National Media Release

RP Data-Rismark April Hedonic Home Value Index Results

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Pace of capital gains cools in April

After a surge in values over the first quarter of this year, April's housing market results have shown a marked slowdown in capital gains with dwelling values only 0.3% higher over the month.

Dwelling values across Australia's capital cities shifted down a gear in April, rising by just 0.3 per cent across the RP Data – Rismark combined capital city index. The slowdown in the rate of capital growth comes after a very strong 2.3 per cent month-on-month rise in March and 3.5 per cent increase over the first quarter of the year.

Melbourne (-0.5 per cent) and Canberra (-1.1 per cent) values recorded a fall over the month while growth in dwelling values across the other capital cities ranged from 0.2 per cent in Perth and Hobart to 2.1 per cent in Adelaide. Every capital city recorded an increase over the past three months with the largest capital gains being recorded in Darwin (5.1 per cent) and Sydney (4.1 per cent).

Since the housing market moved out of its correction phase at the end of May 2012, dwelling values across the combined capital city index have increased by a cumulative 16.1 per cent through to the end of April 2014. According to RP Data's Tim Lawless, the strong market conditions have sparked a new round of debate around the sustainability of recent rates of housing value growth and the impact on affordability for housing, particularly in Sydney and Melbourne.

Mr Lawless said, "The reduction in the rate of capital gains across the combined capital cities housing market brings growth back into a more sustainable range and will be a welcome relief for first home buyers. "

"A lower rate of capital gains in Sydney and Melbourne where dwelling values surged 22.5 per cent and 16.4 per cent respectively over the current growth cycle, may now signal that these markets are moving through their growth cycle peak. However, we will need to see a few more months of data before we can establish whether a slowing trend is now evident in these cities. We have recently seen auction clearance rates move lower in both of these markets," Mr Lawless said

Rismark CEO Ben Skilbeck commented that while the Sydney housing market recorded yet another increase in April, it was the lowest rate of monthly growth since its run of 11 consecutive month-end increases commencing June 2013.

Index results as at April 30, 2014

Region	Change in dwelling values			Total gross returns	Median dwelling price
	Month	Qtr	YOY		
Sydney	0.5%	4.1%	16.7%	21.7%	$680,000
Melbourne	-0.5%	1.6%	11.6%	15.6%	$552,000
Brisbane	1.1%	1.9%	6.7%	11.8%	$450,000
Adelaide	2.1%	3.3%	3.8%	8.4%	$389,000
Perth	0.2%	0.7%	7.7%	12.5%	$530,000
Hobart	0.2%	2.8%	4.3%	9.9%	$340,000
Darwin	1.1%	5.1%	4.7%	11.3%	$560,000
Canberra	-1.1%	0.2%	1.2%	5.9%	$510,000
Combined capitals	0.3%	2.6%	11.5%	16.2%	$550,000
Rest of state*	-0.8%	0.3%	2.6%		$345,000

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

Highlights over the three months to April 2014

Best performing capital city: Darwin +5.1 per cent
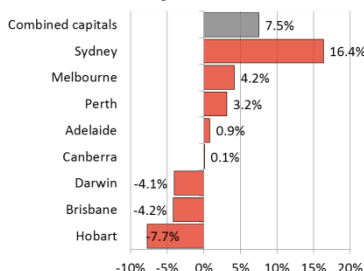**Weakest performing capital city**: **Canberra,** 0.2 per cent

Highest rental yields: **Darwin houses** with gross rental yield of 5.8 per cent and **Darwin Units** at 6.1 per cent
Lowest rental yields: Melbourne houses with gross rental yield of 3.3 per cent and **Melbourne units** at 4.2 per cent
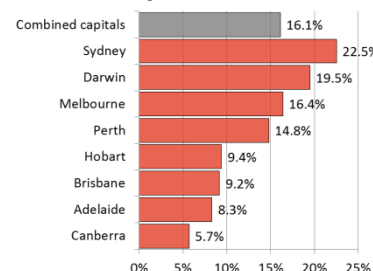
Most expensive city: Sydney with a median dwelling price of $680,000
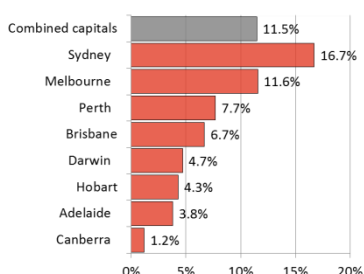**Most affordable city: Hobart** with a median dwelling price of $340,000

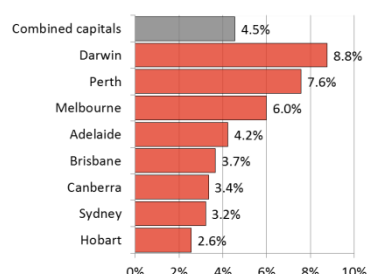### Change in dwelling values from previous market peak to April 2014

Combined capitals	7.5%
Sydney	16.4%
Melbourne	4.2%
Perth	3.2%
Adelaide	0.9%
Canberra	0.1%
Darwin	-4.1%
Brisbane	-4.2%
Hobart	-7.7%

Change in dwelling values from market trough to April 2014

Combined capitals	16.1%
Sydney	22.5%
Darwin	19.5%
Melbourne	16.4%
Perth	14.8%
Hobart	9.4%
Brisbane	9.2%
Adelaide	8.3%
Canberra	5.7%

Change in dwelling values over past twelve months

Combined capitals	11.5%
Sydney	16.7%
Melbourne	11.6%
Perth	7.7%
Brisbane	6.7%
Darwin	4.7%
Hobart	4.3%
Adelaide	3.8%
Canberra	1.2%

Annual change in dwelling values over past 10 years

Combined capitals	4.5%
Darwin	8.8%
Perth	7.6%
Melbourne	6.0%
Adelaide	4.2%
Brisbane	3.7%
Canberra	3.4%
Sydney	3.2%
Hobart	2.6%

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www.rpdata.com/indices

"The last time Sydney strung together 11 consecutive month-end increases was in November 2007 when the market added 14.7 per cent and before that in November 2002 when it delivered 19.6 per cent growth. The record for Sydney consecutive growth months was 12 recorded in Nov 1996," Mr Skilbeck said.

RP Data's Mr Lawless said, the slowdown in housing value growth will likely be another factor that will help keep the Reserve Bank's low interest rate setting in place. The RBA has been keeping a close eye on the housing market, and while their commentary hasn't signalled any housing market alarm bells, the lower rate of growth will be another signal that official interest rates don't need to move higher."

Sydney's median house price has broken the $800,000 mark for the first time on record. The median house price in Sydney was recorded at a stunning $802,000 over three months ending April 2014, likely reflecting the increase in housing market activity at the more expensive end of Sydney's housing market. Mr Lawless said that while median prices aren't great for measuring the performance of the housing market, they are useful for understanding the relativity of housing prices from region to region. Sydney's median house price is currently 30 per cent higher than Melbourne's and 68 per cent higher than Brisbane's.

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

Gross rental yields

Houses

Combined capitals	3.8%
Darwin	5.8%
Hobart	5.2%
Brisbane	4.5%
Canberra	4.4%
Perth	4.2%
Adelaide	4.2%
Sydney	3.7%
Melbourne	3.3%

Units

Combined capitals	4.6%
Darwin	6.1%
Brisbane	5.4%
Canberra	5.1%
Hobart	4.9%
Adelaide	4.8%
Perth	4.8%
Sydney	4.6%
Melbourne	4.2%

"Relative to the national market, Sydney has a high share of expensive homes and it is this market segment that has outperformed in the recovery. Over the past 12 months the divergence between the expensive and affordable ends of the market is evident with the most expensive 25% of the housing market increasing by 11.6 per cent as compared to 9.1 per cent for the most affordable 25% of the market," Mr Skilbeck said.
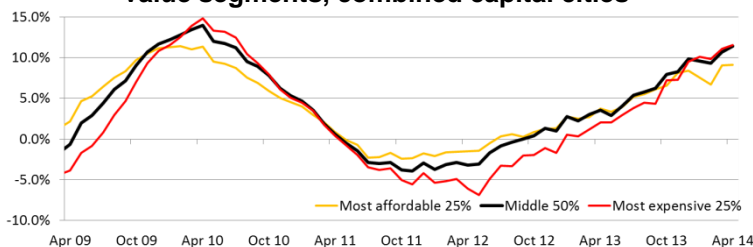
Rental yields continue to suffer as dwelling values move higher at a faster pace than rental rates, particularly in those cities recording very high rates of capital growth. Over the past year capital city rents have increased by just 2.3 per cent while dwelling values are up by 11.5 per cent.

Gross rental yields on a typical Melbourne house are sitting at 3.3 per cent and Sydney gross yields are a bit higher at 3.7 per cent. According to Mr Lawless, such a scenario of low yields in these two cities suggests that housing values have moved out of step with rental rates which is likely to dampen some of the investor exuberance we have seen in both of these markets. I wouldn't be surprised if Brisbane, where home values are much more affordable and rental yields are comparatively healthy, will start to see an increase in investor related demand based on Brisbane's early stage in the growth cycle and comparatively healthy rental yields," he said.
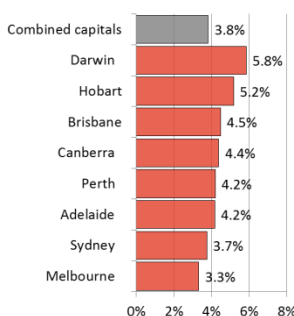
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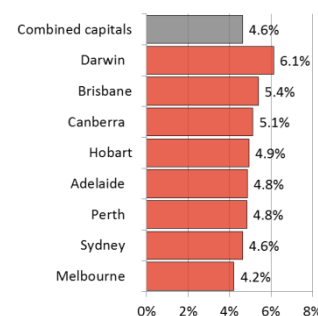
Table 1: RP Data-Rismark Daily Home Value Index Results (Actual Results)

Capital Growth to 30 April 2014	Sydney	Melbourne	Brisbane - Gold Coast	Adelaide	Perth	Australia 5 Capitals (ASX)	Hobart	Darwin	Canberra	Brisbane	Australia 8 Capitals
Table 1A: All Dwellings											
Month	0.5%	-0.5%	0.8%	2.1%	0.2%	0.3%	0.2%	1.1%	-1.1%	1.1%	0.3%
Quarter	4.1%	1.6%	2.3%	3.3%	0.7%	2.6%	2.8%	5.1%	0.2%	1.9%	2.6%
Year-on-Year	16.7%	11.6%	6.3%	3.8%	7.7%	11.7%	4.3%	4.7%	1.2%	6.7%	11.5%
Total Return Year-on-Year	21.7%	15.6%	11.5%	8.4%	12.5%	16.4%	9.9%	11.3%	5.9%	11.8%	16.2%
Median price* based on settled sales over quarter	$680,000	$552,000	$449,000	$389,000	$530,000	$550,000	$340,000	$560,000	$510,000	$450,000	$550,000
Table 1B: Houses											
Month	0.7%	-0.4%	0.8%	2.4%	0.5%	0.5%	0.2%	0.9%	-1.2%	1.0%	0.4%
Quarter	4.4%	1.7%	2.4%	3.5%	0.6%	2.8%	2.2%	6.5%	0.2%	1.9%	2.7%
Year-on-Year	17.7%	12.2%	6.8%	4.3%	7.8%	12.1%	4.6%	5.1%	0.9%	7.1%	11.9%
Total Return Year-on-Year	22.5%	16.2%	12.0%	8.9%	12.5%	16.7%	10.3%	11.7%	5.5%	12.2%	16.5%
Median price* based on settled sales over quarter	$802,000	$615,000	$490,000	$410,000	$547,000	$585,000	$360,000	$585,000	$560,000	$478,000	$580,000
Table 1C: Units											
Month	-0.3%	-1.6%	1.3%	-1.8%	-2.7%	-0.7%	-0.2%	2.1%	-0.1%	1.9%	-0.6%
Quarter	2.8%	0.7%	1.4%	0.8%	1.2%	1.9%	8.9%	-0.6%	1.1%	1.4%	1.9%
Year-on-Year	12.4%	6.8%	2.1%	-1.4%	6.4%	8.7%	1.0%	3.0%	5.4%	2.8%	8.9%
Total Return Year-on-Year	17.9%	11.5%	7.8%	3.5%	11.7%	14.0%	6.4%	9.5%	11.1%	8.7%	14.2%
Median price* based on settled sales over quarter	$576,000	$472,500	$363,000	$327,250	$444,000	$477,000	$257,500	$455,000	$412,500	$382,750	$480,000
Table 1D: Rental Yield Results											
Houses	3.7%	3.3%	4.5%	4.2%	4.2%	3.8%	5.2%	5.8%	4.4%	4.5%	3.8%
Units	4.6%	4.2%	5.3%	4.8%	4.8%	4.6%	4.9%	6.1%	5.1%	5.4%	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 480 people at over 7 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.