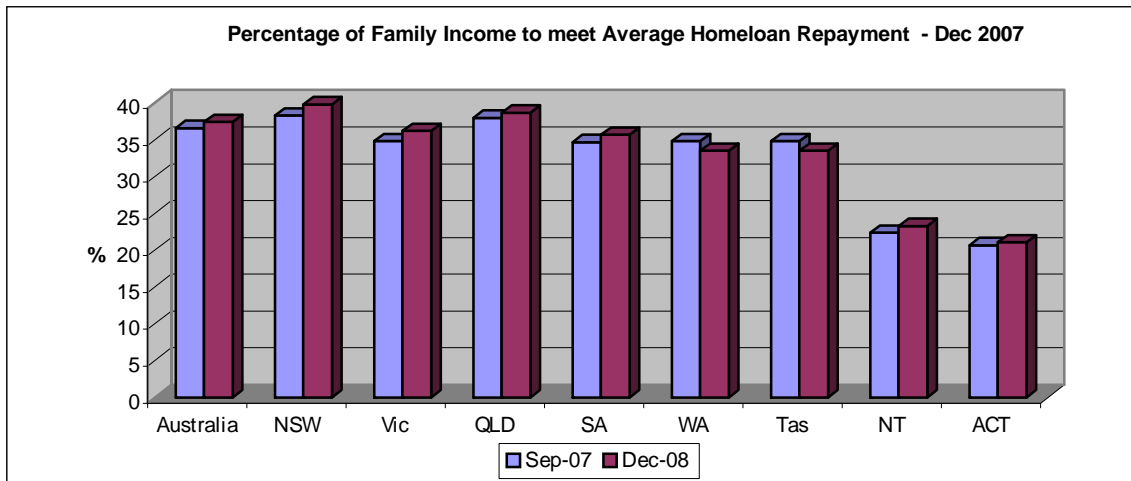
## HOMELoAN AFFORDABILITY

In Australia, the proportion of family income that borrowers require to meet average home loan repayments is now at 37.4% for the December quarter 2007. This is the highest level of family income required to meet repayments in 22 years.

Queenslanders required 38.7% of family income to meet average loan repayments in the December 2007 quarter. Home loan affordability fell by 1.9% over the quarter and by 6.5% over the year.

Graph 3 demonstrates the difference in Home loan affordability between the various States and Territories throughout Australia. It's evident that western Australia and Tasmania are the only two states to experience an improvement in affordability.

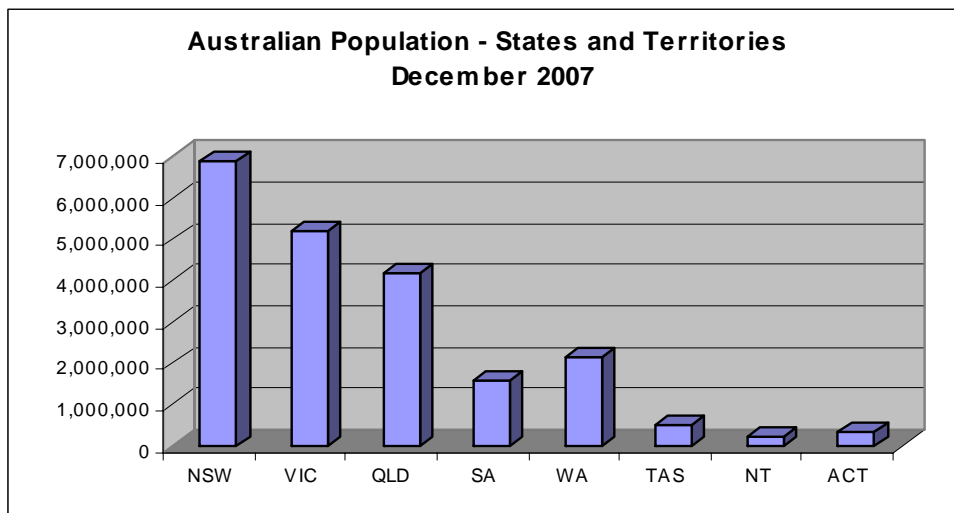
Graph 3



## POPULATION

With an estimated population of 4,201,100 residents, Queensland has the third largest population of all the States and Territories. Since September 2006 the population in Queensland has increased by 2.2% which is the second equal largest percentage gain of all States and Territories along with the Northern Territory. Graph 4 displays the population for each of the States and Territories.

Graph 4



Source: ABS

## OUTLOOK

With the current levels of interest rates being experienced, along with rising prices, a great number of investors have decided to take some time out from investing in residential property at the present time. However, this is expected to change as the year goes on and yields improve, prompting investors to re-enter the residential market.

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