P R E S S R E L E A S E

HOUSING LOANS

Home loan market forecast to fall $35 Billion for year ended June 2003 - a return to 2001 levels as fundamentals that drive industry begin to turn.

FINAL RELEASE

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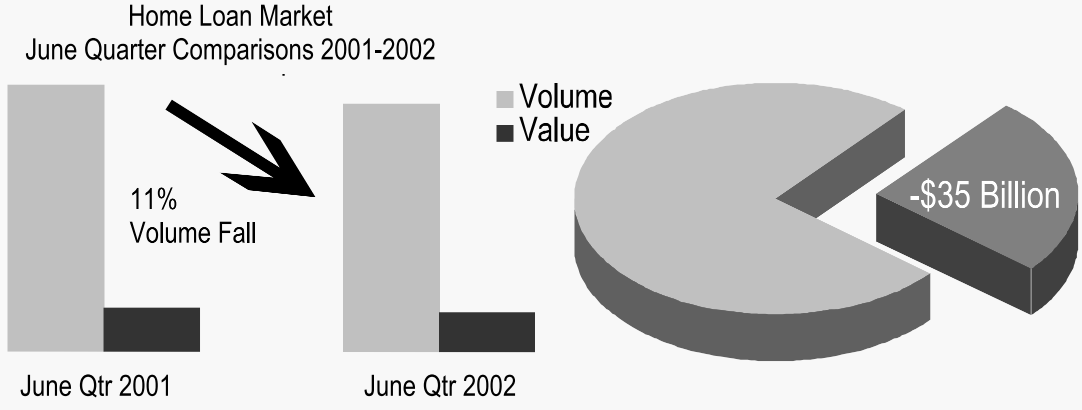
MISC (Market Intelligence Strategy Centre Pty. Ltd.) ACN 125 646 095
Level 4, 14 Collins Street | Melbourne Vic 3000 | Tel: 03 9654 4266 | Fax: 03 9650 7730 | miscinfo@marketintelligence.com.au | www.marketintelligence.com.au

Home loan market forecast to fall $35 Billion for year ended June 2003 -A return to 2001 levels as fundamentals that drive industry begin to turn.

Australia's foremost researcher of Home loans, MISC, the sister company of (MINTEL Aust) who was the first company to measure the hidden home loan market in 1998 and reported 1 million home loans last year, today released to subscribers its forecasts for the 2003 financial year. These eagerly awaited projections show that the home loan market in the coming 12 months will fall by as much as $35 billion.## or at least 223,000 loans and effectively return to its 2001 level. This finally quantifies and endorses increasing speculation of a home loan slow down. The research groups stresses however that this reduction comes of the back of a spectacular 2002 result and effectively means that by 2003 the more stable 2001 level will be returned to. This says MISC shows that even with the $35b correction by any standards the home loan market will remain large in 2003 and that the unique circumstances of 2002 will have remained just that ie unique. The forecast is especially bold given that no similar quantifiable evidence has yet been made available from other sources that usually also report on the home loan market (e.g. APRA measures of Bank Home loan Business, ABS measures of home loan commencement and approvals) even though many have commented about the possibility of a slow down.

$35 Billion will leave the Home loan pie in June YTD 2003 but back to 2001 home loan levels



Source: **MISC** June Home Loans Monitor 2002 /MINTEL /Housing Loans Research Programme & Monitor Service 1998/1999/

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MISC also released today its measures of the latest quarters home loan business for June 2002 which in part, underpins its forecasts. The June quarter results and even March said the highly respected researchers show a decline of 11% on the December boom period and no growth in the June quarter itself. For loan volumes in fact a 7% volume downturn occurred on the same quarter in 2001.

##The forecasts of $35b on current average loan sizes translates to 223,000 loans (based on current average loan sizes remaining constant even though MISC notes falling loan sizes more recently) or 22% less than the 1 million loan records there company previously reported earlier this year. MINTEL and now its sister group MISC (Market Intelligence Strategy Centre “has a reputation for providing wake up calls to industries it studies” (Senior National Bank Corporate Strategy Manager). The same group some years ago showed the loss of market share the bank had suffered from non-bank lender inroads. It isolated for the first time the hidden loan market not measured by traditional ABS statistics and foreshadowed the user of Solicitors and Originator lender growth. It last year reported that 1 in 6 home had taken out a home loans. Its latest projections promise to have equal impact on the market it measures quarterly and are especially significant given the complete lack of statistical data.

In announcing its forecast for 2003, MISC notes that this is the first time that its predictive models have shown a down turn in what it claims has been the biggest home loan market yet. Last year MISC reported that 1 million home loans had been written for the year – a record in the industry. MISC has also provided individual lender forecast to its prestigious list of subscribers to help them plan for the change in market conditions and further forecasts that despite a decline many lenders will still increase their new business as well as increase their share.

Fundamentals Change in the June Quarter

MISC says that with no real growth in the June quarter its forecast have also much to do with changes to some rudiments in the home loan market. The research and strategy group notes that in the June quarter refinanced loans reached unprecedented levels representing 28% of all new home loans written (traditionally the research group has usually measured these at 17%). These refinance rates say the group have been driven by a buoyant investor market which has more recently been threatened by falling property values and low rental returns. Already says MISC many lenders have tightened lending criteria for this sector of the market particularly in “off the plan” contracts. Next is the final slowdown of escalating property values which had made many Australians paper millionaires overnight. The group’s sister company MINTEL, developed a unique Stamp Duty based measure rather than Valuer generals property value sampling (which is capital city focused data) showing that average loan sizes (the result of property prices) began to fall nationally as early as March. In the June quarter the average loan value says MISC fell by 5.4%.

Home loan Market Fundamentals underpin $35 Billion forecasted decline June Quarter Highlights
▪ Records refinance rates of 28%
▪ Falling Owner occupied market rising Investor market
▪ Declining average loan sizes 6 months down 5%
▪ Increasing vacancy and low rental markets (notably in high rise apartments but also in some housing)
▪ Decreasing first home buyers contribution
▪ Drops in Home loan affordability
▪ More restricted lending practices and valuation rules
▪ Falling property prices (especially in some states)
Source: **MISC** June Home Loans Monitor 2002 /MINTEL /Housing Loans Research Programme & Monitor Service 1998/1999/

MISC Methodology underpins forecasts as well

NOTE: MISC (Market Intelligence Strategy Centre) employs the original MINTEL (Australia Pty Ltd) method of home loan measurement (calculated using a stamp-duty based model capturing **all** loans settled) in preference to using ABS derived figures (which are collected on mainly owner-occupied loan approvals by only the larger Lenders thereby MISC believes seriously **understating** home loan activity). Unlike this most commonly quoted measure, MISC measures ALL new loan contracts **completed** (i.e. not Approvals which it says can be cancelled). MISC also includes not just owner-occupied home loans but also Investment housing, Holiday housing and other home loans by all Lenders not just the major ones that the ABS counts. This means that MISC **does** count loans written by the small Lenders including Credit Unions, small Originators, Solicitors, Accountants, Brokers etc which do not meet ABS loan value size thresholds and thereby are not officially captured. These loans make up the "Hidden" loan market first revealed by MINTEL Australia research in its inaugural research survey of 1998.

MISC (Market Intelligence Strategy Centre)
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Melbourne Vic 3000 Australia

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