

# National Media Release

## CoreLogic RP Data Hedonic Home Value Index, August 2015 Results

Released: Tuesday, September 1, 2015

# Capital gains slow across the housing market in August but trend growth remains high

Dwelling values moved 0.3% higher in August across CoreLogic RP Data's combined capital cities index with Sydney values once again leading the pack with 1.1% growth over the month.

According to the CoreLogic RP Data August 2015 Home Value Index, capital city dwelling values continued to rise over the month, albeit with considerable variations in the performance of the housing market from city to city.

The headline results show that dwelling values were 0.3 per cent higher over the month across the eight capital city index. The highest month-on-month movement was in Sydney, where dwelling values were 1.1 per cent higher, while dwelling values also moved higher across Adelaide (0.7 per cent) and Darwin (0.3 per cent), and were flat over the month in Melbourne and Brisbane. The remaining capital cities recorded a month-on-month fall in dwelling values.

While the August results indicate a slowdown in the rate of appreciation in dwelling values, the quarterly figures highlight just how strong the housing market has been over the past three months; combined capital city dwelling values are 5.3 per cent higher over the three months to the end of August this year.

According to CoreLogic RP Data head of research, Tim Lawless, dwelling values across Melbourne were 8.0 per cent higher over the rolling quarter, and Sydney values were up 7.4 per cent. Both cities have seen dwelling values trend substantially higher than other capitals, where the third highest growth rate over the three month period was Brisbane, which showed an increase in values of 2.2 per cent.

While the three largest capital cities, together with Hobart, have all recorded growth in dwelling values over the past three months, half the nation's capital cities have recorded a fall in values. Darwin recorded the most substantial decline in values with a fall of 3.2 per cent over the three month period, while Perth values were down by 1.5 per cent, Canberra values were 0.8 per cent lower and Adelaide values are slightly lower, at 0.1 per cent."

With the lower month-on-month growth rate, the annual rate of appreciation has also slipped back a notch to 10.2 per cent per annum, from 11.1 per cent last month.

According to Mr Lawless, the annual rate of growth highlights how strong Sydney housing market conditions have been.

Sydney dwelling values are 17.6 per cent higher over the past year, and since the beginning of 2009, Australia's largest capital city housing market has recorded a cumulative capital gain of 76 per cent. Using the median house price from January 2009 as a base, the typical Sydney home owner has seen the value of their home increase by approximately \$309,000 since the beginning of 2009.

The only cities where dwelling values declined over the past twelve months have been Darwin (-4.6 per cent), Perth (-1.8 per cent) and Canberra (-0.9%). "Darwin and Perth have certainly felt the brunt of the downturn in resources investment while conditions in Canberra have been improving but remain volatile. We expect the softer housing market conditions in Perth and Darwin are likely to persist over the coming year," Mr Lawless said.

### Index results as at August 31, 2015

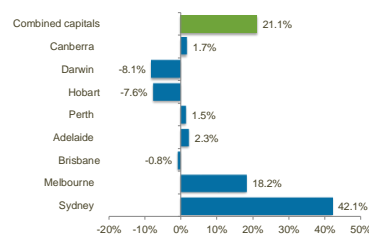
Region	Change in dwelling values			Total gross returns	Median dwelling price
	Month	Qtr	YOY		
Sydney	1.1%	7.4%	17.6%	21.9%	\$773,000
Melbourne	0.0%	8.0%	10.6%	14.3%	\$563,500
Brisbane	0.0%	2.2%	3.9%	8.7%	\$451,000
Adelaide	0.7%	-0.1%	1.8%	6.2%	\$405,000
Perth	-1.3%	-1.5%	-1.8%	2.3%	\$500,000
Hobart	-1.1%	1.7%	1.5%	7.0%	\$320,000
Darwin	0.3%	-3.2%	-4.6%	1.1%	\$527,500
Canberra	-1.7%	-0.8%	-0.9%	3.4%	\$537,000
Combined capitals	0.3%	5.3%	10.2%	14.4%	\$570,000
Rest of State*	0.1%	-0.5%	2.3%		\$355,000

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

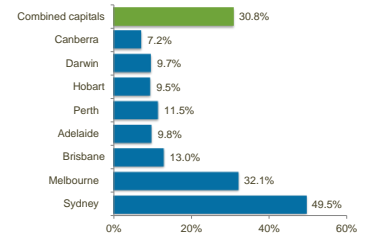
### Highlights over the three months to August 2015

- **Best performing capital city: Melbourne** +8.0 per cent
- **Weakest performing capital city: Darwin** -3.2 per cent
- **Highest rental yields: Darwin houses** with gross rental yield of 5.5 per cent and **Darwin & Hobart Units** at 5.5 per cent
- **Lowest rental yields: Melbourne houses** with gross rental yield of 3.0 per cent and **Melbourne & Sydney units** at 4.1 per cent
- **Most expensive city: Sydney** with a median dwelling price of \$773,000
- **Most affordable city: Hobart** with a median dwelling price of \$320,000

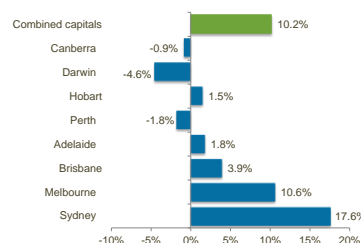
### Change in dwelling values from previous market peak



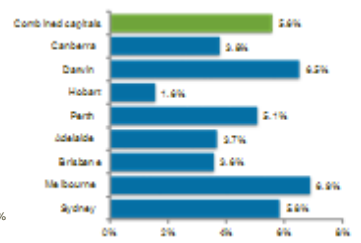
### Change in dwelling values from market trough



### Change in dwelling values over past twelve months



### Annual change in dwelling values over past 10 years



# National Media Release cont'd

## CoreLogic RP Data Hedonic Home Value Index Results

Unit values have recently shown a higher rate of growth than detached houses, with values rising 0.8 per cent over the month compared with a 0.3 per cent rise in house values. The rolling quarterly rate of growth was also higher for units at 6.7 per cent compared with 5.1 per cent across the detached sector.

According to Mr Lawless it has generally been the case throughout this cycle, and previous cycles, that house values have risen at a faster rate than unit values. "However, over the past three months across every capital city except Melbourne and Brisbane, it has been the apartment sector that has shown the stronger growth result," he said.

"This result comes at a time when apartment supply has ramped up substantially more than detached housing supply. To see such a broad-based over performance of units relative to houses, provides some comfort for developers and purchasers that higher density stock values are appreciating.

"Sub-markets where supply levels are heightened, or the pipeline of apartment supply is substantial, should still be viewed with some caution." Mr Lawless warned.

Growth in weekly rental rates shifted to a new record low for annual growth over the month of August. Across the combined capital cities, the median weekly rental rate rose by just 0.7 per cent over the past twelve months, with house rents up 0.5 per cent and unit rents up a higher 1.6 per cent.

Since May 2013, dwelling values have risen at a faster pace than weekly rents. "The result of the disparity between dwelling values and dwelling rents has been a consistent downwards trend in gross rental yields.

Gross yields are at record lows in both Sydney and Melbourne. A typical dwelling is attracting a gross yield of just 3.3 per cent and 3.1 per cent respectively across Australia's two largest cities. Mr Lawless said that the low yield scenario has largely been overlooked by investors who appear to be more focused on chasing future anticipated capital gains rather than aiming for cash flow.

The slower rate of capital gain for August is likely to be a welcome relief for the RBA who has expressed some concern about the heat emanating from the Sydney and Melbourne housing markets.

"While the rate of capital gains slowed last month, today's results are only one month worth of data. Therefore, we should be cautious about interpreting this as a slowdown in the overall trend of value growth. In fact, the quarterly and annual trend of capital gain remains high in Sydney and Melbourne."

"The Spring season will provide a timely litmus test for the housing market given it's a time when listing numbers normally increase materially. It will be important to monitor whether buyer demand keeps pace with the additional number of homes being advertised for sale," Mr Lawless said.

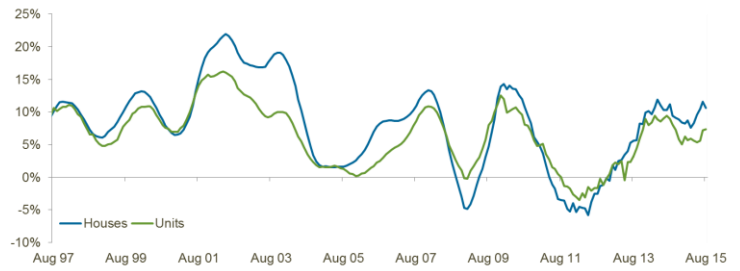
Currently, new listing numbers are 5.5 per cent higher compared with the same time last year across the capital cities, led by a 16 per cent lift in newly advertised properties in Sydney and a 10 per cent lift in Melbourne. According to Mr Lawless, this is indicative that the spring listing trend is already accelerating as vendors look to take advantage of the strong selling conditions.

Media inquiries contact: CoreLogic national communications manager – 07 3114 9879 or [media@corelogic.com.au](mailto:media@corelogic.com.au)

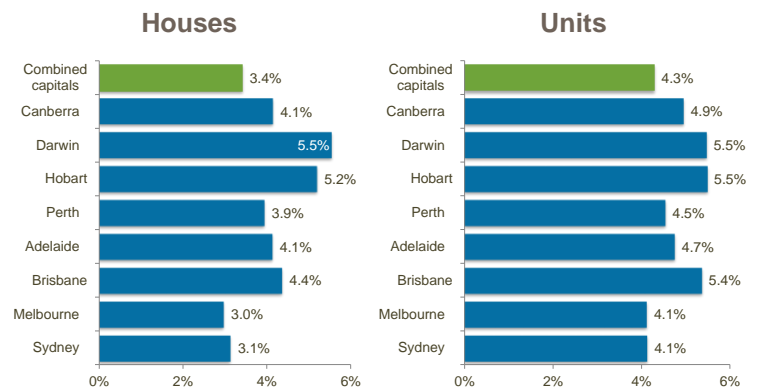
### About CoreLogic RP Data

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](http://www.corelogic.com.au)

Rolling annual change in capital city house and unit values



Gross rental yields, houses and units



# National Media Release cont'd

## CoreLogic RP Data Home Value Index tables

Capital Growth to 31 August 2015	Sydney	Melbourne	Brisbane - Gold Coast	Adelaide	Perth	Australia 5 Capitals (ASX)	Hobart	Darwin	Canberra	Brisbane	Australia 8 Capitals
<b>Table 1A: All Dwellings</b>											
Month	1.1%	0.0%	0.3%	0.7%	-1.3%	0.4%	-1.1%	0.3%	-1.7%	0.0%	0.3%
Quarter	7.4%	8.0%	2.5%	-0.1%	-1.5%	5.5%	1.7%	-3.2%	-0.8%	2.2%	5.3%
Year-to-Date	14.0%	10.6%	2.2%	0.5%	-4.1%	8.5%	1.4%	-2.0%	3.1%	1.4%	8.4%
Year-on-Year	17.6%	10.6%	4.3%	1.8%	-1.8%	10.5%	1.5%	-4.6%	-0.9%	3.9%	10.2%
Total Return Year-on-Year	21.9%	14.3%	9.2%	6.2%	2.3%	14.7%	7.0%	1.1%	3.4%	8.7%	14.4%
Median price* based on settled sales over quarter	\$773,000	\$563,500	\$450,000	\$405,000	\$500,000	\$568,000	\$320,000	\$527,500	\$537,000	\$451,000	\$570,000
<b>Table 1B: Houses</b>											
Month	1.1%	0.0%	0.1%	0.8%	-1.3%	0.4%	-0.8%	0.5%	-1.9%	-0.2%	0.3%
Quarter	7.0%	8.3%	2.7%	-0.3%	-1.8%	5.3%	1.6%	-4.3%	-1.1%	2.4%	5.1%
Year-to-Date	14.8%	11.4%	2.1%	0.3%	-4.1%	8.7%	1.4%	-2.1%	3.2%	1.3%	8.6%
Year-on-Year	18.6%	11.5%	4.6%	1.8%	-1.5%	10.9%	1.7%	-4.8%	-1.0%	4.3%	10.6%
Total Return Year-on-Year	22.8%	15.2%	9.5%	6.2%	2.5%	15.0%	7.2%	0.9%	3.2%	9.0%	14.7%
Median price* based on settled sales over quarter	\$900,000	\$620,000	\$500,000	\$430,000	\$520,000	\$600,000	\$330,200	\$580,000	\$587,800	\$482,400	\$600,000
<b>Table 1C: Units</b>											
Month	1.2%	-0.2%	2.6%	-0.6%	-0.4%	0.8%	-4.4%	-0.4%	1.1%	2.6%	0.8%
Quarter	9.2%	5.2%	1.4%	1.9%	2.5%	6.7%	3.1%	1.3%	2.8%	0.1%	6.7%
Year-to-Date	10.4%	4.4%	2.8%	2.0%	-3.3%	7.0%	1.8%	-1.7%	2.6%	1.8%	6.9%
Year-on-Year	12.7%	2.9%	1.4%	1.2%	-5.2%	7.5%	-0.6%	-3.7%	0.9%	0.5%	7.4%
Total Return Year-on-Year	17.8%	7.3%	7.0%	6.2%	-0.6%	12.4%	5.0%	2.0%	6.0%	6.1%	12.3%
Median price* based on settled sales over quarter	\$670,000	\$475,000	\$370,000	\$350,000	\$415,500	\$500,000	\$280,000	\$450,000	\$415,000	\$382,200	\$509,900
<b>Table 1D: Rental Yield Results</b>											
Houses	3.1%	3.0%	4.4%	4.1%	3.9%	3.4%	5.2%	5.5%	4.1%	4.4%	3.4%
Units	4.1%	4.1%	5.4%	4.7%	4.5%	4.3%	5.5%	5.5%	4.9%	5.4%	4.3%

The indices in grey shading have been designed for trading environments in partnership with the Australian Securities Exchange ([www.asx.com.au](http://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](http://www.corelogic.com.au)

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

Media enquiries contact: Mitch Koper, CoreLogic RP Data national communications manager – 07 3114 9879 or [media@corelogic.com.au](mailto:media@corelogic.com.au)

### 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](http://www.corelogic.com.au).