

# National Media Release

## CoreLogic RP Data Hedonic Home Value Index, January 2016 Results

Released: Monday, February 1, 2016

### Move over Sydney, Melbourne takes over as the best performing capital city over the past twelve months

Dwelling values across Australia's capital cities were 0.9% higher in January driven partially by a rebound in Sydney and Melbourne. The recent growth conditions have pushed the Melbourne market into first place for annual growth in dwelling values with an 11.0% rise compared with Sydney where values are 10.5% higher over the past twelve months.

According to the January 2016 CoreLogic RP Data Hedonic Home Value Index results released today, dwelling values across Australia's combined capital cities showed a 0.9 per cent rise in January after recording no change in December and a 1.5 per cent drop in November.

According to CoreLogic RP Data head of research Tim Lawless, this month on month rise wasn't quite enough to pull the rolling quarterly rate of growth back into the black, with capital city dwelling values remaining 0.6% lower over the past three months. Hobart led the monthly figures with a 4.7% jump in values, followed by Melbourne where values were 2.5% higher and Canberra with a 2.8% lift. Sydney values also showed a rise of 0.5%, while the remaining four capital cities showed dwelling values to be either flat or down.

The rolling quarterly trend was looking similarly diverse, with four of Australia's eight capital cities recording negative dwelling value movements over the past three months, with Sydney dwelling values showing the largest fall, down 2.1 per cent. Values are down over the rolling quarter in Darwin (-1.4%), Adelaide (-0.9%) and Melbourne (-0.1%) as well. The strongest growth in home values over the quarter across the capital cities was found in Hobart with a 3.0% capital gain.

Despite recording the largest annual decline in home values (-4.1%), Perth dwelling values posted a 1.7 per cent rise over the three months to the end of January. Other capital cities to record a rise over the rolling quarter were Brisbane (+0.8%) and Canberra (+1.2%).

Over the past twelve months, capital city dwelling values have risen by 7.4% with Sydney's capital gains of 10.5% no longer the highest annual rate across the capitals. "While still a high rate of annual growth, Sydney's annual rate of capital gain is now at a 29 month low and has been progressively softening since peaking at 18.4% in July last year," Mr Lawless said.

"Melbourne's housing market has been more resilient to slowing growth conditions which has propelled the annual growth rate to the highest of any capital city, with dwelling values 11.0% higher over the past twelve months. Previously, during the height of the growth phase, there was a large separation between Sydney's housing market, which was streaking ahead, and Melbourne's, where the rate of capital gain was substantial but still well below the heights being recorded in Sydney. The latest data reveals Sydney's housing market is now playing second fiddle to Melbourne's, at least in annual growth terms."

"In fact, over the past six months, the performance gap between Sydney and Melbourne is stark. Sydney dwelling values have reduced by 0.6 per cent between July last year and the end of January 2016, compared with a 3.0 per cent rise across Melbourne dwelling values. The last six months have also seen both Brisbane and Canberra dwelling values rise by 2.0 per cent while Hobart values are 1.3 per cent higher and Adelaide dwelling values have been virtually flat with a 0.1 per cent rise," Mr Lawless said.

#### Index results as at January 31, 2016

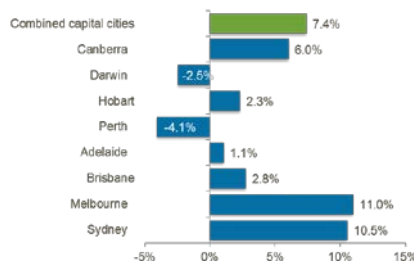
Region	Change in dwelling values			Total gross returns	Median dwelling price
	Month	Qtr	YOY		
Sydney	0.5%	-2.1%	10.5%	14.4%	\$776,000
Melbourne	2.5%	-0.1%	11.0%	14.5%	\$595,000
Brisbane	-0.7%	0.8%	2.8%	7.5%	\$478,200
Adelaide	0.0%	-0.9%	1.1%	5.4%	\$420,200
Perth	-1.0%	1.7%	-4.1%	-0.2%	\$515,000
Hobart	4.7%	3.0%	2.3%	7.9%	\$332,500
Darwin	-0.1%	-1.4%	-2.5%	3.1%	\$520,000
Canberra	2.8%	1.2%	6.0%	10.5%	\$587,500
Combined capitals	0.9%	-0.6%	7.4%	11.4%	\$572,500
Rest of State*	-0.1%	-0.3%	1.9%		\$365,000

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

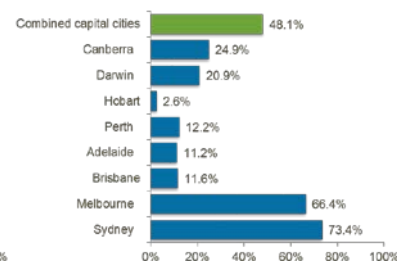
#### Highlights over the three months to January 2016

- **Best performing capital city: Hobart** +3.0 per cent
- **Weakest performing capital city: Sydney** -2.1 per cent
- **Highest rental yields: Darwin houses** with gross rental yield of 5.3 per cent and **Hobart Units** at 5.3 per cent
- **Lowest rental yields: Melbourne houses** with gross rental yield of 2.9 per cent and **Melbourne units** at 4.0 per cent
- **Most expensive city: Sydney** with a median dwelling price of \$776,000
- **Most affordable city: Hobart** with a median dwelling price of \$332,500

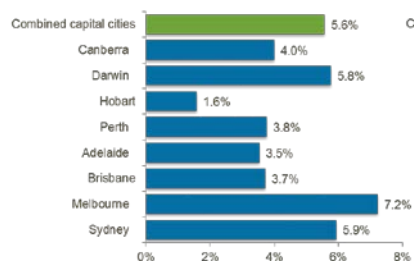
#### Change in dwelling values over past twelve months



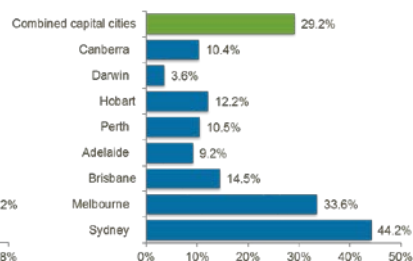
#### Cumulative change in dwelling values from Jan 2009 to current (Post GFC growth)



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



#### Change in dwelling values from previous market trough



# National Media Release cont'd

## CoreLogic RP Data Hedonic Home Value Index Results

The annual pace of growth across the Canberra market has been progressively improving, with values up 6.0% over the past twelve months; the strongest annual gain since November 2010. The nation's capital has benefitted from improved buyer confidence while rising demand has seen much of the housing oversupply absorbed, particularly across the detached housing market where gains have been the highest.

While the pace of growth in dwelling values across the combined capitals has eased from the heights of mid last year, rental growth across the capital cities over the past twelve months has reduced further, with dwelling rents unchanged over the year.

According to Mr Lawless, with a rental series that extends back to 1996, these are the weakest rental markets conditions ever seen. "In fact there hasn't previously been a twelve month period when rents didn't rise across our combined capitals index," he says.

Darwin and Perth are dragging the broader capital cities' rental indicators down with weekly rents down 13.4% over the past year in Darwin and 8.6% lower in Perth. Dwelling rents were also down in Brisbane (-0.7%) and Adelaide (-0.4%). The largest rental increases were in Sydney and Melbourne where weekly rents rose 1.4% higher, and 2.1% higher respectively over the past twelve months.

Mr Lawless said, "With dwelling values rising substantially more than rents in Sydney and Melbourne, this ongoing effect has created a compression in gross rental yields to the extent that gross yields in these cities are now only marginally higher than record lows."

According to the most recent Reserve Bank's private sector housing credit data, the pace of investment-related credit growth has fallen well below the 10% speed limit implemented by APRA in December 2014.

Mr Lawless said, "The slower pace of investment credit is likely to be due to more than just higher mortgage rates for investment loans and stricter lending policies, but also due to investors becoming wary of the low rental yield scenario while also anticipating lower capital gains than what was recorded last year."

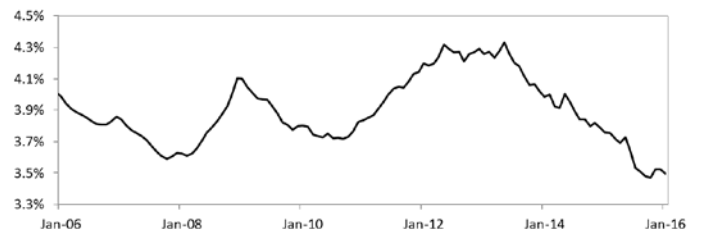
"As housing market activity moves out of its seasonally slow festive period, we are likely to have a much better gauge on how the overall housing market is performing in the New Year.

"January tends to be a relatively quiet month across the housing market, however across the capital cities we estimate that there were approximately 16,500 dwelling sales contracted in January.

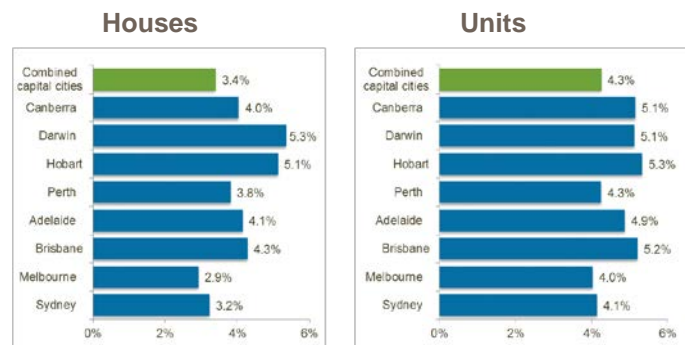
"Additionally, while the number of auctions won't return to normal until early February, the weighted average auction clearance rate across the capital cities over the final weekend of January was 61.6%; higher than what was recorded during December when the weighted average clearance rate was between 57% and 59% from week to week.

"The bounce in dwelling values in January may provide an early sign that housing values across the combined capital cities are not likely to experience material decreases in 2016. We believe that the rate of capital gain across the combined capitals in 2016 is likely to be less than the 7.8% experienced in 2015, driven by a slowdown in Sydney and Melbourne and continued softness in the Perth and Darwin markets," Mr Lawless said.

**Gross rental yield, combined capital city dwellings**



**Gross rental yields, houses and units**



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### 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)

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## CoreLogic RP Data Home Value Index tables

Capital Growth to 31 January 2016	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	0.5%	2.5%	-0.3%	0.0%	-1.0%	0.8%	4.7%	-0.1%	2.8%	-0.7%	0.9%
Quarter	-2.1%	-0.1%	1.0%	-0.9%	1.7%	-0.6%	3.0%	-1.4%	1.2%	0.8%	-0.6%
Year-to-Date	0.5%	2.5%	-0.3%	0.0%	-1.0%	0.8%	4.7%	-0.1%	2.8%	-0.7%	0.9%
Year-on-Year	10.5%	11.0%	3.4%	1.1%	-4.1%	7.5%	2.3%	-2.5%	6.0%	2.8%	7.4%
Total Return Year-on-Year	14.4%	14.5%	8.2%	5.4%	-0.2%	11.4%	7.9%	3.1%	10.5%	7.5%	11.4%
Median price* based on settled sales over quarter	\$776,000	\$595,000	\$480,000	\$420,200	\$515,000	\$570,000	\$332,500	\$520,000	\$587,500	\$478,200	\$572,500
<b>Table 1B: Houses</b>											
Month	0.7%	2.7%	-0.5%	0.2%	-1.2%	0.9%	5.3%	-0.6%	2.9%	-1.0%	1.0%
Quarter	-2.3%	-0.3%	1.0%	-0.7%	1.7%	-0.7%	3.2%	-4.9%	1.3%	0.7%	-0.8%
Year-to-Date	0.7%	2.7%	-0.5%	0.2%	-1.2%	0.9%	5.3%	-0.6%	2.9%	-1.0%	1.0%
Year-on-Year	10.7%	11.6%	3.4%	1.5%	-4.4%	7.6%	1.4%	-3.2%	6.7%	2.6%	7.5%
Total Return Year-on-Year	14.4%	15.1%	8.1%	5.8%	-0.5%	11.4%	6.9%	2.4%	11.2%	7.2%	11.3%
Median price* based on settled sales over quarter	\$885,000	\$652,200	\$525,000	\$444,500	\$530,000	\$602,000	\$350,500	\$520,000	\$640,000	\$510,000	\$600,000
<b>Table 1C: Units</b>											
Month	-0.2%	0.3%	1.0%	-2.3%	2.6%	0.1%	-1.7%	1.8%	1.1%	2.5%	0.2%
Quarter	-0.7%	1.6%	0.9%	-2.5%	2.0%	0.1%	0.6%	16.3%	-0.1%	1.5%	0.2%
Year-to-Date	-0.2%	0.3%	1.0%	-2.3%	2.6%	0.1%	-1.7%	1.8%	1.1%	2.5%	0.2%
Year-on-Year	9.6%	5.4%	3.9%	-3.9%	-0.4%	6.8%	13.2%	0.7%	-3.3%	4.5%	6.8%
Total Return Year-on-Year	14.3%	9.9%	9.7%	0.9%	4.2%	11.6%	19.5%	6.5%	1.7%	10.3%	11.6%
Median price* based on settled sales over quarter	\$655,000	\$492,000	\$385,000	\$355,000	\$424,000	\$495,000	\$280,000	\$507,000	\$420,000	\$392,200	\$502,000
<b>Table 1D: Rental Yield Results</b>											
Houses	3.2%	2.9%	4.3%	4.1%	3.8%	3.4%	5.1%	5.3%	4.0%	4.3%	3.4%
Units	4.1%	4.0%	5.4%	4.9%	4.3%	4.3%	5.3%	5.1%	5.1%	5.2%	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>

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