

**BOOST EXPECTED FOR PROPERTY
MANAGEMENT INDUSTRY OVER NEXT FIVE YEARS**
Higher rents hike up commissions
Latest rental statistics from RUN Property

The property management industry may experience a boost over the next five years as the shrinking pool of rental properties across Australia continues to hike up rents and professional commissions, according to Nathan Cher, CEO of Australia's largest property management company, RUN Property.

"The ongoing chronic shortage of rental properties in all capital cities is extremely good news for the property management sector," said Mr Cher.

"This is because professional management commissions are charged at a fixed percentage of rents, so as rents go up, there's a corresponding increase in commission income with no additional resources or outlay required," he said.

Mr Cher cited a recent Building Industry Prospects report by BIS Shrapnel (<http://www.infolink.com.au/articles/03/0C047303.aspx>) which predicts that rental markets are expected to accelerate to at least 10 per cent growth per annum over the course of 2007 and 2008 and that the cumulative increase in average rents in Sydney could be as high as 40 per cent over the five years from 2006 to 2010. "Such increases would have a significant impact in commission income for property managers around Australia," he said.

The September quarter Real Estate Market Facts survey from the Real Estate Institute of Australia (http://www.reiaustralia.com.au/documents/MR_2006_12_11.doc) reports that median rent increases over the year to September 2006 have outpaced the 3.9 per cent CPI increase across Australia, with vacancy rates continuing to decline across the country. It reported vacancy rates as being Canberra 1.1%; Adelaide 1.5%; Melbourne 1.6%; Brisbane, Sydney and Darwin 1.7%; Hobart 2.0% and Perth 2.1%.

Seventy nine per cent of 1,445 RUN property re-lets in Melbourne and Sydney in the four months from July to October 2006 had a rent increase which averaged \$53.50 (3.9 per cent). Suburbs with notable rent increases were Wollstonecraft (16.7 per cent) and Potts Point (9.9 per cent) in Sydney; and St Kilda East (24.3 per cent); Carlton (12.8 per cent); and Hawthorn (10 per cent) in Melbourne.

Other recent RUN rental statistics in Melbourne, Brisbane and Sydney include:

Melbourne

Beaconsfield Parade, Middle Park
3 BR townhouse - \$900 pw - increase from \$750

Rouse Street, Port Melbourne
2 BR apartment - \$450 pw - let in 10 days

Joy Street, Bentleigh East
New 3 BR townhouse - \$400 pw - let in 10 days

Power Street, Hawthorn
2 BR apartment – rent increase of 30% after cosmetic renovations

Kooyong Road, Armadale
1 BR apartment – rent increase of 20% - let in 3 days

Brisbane

Flemming Road Chapel Hill
4 BR house. \$495 pw - over 15 groups at OFI

Gympie Street, Northgate
New 3BR townhouse - \$350 pw – let in 6 days

Ridge Street, Nundah
2 BR house - \$320 pw – let in 4 days

Lucy Close, Edens Landing
3 BR house - increase of \$50 to \$280 pw

Ramu Street, Eagleby
2 BR unit - increase of \$20 to \$175 pw

Sydney

Goulburn Street, Surry Hills
2 BR apartment - \$580 pw, advertised at \$550

Glenmore Road, Paddington
3 BR house - \$600 pw, advertised at \$560

Fletcher Street, Tamarama
2 BR apartment - \$500 pw, advertised at \$460

Stafford Street, Paddington
2 BR house - \$750 pw - 40 attending OFI

Glenheim Street, Queens Park
1 BR apartment - \$340 per week - immediate lease

Mr Cher said that RUN Open for Inspections had regularly been attended by 30 plus people over the last six months and that this trend showed no sign of abating.

He said that vacancy gaps between tenants were often zero and prospective tenants frequently offered higher than advertised rents to secure the property of their choice.

"In some cases, prospective tenants are making applications sight unseen. Internet enquiries are through the roof too. For example, for one particular property in South Yarra in Melbourne last month, we received 2,000 internet enquiries alone," he said.

Mr Cher said that typically, income in the property management sector was counter cyclical to the state of the housing market. For example, as the traditional property markets decline, there is a shift towards renting which in turn pushes rental pricing up.

"Rents have not grown proportionately in line with property values over the last 10 years but that is now changing as the rental market tightens to value point for investment owners," said Mr Cher.

"As a result, landlords are experiencing a much healthier return on their investment today than they have for some time," he said.

About RUN Property

RUN Property is Australia's largest listed property management company with approximately 20,000 properties under management. Established in 2004, the company listed on the ASX in December 2005. The company's business model, comprising skilled staff, unique processes and technology, is the only one of its kind in the property management industry.

The Board comprises Mr Frank Cicutto (Chairman), Mr Nathan Cher (CEO and Director); Ms Jane Tongs (Non Executive Director), Mr John McGrath (Non Executive Director); and Mr Sam Herzberg (Executive Director). Mr Rob Farmer (Chief Operating Officer), Mr Jeff Stein (Chief Financial Officer) and Mr David Holden (Company Secretary) are non board members of the senior management team.

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