

JOHNSTON DIXON REPORT 2008/09

Special Feature
Capital Growth Index 1970 - 2050



INTRODUCTION

These are interesting times for Brisbane property. The core fundamentals that fuel our strong capital growth remain solidly in place, but external influences are proving quite a distraction.

The residential real estate sales environment for 2008 has been much more subdued across Brisbane after a stronger than expected 2007.

Predictions for the market in the short to medium term vary from doomsday theories of unprecedented price corrections to continuing strong capital growth. Economic forecaster BIS Shrapnel, for example, is forecasting 20% growth for Brisbane over the next three years and 40% over the next five.

Forecasts rarely turn out exactly right but BIS Shrapnel's 'future demand based' type forecasting has in the past proven prudent as a guide.

Given the very strong prognosis for Brisbane property, today's market probably represents a rare opportunity for buyers to get a foothold in a market that will soon price itself out of the reach of many, though not corporations nor property syndicates, the next big thing for residential property.

PAST

There was a significant upswing in the market in many of Brisbane's inner and middle ring suburbs during the first eight months of 2007. This surprised many in the marketplace, including some in property circles.

Whilst we weren't so surprised by the growth, having foreshadowed it in our 2006/2007 report, what did catch us a little off guard was its magnitude

in some areas. For example, median house price growth for Brisbane's inner South-western suburb of Fig Tree Pocket topped 50% for the year.

What made the 2007 residential property market performance all the more impressive was that it occurred despite unprecedented global financial turmoil caused by both a sharemarket meltdown and the 'Subprime Crisis'. These continue to negatively impact the state of world play today.

At home in Australia, we avoided much of the direct fallout from 'Subprime' although we remain on alert. What we had to contend with was a string of debilitating interest rate rises as part of a tightening monetary bias from the RBA (Reserve Bank of Australia).

We also had an election and change of government. Federal elections usually cause the market to pause and true to form, the market cooled immediately after the poll date was confirmed.

There is normally a quick rebound in activity post election. However, this time around, that just didn't happen, and apart from a brief spike early in 2008 which was quickly quashed by a further interest rate rise, this has been a year of greatly reduced activity. Ongoing inflation concerns continue to keep a very tight lid on proceedings.

PRESENT

As mentioned, speculation is rife that a rare price correction in the Brisbane market could be in the offing.

There's been similar speculation in the past but the closest Brisbane has ever come to a true correction since records have been kept (1970) was a modest 2% retraction in 1995. This was caused by a rare surplus of new housing at that time. Compare this 2% retraction to the more than 4,500% of cumulative capital growth over the same period.

Not only has Brisbane experienced phenomenal capital growth generally, in the stakes for capital city price ascendancy, Brisbane has now overtaken Melbourne, trailing only Perth, Canberra and Sydney.

As profits from the resources boom flatten, Brisbane should close the gap on Perth. Unlike Western Australia, Queensland has a second economic plank to mining in tourism. When resources ease, tourism traditionally surges. This counter-balancing act is what makes Queensland and it's capital so economically resilient.

Some of the current concern over property values is spurious. When the market started to flatline just prior to the election, new sellers, very used to strong capital growth, continued to factor in large buffers to asking prices. This caused the divergence between what buyers and sellers thought a given property was worth to blow out (to 25% in some cases from the usual 10-15%) and therefore for some property to remain unsold.

Now that it is clear that the boom period is over, most sellers expectations have moved back more in tune with the market. It has been this retreat in expectations which has been widely misreported as falling values.

Studying Brisbane's residential property sales history illustrates that whilst the number of sales can rise and fall perceptively from one year to the next, values traditionally hold quite firm. This is confirmed by the recent release of Brisbane's June Quarter 2008 house sales which show a further 0.6% growth.

Why values hold up well in a reduced demand environment becomes clearer when the following is considered:

- Most people view property as the safest investment vehicle there is

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- People fear that if they sell a property and don't quickly re-purchase, they may be locked out of the market
- Many sellers believe that if they do not get their price today, they will in the short to medium term
- Few people can reconcile selling for a less price today than what they might have got in the past.

“Interest rates traditionally take the escalator up and the elevator down.”

When demand eases, potential sellers concerned that they may have missed the opportunity to optimise the value of their property often choose to hold off. This is particularly so where genuine motivation is lacking. This helps keep supply and demand in balance.

What can get lost in such thinking is that buying a property in a softer market can prove smarter financially than buying in a normal or hot market.

If a property was able to be purchased today at the same price as a year ago. Given Brisbane's historic house price growth, that would equal a 10% saving (\$100,000 per \$million or \$50,000 at today's median house price).

As logical and as simple as this is, logic is scarce in an environment of fear. It is at these times that the smart money emerges in the hands of the counter cyclical investor who knows the double advantage of buying when few are and selling when few are.

FUTURE

The clear historic constant for both Brisbane and Queensland has been the annual percentage growth of population. Population growth drives demand and whosoever it remains constant, so too should capital growth.

By applying Brisbane's historic capital growth levels to today's house prices, we are able to get an insight into likely future values (refer to page 7).

As daunting as these future prices may seem to us today, they are no different to what today's median house price of \$450,000 would have seemed to someone in 1970 when the median

was just \$9,910 (still a large sum of money to anyone on the then Average Adult Weekly Wage of just \$65.40).

INVESTMENT

Brisbane currently has a large deficit of new housing. This puts significant upward pressure on values. Whilst the pressure may be contained a little in

today's climate of low affordability and bruised investor confidence, any pause in the forward march of values should prove altogether too brief.

The movement in vacant residential land values reflects this. Despite being tempered by greatly increased building costs, prices for vacant land have appreciated greatly over the past decade (refer to graph on page 4).

Interest rates traditionally take the escalator up and the elevator down. When interest rates come off here (as they have in the US), affordability can turn around very quickly, particularly when assisted by increased wages. Layer upon that the compound effect of years of pent up demand and large upswings in values become likely.

A consequence of low affordability is improved rental yields. As purchaser confidence slips, the 'safer' option of renting for a while until things settle down causes the ratio of tenants to properties to increase, in turn driving rental returns upwards. With Brisbane already at near record low vacancy rates, the potential for much higher returns is bringing many property investors into the market.

THE TOP END

The upper end of Brisbane's residential property market has held up well given everything that has been thrown at it from a global and national economic perspective. Whilst it is obviously not totally immune to major financial shocks, Brisbane does appear to be in the very best shape to cope of all the capital cities.

The population of Brisbane and South East Queensland is now expanding at rates not seen for decades. This puts significant upward pressure on values for the limited number of preferred positions and areas across the city.

Ever increasing demand for a finite, or in the case of riverfront, diminishing, product is a very potent recipe for exceptional capital growth.

Over the next few years, we feel that the type of upmarket property that will perform best will be that which is either limited in supply, uniquely situated, or that which offers development options. Riverfront values will also recommence their long march forward after a relatively quiet period this last year.

LOW TO MIDDLE SECTOR

In our last report we identified as prime investment options, a number of 'Areas of Exception', property that had been seemingly by-passed in the 2002-04 boom. These areas have since performed very well indeed.

Again looking forward, we see good upside across a number of localities. We expect well located property in a line from Ashgrove to Ascot to perform solidly over the next year, so too similarly situated property from Bulimba through to Holland Park and across to Yeronga. Riverside suburbs in a line from Yeerongpilly to Chelmer and Indooroopilly to Red Hill also seem to offer good value in the market.

GENERAL

Ripple out - ripple in. Capital growth gravitates out from a central point in a broad ripple effect each cycle. In a softer market, the improved security of buying closer to the city, the 'flight to quality', can cause the ripple effect to regress at least some of the way.

What we will see in the near term is a squaring up of the values ledger. Traditional percentage price variations between inner and outer areas were knocked off balance in the affordability driven 02-04 boom to the significant advantage of outer areas. With the boom over, the economic laws of gravity will bring both markets back into a more traditional alignment.

DEFINING QUALITY

When it comes to property, defining true quality is very much open to interpretation.

To some, a quality property might be a traditional colonial homestead on acreage, or a sleek, minimalist apartment in the heart of the CBD. To others, quality may be more a question of locality, outlook, or even elevation than one of style or type of dwelling. In essence, a quality distinction is many and varied and very much open to individual preference and interpretation.

So what is it that sets some property apart so that they may rightly be called quality products? Why should one property justify the description when another right next door might not?

Whether something can be described as quality is determined by the existence of a number of factors or emotions that ultimately set a product, person or service apart from the norm.

In the greater Brisbane area, quality property is most often associated with property situated on the river, on hilltops, on acreage, or with homes that are quite unique for some reason. That said, a property can be classified as quality for many other reasons.

Supply and demand dictates the market for all products and quality real estate is no exception.

Brisbane has a great many suburbs, quite a few hilltops, but only one river. Capital appreciation ascends in order of scarcity which goes some way to reconciling why the average price for riverfront land has more than tripled in just the last decade to more than \$3m.

Elevation and aspect are also defining factors. A property's appeal increases with city, river, bay or rural views. An unusually large land size for a given area will also increase appeal.

The close proximity of Brisbane's acreage belts to the city make the capital unique in Australia. Acreage property offers unique advantages for those seeking space or privacy, be that for gardening, equine pursuits, or simply greater peace and quiet.

While acreage sites are still relatively plentiful outside of Brisbane's city limits, opportunities closer in become rarer as the city's population grows. The median price for an acreage home in Brookfield (15km from the CBD) is \$1.3m. Just 10km further out, at Karana Downs, it is only \$439,500.

Then there is reputation. Just north of the city, fashionable Ascot has long been a suburb of choice for many of Brisbane's 'Gentry' with its

distinctly elegant homes, manicured gardens, private pools and tennis courts. Ascot's current median house price is \$1.1m. A similar distance south-east of the city at Murrarie, the median house price is just \$416,000.

So what if many of the above quality traits were combined in one offering?

'Bishopsbourne', a grand home on 5,597sqm of land which recently sold on Eldernell Terrace in Hamilton certainly has rare space and privacy.

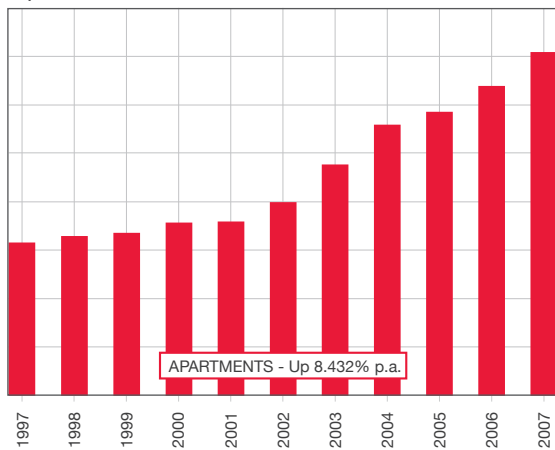
It also enjoys a prestigious address and outstanding views taking in much of the city. Finally, established in 1869 it has real history. The result? An \$11.2m sale price tag and entry into the record books as Brisbane's most expensive home sale to date.

World-wide the demand for quality product ultimately outstrips supply.

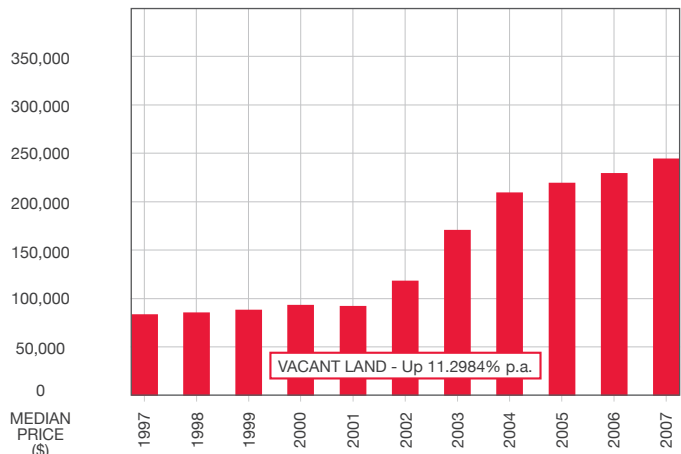
Locally we are fortunate that many quality property options remain within our reach, although history does seem to clearly illustrate that the stretch required to acquire the types of property that will endure well in any market gets greater with the passage of time.

MEDIAN PRICE INDICES

Apartments 1997 - 2007

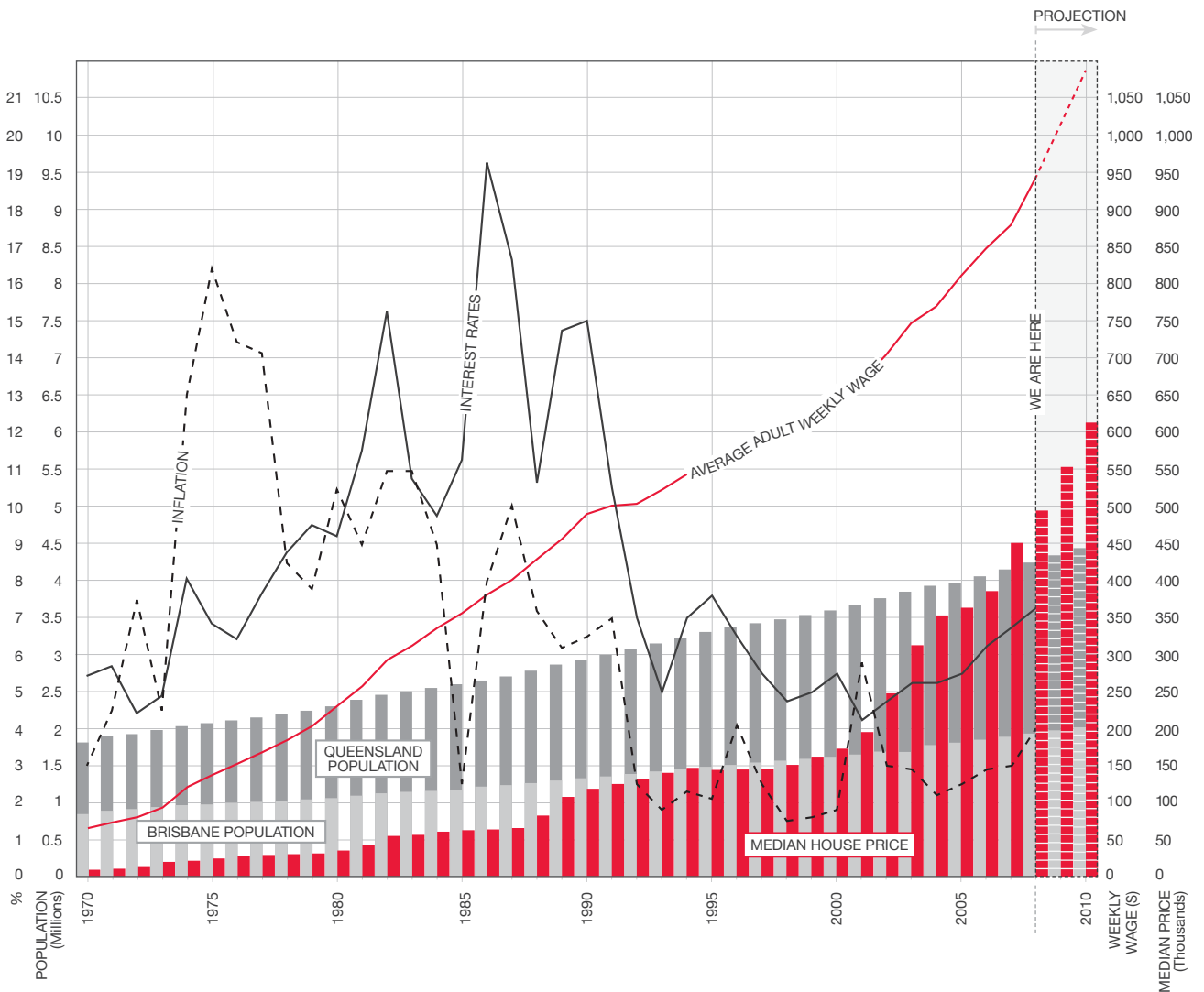


Vacant Land 1997 - 2007



The JOHNSTON DIXON CAPITAL GROWTH INDEX

Brisbane Housing 1970 - 2008



KNOWLEDGE CAPITAL

Success leaves clues. This is as true for the dynamics of Capital Growth as anything else.

The following represent some of the more pertinent points to emerge from of a study of Brisbane's sales history.

- Brisbane's Median House Price has grown by 10.8633% annually (compounding) since records have been kept, from \$9,910 in 1970 to today's \$450,000 (up 4,550%).
- Vacant land has appreciated at 11.2984% annually over the 10 years that records have been kept.
- Average Adult Weekly Wages have grown at 7.275% p.a.
- Brisbane's Median House Prices double every 6.53 years.
- Average Adult Weekly Wages double every 9.76 years.
- To highlight the compound difference between 7.275% (wages growth) and 10.8633% (house price growth); \$9,910 (the 1970 median house price) invested at a fixed 7.275% in 1970, would today add up to \$133,204 (before tax). The same \$9,910 put into your own home in 1970 would now realise on average \$450,000 (tax free).
- Environments of higher interest rates, inflation and wages growth shorten the time between property booms.
- Capital growth has trended higher with time. In the decade 1978 - 1987 compound growth totaled 88.01%, from 1988 - 1997 it was 88.71%, and 1998 - 2007: 120%.
- Brisbane's median house price should hit the equivalent of 100 times the 1970 median price by 2015.
- Assuming values continue on the same path for the next 37 years as the past 37, the median house price will be \$20m (in 2044), and nearly \$40m by 2050.
- In 1970 it took 151 times (or nearly 3 years of) the then Average Adult Weekly Wage of \$65.40 to acquire a median priced home of \$9,910. Today it's 511 times, or nearly 10 years wages, making houses more than three times more expensive today in real terms than in 1970.
- This becomes 784 times (15 years wages) by 2020, 1,090 times (21 years wages) by 2030, 1,514 times (29 years wages) by 2040, and 2,105 times (or more than 40 years wages) by 2050 (see graph on Page 7).

DEVIL ISN'T IN THE DETAIL

If you peel away the layers, Brisbane's property sales history is full of revelations and clues for the future.

Just as a racehorse need only be that little bit faster than the rest to make most of the money, so too can a little extra knowledge about the fundamentals governing capital growth go a very long way in optimising property investment. Most people have a grasp of what the property market is doing right now. What is often less understood is why the market is doing what it is, how long cycles last, when price spikes or plateaus should occur and what triggers them. Property is not an exact science, but study the following tables and corresponding graphs closely, and the science may become a whole lot clearer.

Brisbane Housing 1970 - 2008

YEAR	TOTAL SALES VALUE	NUMBER OF SALES	MEDIAN HOUSE PRICE	ANNUAL % CHANGE
1970	\$1,127,755	109	\$9,910	N/A
1971	\$6,085,177	469	\$11,500	16.0%
1972	\$12,994,390	821	\$14,000	21.7%
1973	\$23,450,246	1,085	\$20,000	42.9%
1974	\$27,216,564	1,160	\$22,047	10.2%
1975	\$42,166,573	1,565	\$24,900	12.9%
1976	\$48,867,187	1,647	\$27,500	10.4%
1977	\$55,441,751	1,690	\$29,450	7.1%
1978	\$60,860,756	1,806	\$30,500	3.6%
1979	\$82,773,071	2,348	\$32,000	4.9%
1980	\$120,599,361	2,997	\$35,450	10.8%
1981	\$163,062,678	3,260	\$46,000	29.8%
1982	\$149,678,945	2,495	\$55,000	19.6%
1983	\$221,419,470	3,513	\$57,000	3.6%
1984	\$283,178,482	4,213	\$60,500	6.1%
1985	\$320,016,278	4,582	\$63,000	4.1%
1986	\$303,786,419	4,181	\$64,000	1.6%
1987	\$562,363,277	7,277	\$66,500	3.9%
1988	\$989,460,986	10,213	\$83,000	24.8%
1989	\$1,022,391,968	7,991	\$107,000	28.9%
1990	\$1,243,885,829	9,068	\$118,000	10.3%
1991	\$1,882,460,239	13,173	\$125,000	5.9%
1992	\$2,384,261,125	15,904	\$132,500	6.0%
1993	\$2,576,967,129	16,259	\$140,000	5.7%
1994	\$2,519,750,739	15,132	\$147,000	5.0%
1995	\$2,190,395,681	12,645	\$144,000	-2.0%
1996	\$2,183,729,424	13,329	\$144,900	0.6%
1997	\$2,853,019,246	16,505	\$150,000	3.5%
1998	\$2,828,016,228	15,902	\$155,900	3.9%
1999	\$3,507,907,925	18,631	\$162,900	4.5%
2000	\$3,733,555,302	18,358	\$173,000	6.2%
2001	\$5,461,113,977	23,978	\$195,000	12.7%
2002	\$6,917,655,349	24,017	\$246,750	26.5%
2003	\$8,234,165,049	23,417	\$314,000	27.3%
2004	\$6,457,748,569	15,855	\$356,000	13.4%
2005	\$7,302,280,109	17,325	\$363,900	1.1%
2006	\$8,674,042,969	19,289	\$385,000	5.8%
2007	\$11,288,174,308	21,460	\$450,500	17.0%

*Red entries represent a negative to the year previous.

GENERATIONAL OWNERSHIP - GET USED TO IT...

Home ownership becomes more elusive world-wide with the passage of time - Brisbane is no exception.

Even with seasonal ups and downs in the market, already in many parts of Europe buying a home is no longer counted in years, but in generations. The dream of home ownership has become so

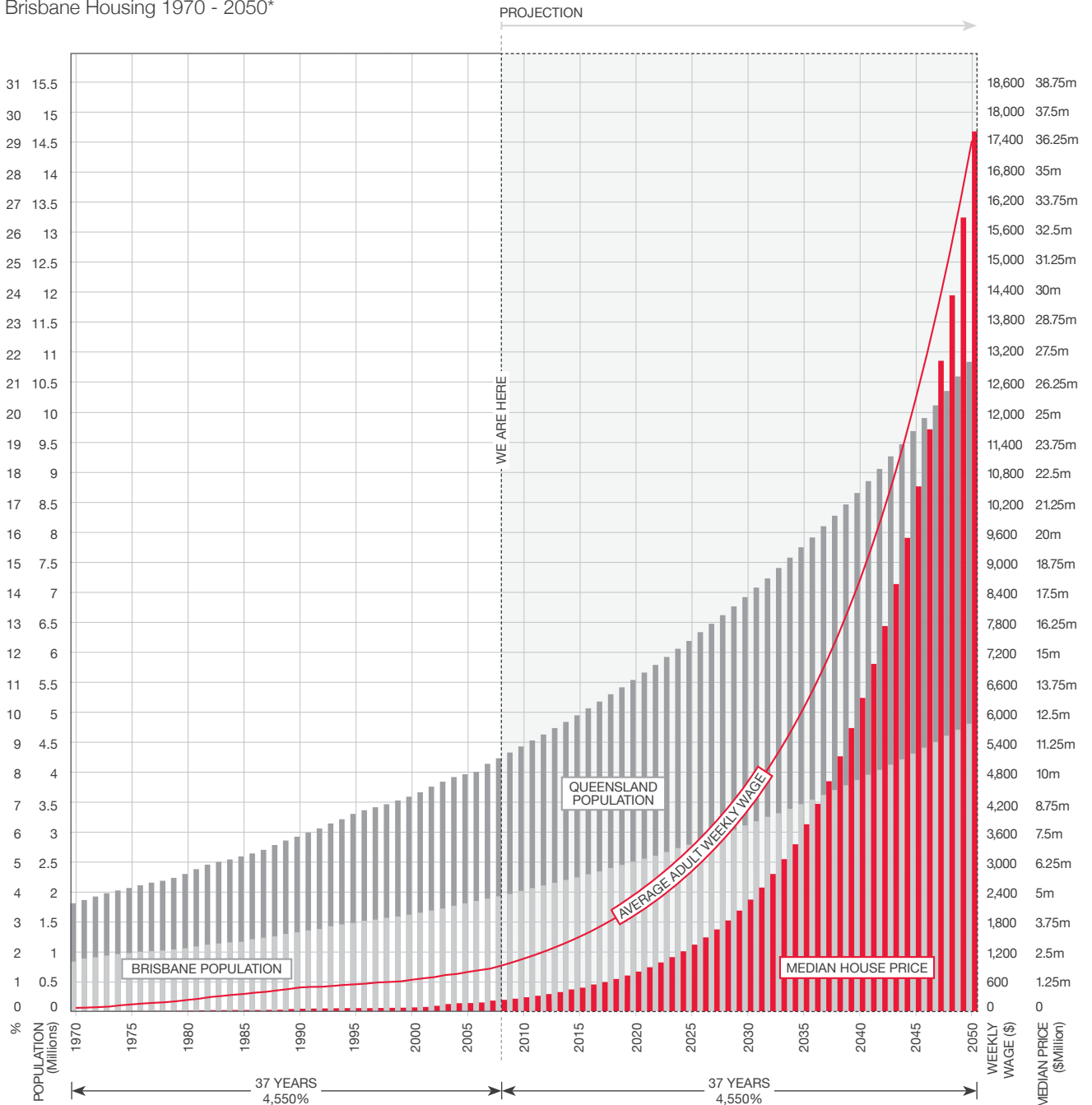
elusive many just don't even bother attempting to start out. Tragically for younger generations, even in countries with diminishing buyer participation, values continue their inexorable rise.

If values continue to follow their firmly entrenched upward path, Brisbane will move into the sphere of generational ownership sometime around 2030 (just a little over 20 years from now).

By then it will take more than 20 years of the full (2030) Average Weekly Adult Wage to buy a median priced home.

Whilst data on the subject is not all that clear, 20 years of a full individual adult wage equates to roughly 40 years of combined household incomes after taxes, mortgages, cars, holidays, schooling and general living expenses are taken into account.

The JOHNSTON DIXON CAPITAL GROWTH INDEX
Brisbane Housing 1970 - 2050*



*Applies continuation of historical trends.

BRISBANE'S TOP SALES

The past year proved a stellar one for quality real estate.

Brisbane made it into double figures for a single house sale for the very first time during 2007, a year in which the serious money retreated to quality, with most top end sales occurring in more traditional 'older money' areas. Hamilton performed best on the housing front, New Farm lead apartment sales, premium riverfront sales were evenly spread, and Pullenvale took the honours for acreage.

Combined

Top 5 Brisbane Residential Sales

1	\$11,200,000	39 Eldernell Terrace, Hamilton
2	\$9,000,000	55 Markwell Terrace, Hamilton
3	\$7,000,000	40 Dickson Terrace, Hamilton
4	\$6,700,000	105 Herron Road, Pullenvale
5	\$6,100,000	78 Jilba Street, Indooroopilly

Houses (Non-Riverfront)

1	\$11,200,000	39 Eldernell Terrace, Hamilton
2	\$9,000,000	55 Markwell Terrace, Hamilton
3	\$7,000,000	40 Dickson Terrace, Hamilton
4	\$5,000,000	47 Toorak Road, Hamilton
5	\$4,700,000	10 Aaron Avenue, Hawthorne

Riverfront / Riverside Houses

1	\$6,100,000	78 Jilba Street, Indooroopilly
2	\$6,000,000	17 Julius Street, New Farm
3	\$5,700,000	15 Ormadale Road, Yeronga
4	\$5,200,000	180 Macquarie Street, St Lucia
5	\$5,160,000	73 Longman Terrace, Chelmer

Acreage Houses (land content greater than 0.4ha/1 acre)

1	\$6,700,000	105 Herron Road, Pullenvale
2	\$5,200,000	421 Grandview Road, Pullenvale
3	\$4,500,000	19 Angophora Street, Robertson
4	\$3,800,000	485 Albany Creek, Bridgeman Downs
5	\$3,100,000	298 Savages Road, Brookfield

Apartments

1	\$5,700,000	7/69 Moray Street, New Farm
2	\$5,600,000	9/69 Moray Street, New Farm
3	\$5,300,000	8/69 Moray Street, New Farm
4	\$4,700,000	172/32 Macrossan Street, City
5	\$4,600,000	602/197 Merthyr Road, New Farm

There were 15 sales over \$15m in Brisbane last year. They were split 80% housing, 20% apartments. Predominantly the better sales occurred on the river or on Brisbane's near city hilltops.

The inner North suburb of Hamilton recorded the top 3 sales in Brisbane for the year at an average price of \$9 m. All 3 home sales were notably located at different street addresses, highlighting the top end versatility of the area.

'Ciel' apartments in Moray Street, New Farm was responsible for all 3 recorded apartment sales to break the significant \$5m barrier. The next 2 most significant results were also located very close to the city.

Brisbane's current median house price record holder, Brookfield acreage (with a Median House Price of \$1.3m), had only one sale exceeding \$3m for the year. It's high average price was borne out of the generally higher values of acreage land.



Number 4 in the highest price home stakes was a palatial acreage holding with city views atop 1 hectare of private land, at 105 Herron Road, Pullenvale. It sold for a record \$6.7m (the property is viewable online at www.johnstondixon.com/105h).

Despite what will go down in history as a relatively quiet year for riverfront property sales, there were still 5 sales eclipsing the \$5m mark. These were relatively evenly spread from inner city New Farm through to Chelmer in Brisbane's inner south-west.

Detailed riverfront specific reporting is available under the profile tab at www.johnstondixon.com.

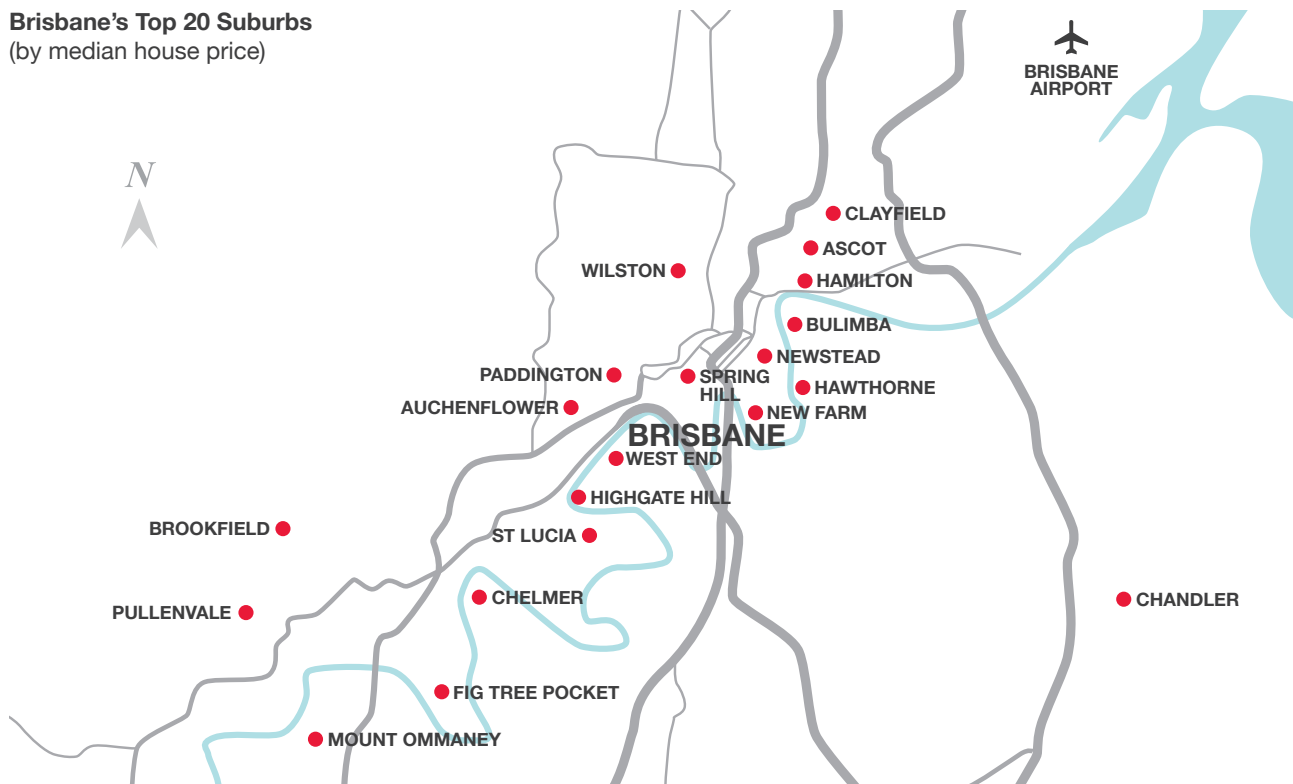
BRISBANE'S CURRENT TOP 20 SUBURBS

Brisbane's Top 20 suburbs collectively have a current average median house price of \$670,000, 1.5 times current Brisbane average price of \$450,000.

While they represent a very diverse group - from trendy, racey inner city New Farm to tranquil country living at Pullenvale, each Top 20 locality has key points of attraction. These may range from near city location, close proximity to the river, extra privacy, and additional land area for any number of reasons.

Brookfield's acreage homes topped 2007's median price charts at \$1.3m, representing a 125.1% increase over just the last five years. Hamilton, Ascot and Chandler were close behind, each with median house prices topping \$1m.

Brisbane's Top 20 Suburbs
(by median house price)



#1 BROOKFIELD (median price \$1.3m)
The charming semi-rural suburb of Brookfield is situated just 13km from the CBD. It is renowned for the peace and privacy it affords its inhabitants. First settled around the 1860s, the area is now predominantly occupied by families wishing to embrace a rural lifestyle within easy reach of the city.

#2 HAMILTON (median price \$1.2m)
Hamilton has long been favoured by Brisbane's corporate elite. From a property perspective, it has many quality hallmarks. It is rich in history, has elevation, is close to the river and has easy access to the city and the airport. It's concentration of exclusive homes is matched only by the river.

#3 ASCOT (median price \$1.1m)
Regarded as one of Brisbane's most prestigious suburbs, like it's neighbour Hamilton, Ascot has long been a suburb of choice for the professional and the well to do. It is famous for its Spring and Winter Racing Carnivals and a reputation for fine dining and boutique shopping.

#4 CHANDLER (median: \$1,087,500)
Catering to both young and not so young families, Chandler consists primarily of 1 hectare lots that offer homeowners the option of acreage living still close to modern shopping and sporting facilities. Located in a wildlife corridor, much of Chandler is listed as conservation parkland.

#5 NEW FARM (median: \$905,000)
With its eclectic mix of eateries, art deco buildings and fabulous nightlife, trendy New Farm is a highly sought after address for both young professionals and empty nesters alike. At just 2km from the city, it's continued popularity is ensured given the world-wide trend toward inner city living.

2009 INVESTMENT PICK - CHELMER
(median: \$673,000) A charming suburb cradled by the Brisbane River, Chelmer boasts the famed Laurel Avenue (often cited as Brisbane's No 1 street), and many grand traditional homes. It is close to many facilities including Indooroopilly Shoppingtown and The University of Queensland.

THE NATIONAL PICTURE

Many of Australia's finest quality homes changed hands during the year, setting many record prices in the process.

BRISBANE, QUEENSLAND

Brisbane made it into double digits for the first time and entered the Capital City Top 25 Sales List for last year at equal 16th place with the sale of 'Bishopsbourne', a grand home on a large allotment on Eldernell Terrace in Hamilton which sold for \$11.2m, a new Brisbane record for a single title dwelling.

Away from the capital, significantly a very grand, largely unfinished home spanning several titles on ritzy Hedges Avenue, Mermaid Beach, Gold Coast sold for a Queensland price record of \$28m.

Median House Price \$422,000 (+14% for the full year to June 30, 2008)*

SYDNEY, NEW SOUTH WALES

'The Premier State' was also the premier player at the top end of the residential property market over the year, notching up 18 of the top 25 sales, many of which were not surprisingly located in and around Sydney Harbour.

These included Australia's top house sale for 2007 at 22D Vaucluse Road, Vaucluse which sold for \$29.5m.

Median House Price \$534,000 (+4%)

MELBOURNE, VICTORIA

Melbourne was second to Sydney in the Top 25 Sales list with 5 entries, 4 of which were in fashionable Toorak and the other 1 in nearby South Yarra. Melbourne had a strong year generally with annual capital growth of 13.7%.

Median House Price \$412,000 (+14%)

HOBART, TASMANIA

Whilst Hobart still has a way to go to make it onto the Top 25 list, \$multi-million sales in and around Battery Point and Sandy Bay are now commonplace. It remains financially attractive compared to other capitals.

Median House Price \$301,000 (+3%)

CANBERRA, A.C.T.

The property market in the capital is softening as a combination of diminished affordability and public sector employment concerns.

Inventory is also on the increase.

Median House Price \$477,000 (+7%)

ADELAIDE, SOUTH AUSTRALIA

Following the strongest growth Australia-wide in 2007, Adelaide's market has softened in 2008. 2007's highest price sale was the \$3.85m paid for 14 The Common, Beaumont, well short of the \$6.4m for Menindie's historic 'Willyama' paid the year prior.

Median House Price \$360,000 (+16%)

PERTH, WESTERN AUSTRALIA

Following an extended period of strong, resources driven growth which allowed the market to reach incredible peaks during 2006, the Perth market is now in decline. Investors have quit the market on low returns and housing inventory is up 350% in just one year.

Median House Price \$451,000 (-.9%)

DARWIN, NORTHERN TERRITORY

Economic growth of 7% p.a. (twice the national average) has underpinned strong capital growth in the property market over recent years, although the market is easing currently. The highest sale price for last year was 8 Packard Street, Larrakeyah at \$2.57m.

Median House Price \$422,000 (+7%)

**The above Median House Prices courtesy of the ABS are 'unstratified' (i.e. they do not take into account the value of homes unsold on the market)*

Top 25 Capital City House Sales of 2007

RANK	PRICE	LOCATION	STATE
1	\$29,500,000	Vaucluse Road, Vaucluse	NSW
2	\$28,750,000	Wunulla Road, Point Piper	NSW
3	\$22,500,000	Hopetown Avenue, Mosman	NSW
4	\$18,000,000	Glenferrie Road, Toorak	VIC
5	\$17,500,000	Orrong Road, Toorak	VIC
6	\$16,100,000	The Crescent, Vaucluse	NSW
7	\$16,000,000	Chidley Way, Mosman Park	WA
8	\$15,000,000	Calvert Parade, Newport	NSW
8	\$15,000,000	St Georges Road, Toorak	VIC
10	\$13,000,000	Wentworth Street, Point Piper	NSW
10	\$13,000,000	Whale Beach Road, Whale Beach	NSW
12	\$12,300,000	Julian Street, Mosman	NSW
13	\$12,000,000	Baden Road, Neutral Bay	NSW
14	\$11,500,000	Whale Beach Road, Whale Beach	NSW
15	\$11,400,000	Pittswater Road, Bayview	NSW
16	\$11,200,000	Eldernell Terrace, Hamilton	QLD
16	\$11,200,000	Angelo Street, Woolwich	NSW
16	\$11,200,000	Walsh Street, South Yarra	VIC
19	\$11,000,000	Fitzwilliam Road, Vaucluse	NSW
19	\$11,000,000	Queen Street, Woollahra	NSW
21	\$10,900,000	Victoria Road, Bellevue Hill	NSW
22	\$10,200,000	Kirkoswald Avenue, Mosman	NSW
23	\$10,000,000	Wolseley Road, Point Piper	NSW
23	\$10,000,000	Albany Road, Toorak	VIC
23	\$10,000,000	Burrans Avenue, Mosman	NSW



THE INTERNATIONAL PICTURE

The world is shrinking rapidly. International borders are coming down, global standardisation is going up.

Today's young Australian is far more likely than past generations to live and work in one or more other countries in their lifetime. This internationalisation of career brings with it internationalisation of property purchase.

As this gathers pace, the still rare option of an overseas holiday home purchase will become secondary to the purchase of the principal place of residence in the current country, and of the retirement home in the intended retirement country.

Ever cheaper air travel and more user friendly real time property search capabilities will bolster this drive.

As international property investment gets easier, it will join currency, equity and commodities markets as an international hedge option.

This may well be on the rise already if the current flood of Russian money into property hotspots around the world (including the UAE and the Gold Coast) is anything to go by.

	COUNTRY	MHP	POPULATION	GNI	VALUE A\$	IR	UE	CPI	GDP	DEMAND
	Australia	495,000	21m	35,960	A\$1	7.25%	4.2%	4.5%	3.7%	Soft
	Brazil	160,000*	190m	6,090	R\$1576 Reais	12.25%	3.8%	6%	5.8%	Softening
	Canada	313,000	33m	40,639	C\$.98	3%	6.2%	3.1%	1.7%	Peak
	China	n/a	1,321m	2,432	元6.5 Yuan	7.47%	4%	7.1%	10.1%	Softening
	Euro Area	n/a	n/a	37,452	€.61 Euro	4.25%	7.2%	4%	2.1%	Soft
	Hong Kong	n/a	7m	32,587	HK\$ 7.5	3.5%	5.2%	3.5%	5.5%	Peak
	India	n/a	1,129m	979	Rs41 Rupees	8.5%	7.3%	7.8%	8.8%	Softening
	Ireland	451,000	4.1m	49,628	€.61 Euro	4.25%	5%	3.9%	0.5%	Very Soft
	Japan	n/a	127m	38,835	¥107.26 Yen	0.5%	4%	2%	1.3%	Softening
	New Zealand	273,000	4.1m	29,670	NZ\$1.28	8%	3.6%	4%	1.9%	Soft
	Russia	536,000*	141m	7,794	py622 Roubles	11%	6.2%	15%	8.5%	Softening
	Singapore	n/a	4.5m	33,474	S\$1.3	1.3%	1.6%	6%	5.5%	Peak
	South Africa	76,000	44m	5,938	R7.2 Rand	12%	40%	10%	3.9%	Very Soft
	UAE	n/a	4.4m	24,000*	Dh3.5 Dirham	2%	n/a	11%	7.2%	Peaking
	UK	420,000	60.7m	43,780	£.48	5%	2.6%	3.8%	1.6%	Very Soft
	US	222,000	30.1m	47,464	\$.97	2%	5.5%	5%	2.5%	Very Soft

JOHNSTON DIXON Quality Property

GPO Box 1158 Brisbane Q 4001

Phone 1300 369 203

Email info@johnstondixon.com

Web johnstondixon.com

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SOURCES JOHNSTON DIXON | ABS | RP Data | LAA | World Bank | REIQ/A | Multi-Media