

National Media Release

CoreLogic June RP Data Hedonic Home Value Index Results

Released: Wednesday, July 1, 2015

Capital city dwelling values 9.8% higher over the financial year

Housing values rebound higher in June taking dwelling values across the combined capital cities almost 10% higher over the financial year.

Based on the CoreLogic RP Data June home value results capital city dwelling values finished the 2014/15 financial year on a strong footing, with dwelling values rising 2.0 per cent over the June quarter and 9.8 per cent higher over the year. The rate of capital gain was slightly higher over the second half of the year (5.1 per cent) compared with the first half (4.5 per cent) highlighting that the housing market has gathered some momentum during 2015. The previous 2013/14 financial year recorded a slightly higher rate of growth at 10.1 per cent.

CoreLogic RP Data's head of research, Tim Lawless, believes the interest rates cuts in February and May have contributed in pushing capital gains higher.

"Growth conditions had been moderating from April last year through to the end of January 2015. With the RBA cutting the cash rate in February, there was an instant buyer reaction across the Sydney and Melbourne housing markets where auction clearance rates surged back to levels not seen since 2009, capital gains once again accelerated and we are now seeing Sydney and Melbourne homes selling in record time; Sydney homes are selling in just 26 days and Melbourne homes are selling in 32 days."

The strength in the housing market has been diverse over the year. While Sydney and Melbourne have seen dwelling values increase by 16.2 per cent and 10.2 per cent over the financial year respectively, every other capital city has seen growth of less than 5 per cent and dwelling values are down over the year in Darwin (-2.9 per cent) and Perth (-0.9 per cent).

According to Mr Lawless, the current housing growth cycle clearly highlights a divergence in capital gains across the capital cities. Since dwelling values started rising in May 2012, Sydney dwellings have seen a 43.1 per cent surge in values and Melbourne values are up by 25.9 per cent. Despite softer market conditions in Perth, dwelling values are currently up 12.8 per cent over the cycle which represents the third highest growth rate across the capitals. Simultaneously, Brisbane's property market has shown the fourth highest rate of growth at 12.4 per cent, followed by Adelaide (10.4 per cent), Hobart (9.6 per cent), Darwin (8.9 per cent) and Canberra (8.8 per cent).

"The three tiers of housing market performance can be best explained by economic and demographic factors where it's no coincidence that New South Wales and Victoria are recording the strongest economic conditions coupled with the strongest rates of migration which is fuelling housing demand. These states are more sheltered from the mining sector downturn and have benefited from the strong multiplier effect of housing construction as well as a vibrant financial services sector.

"The Perth and Darwin markets are weakening in line with the downturn in the resources sector and an associated weakening in infrastructure investment and a marked slowdown in migration. Brisbane, Adelaide, Canberra and Hobart are seeing softer economic conditions and population growth compared with Sydney and Melbourne, however housing markets have shown some level of growth over the year," Mr Lawless said.

Index results as at June 30, 2015

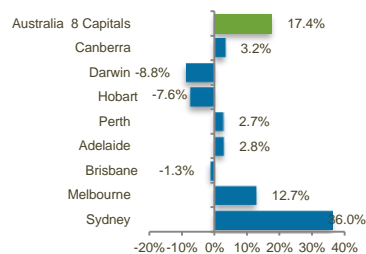
Region	Change in dwelling values			Total gross returns	Median dwelling price
	Month	Qtr	YOY		
Sydney	2.8%	3.1%	16.2%	20.6%	\$772,200
Melbourne	2.9%	1.9%	10.2%	14.0%	\$560,000
Brisbane	1.7%	1.4%	3.4%	8.2%	\$455,000
Adelaide	0.4%	1.8%	4.5%	9.0%	\$405,000
Perth	-0.4%	-0.2%	-0.9%	3.3%	\$510,000
Hobart	1.8%	0.6%	0.9%	6.3%	\$315,500
Darwin	-3.9%	-3.1%	-2.9%	2.9%	\$515,000
Canberra	0.6%	0.5%	2.4%	6.9%	\$535,000
Combined capitals	2.1%	2.0%	9.8%	14.1%	\$565,000
Rest of State*	0.0%	-0.4%	1.9%		\$355,000

* Rest of state change in values are for houses only to end of May

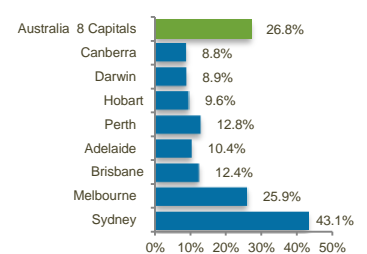
Highlights over the three months to June 2015

- **Best performing capital city: Sydney** +3.1 per cent
- **Weakest performing capital city: Darwin** -3.1 per cent
- **Highest rental yields: Darwin houses** with gross rental yield of 5.8 per cent and **Brisbane Units** at 5.4 per cent
- **Lowest rental yields: Melbourne houses** with gross rental yield of 3.2 per cent and **Melbourne units** at 4.3 per cent
- **Most expensive city: Sydney** with a median dwelling price of \$772,000
- **Most affordable city: Hobart** with a median dwelling price of \$315,500

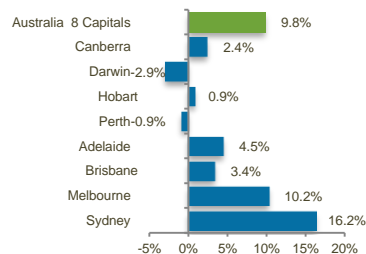
Change in dwelling values from previous market peak



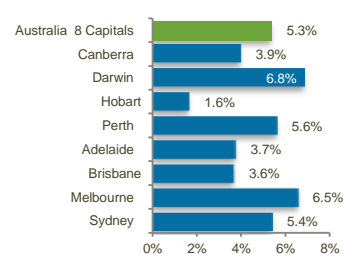
Change in dwelling values from market trough



Change in dwelling values over past twelve months



Annual change in dwelling values over past 10 years



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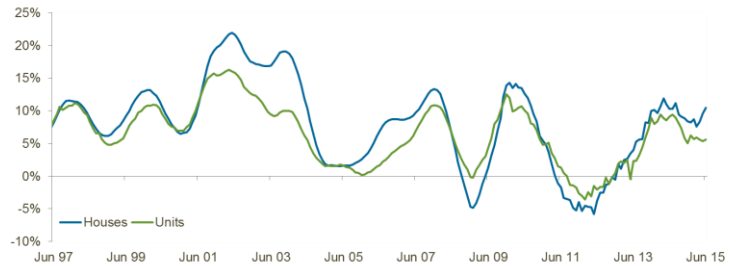
CoreLogic June RP Data Hedonic Home Value Index Results

Looking at the performance of detached housing versus apartments over the financial year, houses are clearly outperforming units in the capital gains stakes. Over the financial year, house values were 10.4 per cent higher across the combined capitals index while unit values increased by a much lower 5.6 per cent. The same trend where houses are showing a higher capital gain than units is evident across each of the capital cities except Hobart and Darwin.

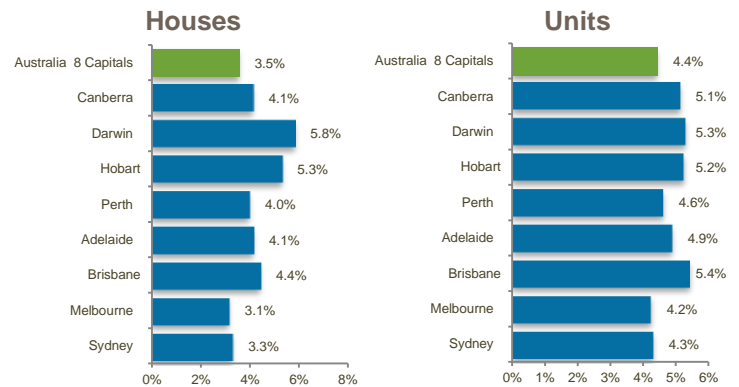
Today's results confirm a scenario where detached housing outperforming apartments is most evident in Melbourne. Based on the results, Melbourne house values have shown a very strong 11.2 per cent capital gain over the financial year while apartment values are up by only 2.4 per cent.

According to Mr Lawless, the underperformance of units compared with houses is likely due to higher supply levels for units compared with detached houses. "The Inner Melbourne unit market exemplifies the weakness in this sector where the latest CoreLogic RP Data 'Pain and Gain' report revealed that almost one quarter of all apartments across the Inner Melbourne region resold over the March quarter at a price that was lower than the purchase price.

Rolling annual change in capital city house and unit values



Gross rental yields, houses and units



Gross rental yields drifted another notch lower in June due to dwelling values rising at a faster pace than weekly rents. Currently, the typical gross yield for a capital city house is recorded at 3.5 per cent, which is equivalent to the record low last recorded in 2007. The average gross yield on a capital city unit also fell over the month to reach 4.4 per cent; the lowest gross apartment yield since 2010 and not far off the all-time low of 4.3 per cent recorded in 2007.

Mr Lawless said, "It looks likely that the pace of capital gains will remain higher than rental growth which will push rental yields even lower over the coming months.

"Melbourne continues to hold the unfortunate title of the lowest yielding capital city, but if current trends continue, it won't be long before Sydney overtakes Melbourne due to the substantially higher rate of capital gain in the face of comparatively low rental appreciation" he said.

Brisbane is now recording the highest gross rental yield for apartments, at 5.4%, and the only capital city where gross rental yields have improved over the year has been Hobart which is now starting to rival Darwin as the highest yielding capital city for houses.

Looking forward to the next financial year, Mr Lawless said it is difficult to imagine Sydney maintaining such a rapid pace of capital gains. "Not only is affordability becoming a challenge for many sectors of the market, but yields are substantially compressed, rents are hardly moving and investors are facing tighter financing conditions from lenders. "In the absence of a trigger event, such as a sharp rise in the jobless rate, higher interest rates or an external shock, it is unlikely we will experience a significant correction in dwelling values. However, the longer this run of growth continues across our largest capital cities, the more susceptible the housing market becomes to changes in the economy or broadly across household finance," Mr Lawless said.

CoreLogic RP Data enquiries contact: 1300 734 318

About CoreLogic RP Data

CoreLogic RP Data is a wholly owned subsidiary of CoreLogic (NYSE: CLGX), which is the largest property data and analytics company in the world. CoreLogic RP Data provides property information, analytics and services across Australia and New Zealand and is currently developing and growing partnerships throughout Asia. With Australia's most comprehensive property databases, the company's combined data offering is derived from public, contributory and proprietary sources and includes over 500 million decision points spanning over three decades of collection, providing detailed coverage of property and other encumbrances such as tenancy, location, hazard risk and related performance information. With over 11,000 customers and 120,000 end users, CoreLogic RP Data is the leading provider of property data, analytics and related services to consumers, investors, real estate, mortgage, finance, banking, insurance, developers, wealth management and government. CoreLogic RP Data delivers value to clients through unique data, analytics, workflow technology, advisory and geo spatial services. Clients rely on CoreLogic RP Data to help identify and manage growth opportunities, improve performance and mitigate risk. CoreLogic RP Data employs over 480 people at nine locations across Australia and in New Zealand. For more information call 1300 734 318 or visit www.corelogic.com.au

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CoreLogic RP Data Home Value Index tables

Capital Growth to 30 June 2015	Sydney	Melbourne	Brisbane - Gold Coast	Adelaide	Perth	Australia 5 Capitals (ASX)	Hobart	Darwin	Canberra	Brisbane	Australia 8 Capitals
Table 1A: All Dwellings											
Month	2.8%	2.9%	1.8%	0.4%	-0.4%	2.2%	1.8%	-3.9%	0.6%	1.7%	2.1%
Quarter	3.1%	1.9%	1.4%	1.8%	-0.2%	2.1%	0.6%	-3.1%	0.5%	1.4%	2.0%
Year-to-Date	9.1%	5.5%	1.4%	0.9%	-2.9%	5.1%	1.5%	-2.7%	4.6%	0.9%	5.1%
Year-on-Year	16.2%	10.2%	3.5%	4.5%	-0.9%	10.0%	0.9%	-2.9%	2.4%	3.4%	9.8%
Total Return Year-on-Year	20.6%	14.0%	8.4%	9.0%	3.3%	14.2%	6.3%	2.9%	6.9%	8.2%	14.1%
Median price* based on settled sales over quarter	\$772,200	\$560,000	\$455,000	\$405,000	\$510,000	\$562,500	\$315,500	\$515,000	\$535,000	\$455,000	\$565,000
Table 1B: Houses											
Month	2.4%	3.0%	1.9%	0.4%	-0.6%	2.0%	1.1%	-6.5%	0.7%	1.9%	2.0%
Quarter	3.4%	2.5%	1.4%	2.3%	-0.1%	2.4%	0.2%	-5.6%	0.9%	1.7%	2.4%
Year-to-Date	9.8%	6.0%	1.4%	1.0%	-3.0%	5.4%	1.0%	-4.4%	5.1%	0.9%	5.3%
Year-on-Year	17.8%	11.2%	3.8%	4.7%	-0.6%	10.6%	0.8%	-4.8%	3.0%	3.7%	10.4%
Total Return Year-on-Year	22.0%	14.0%	8.6%	9.2%	3.5%	14.8%	6.3%	1.0%	7.4%	8.4%	14.6%
Median price* based on settled sales over quarter	\$900,000	\$615,000	\$500,000	\$430,000	\$525,000	\$595,000	\$347,500	\$585,000	\$590,000	\$487,500	\$595,000
Table 1C: Units											
Month	4.6%	2.1%	0.5%	-0.2%	3.3%	3.3%	8.7%	7.5%	-1.4%	-0.5%	3.3%
Quarter	1.5%	-2.4%	0.9%	-3.7%	-1.9%	0.0%	4.6%	7.5%	-5.1%	-0.9%	-0.1%
Year-to-Date	5.8%	1.3%	1.8%	-0.1%	-2.7%	3.5%	7.3%	4.4%	-1.6%	1.2%	3.5%
Year-on-Year	9.5%	2.4%	1.3%	2.0%	-4.0%	5.7%	1.2%	4.9%	-4.7%	0.7%	5.6%
Total Return Year-on-Year	14.5%	6.8%	6.9%	7.0%	0.6%	10.6%	6.8%	11.3%	0.2%	6.3%	10.5%
Median price* based on settled sales over quarter	\$650,000	\$480,000	\$370,000	\$337,200	\$425,000	\$495,000	\$265,000	\$463,500	\$420,000	\$382,000	\$500,000
Table 1D: Rental Yield Results											
Houses	3.3%	3.1%	4.5%	4.1%	4.0%	3.5%	5.3%	5.8%	4.1%	4.4%	3.5%
Units	4.3%	4.2%	5.4%	4.9%	4.6%	4.4%	5.2%	5.3%	5.1%	5.4%	4.4%

The indices in grey shading have been designed for trading environments in partnership with the Australian Securities Exchange (www.asx.com.au). Indices under blue shading (Hobart, Darwin, Canberra, Brisbane and the 8 capital city aggregate) are calculated under the same methodology however are not currently planned to be part of the trading environment.

*The median price is the middle price of all settled sales over the three months to the end of the final month. Median prices are provided as an indicator of what price a typical home sold for over the most recent quarter. The median price has no direct relationship with the CoreLogic RP Data Hedonic Index value. The change in the Index value over time reflects the underlying capital growth rates generated by residential property in the relevant region.

The CoreLogic RP Data Hedonic Index growth rates are not ordinarily influenced by capital expenditure on homes, compositional changes in the types of properties being transacted, or variations in the type and quality of new homes manufactured over time. The CoreLogic RP Data 'index values' are not, therefore, the same as the 'median price' sold during a given period. See the methodology below for further details.

Methodology: The CoreLogic RP Data Hedonic Home Value Index is calculated using a hedonic regression methodology that addresses the issue of compositional bias associated with median price and other measures. In simple terms, the index is calculated using recent sales data combined with information about the attributes of individual properties such as the number of bedrooms and bathrooms, land area and geographical context of the dwelling. By separating each property comprising the index into its various formational and locational attributes, differing observed sales values for each property can be separated into those associated with varying attributes and those resulting from changes in the underlying residential property market. Also, by understanding the value associated with each attribute of a given property, this methodology can be used to estimate the value of dwellings with known characteristics for which there is no recent sales price by observing the characteristics and sales prices of other dwellings which have recently transacted. It then follows that changes in the market value of the stock of residential property comprising an index can be accurately tracked through time. RP Data owns and maintains Australia's largest property related database in Australia which includes transaction data for every home sale within every state and territory. CoreLogic RP Data augments this data with recent sales advice from real estate industry professionals, listings information and attribute data collected from a variety of sources. For detailed methodological information please visit www.corelogic.com.au

For more information on the CoreLogic RP Data Indices, please go to <http://www.corelogic.com.au>

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Introduction to the CoreLogic RP Data Daily Hedonic Home Value Index methodology:

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