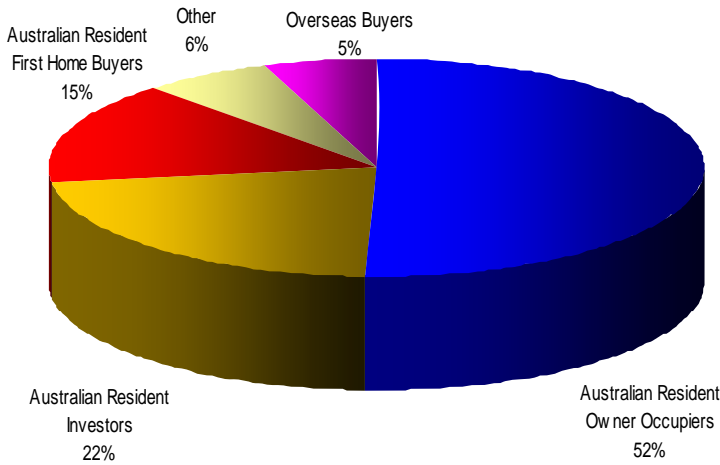


Residential Property - Existing Properties

Percentage Share of Buyers - Existing Properties (next 12 months)



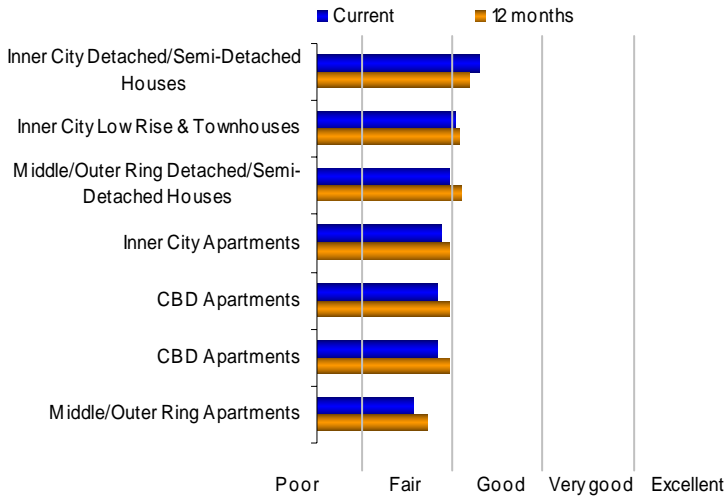
Australian resident owner occupiers will continue to dominate the market for existing property sales over the next year.

The expected composition of buyers in the market for existing properties is broadly similar to that of new developments. According to our survey respondents, Australian resident owner occupiers are expected to account for around 52% of existing property sales in the coming year (compared with around 48% for new developments). This result mirrors the findings from our September quarter survey.

The remaining share is split in a similar ratio to that of new developments. Australian resident investors are expected to account for around 22% of existing property sales in the next 12 months, with Australian resident first home buyers expected to account for around 15%.

Overseas buyers are tipped to account for the smallest share of sales, with an expected share of just 5%.

Demand for Existing Residential Properties



Inner city housing leads demand for existing properties, followed by inner city low rise and townhouses.

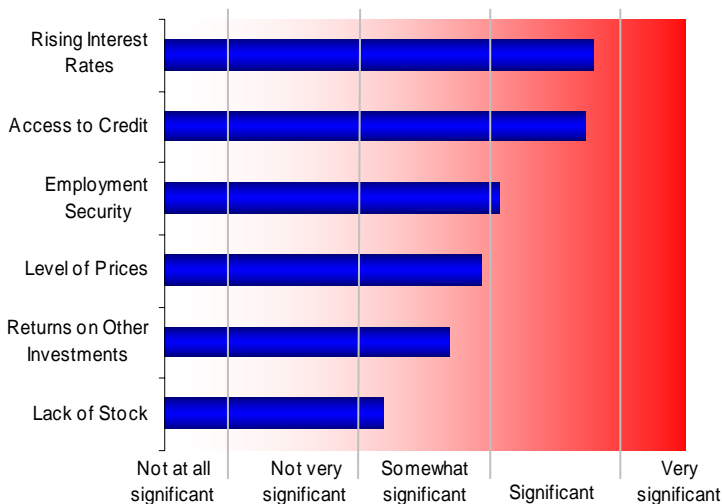
Our survey respondents currently identify the strongest demand in existing residential property for inner city detached and semi-detached houses and classified demand conditions for this property type as "good". Also recording "good" conditions were inner city low rise and townhouses.

In contrast, the demand for middle/outer ring detached and semi detached houses and CBD apartments is now seen as being only "fair" after having been identified as "good" in our previous survey.

Demand for all other property categories was classified as "fair", unchanged from our previous survey.

According to our survey respondents, demand for all categories of existing property is expected to increase over the next 12 months. The relative rankings of the property categories are expected to be broadly unchanged, but demand conditions for middle/outer ring housing is expected to rise from "fair" to "good".

Major Constraints on Existing Residential Property



Rising interest rates is now identified as the biggest constraint for purchasing existing property.

According to our survey respondents, rising interest rates is now being identified as the biggest constraint on existing residential property purchases, replacing access to credit as the biggest constraint in our previous survey.

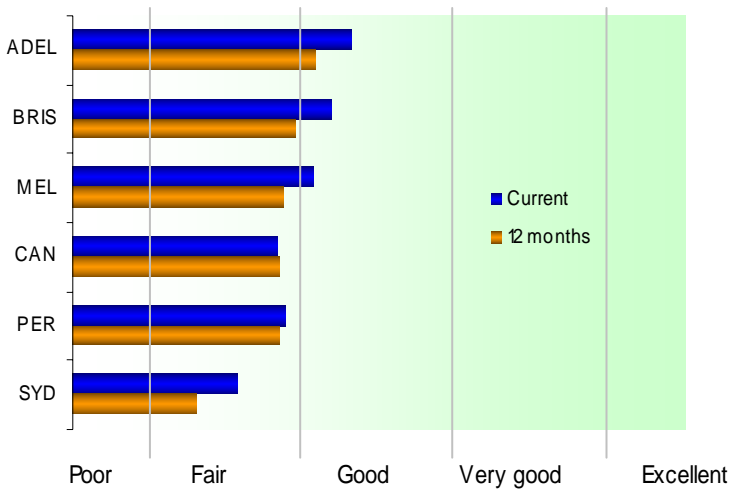
Access to credit is, however, still seen as an important impediment to existing residential property purchases and is considered to be only marginally less important than rising interest rates as a major constraint. In both cases, the impact of these factors was classified as "significant".

Employment security was also listed as a "significant" constraint to existing residential property purchases, albeit marginally less important, despite the relatively low and falling rate of national unemployment.

In contrast, the level of prices, the relative returns on other investments and lack of stock were considered to be only "somewhat" significant by our survey respondents.

Residential Property - Rental Market

Availability of Rental Property



Adelaide is expected to have the greatest rental availability over the next 12 months, with Sydney lagging.

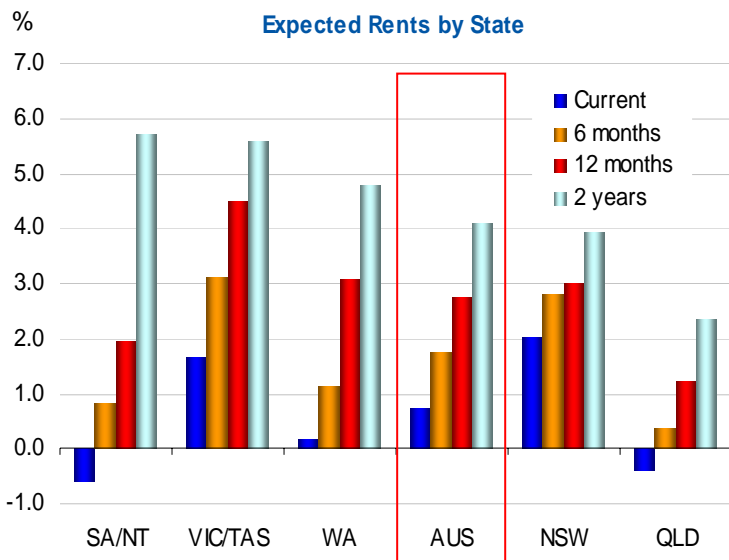
Our survey respondents currently identify Adelaide, Brisbane and Melbourne as cities with the greatest availability of rental property, with conditions in these markets classified as "good".

In contrast, the availability of rental property in Canberra, Perth and Sydney was classified as "fair".

According to our survey respondents, rental availability conditions are expected to tighten in all capital cities over the next 12 months, with the exception of Canberra.

The biggest tightening in rental availability is expected to occur in Sydney, Brisbane, Adelaide and Melbourne. Adelaide is the only market in which conditions are expected to remain "good", with availability of rental property in all other capital cities classified as only "fair" over the next 12 months. Rental availability conditions are expected to be weakest in Sydney.

Expected Rents by State



Medium-term rental prospects are divergent, with the best prospects in South Australia/Northern Territory and Victoria and the weakest in Queensland.

On average, our respondents anticipate residential rents rising by 2.8 per cent over the next 12 months and 4.1 per cent over the next 2 years. However, this national aggregated measure masks a considerable degree of divergence between individual states.

Reflecting comparatively tight rental markets in Sydney, Perth and Melbourne, Victoria (4.5 per cent), Western Australia (3.1 per cent) and NSW (3 per cent) recorded the strongest growth expectations over the next 12 months. In contrast, growth expectations are weakest for Queensland (1.2 per cent) and South Australia (1.9 per cent).

Over the medium-term (2 years), our survey respondents see rental prospects improving in all states, with the biggest gains expected in South Australia (5.7 per cent) and Victoria (5.6 per cent). Queensland remains the laggard with expected rental growth of just 2.4 per cent over this same period.

Special Survey Question

Suburbs with Fastest Expected Capital Growth (next 12 months)

Albert Park (VIC)	Melbourne City (VIC)
Ascot (QLD)	Middle Park (VIC)
Bowden (SA)	Newcastle (NSW)
Brisbane City (QLD)	Petersham (NSW)
Brunswick (VIC)	Port Hedland (WA)
Eastwood (NSW)	Port Macquarie (NSW)
Enfield (SA)	Port Melbourne (VIC)
Gladstone (QLD)	Prahran (VIC)
Grovedale (VIC)	Richmond (VIC)
Karratha (WA)	South Hedland (WA)
McKay (QLD)	South Yarra (VIC)
Malvern (VIC)	St Kilda (VIC)
Mandurah (WA)	Sydney City (NSW)

The regional towns of Gladstone (Qld) and Karratha (WA) were the most nominated responses with regards to expectations for capital growth over the next 12 months.

In regard to the Australian residential property market, our survey respondents were asked to nominate which three suburbs they believe will grow fastest in capital value over the next 12 months.

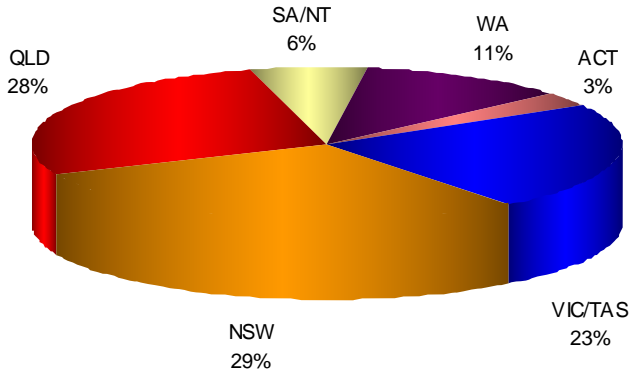
The most nominated responses were the harbour town of Gladstone (Qld) and the town of Karratha (WA), which caters for mine workers in the Pilbara. Sydney, Melbourne and Brisbane cities were also well represented.

Elsewhere, nominations were dominated by the established inner city suburbs of Melbourne.

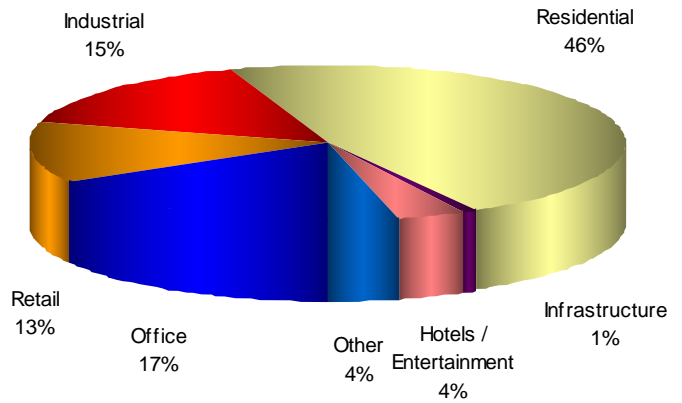
Appendix: About the Survey

In April 2010, NAB launched the inaugural NAB Quarterly Australian Commercial Property Survey with the aim of developing Australia's pre-eminent survey of market conditions in the Commercial Property market. The large external panel of respondents consisted of Real Estate Agents/Managers, Property Developers, Asset/Fund Managers and Owners/Investors. Given the large number of respondents who are also directly exposed to the residential market, NAB expanded the survey questionnaire to focus more extensively on the Australian Residential market. The breakdown of our survey respondents - by location, industry and business type - are shown below.

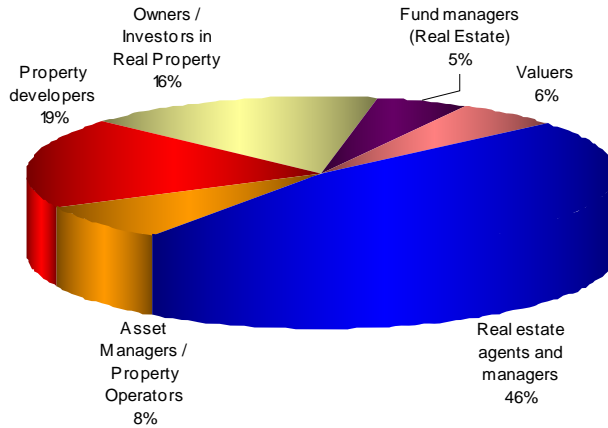
Respondents by State



Respondents by Industry



Respondents by Business Type



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