

BRISBANE MARKET UPDATE

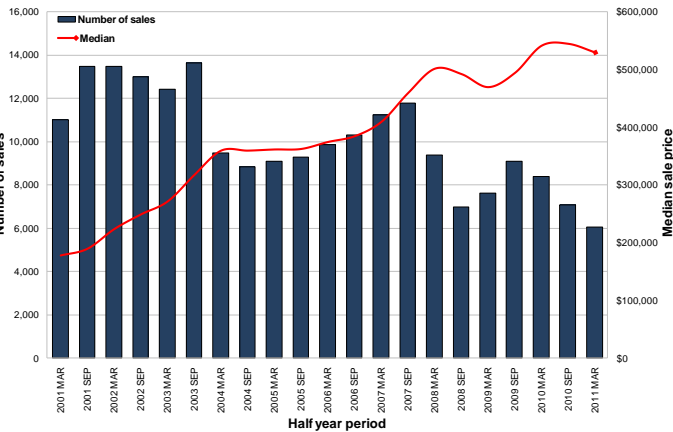
March 2011 Half Year

Median House Price	↓	\$530,000
House Sales	↓	6,052
Median Unit Price	↓	\$401,000
Unit Sales	↓	2,255

Market Overview

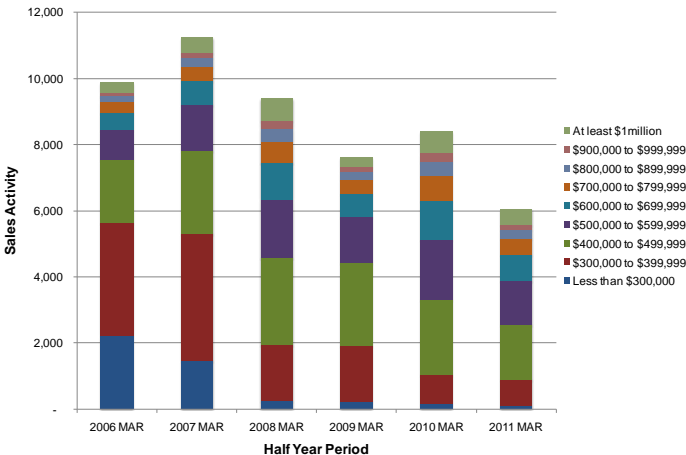
The most influential factor surrounding Brisbane's real estate market at present is a lack of buyer confidence. Over the March 2010 half year this had reached a peak with an "imminent" interest rate rise looming following the surprise November rate rise, January's floods, falling house values, rising cost of living and increasingly debt averse and conservative households. So why with so many opposing factors hasn't Brisbane house values plummeted in line with the pessimist ideology that the "Property Bubble" will pop to the tune of 30% to 40%? This is because Brisbane is enduring a sustained slowing where the market corrects itself and the value of real estate aligns itself with the market's expectations. This is facilitated by a number of strong fundamentals preventing any large price falls, despite sales activity and sentiment recording its weakest performance in over a decade. Historically low interest rates, strong business and infrastructure investment, good population growth, high employment and most importantly the fact that property is still within the financial means of the population form the basis of these fundamentals.

Brisbane House Sales Cycle Graph



Graph Prepared by PRDNationwide Research, Source: PDS

Brisbane House Price Point Graph

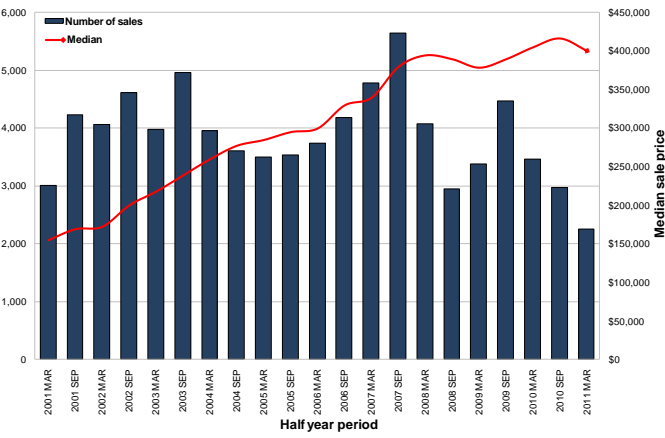


Graph Prepared by PRDNationwide Research, Source: PDS

Looking forward there are a number of promising indicators boding well for a stabilising in the market, with the bottom of the cycle likely to occur towards the end of 2011 or during 2012. Firstly, it appears that the Reserve Bank of Australia has displayed signs of restraint in further increasing interest rates to contain inflationary pressure from the mining sector at the expense of other segments of the economy. Aside from the November rate rise, the cash rate has kept steady since March 2010 and remains at a historically low rate. Our population growth in Brisbane, although contracting as interstate migration wanes, remains at a high 1.4% with any growth over 1% considered to yield a sustained demand for real estate. New listings have slowed compared to last year offset by increasing new building approvals for residential dwellings over April and May, after recording levels consistent with the 2008 Global Financial Crisis in February and March. The strengthening rental market is providing stronger yields with vacancies tightening to 1.8% over the March quarter. As pressure builds in the rental market and rents continue to rise, we can expect the number of motivated buyers within the market to increase.

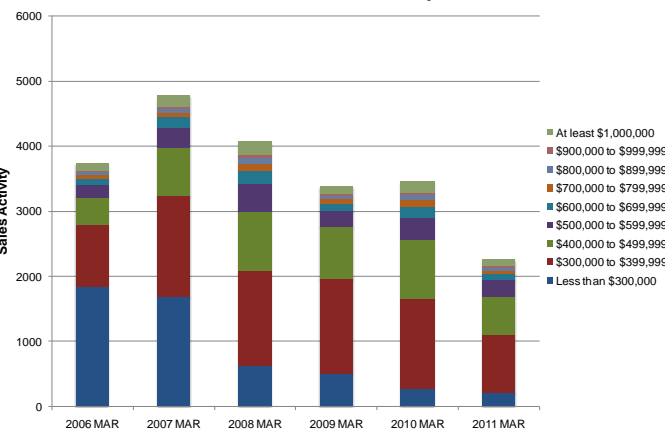
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Brisbane Unit Sales Cycle Graph



Graph Prepared by PRDnationwide Research, Source: PDS

Brisbane Unit Price Point Graph



Graph Prepared by PRDnationwide Research, Source: PDS

“The most influential factor within Brisbane real estate at present is a lack of buyer confidence”

The half year to March 2010 has seen Brisbane record its lowest level of house sales in at least a decade as values weakened over the year. There were 6,052 settled transactions registered during the period culminating to a median house price of \$515,000. This equates to a 28% drop in house sales from the March 2010 half year and a 2.2% softening in median price. The majority of sales for the March 2011 half year have occurred within the \$400,000 to \$499,999 price point at 27%, closely followed by the \$500,000 to \$599,999 price point with 22% of total sales. The premium \$million plus market has accounted for 8% of total sales with the suburb of Bulimba recording the most \$million plus transactions at 24 sales. New Farm and St Lucia recorded the second highest volumes with 19 sales. The highest volume of sales activity for the March 2011 period has occurred within the suburb of Forest Lake which saw 198 sales, while Wynnum saw the second highest volume of sales at 106 settled transactions. For the Brisbane LGA, there were only 16 suburbs to record increased sales with Aspley seeing the largest increase of 15 sales. Doolandella and the Grange recorded the second strongest increase with an additional 13 transactions each.

Similarly to houses, Brisbane’s unit sales have reached their lowest volumes in over a decade causing values to subside as fewer buyers entertain the market. Over the March 2011 half year a total of 2,255 unit sales were recorded with a median price of \$401,000. This represents a 35% drop in sales and 1.1% weakening in median price. The most active price point for units during the period was the \$300,000 to \$399,999 price bracket recording 39% of total sales, followed by the \$400,000 to \$499,999 price point with 26% of sales. The \$million plus market has accounted for only 93 of the total sales recorded, an annual decrease of 74 sales. The suburb of Brisbane City has seen the highest volume of unit sales at 196 transactions, followed by New Farm with 78 sales and Fortitude Valley with 73 sales. Alderley has recorded the strongest increase in sales recording an additional 12, which saw total sales for the period reach 27. Other suburbs to record increased transactions were Wakerley which saw an additional 10 transactions, taking total sales to 22 and Northgate with an increase of seven transactions taking sales to 22.

Prepared by PRDnationwide Research. Source: PDS. For further details contact: Josh Brown, Research Analyst, Ph: (07) 3026 3357 or Email: joshbrown@prd.com.au or visit our website at www.prdnationwide.com.au/research.

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