National Media Release

CoreLogic RP Data February Hedonic Home Value Index Results

Released: Monday, March 2, 2015

Dwelling values continue to rise while rental yields compress further

CoreLogic RP Data February Home Value Index results released today showed that Australia's combined capital cities have seen dwelling values rise by a further 0.3 per cent in February taking home values 8.3 per cent higher over the past twelve months.

According to CoreLogic RP Data head of research Tim Lawless, dwelling values continued their upwards trajectory over the month of February by recording a 0.3 per cent gain over the month. This now takes combined capital city dwelling values 2.5 per cent higher over the rolling quarter and 8.3 per cent higher over the twelve months to the end of February.

Over the past twelve months the CoreLogic RP Data Index shows dwelling values across the eight capital city aggregate index are up 8.3 per cent. Sydney is once again the clear standout with dwelling values 13.7 per cent higher while Melbourne values are 7.4 per cent higher. Australia's third largest city, Brisbane, recorded the third highest rate of annual capital gain with dwelling values up 5.9 per cent. In contrast, dwelling values have increased by less than four per cent in every other capital city over the year.

Since the beginning of the growth cycle in June 2012, dwelling values have moved 22.6 per cent higher across the combined capital cities. According to Mr Lawless, this again demonstrates the heat emanating from the Sydney market; values are up 34.8 per cent cumulatively over the cycle to date across Australia's largest capital city.

Mr Lawless noted the latest month-on-month results show a moderation in the rate of dwelling value growth compared with the December and January movements. The monthly rate of growth slowed from 1.3 per cent in January and 0.9 per cent in December, however the growth trend remains strong, particularly in Sydney and Melbourne.

He said, "The slower rate of capital gain in February may come as a surprise to some who were expecting lower mortgage rates to instantly propel the pace of home value growth higher. We are already seeing the effect of lower mortgage rates, with auction clearance rates surging to the highest levels we have seen since 2009 and valuation activity across CoreLogic RP Data valuation platforms reaching new record highs based on daily averages over the second half of February. Despite the flurry of activity, it will likely take some time to see this flow through to a higher rate of capital gain."

"We might not see the lower interest rate environment stimulate the housing market as much as it has in the past. Weaker jobs growth, higher unemployment, declining affordability, low rental yields and political uncertainty are all factors that could dent consumer confidence and provide some counter balance to the rate cuts and quell any additional market exuberance."

Index results as at February 28, 2015

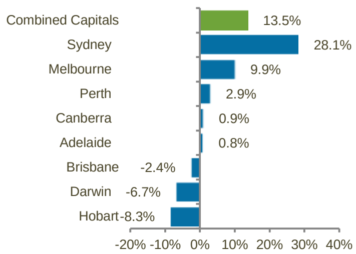
Region	Change in dwelling values Month	Qtr	YOY	Total gross returns	Median dwelling price
Sydney	1.4%	2.8%	13.7%	18.2%	$680,000
Melbourne	0.2%	4.5%	7.4%	11.1%	$515,000
Brisbane	-0.8%	0.5%	5.9%	10.9%	$452,200
Adelaide	0.2%	0.8%	3.4%	7.9%	$410,000
Perth	-2.2%	-0.9%	0.6%	4.8%	$510,000
Hobart	-0.9%	3.3%	0.7%	6.1%	$336,500
Darwin	0.9%	-1.0%	1.6%	7.8%	$530,000
Canberra	1.3%	1.6%	1.8%	6.3%	$510,000
Combined capitals	0.3%	2.5%	8.3%	12.6%	$525,000
Rest of State*	0.5%	0.5%	1.8%		$360,000

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

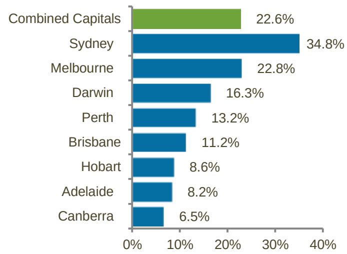
Highlights over the three months to February 2015

- **Best performing capital city: Melbourne** +4.5 per cent
- **Weakest performing capital city**: **Darwin** -1.0 per cent
- **Highest rental yields**: **Darwin houses** with gross rental yield of 5.9 per cent and **Darwin Units** at 5.8 per cent
- **Lowest rental yields: Melbourne houses** with gross rental yield of 3.2 per cent and **Melbourne units** at 4.2 per cent
- **Most expensive city: Sydney** with a median dwelling price of $680,000
- **Most affordable city: Hobart** with a median dwelling price of $336,500

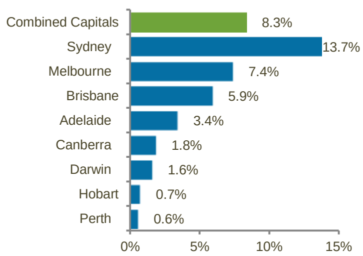
Change in dwelling values from previous market peak



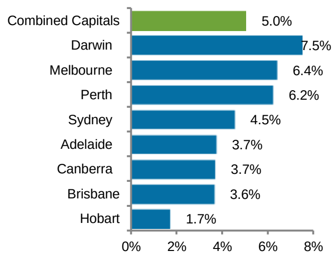
Change in dwelling values from market trough



Change in dwelling values over past twelve months



Annual change in dwelling values over past 10 years

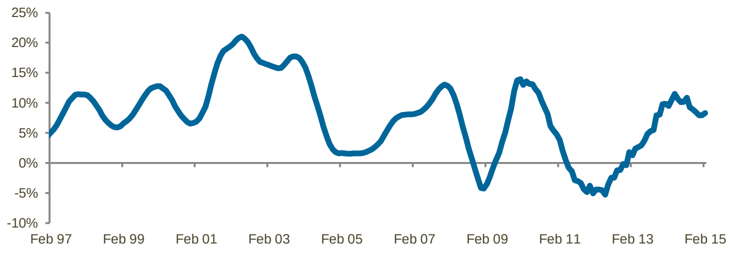


"At the same time we are seeing federal regulators acting to ensure responsible lending standards are being adhered to. APRA has been recently vocal about Australian lenders remaining within the regulatory benchmarks for the pace of investment lending and serviceability measures. With lenders on alert to keep within the APRA benchmarks, obtaining housing finance may become more challenging for some higher risk sectors of the market which could act as another counter balance to lower mortgage rates," Mr Lawless said.

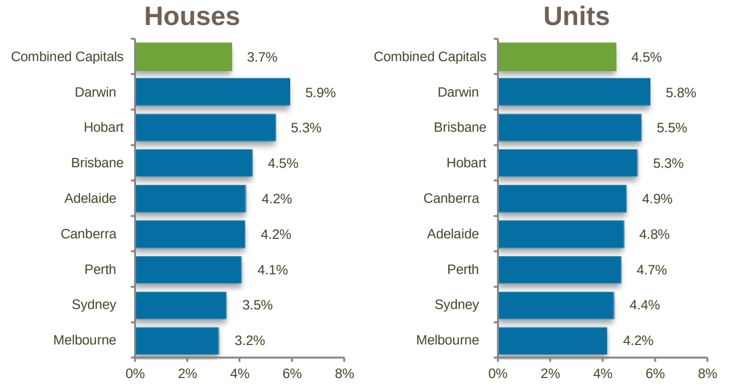
Evidence of compressed rental yields is continuing across each of the capital city markets. A year ago the gross rental yield for a capital city dwelling was averaging 4.3 per cent; by the end of February the typical gross yield has been eroded down to just 3.7 per cent - due largely to the consistent high rate of dwelling value growth relative to rental growth.

According to Mr Lawless, over the current growth cycle to date, we have seen capital city dwelling values rising at more than three times the pace of weekly rents. The bi-product of such strong capital gains and relatively weak rental growth is that rental yields are being forced lower and lower."

Rolling annual change in capital city dwelling values



Gross rental yields, houses and units



In Melbourne, the yield profile is the lowest of any capital city with the typical Melbourne dwelling showing a gross yield of just 3.3 per cent. Sydney isn't far behind with a gross dwelling yield of 3.6 per cent. However, Mr Lawless noted that if we see Sydney dwelling values continuing to outpace rents so quickly we may see Sydney take over Melbourne to show the lowest gross rental yields."

The total return across the housing market (ie capital gain plus gross rental yield) provides some explanation about why investors are so active across the Sydney housing market. Total returns in Sydney are approaching the 20 per cent mark over the past twelve months, substantially outperforming other asset classes. Mr Lawless said, "importantly, even though dwelling values aren't rising as quickly in Brisbane, the total return is almost equal to Melbourne's, at 10.9 per cent in Brisbane compared with 11.1 per cent in Melbourne, thanks to the healthier yield profile of the Brisbane market."

"With housing market investment now roughly level with owner occupier demand (based on housing finance commitments), it is clear that investors, particularly in Sydney and Melbourne where investor activity is most prominent, are speculating that capital gains have further to go and are ignoring the low yield profile of these cities. While this may be a successful strategy in the short-term we would suggest a focus on both capital growth and rental return is a safer and more sound strategy overall," Mr Lawless said.

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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

CoreLogic RP Data Home Value Index tables

Capital Growth to 28 February 2015	Sydney	Melbourne	Brisbane - Gold Coast	Adelaide	Perth	Australia 5 Capitals (ASX)	Hobart	Darwin	Canberra	Brisbane	Australia 8 Capitals
Table 1A: All Dwellings											
Month	1.4%	0.2%	-0.5%	0.2%	-2.2%	0.3%	-0.9%	0.9%	1.3%	-0.8%	0.3%
Quarter	2.8%	4.5%	1.1%	0.8%	-0.9%	2.5%	3.3%	-1.0%	1.6%	0.5%	2.5%
Year-to-Date	2.8%	2.9%	0.3%	-1.0%	-2.8%	1.6%	0.6%	-0.5%	2.2%	-0.3%	1.6%
Year-on-Year	13.7%	7.4%	6.0%	3.4%	0.6%	8.6%	0.7%	1.6%	1.8%	5.9%	8.3%
Total Return Year-on-Year	18.2%	11.1%	11.1%	7.9%	4.8%	12.8%	6.1%	7.8%	6.3%	10.9%	12.6%
Median price based on settled sales over quarter*	*$680,000*	*$515,000*	*$456,500*	*$410,000*	*$510,000*	*$525,000*	*$336,500*	*$530,000*	*$510,000*	*$452,200*	*$525,000*
Table 1B: Houses											
Month	1.6%	0.2%	-0.6%	0.3%	-2.3%	0.3%	-1.9%	0.9%	1.5%	-1.0%	0.3%
Quarter	3.0%	4.8%	1.3%	0.6%	-0.9%	2.7%	2.9%	-1.1%	1.6%	0.8%	2.6%
Year-to-Date	3.0%	2.9%	0.3%	-1.3%	-2.9%	1.6%	0.3%	-0.3%	2.2%	-0.3%	1.6%
Year-on-Year	14.7%	8.0%	6.8%	3.6%	0.7%	9.0%	0.6%	2.0%	2.1%	6.5%	8.7%
Total Return Year-on-Year	19.0%	11.6%	11.8%	8.0%	5.0%	13.2%	6.0%	8.2%	6.5%	11.4%	12.9%
Median price based on settled sales over quarter*	*$780,000*	*$549,000*	*$495,000*	*$431,500*	*$525,000*	*$550,000*	*$360,000*	*$570,000*	*$575,000*	*$480,000*	*$550,000*
Table 1C: Units											
Month	0.6%	0.5%	0.5%	-1.2%	-0.4%	0.4%	10.9%	0.9%	-1.3%	0.5%	0.5%
Quarter	2.0%	1.8%	-1.0%	2.3%	-1.2%	1.5%	8.2%	-0.9%	1.8%	-2.3%	1.5%
Year-to-Date	2.0%	2.3%	0.1%	1.8%	-0.9%	1.7%	4.5%	-1.3%	2.4%	0.3%	1.7%
Year-on-Year	9.5%	2.8%	-0.3%	1.7%	-1.9%	5.6%	1.6%	-0.2%	-1.4%	0.5%	5.7%
Total Return Year-on-Year	14.5%	7.2%	5.2%	6.7%	2.8%	10.6%	7.1%	5.9%	3.7%	6.1%	10.6%
Median price based on settled sales over quarter*	*$588,000*	*$450,000*	*$371,600*	*$340,000*	*$433,000*	*$460,000*	*$258,500*	*$450,000*	*$403,600*	*$385,000*	*$467,500*
Table 1D: Rental Yield Results											
Houses	3.5%	3.2%	4.5%	4.2%	4.1%	3.7%	5.3%	5.9%	4.2%	4.5%	3.7%
Units	4.4%	4.2%	5.5%	4.8%	4.7%	4.5%	5.3%	5.8%	4.9%	5.5%	4.5%

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.