

National Media Release

CoreLogic RP Data Hedonic Home Value Index, July 2015 Results

Released: Monday, August 3, 2015

Australian dwellings valued at \$6 trillion after capital city home values surge 2.8% higher in July

Melbourne and Sydney continued to set a rapid pace for capital gains in July, pushing the CoreLogic RP Data Home Value Index 2.8% higher over the month and 11.1% higher over the past year.

The two tiered growth evident across Australia's housing markets continued through July with Sydney and Melbourne continuing as the two capital cities driving home values higher. The growth, together with new stock additions to the market, was enough to push the aggregated national value of all dwellings past the \$6 trillion mark.

According to Tim Lawless, CoreLogic RP Data's head of research, the total aggregated value of Australian housing has increased by just over half a trillion dollars over the past twelve months.

Twelve months ago, CoreLogic RP Data estimated that the gross value of the total residential property asset class was \$5.5 trillion. In July 2015 our estimates have now reached \$6 trillion as a result of value growth and dwelling construction. Based on APRA data through to March, approximately \$1.3 trillion of bank debt remains outstanding against the asset class. Taking into account housing debt from the non-bank sector as well suggests that the overall debt to valuation ratio across the national housing portfolio is likely to be around the mid 20 per cent mark."

Focusing on value growth, Melbourne traded places with Sydney over the past three months to record the highest rate of capital gain. Dwelling values in Melbourne surged 6.1 per cent higher over the three months ending July 31; the highest rolling quarterly rate of growth since the three months ending August last year when values grew 6.4 per cent over that period. According to Mr Lawless, growth in Sydney wasn't quite as strong over the rolling quarter, recorded at 5.4 per cent, which is the highest rate of growth since the March quarter this year (5.8 per cent).

"To date, the capital cities have seen remarkable differences over the growth cycle which broadly commenced at the end of May 2012 and since that time dwelling values across our combined capitals index have increased by 30.4 per cent. Sydney values are 47.9 per cent higher over the current cycle and Melbourne values are 32.1 per cent higher while every other capital city has seen growth of less than 13 per cent over the same period. This highlights the extent to which the Sydney and Melbourne markets have outperformed other markets over the past three years.

"Over the past twelve months, we've seen several cities enter a correction phase with Darwin values falling the most, down by 5.3 per cent. Perth values also drifted lower over the year, down 0.3 per cent. At the same time, the annual rate of capital gain in Sydney reached a new cyclical high with dwelling values moving 18.4 per cent higher over the year; the highest annual rate of growth for Sydney since the twelve months ending December 2002.

According to Mr Lawless, the strongest growth conditions outside of Sydney and Melbourne have been in Brisbane where dwelling values were 3.9 per cent higher over the year. "While Sydney and Melbourne values continue to boom, the next best performing city, Brisbane, has seen dwelling values rise by just 3.9 per cent over the past twelve months. Based on the median dwelling price, Sydney prices are now 72 per cent higher than Brisbane's and Melbourne's are 24 per cent higher," he said.

Index results as at July 31, 2015

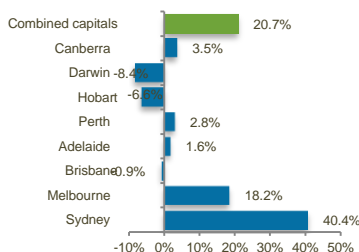
Region	Change in dwelling values			Total gross returns	Median dwelling price
	Month	Qtr	YOY		
Sydney	3.3%	5.4%	18.4%	22.8%	\$790,000
Melbourne	4.9%	6.1%	11.5%	15.2%	\$568,200
Brisbane	0.5%	1.3%	3.9%	8.8%	\$458,200
Adelaide	-1.1%	-0.9%	3.4%	7.9%	\$400,000
Perth	0.1%	-0.7%	-0.3%	3.9%	\$515,000
Hobart	1.1%	0.1%	2.5%	8.1%	\$305,000
Darwin	0.4%	-3.0%	-5.3%	0.5%	\$525,000
Canberra	0.3%	2.3%	1.2%	5.6%	\$548,200
Combined capitals	2.8%	4.0%	11.1%	15.3%	\$575,000
Rest of State*	-0.6%	-0.6%	2.3%		\$358,500

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

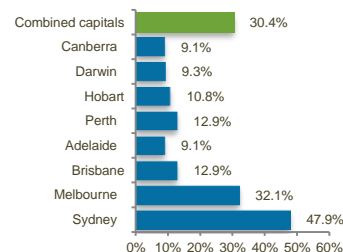
Highlights over the three months to July 2015

- **Best performing capital city: Melbourne** +6.1 per cent
- **Weakest performing capital city: Darwin** -3.0 per cent
- **Highest rental yields: Darwin houses** with gross rental yield of 5.7 per cent and **Darwin & Brisbane Units** at 5.5 per cent
- **Lowest rental yields: Melbourne houses** with gross rental yield of 3.0 per cent and **Melbourne units** at 4.1 per cent
- **Most expensive city: Sydney** with a median dwelling price of \$790,000
- **Most affordable city: Hobart** with a median dwelling price of \$305,000

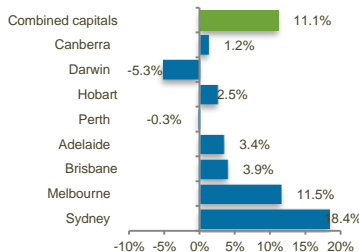
Change in dwelling values from previous market peak



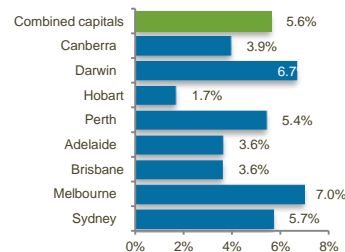
Change in dwelling values from market trough



Change in dwelling values over past twelve months



Annual change in dwelling values over past 10 years



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CoreLogic RP Data Hedonic Home Value Index Results

Detached housing continued to outperform the unit sector, with house values substantially outperforming unit values over the past year.

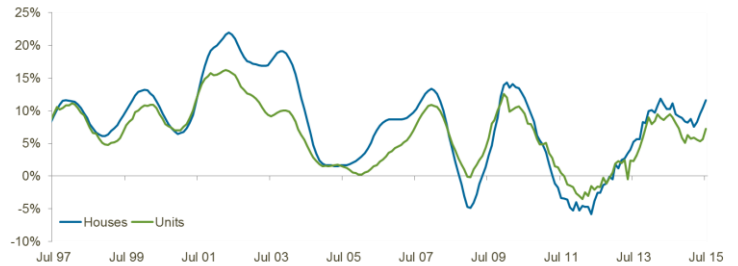
“Across every capital city except Hobart and Darwin, we are seeing detached housing outperform units for capital gain, with house values up 11.6 per cent compared with a 7.2 per cent increase in unit values over the past year. The differential is most pronounced in Melbourne where house values have surged 12.3 per cent higher over the year compared with a 4.8 per cent rise in unit values.

“The higher growth rates for houses compared with units is likely to be supply-related, with the underlying land component driving detached housing values higher at a time when new apartment supply has seen a substantial boost from new construction,” Mr Lawless said.

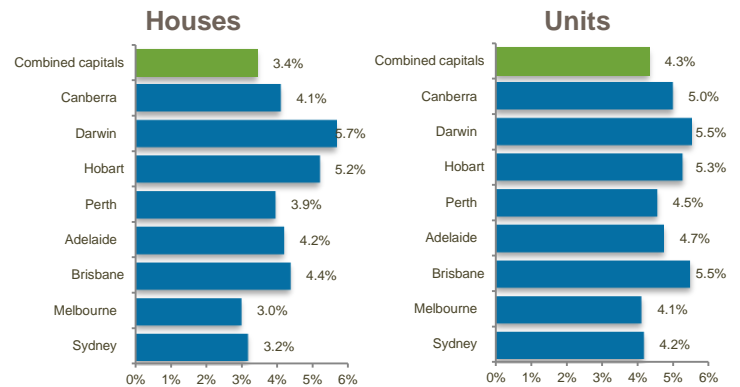
While dwelling values continue to rise across most cities, the pace of rental growth has slipped to a new record low, which has caused further compression of rental yields.

Capital city rents increased by just 0.9 per cent over the past twelve months, the slowest pace on record. A lack of any meaningful rental growth at a time when dwelling values are rising by more than 11 per cent over the year has pushed gross rental yields to new record lows across the combined capital city measure according to Mr Lawless.

Rolling annual change in capital city house and unit values



Gross rental yields, houses and units



On a city by city basis, record low gross rental yields are evident for Sydney houses (3.2 per cent) and Melbourne houses (3.0 per cent) while unit dwellings in the same cities are only a few basis points away from new record lows. Mr Lawless noted that these are also the cities where investors are most active, indicating the low yield profile hasn't been enough disincentive to keep investment at bay in these markets.

“When you consider that Sydney rents have increased by just 2.5 per cent over the past twelve months while values have climbed 18.4 per cent higher, it is easy to see how yields are getting squashed,” he said.

The only capital city where yields haven't deteriorated over the year is Hobart where rental growth has kept pace with value growth.

Mr Lawless said, “With value growth once again accelerating across Sydney and Melbourne, the market evolution in mortgage lending policies will provide a timely test for housing demand, particularly from investors.”

“The combined effect of tighter lending parameters with more focus on serviceability and low LVR's, potentially higher mortgage rates for investment loans as well as limitations on the pace of investment lending imposed by APRA on Australia's banks should conspire to slow investor demand in the market.

“Add to this the growing concern about the Sydney and Melbourne housing markets being overheated and the record low rental yields and the outlook being painted for investment is likely to be one of diminishing demand,” he said.

CoreLogic RP Data enquiries: 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

National Media Release cont'd

CoreLogic RP Data Home Value Index tables

Capital Growth to 31 July 2015	Sydney	Melbourne	Brisbane - Gold Coast	Adelaide	Perth	Australia 5 Capitals (ASX)	Hobart	Darwin	Canberra	Brisbane	Australia 8 Capitals
Table 1A: All Dwellings											
Month	3.3%	4.9%	0.4%	-1.1%	0.1%	2.8%	1.1%	0.4%	0.3%	0.5%	2.8%
Quarter	5.4%	6.1%	1.4%	-0.9%	-0.7%	4.1%	0.1%	-3.0%	2.3%	1.3%	4.0%
Year-to-Date	12.7%	10.7%	1.9%	-0.2%	-2.8%	8.1%	2.6%	-2.3%	4.9%	1.4%	8.0%
Year-on-Year	18.4%	11.5%	4.4%	3.4%	-0.3%	11.3%	2.5%	-5.3%	1.2%	3.9%	11.1%
Total Return Year-on-Year	22.8%	15.2%	9.3%	7.9%	3.9%	15.6%	8.1%	0.5%	5.6%	8.8%	15.3%
Median price* based on settled sales over quarter	\$790,000	\$568,200	\$460,000	\$400,000	\$515,000	\$572,500	\$305,000	\$525,000	\$548,200	\$458,200	\$575,000
Table 1B: Houses											
Month	3.3%	5.1%	0.7%	-1.5%	0.1%	2.8%	1.3%	1.9%	0.1%	0.7%	2.8%
Quarter	5.5%	6.5%	1.6%	-1.1%	-0.8%	4.2%	-0.1%	-4.4%	2.4%	1.7%	4.1%
Year-to-Date	13.5%	11.4%	2.0%	-0.5%	-2.8%	8.3%	2.2%	-2.6%	5.2%	1.6%	8.3%
Year-on-Year	19.8%	12.3%	5.0%	3.4%	0.1%	11.9%	2.4%	-5.7%	1.4%	4.6%	11.6%
Total Return Year-on-Year	24.1%	16.0%	9.8%	7.9%	4.3%	16.1%	8.0%	-0.1%	5.7%	9.4%	15.8%
Median price* based on settled sales over quarter	\$921,500	\$630,000	\$500,000	\$425,000	\$530,000	\$610,000	\$320,000	\$570,000	\$593,000	\$490,000	\$608,000
Table 1C: Units											
Month	3.2%	3.2%	-1.6%	2.7%	-0.4%	2.5%	-0.7%	-5.5%	3.1%	-1.9%	2.5%
Quarter	5.0%	2.8%	-0.8%	0.7%	1.2%	3.5%	1.6%	3.1%	0.3%	-2.3%	3.4%
Year-to-Date	9.2%	4.6%	0.2%	2.6%	-3.0%	6.1%	6.5%	-1.4%	1.4%	-0.8%	6.1%
Year-on-Year	11.9%	4.8%	-0.7%	3.1%	-5.7%	7.4%	3.8%	-3.2%	-0.6%	-2.5%	7.2%
Total Return Year-on-Year	17.0%	9.3%	4.8%	8.1%	-1.2%	12.3%	9.6%	2.6%	4.5%	2.9%	12.1%
Median price* based on settled sales over quarter	\$660,000	\$483,500	\$370,000	\$342,000	\$420,000	\$500,000	\$281,900	\$441,500	\$412,200	\$380,000	\$505,000
Table 1D: Rental Yield Results											
Houses	3.2%	3.0%	4.4%	4.2%	3.9%	3.4%	5.2%	5.7%	4.1%	4.4%	3.4%
Units	4.2%	4.1%	5.5%	4.7%	4.5%	4.3%	5.3%	5.5%	5.0%	5.5%	4.3%

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:

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. CoreLogic 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 augments this data with recent sales advice from real estate industry professionals, listings information and attributes data collected from a variety of sources. For detailed methodological information please visit www.corelogic.com.au.