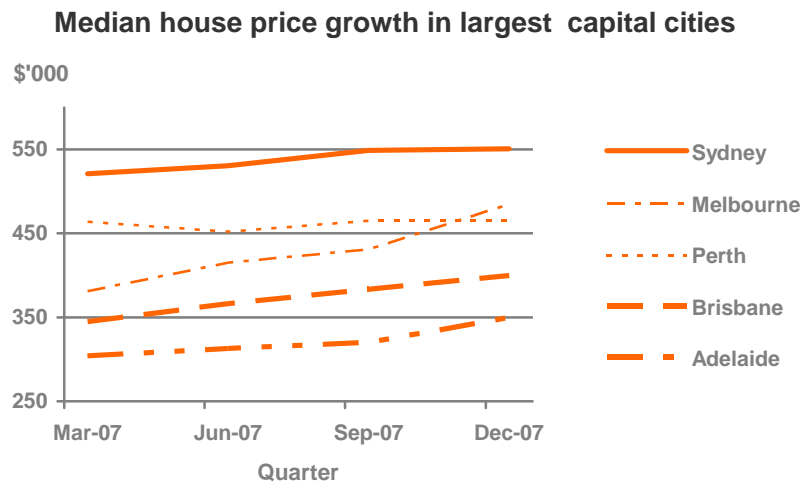




## RESIDENTIAL PRICE GROWTH IN 2007 IS UNDER PRESSURE

Leading mortgage insurer PMI Mortgage Insurance Ltd. (PMI) today released findings from the national *PMI Residential Property Overview – March 2008* revealing growth in median house prices across all capital cities in 2007. Strongest growth was experienced in Melbourne, Brisbane, Adelaide, Hobart, Canberra, with modest recovery in Sydney, and limited growth in Darwin and Perth.



First home buyer activity continued to recover in the seven months to January 2008, with the number of loans to first home buyers growing by 8% nationally, compared to the same period the previous year.

Western Australia led the way, where loans to first home buyers increased by 26%, in response to the State Government budget initiative raising the stamp duty exemption threshold for first home purchasers from \$250,000 to \$500,000 in May 2007. Victoria achieved double digit growth in first home buyer loans of 12%, with NSW trailing with more modest growth of 5%.



The seven months to January 2008 has also seen continued growth in loans to owner occupiers at the national level of 6%, and in New South Wales 8%, Victoria 9%, Queensland 9%, Tasmania 9% and the Australian Capital Territory 9%. Owner occupier demand continues to slow in Western Australia -3% and the Northern Territory -10%, whilst remaining moderate in South Australia 2%.

In the second half of 2007, there was a strong recovery in investor demand, with the value of investor loans rising by 19% nationally. There was significant growth in Victoria of 37%, Queensland 31%, South Australia 40% and Australian Capital Territory 42%, with only 6% growth in New South Wales.

“While favourable economic conditions in 2007 have supported strong price growth in the majority of the capital city residential markets, the outlook for 2008 is uncertain following recent increases in mortgage rates and a decline in consumer and business confidence. This is expected to lead to a decline in residential mortgage lending activity and weaker property price growth in all capital cities in 2008”, stated Ian Graham, CEO of PMI Mortgage Insurance Ltd.

- ENDS –

**For further information, or a complete copy of the April 2008 PMI Residential Property Overview, please contact:**

Patrick Flynn / Kristen Atkinson

Weber Shandwick in Sydney for PMI

P: 02 9994 4396 / 02 9994 4055

E: [pflynn@webershandwick.com](mailto:pflynn@webershandwick.com) / [katkinson@webershandwick.com](mailto:katkinson@webershandwick.com)



### **Background on PMI Mortgage Insurance Ltd.**

PMI is a leading mortgage insurer, credit enhancer and residential property market specialist with over 42 years experience in the Australian market and 18 years in the New Zealand market. Through our proactive approach, innovative products and services, and longstanding knowledge and expertise, PMI has helped its customers to manage and reduce risk.

PMI embraces new ways of thinking to provide a variety of credit enhancement products to bank and non-bank lending institutions in Australia and New Zealand, making home ownership possible for many Australians and New Zealanders.

In addition, PMI provides important credit enhancement for residential mortgage-backed securitisation (RMBS) programs, which underpin much of the mortgage lending from the non-bank sector.

PMI Mortgage Insurance Ltd's global parent, The PMI Group, Inc. (NYSE:PMI), headquartered in Walnut Creek, CA, provides innovative credit, capital, and risk transfer solutions that expand homeownership and fund essential services for our customers and the communities they serve around the world. Through its wholly owned subsidiaries and unconsolidated strategic investments, PMI offers residential mortgage insurance and credit enhancement products domestically and internationally. PMI has operations in Asia, Australia and New Zealand, Canada, Europe, and the United States. For more information: [www.pmigroup.com](http://www.pmigroup.com).

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