

National Media Release

RP Data-Rismark February Hedonic Home Value Index Results

Released: Monday, March 3, 2014

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Housing market pauses in February

The RP Data Rismark February Home Value Index results released today revealed that dwelling values across the combined capital cities recorded no change over the month, with Sydney, Hobart and Darwin the only capital cities to record a lift in dwelling values.

Australia's combined capital cities dwellings market paused for a breather in February, recording a zero month-on-month growth reading after eight successive month-end increases where dwelling values rose by 10 per cent. The soft February result was felt across 5 of the 8 capitals, the only exceptions being Sydney, Hobart and Darwin.

Based on the February results, since June 2012, which is when the current growth cycle kicked off, dwelling values are up 13.2 per cent. The recent growth has taken capital city dwelling values to 4.8 per cent higher than their previous peak in October 2010.

Mr Lawless said, "The quarterly movement across the capital cities index reflects the stronger readings from January and December where dwelling values were 1.2 per cent and 1.4 per cent higher respectively each month."

"The February market results are in stark contrast to earlier readings where capital city dwelling values moved 2.6 per cent higher over the past three months. "The likelihood is that the weak reading for February is an adjustment from the strong readings in December and January rather than the beginning of a flat to negative growth phase across the macro level housing market," Mr Lawless said.

Additional metrics tracked by RP Data show that buyer demand remained very strong in February with RP Data's valuation platforms recording a record month for average daily levels of mortgage-related activity. Additionally, auction clearance rates remained strong and with little slippage in vendor discounting levels or average selling times.

Mr Lawless said we will need to see further months of flat to negative movements before we can confidently say the housing market is slowing.

"Our view is that housing market conditions will start to wind down later this year as affordability constraints and low rental yields dampen market conditions. Additionally, with a belief that mortgage rates are likely to start tightening later this year, it may help to quell some of the exuberance we have been seeing," he said.

Rismark International CEO Ben Skilbeck, pointed out that Sydney continued to be the standout performer. "When looking at individual capital cities, the Sydney market has had a surprising run of nine successive month-end increases totalling 14.1 per cent. In keeping with what other capital cities have experienced, we would have expected some dips along the growth trajectory over a nine month period."

Index results as at February 28, 2014

Region	Change in dwelling values			Total gross returns	Median dwelling price
	Month	Qtr	YOY		
Sydney	0.8%	2.3%	14.1%	19.0%	\$610,000
Melbourne	-0.2%	5.4%	9.9%	14.0%	\$515,000
Brisbane	-2.0%	0.6%	2.8%	7.8%	\$445,000
Adelaide	-0.2%	0.2%	3.1%	7.7%	\$396,550
Perth	-0.2%	0.0%	7.6%	12.5%	\$514,500
Hobart	1.4%	7.9%	2.1%	7.7%	\$325,500
Darwin	0.7%	-1.2%	2.9%	9.5%	\$520,000
Canberra	-0.8%	1.4%	0.0%	4.6%	\$520,000
8 capital city aggregate	0.0%	2.6%	9.5%	14.2%	\$506,480
Rest of state*	0.6%	1.5%	2.8%		\$345,000

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

Highlights over the three months to January 2014

Best performing capital city: Hobart +7.9 per cent

Weakest performing capital city: Darwin, -1.2 per cent

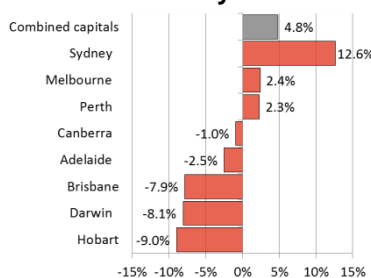
Highest rental yields: Darwin houses with gross rental yield of 6.1 per cent and **Darwin Units** at 6.0 per cent

Lowest rental yields: Melbourne houses with gross rental yield of 3.4 per cent and **Melbourne units** at 4.2 per cent

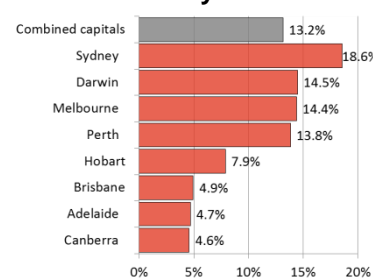
Most expensive city: Sydney with a median dwelling price of \$610,000

Most affordable city: Hobart with a median dwelling price of \$325,500

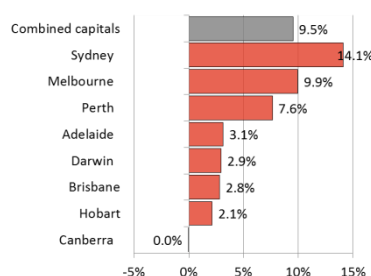
Change in dwelling values from previous market peak to February 2014



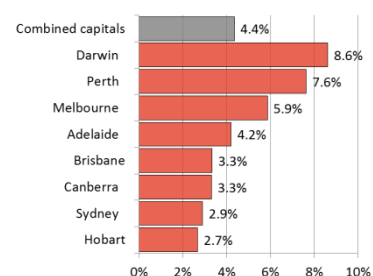
Change in dwelling values from market trough to February 2014



Change in dwelling values over past twelve months



Annual change in dwelling values over past 10 years



National Media Release (Cont'd)

“Despite the recent strong Sydney capital gains, over the past decade Sydney values have compounded at just 2.9 per cent per annum. Arguably this market is playing catch up before settling into a more sustainable rate of growth,” he said.

The February results show that the premium end of the housing market continued to gather pace while at the more affordable end of the market, capital gains have been slowing.

Dwelling values across the most expensive quarter of capital city housing markets are up 3.8 per cent over the three months to February 2013, and 6.8 per cent over the past six months while homes at the most affordable end of the market have seen values remain flat over the past three months and have risen by a lower 3.5 per cent over the past half year.

Mr Lawless said the stronger performance of premium properties as the growth cycle matures is typical. We saw the same trend in 2009 where the most expensive market also recorded the strongest capital gains, as well as during the 2007 growth cycle. The trend is likely being compounded by the low number of first home buyers active in the market place who normally drive demand at the more affordable price points.”

“Although rents are rising, rental yields have suffered over the past growth cycle due to capital gains outpacing rental markets. The bi-product of strong capital gains combined with less impressive rental growth has been yield compression.”

“Since June 2012, dwelling values are up slightly more than 13 per cent while rents have risen by less than 5 per cent. Gross dwelling yields have slipped from 4.3 per cent in May 2012 to 4.0 per cent and are as low as 3.4 per cent for the typical Melbourne detached house.” Mr Lawless said.

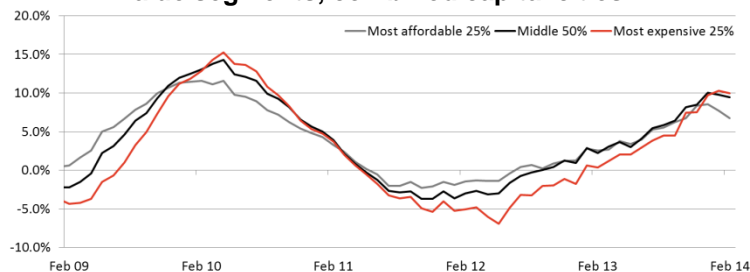
Rismark’s Ben Skilbeck concluded: “Looking forward, uninterrupted successive month-on-month increases are unlikely even in the event positive market environments and high auction clearance rates are maintained. Factors such as seasonality, buyer sentiment, perspectives on aspects contributing to future affordability and vendor expectations all contribute to market volatility.

“As with any market (including stocks) it takes 2 or 3 months for trends to be differentiated from natural market volatility. In particular, it will be interesting to see whether Brisbane’s 2.0% decline this month is simply natural volatility or if it’s indicative of the city’s struggle to trend toward its 2009 peak,” he said.

Media enquiries contact:

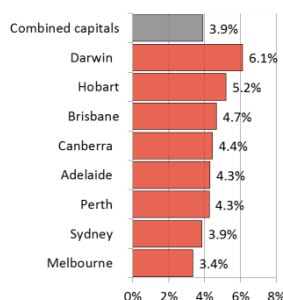
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Rolling annual change in dwelling values across broad value segments, combined capital cities



Gross rental yields

Houses



Units

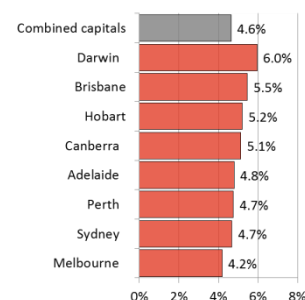


Table 1: RP Data-Rismark Daily Home Value Index Results (Actual Results)

Capital Growth to 28 February 2014	Sydney	Melbourne	Brisbane - Gold Coast	Adelaide	Perth	Australia 5 Capitals (ASX)	Hobart	Darwin	Canberra	Brisbane	Australia 8 Capitals
Table 1A: All Dwellings											
Month	0.8%	-0.2%	-1.3%	-0.2%	-0.2%	0.0%	1.4%	0.7%	-0.8%	-2.0%	0.0%
Quarter	2.3%	5.4%	1.2%	0.2%	0.0%	2.6%	7.9%	-1.2%	1.4%	0.6%	2.6%
Year-to-Date	1.6%	3.1%	-0.8%	-0.1%	-1.3%	1.2%	3.4%	-0.4%	-0.2%	-1.3%	1.2%
Year-on-Year	14.1%	9.9%	3.0%	3.1%	7.6%	9.7%	2.1%	2.9%	0.0%	2.8%	9.5%
Total Return Year-on-Year	19.0%	14.0%	8.1%	7.7%	12.5%	14.4%	7.7%	9.5%	4.6%	7.8%	14.2%
Median price* based on settled sales over quarter	\$610,000	\$515,000	\$442,500	\$396,550	\$514,500	\$501,850	\$325,500	\$520,000	\$520,000	\$445,000	\$506,480
Table 1B: Houses											
Month	0.7%	-0.3%	-1.5%	-0.3%	-0.4%	-0.1%	1.2%	0.4%	-1.0%	-2.3%	-0.2%
Quarter	2.6%	5.8%	1.1%	0.0%	-0.2%	2.8%	8.3%	-1.0%	1.3%	0.5%	2.8%
Year-to-Date	1.7%	3.4%	-1.0%	-0.4%	-1.6%	1.3%	2.9%	-1.5%	-0.4%	-1.6%	1.2%
Year-on-Year	15.0%	10.3%	3.2%	3.4%	7.2%	9.9%	2.5%	2.2%	-0.1%	2.8%	9.7%
Total Return Year-on-Year	19.7%	14.3%	8.1%	8.0%	12.0%	14.5%	8.1%	8.6%	4.5%	7.7%	14.2%
Median price* based on settled sales over quarter	\$700,000	\$550,000	\$480,000	\$422,000	\$530,000	\$535,000	\$345,000	\$552,500	\$559,500	\$470,000	\$535,000
Table 1C: Units											
Month	1.0%	0.4%	0.8%	1.6%	2.9%	1.0%	3.2%	1.9%	1.6%	0.3%	1.0%
Quarter	1.3%	2.1%	2.1%	1.6%	2.0%	1.6%	4.2%	-2.0%	3.8%	1.5%	1.6%
Year-to-Date	0.9%	0.6%	0.6%	2.6%	2.9%	1.0%	8.9%	4.5%	2.7%	1.1%	1.1%
Year-on-Year	10.5%	7.0%	2.1%	0.5%	13.1%	8.3%	-1.3%	6.3%	0.8%	3.1%	8.4%
Total Return Year-on-Year	16.0%	11.8%	7.8%	5.4%	18.8%	13.6%	4.0%	13.1%	6.4%	9.0%	13.7%
Median price* based on settled sales over quarter	\$530,800	\$445,000	\$365,000	\$325,000	\$431,000	\$443,100	\$255,000	\$447,000	\$415,000	\$387,000	\$450,000
Table 1D: Rental Yield Results											
Houses	3.9%	3.4%	4.7%	4.3%	4.3%	3.9%	5.2%	6.1%	4.4%	4.7%	3.9%
Units	4.7%	4.2%	5.4%	4.8%	4.7%	4.6%	5.2%	6.0%	5.1%	5.5%	4.6%

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 RP Data-Rismark 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 RP Data-Rismark 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 RP Data-Rismark '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 RP Data-Rismark 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. 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.rpdata.com

For more information on the RP Data-Rismark Indices, please go to <http://www.rpdata.com>

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Introduction to the RP Data-Rismark Daily Hedonic Home Value Index methodology:

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About RP Data

RP Data is 100% owned by CoreLogic; a US/NYSE listed company, and is a leading property information, analytics and services provider in Australia and New Zealand. The company's combined data offering is derived from public, contributory and proprietary sources and includes over half a billion decision points spanning decades of collection, providing detailed coverage of property and other encumbrances such as tenancy, location, hazard risk and related performance information. The markets served by RP Data include consumers, investors, real estate and mortgage, finance, banking, insurance, developers, financial planners and government. RP Data delivers value to clients through unique data, analytics, and workflow technology, advisory and managed services. Clients rely on RP Data to help identify and manage growth opportunities, improve performance and mitigate risk. RP Data employs over 330 people at over 10 locations in Australia and New Zealand. For more information call 1300 734 318 or visit www.rpdata.com

About Rismark International

Rismark International ("Rismark") is a funds management and quantitative research business. It is dedicated to the development of intellectual property required to facilitate the creation of financial markets over the residential real estate asset class. Rismark also has a long history of advising Australian and overseas governments on the development of innovative economic policies as they relate to housing and financial markets. As a by-product of its quantitative research activities, Rismark has developed the technology and intellectual property underlying the market-leading RP Data-Rismark hedonic property price indices and related automated property valuation models (AVMs), amongst other things. For more information visit www.rismark.com.au.