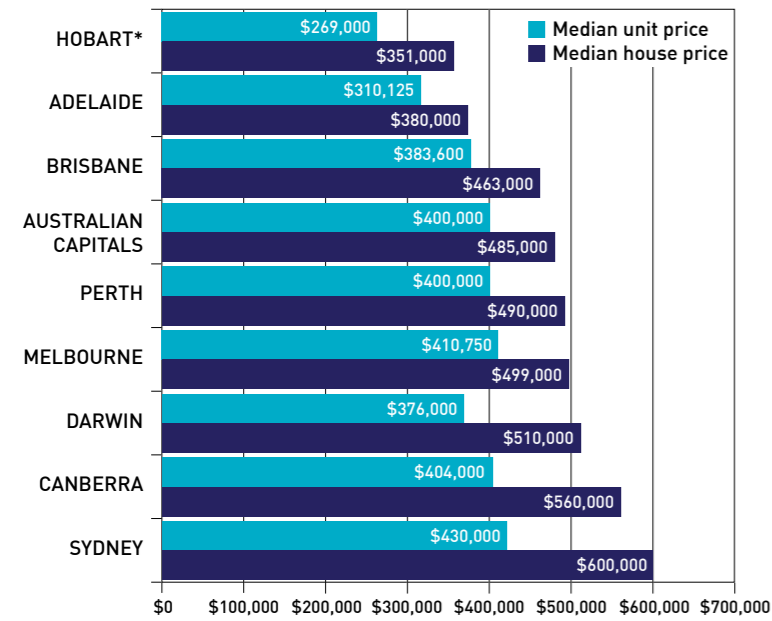


National residential property update

WBP Property Group is an independently owned and operated national group established in 1992 providing services to a wide array of business and private clients throughout the country. The group is a leading provider of residential and commercial property valuation services across Australia.



Source: RP Data market snapshot, December 2009

*Note: Hobart figures are based on November data

Perth

While the Perth prestige market is gaining ground, statistics indicate that the 'trade up' market, or the \$600,000 to \$700,000 price category, is also performing well.

There has also been a notable increase in the popularity of renovations and extensions with property owners showing favouritism towards improving their existing dwellings rather than upgrading. Rising interest rates, strengthening values and the cost of selling are the key factors underlying this trend.

Infrastructure development is another factor contributing to improved property values in and around Perth.

The recently completed Perth to Bunbury Highway has been a blessing for many motorists cutting travel time to the Mandurah and Bunbury localities. As a result of the improved infrastructure, more isolated southern suburbs such as Yunderup, Ravenswood and Pinjarra may become a feasible option for commuters. Leederville and Scarborough are also poised to benefit from proposed redevelopment, with Leederville undergoing zoning

changes to accommodate a shopping centre and a planned foreshore development for Scarborough.

Adelaide

Adelaide continues to offer good value in a number of middle ring suburbs located within seven to 15kms of the Adelaide CBD. Woodville North and Hillcrest in the north and Park Holme and Clapham in the south can expect to benefit from solid capital growth in 2010 as purchasers are priced out of the more highly sought neighbouring suburbs.

The middle price bracket is gaining momentum, fuelled by increasing demand from investors attracted by the strong rental market and renewed interest from upgraders. A further positive driver is the highly anticipated Northern Expressway.

The Northern Expressway creates a non-stop commute to the Adelaide area from the northern suburbs. History shows that proximity and access to good road infrastructure has positive implications for local property values in both the long and short term.

Hobart

Steady as she goes! Tasmania's property markets have stabilised with relatively little movement in property values.

Unlike areas in other states Tasmania does not benefit from a booming population but rather represents a more stable marketplace.

Buyers are making strategic decisions by purchasing new property in the outer suburbs as opposed to pre-established

dwellings in the inner areas. New homes in suburbs such as Kingston (median house prices under \$330,000) as well as established homes in working class suburbs such as Moonah (median prices under \$280,000) are the preference for many buyers.

Melbourne

Melbourne's inner eastern suburbs led the way showing positive capital growth results over the last 12 months. The inner south and bayside regions were placed second with many suburbs in these areas holding a median house price of double the Melbourne median.

These areas performed above expectations, largely due to the quality of private schools, public amenities such as parkland, bay and river aspects, public transport and shopping centres. Suburbs such as Croydon and Bulleen are also likely to respond positively in 2010 due to their proximity to higher priced neighbouring suburbs.

The north western area of Melbourne has also shown an increase while remaining an affordable option for first home buyers and investors. Suburbs such as Reservoir and Preston located within only 15km of the CBD represent solid prospects for future capital growth as issues of housing affordability worsen.

The Melbourne property market has seen rental vacancies fall to their lowest levels in 25 years fuelling predictions that levels will tighten further in the year ahead. The vacancy crisis is even worse within a 4km radius of central Melbourne with just 0.5% of rental homes in that zone vacant.

Sydney

According to figures released earlier this year, 2009 closed with Sydney house prices up approximately 11.6%. Inner western areas such as Leichhardt, Newtown and Marrickville defied a shrinking pool of buyers to post increases in prices, no doubt due

to continuing tight supply. Prestige markets such as the lower north shore, northern beaches and eastern suburbs continue to improve as increased buyer activity combines with stock limitations. Areas such as Blacktown, Penrith, Liverpool and Campbelltown, which were major beneficiaries of first home owner stimuli, have experienced a noticeable drop in buyer activity, with supply now outweighing demand under a rising interest rate environment.

Brisbane

In south east Queensland, the investor appears to be coming off the sidelines and back into the property market. Investors had been forced into the shadows by the huge level of pent-up demand from first time home buyers which led to an inflation of prices at the bottom end of the market. Anecdotal reports indicate that investor activity appears to be largely in the sub \$400,000 price range. Throughout 2010, it is expected that continued strength of demand will see rental rates increase across the board.

Given low, yet slowly increasing rates and high rental demand, rental return should be strong this year.

The continued progression of infrastructure development including major tunnels and roads, many of which are nearing completion, will create further support for property values in 2010.

The north/south bypass tunnel will deliver access to and from east Brisbane and Bowen Hills, providing opportunities in parts of these suburbs not directly affected by the increased traffic.

If you are in the market for an investment property, you may want to refer to the checklist below:

- Take a look at a map of the region you are considering, identify the local CBD and draw a circle 15 kms around the central point. Start looking for your property within the circle.
- Research, research, research! Review data showing median sale prices and rental yields on comparable properties.
- For affordability stay within the second and third quartile of prices in the suburb for price and rent.
- Check demographics, especially population numbers, growth and density.
- Is the property within close proximity to schools, shopping centres, university or business hubs that are well established and likely to appeal to good quality tenants?
- Does the area have an established public transport network and is it close to the main arterial road network?
- Check the local government website for developments planned for the suburb/region, eg high density dwellings.
- What is the land size? Is there potential for subdivision (or to increase the size of the existing dwelling) at a later stage to increase the marketability?
- The newer the property the better the depreciation benefits.
- Unit - best features: minimum two bedrooms, built in robes, bathroom + ensuite, internal laundry and lockup garage.
- House - best features: minimum three bedrooms, built in robes, two bathrooms, lockup garage (parking for two), extra storage, low maintenance fully fenced yard.
- Is there a current tenant and if so are they paying market rent?
- Invest time to find a quality property manager.

