

CoreLogic - Nine Rewards

Consumer housing market sentiment survey

Released: Friday 24 July, 2015

Australians concerned home prices are vulnerable to a substantial correction

The release today of the CoreLogic RP Data Nine Rewards Consumer sentiment survey revealed that a majority of survey respondents think that it is a good time to buy property, despite rising capital city home values over the past three years.

Over the June 2015 quarter, 60% of respondents agreed that now was a good time to buy a property or home however, this proportion fell from 71% of respondents at the same time a year ago, and is down from 80% of respondents over the second quarter of 2013.

CoreLogic RP Data research director, Tim Lawless, said that a majority of respondents still felt that it's a good time to buy property. "Although with the current growth period having run for so long it isn't a surprise to see a fall in the proportion of respondents who think now is a good time to buy, particularly in the hottest market Sydney."

The regions where survey respondents were most optimistic about buying conditions were in Tasmania, regional South Australia, Brisbane and in regional Queensland. According to Mr Lawless, this is not surprising given that these regions are yet to see a substantial run up in prices. Conversely, he said, "Sydney and regional New South Wales based respondents were the least optimistic about buying conditions which can probably be attributed to the high rates of capital that have been recorded over the past few years."

On the other hand, 65% of respondents thought it was a good time to sell; the highest reading in the history of the survey which extends back to the first quarter of 2013.

Sydney and Melbourne-based respondents were the most optimistic about selling conditions. Given the strength of the housing market in these cities, Mr Lawless said that this result comes as no surprise. "Perceptions around selling conditions in the Northern Territory and Perth, where property values are now in decline and listing numbers are rising, were more subdued."

In addition, the survey asked respondents about their expectations for capital growth over the next six and twelve months. 48% of respondents expected home prices to rise over the next six months, while 45% are expecting prices to rise over the next twelve months. Only 14% of respondents expect price to fall over the coming year.

Respondents in Tasmania were the most optimistic about the likelihood of capital growth for their state with 60% expecting prices to rise over the coming year.

According to Mr Lawless, this result confirms an improvement in local sentiment across Tasmania where this market has previously recorded weak conditions but has recently started to show some capital gain.

Sydney and Melbourne also saw more than half the respondents indicating that they expected further growth in property prices over the next twelve months.

Across the country, respondents from regional Western Australia were the most pessimistic about local housing market conditions, with only 14% of respondents indicating they expect prices to rise over the next twelve months.

Mr Lawless said, "With attitudes around future capital growth broadly still strong, it is interesting to note that when respondents were asked whether Australia's housing market was vulnerable to a significant correction, three quarters of respondents felt that it was. This was the highest reading we've received for this question which suggests that despite a perception that prices will still rise, more Australians are becoming concerned about a correction in the housing market.

"Respondents based in regional Western Australia, the Northern Territory and Sydney were the most wary about the markets vulnerability, with 86%, 80% and 79% of respondents respectively indicating they were concerned values could fall significantly," he said.

Another aspect of the market surveyed in June was respondents' perceptions around foreign buying. When asked if they thought foreign buyers were making it more difficult for those living in Australia to own their home, 73% responded yes.

The effect of foreign buying was perceived to be most evident in Sydney, regional New South Wales, Melbourne and Tasmania where at least 79% of respondents thought foreign buyers were making it more difficult for Australian residents to purchase their own home.

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.

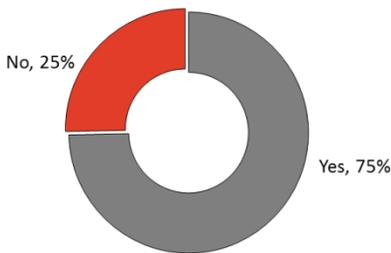
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Survey of housing market sentiment

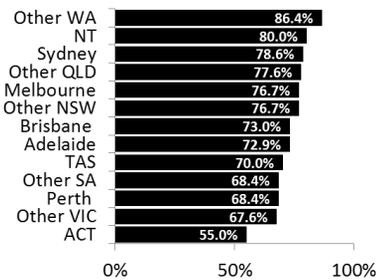
Summary findings, June 2015

1,010 Australian residents responded to the most recent survey of housing market sentiment from CoreLogic RP Data and Nine Rewards.

In your opinion is Australia's housing market vulnerable to a significant correction in values?

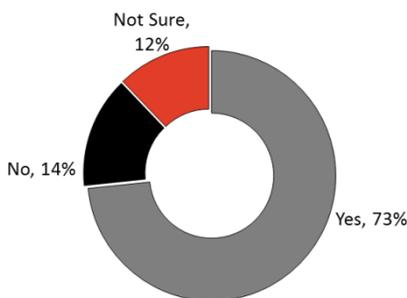


The majority of Australian residents think the housing market could suffer a significant correction in values, with 75% of respondents indicating a significant correction was possible. When this question was first asked back in early 2013, 60% of respondents indicated 'yes' to this question, and the proportion has progressively risen since this time. The increasing number of respondents who think the market is now more vulnerable to a substantial correction suggests buyers are becoming more cautious in their decision making, a factor that may be compounded by the renewed global uncertainty emanating from Europe and China.



Across the regions, respondents from Regional Western Australia and the Northern Territory were the most pessimistic about a serious downturn in dwelling values; these are also the housing markets where conditions have shown the most weakness over the past year. A higher proportion of Sydney based respondents also indicated that they felt the housing market could stage a significant downturn, which may be attributed to the high rate of capital gain over recent years causing some concern about an over valuation in the Sydney market place. Respondents from Perth were surprisingly optimistic considering the local market is currently seeing dwelling values move lower and economic conditions have weakened since the peak of resources led boom.

Do you think foreign buyers are making it more difficult for those living in Australia to own their home?



Respondents to the survey are concerned about foreign buyers pushing prices higher across the housing market, with 73% of all respondents nationally indicating they thought foreign purchasing was making it more difficult to own a home.

19% of respondents perceived foreign buyers were placing 'Extreme upwards pressure' on housing prices and 30% (the largest proportion) thought foreign buyers were exerting 'strong upwards pressure'. Only 6% of respondents though foreign buyers weren't effecting housing prices at all.

The regions where foreign buying was perceived to make it most difficult for residents to purchase a home were Sydney, regional New South Wales, Melbourne and Tasmania where at least 79% of respondents perceived foreign buyers were making it more difficult for Australian residents to purchase their own home.

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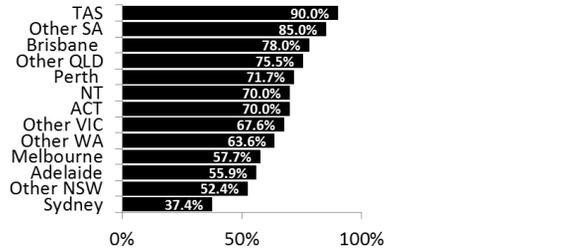
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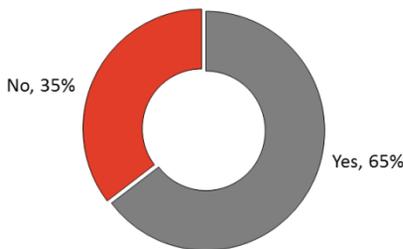
Is now a good time to good time to buy a property or home?



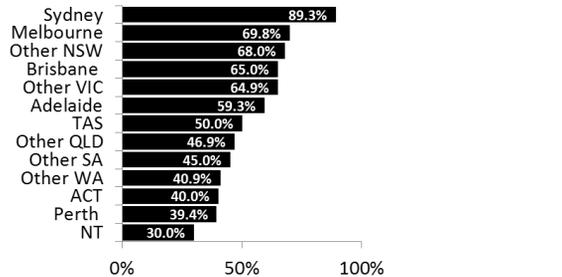
% of respondents who thought it was a good time to buy across the regions



Is now a good time to good time to sell a property or home?



% of respondents who thought it was a good time to buy across the regions



60% of respondents thought that the current housing market conditions represented a good time to buy a property, while 65% thought it was a good time to sell. While the responses look conflicted at a national level, across the regions the sentiment becomes much clearer.

The markets where housing conditions have remained relatively weak, such as Tasmania, regional South Australia, Brisbane and regional Queensland, have shown a higher proportion of respondents who think buying conditions are prime. Conversely, the markets which are viewed as a good time to sell are those where capital gains have been the highest; Sydney and Melbourne.

The weakness that is evident the Perth and Northern Territory housing markets have caused the largest proportion of respondents to indicate selling conditions are less than optimal.

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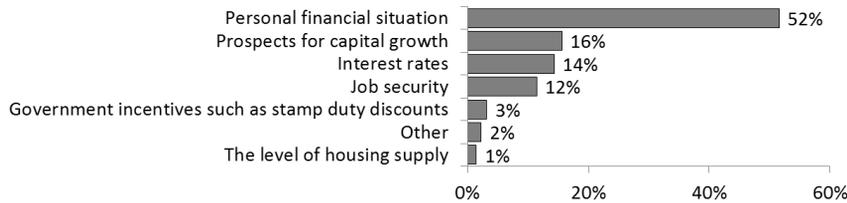
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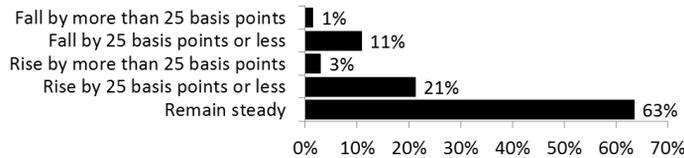
What is the most important factor when purchasing a property?



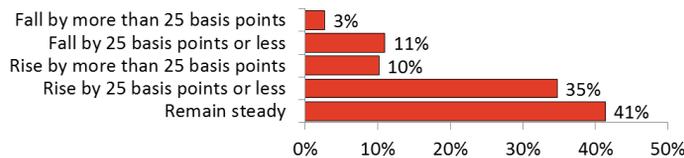
Respondents continue to believe that the most important factor to consider when purchasing a property is their personal financial situation at 52%, the proportion of respondent choosing this option has been relatively stable over time. Across the respondents, 16% felt prospects for capital growth were the most important factor. Interest rates was chosen by 14% of respondents and 12% chose job security as most important. Most respondents didn't feel that the level of housing supply (1%), other factors (2%) or government incentives such as stamp duty discounts (3%) were an important factor in a purchase decision.

Arguably, an individual's personal financial situation includes many of the other aspects surveyed in this question which is why it rates so high.

Over the next six months would you expect mortgage rates to...



Over the next twelve months would you expect mortgage rates to...



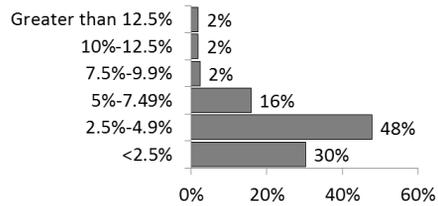
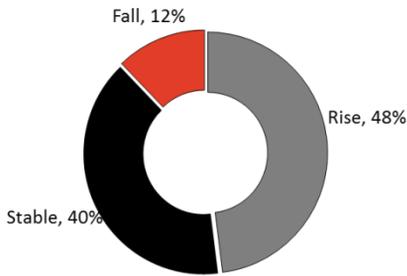
Most respondents expect a stable mortgage rate environment over the next half year and year, however, 45% of respondents think there may be a rate hike over the next year. Only 12% of respondents expect interest rates to move lower over the six months and 13% over the next year. The growing expectation that interest rates may have bottomed out and could in fact rise over the coming year may be enough to deter some buyers from making a purchase decision.

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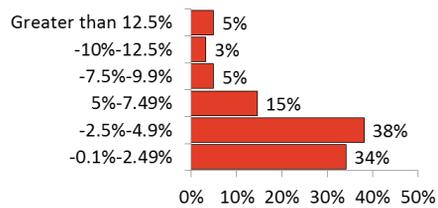
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Do you believe home values will rise, fall or remain stable over the next 6 months?



Rise

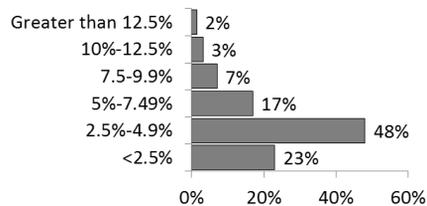
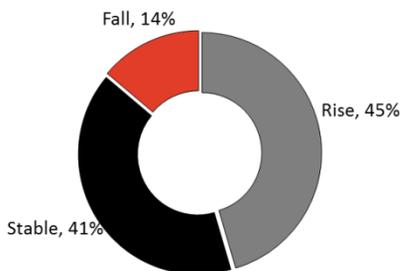


Fall

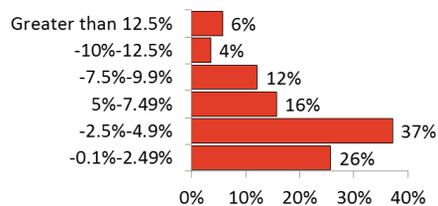
The proportion of respondents who think home values will rise over the next six months has held relatively steady compared with results from the first quarter. 48% of respondents expect home values to rise over the coming six months compared with 49% over the previous quarter. Of those respondents who expect values to rise, their growth expectations are modest with 78% indicating values will rise by less than 5%. Only 12% of respondents think home values will fall over the coming half year. Sydney and Melbourne based respondents were the most optimistic with regards to the short term movements in dwelling values, with 63% and 57% indicating they think values will rise over the next six months. The most pessimistic were those respondents in Perth, regional Western Australia and regional South Australia where fewer than 20% of respondents were expecting a rise in values.

Do you believe home values will rise, fall or remain stable over the next 12 months?

A slightly smaller proportion of those surveyed expect home values to rise over the next year. 45% indicated they expect home values to rise over the next 12 months compared with 45% of those that responded to the previous March quarter survey. Of those that are expecting values to move higher, 71% are anticipating gains of less than 5%. Across the country, respondents from the regional area of Western Australia were the most pessimistic with only 14% indicating they expected dwelling values to rise over the coming year.



Rise



Fall

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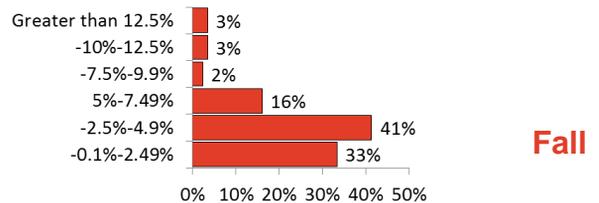
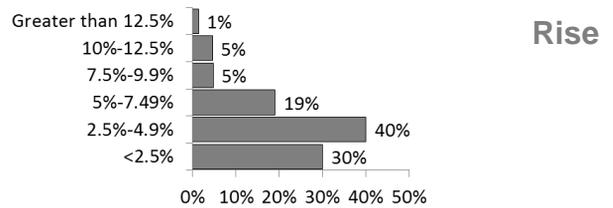
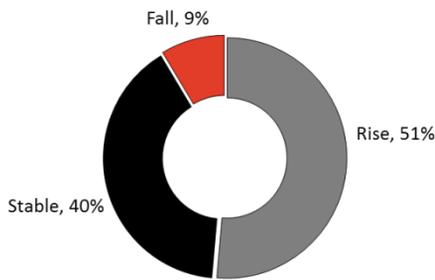
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Do you believe home rental rates will rise, fall or remain stable over the next 12 months?



Survey respondents are slightly more bullish about rental markets than they are capital gains. Most respondents (51%) are expecting rental rates to rise over the coming year, while 9% of those surveyed are expecting rents to move backwards. Of those respondents expecting rents to move higher, most are anticipating a shift of less than 5%. CoreLogic indices data is showing rents are moving higher at their slowest pace on record, with weekly rents across three of Australia’s capital cities tracking backwards over the past six months.