

Up to 20% house price growth forecast

14 October 2009 – National – The strong housing market activity in late 2009 is set to continue into 2010 with ongoing positive incentives for property investors and home owners looking to upgrade to enter the market.

QBE Lenders' Mortgage Insurance (QBE LMI) has released its ImiHOUSING OUTLOOK 2010 – 2012 (researched and written by BIS Shrapnel) which confirms that current interest rates, at 40 year lows, have helped to alleviate the mortgage pressure on households while bringing housing affordability back to its most attractive level for almost a decade.

Prices at the top end of the market have fallen more than the medians, giving home owners the opportunity to trade up to their next dwelling after selling their current house into the buoyant first home buyer market. The strong rental environment and stabilisation of house prices are favourable factors for property investors to also come back into the market.

Ian Graham, CEO of QBE LMI, said "The outlook for the housing market is also positive for those who have recently entered the market, particularly first home buyers. Low interest rates, solid growth in rents and housing shortages will create favourable conditions for a strong recovery in residential property prices in the second half of 2010, through to 2012."

"Double digit house price growth is forecast across all capital cities from June 2009 to June 2012, particularly in those markets with positive affordability (Adelaide +23%) and a continuing undersupply of housing (Sydney +21% and Melbourne +19%)."

"Price growth in Brisbane is forecast at +15% as moderate economic conditions offset the affordability advantage. Lower growth is projected for Perth (+12%), influenced by a decline in investment in the resource sector after the record levels seen in recent years" said Mr Graham.

Mr Graham also stated "Despite a 0.25% rate rise in the first week of October, housing interest rates are expected to remain at a stimulatory level for some time, with the low interest rate environment remaining supportive of the first home buyer. Demand from first home buyers is expected to continue, notwithstanding the expiration of the First Home Owner Grant Boost Scheme in December 2009."

Background on QBE LMI

QBE LMI is a leading mortgage insurer with over 44 years experience in the Australian market, over 20 years in the New Zealand market and over 10 years in the Hong Kong market. Through our proactive approach, innovative products and services, and longstanding knowledge and expertise, QBE LMI has helped its customers to manage and reduce risk throughout economic cycles.

Our parent, the QBE Group, is listed on the Australian Stock Exchange and has offices in 45 countries in Australia, Asia Pacific, the Americas and Europe, employing over 13,000 staff worldwide.

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