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Housing market update

National
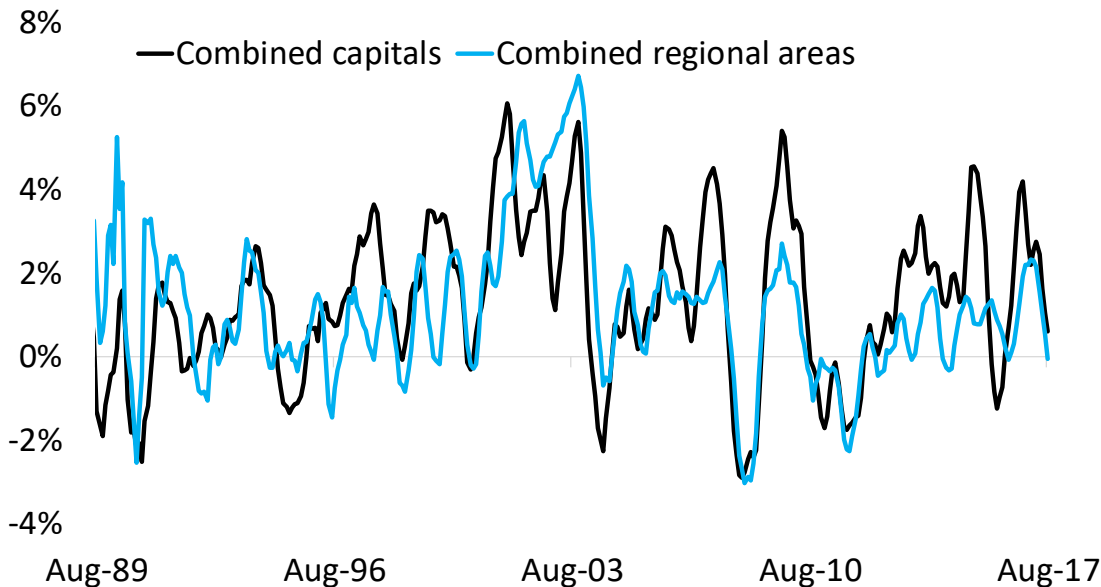
September 2017

The value of Australian housing sits at $7.2 trillion
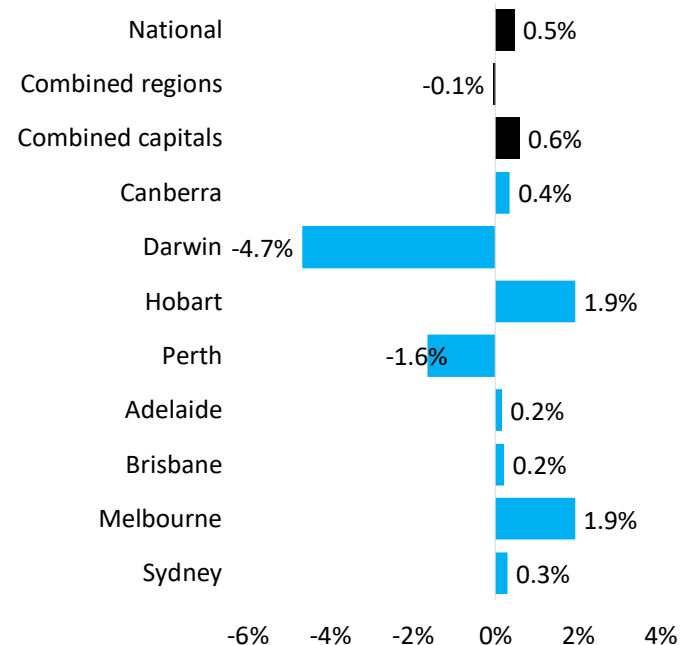
Residential Real Estate
$7.3 Trillion

Australian Superannuation
$2.3 Trillion

Australian Listed Stocks
$1.8 Trillion

Commercial Real Estate
$0.958 Trillion

Number of dwellings
9.9 million

Outstanding mortgage debt
$1.69 trillion

Household wealth held in housing
52.4%

Total sales p.a.
476,309

Gross value of sales p.a.
$290.4 billion
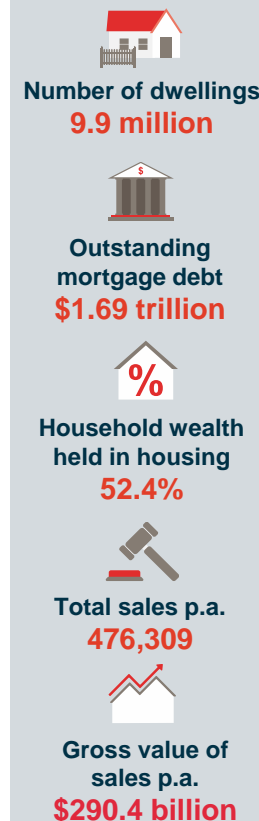
Quarterly data highlights that the heat has come out of the housing market recently
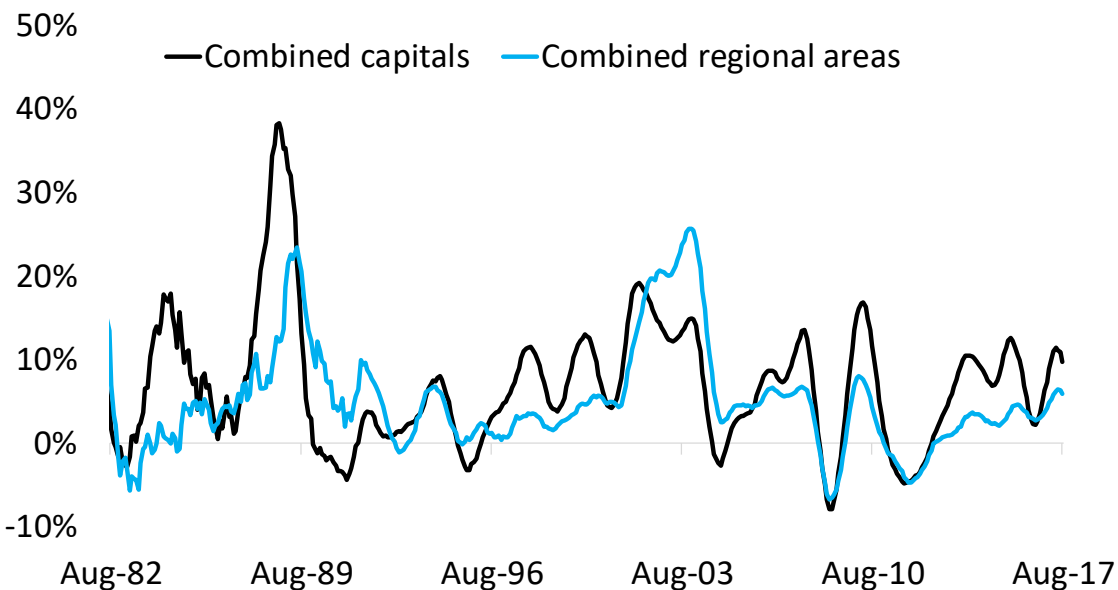
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Quarterly change in dwelling values

— Combined capitals — Combined regional areas

(x-axis: Aug-89, Aug-96, Aug-03, Aug-10, Aug-17)
(y-axis: 8%, 6%, 4%, 2%, 0%, -2%, -4%)

Quarterly change in dwelling values to Aug-17

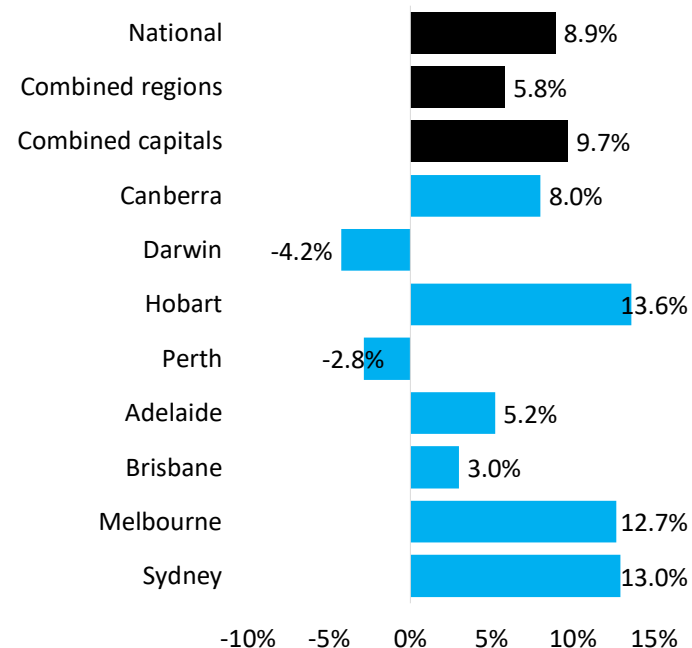|	
National	0.5%
Combined regions	-0.1%
Combined capitals	0.6%
Canberra	0.4%
Darwin	-4.7%
Hobart	1.9%
Perth	-1.6%
Adelaide	0.2%
Brisbane	0.2%
Melbourne	1.9%
Sydney	0.3%

(x-axis: -6%, -4%, -2%, 0%, 2%, 4%)

Dwelling values continue to rise at a double-digit annual rate in Sydney and Melbourne while growth is highest in Hobart
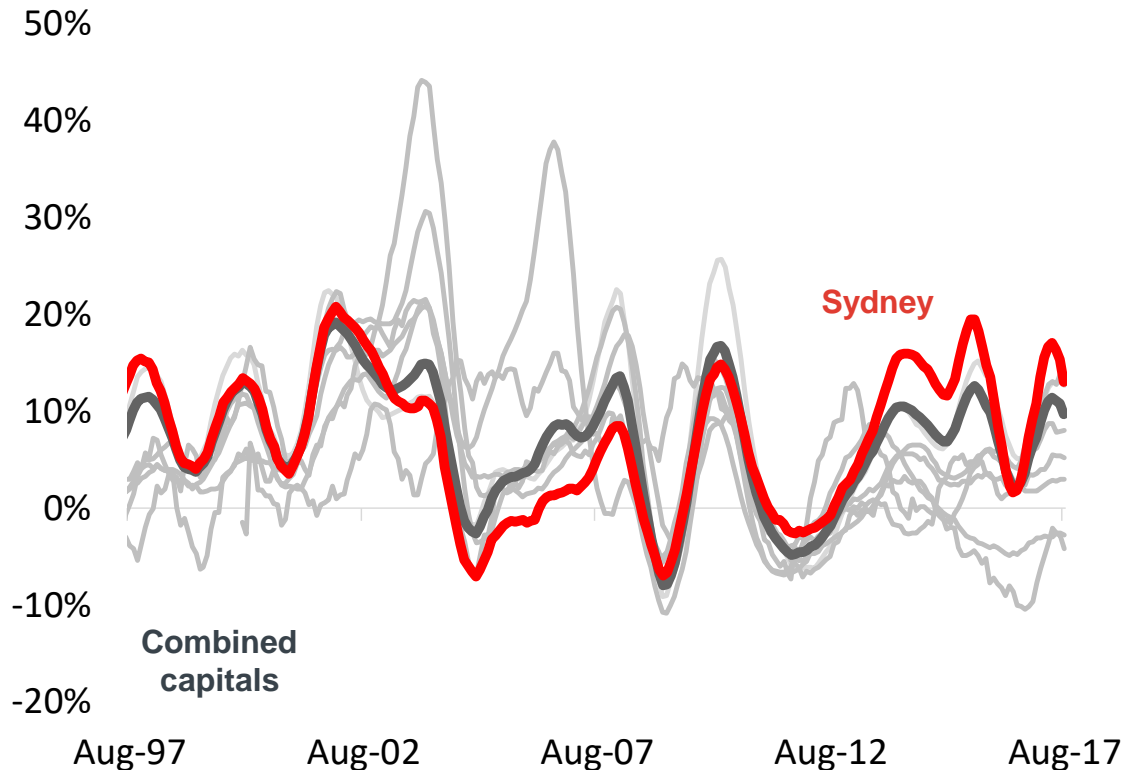
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Annual change in dwelling values

— Combined capitals — Combined regional areas

Annual change in dwelling values to Aug-17

Region	Value
National	8.9%
Combined regions	5.8%
Combined capitals	9.7%
Canberra	8.0%
Darwin	-4.2%
Hobart	13.6%
Perth	-2.8%
Adelaide	5.2%
Brisbane	3.0%
Melbourne	12.7%
Sydney	13.0%

Annual change in dwelling values

Sydney

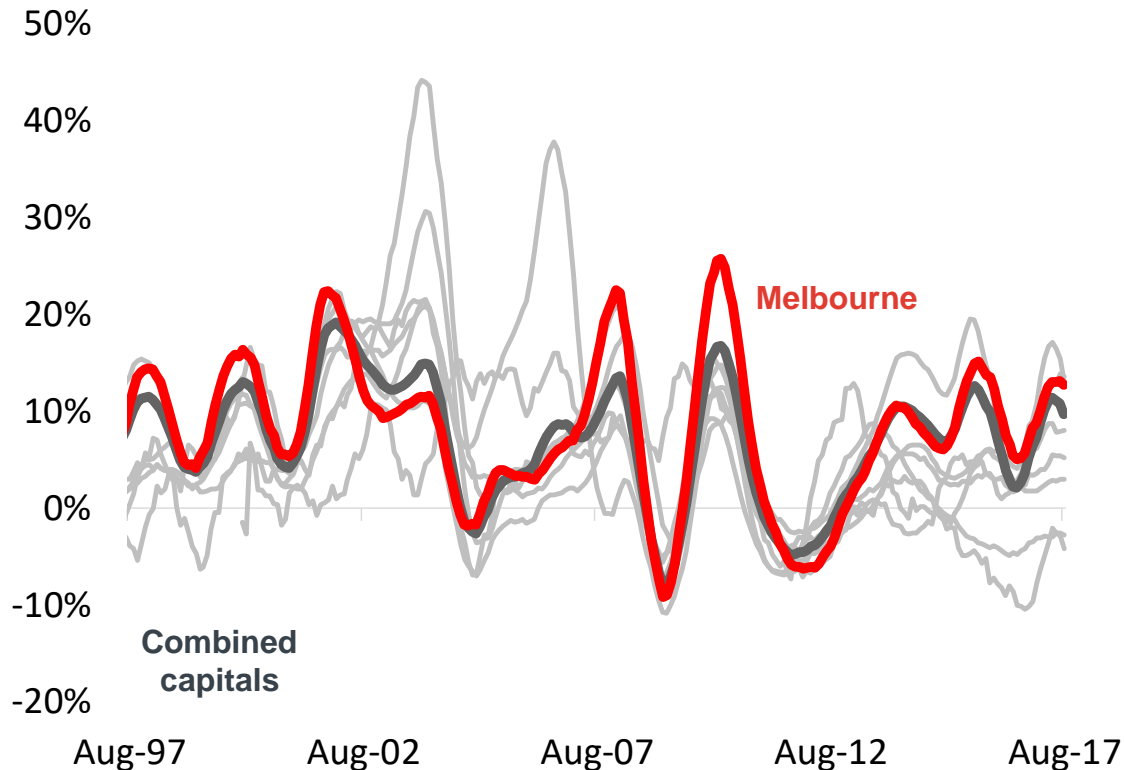Combined capitals

After dwelling values surged more than **72%** higher over the past five years, Sydney dwelling values have increased by **0.3%** over the three months to August 2017 and are **13.0%** higher over the past year.
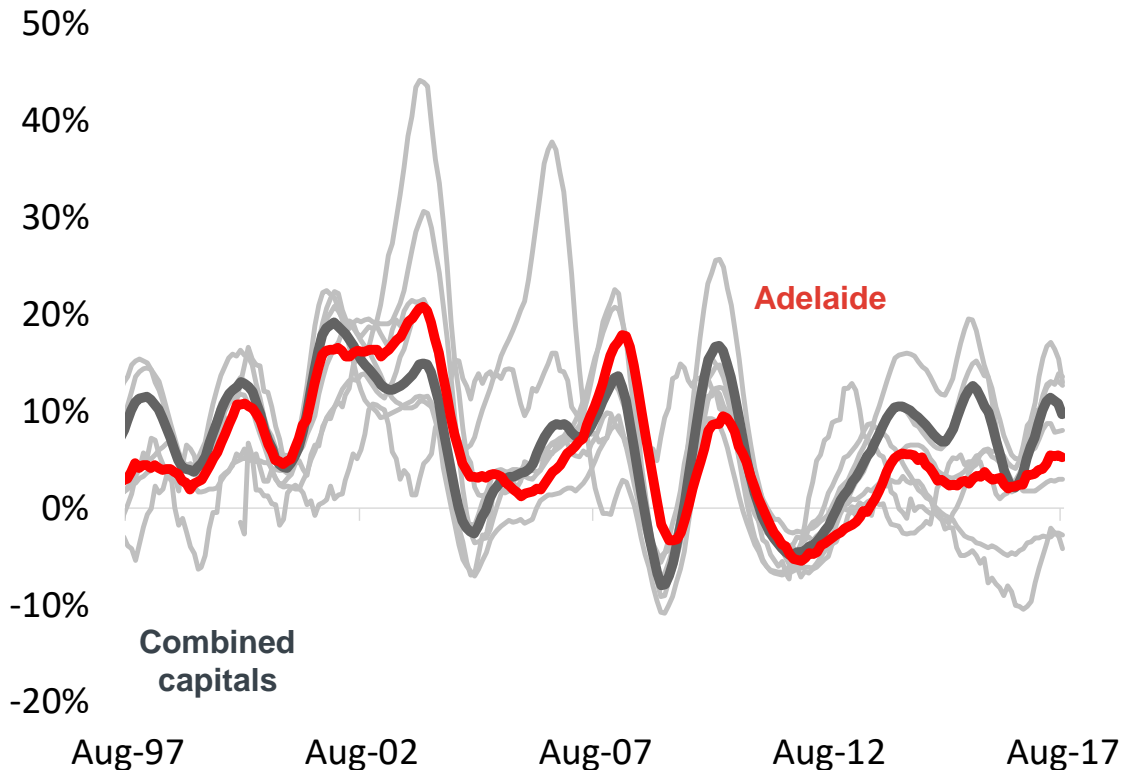
Annual change in dwelling values

Melbourne

Combined capitals

Dwelling values have increased by more than 55% over the past five years in Melbourne and values have increased by a further 1.9% over the three months to August 2017 and are 12.7% higher over the past year.
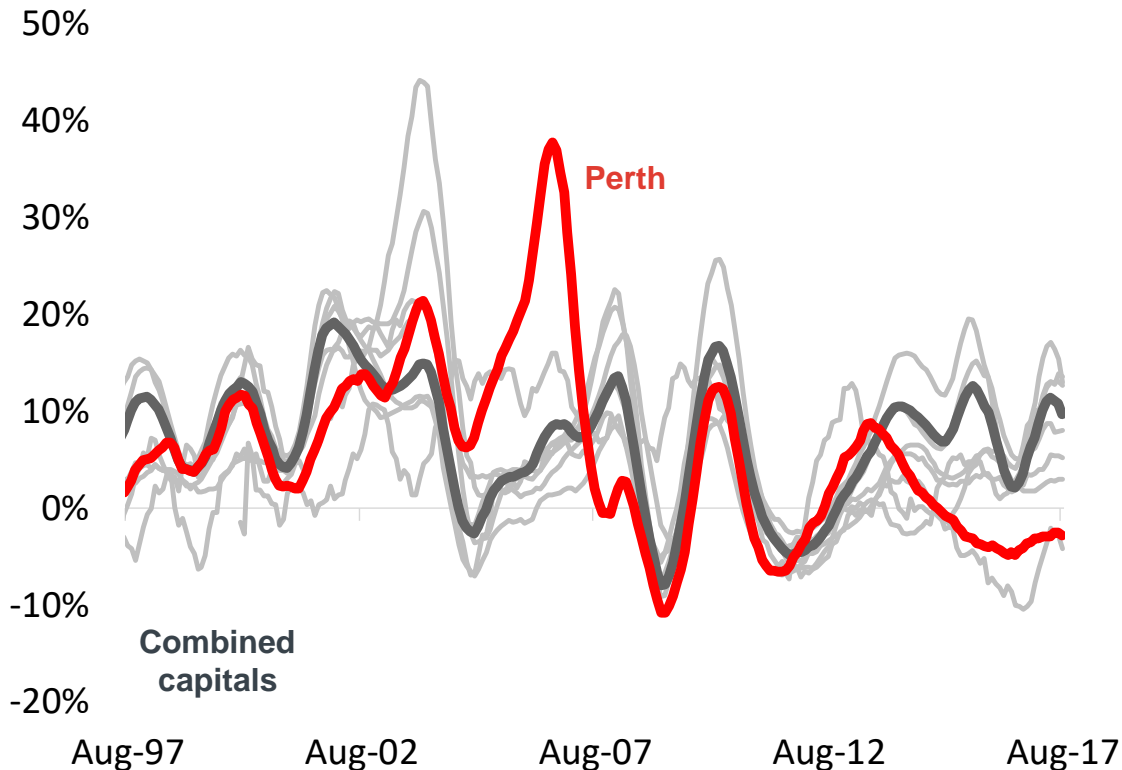
Annual change in dwelling values
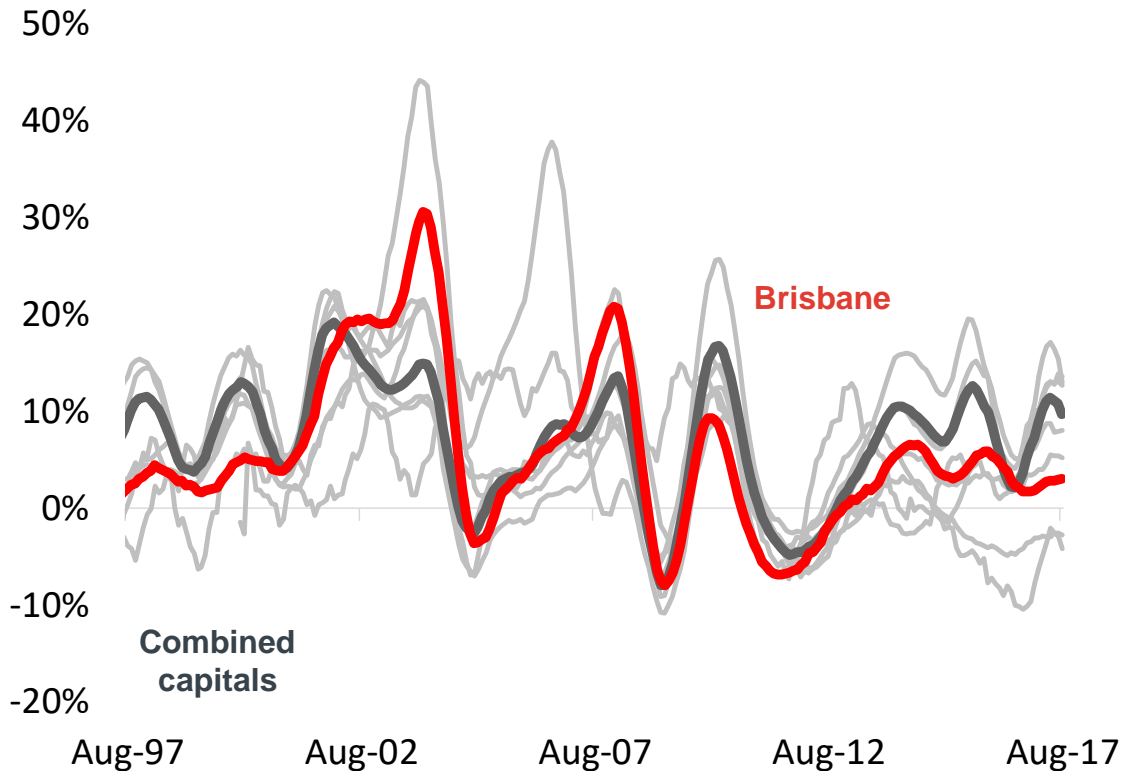
Brisbane home values increased by **0.2%** over the three months to August 2017 and are **3.0%** higher over the past year. House values have increased by **4.3%** over the past year while unit values have fallen by **-1.4%**.

Annual change in dwelling values
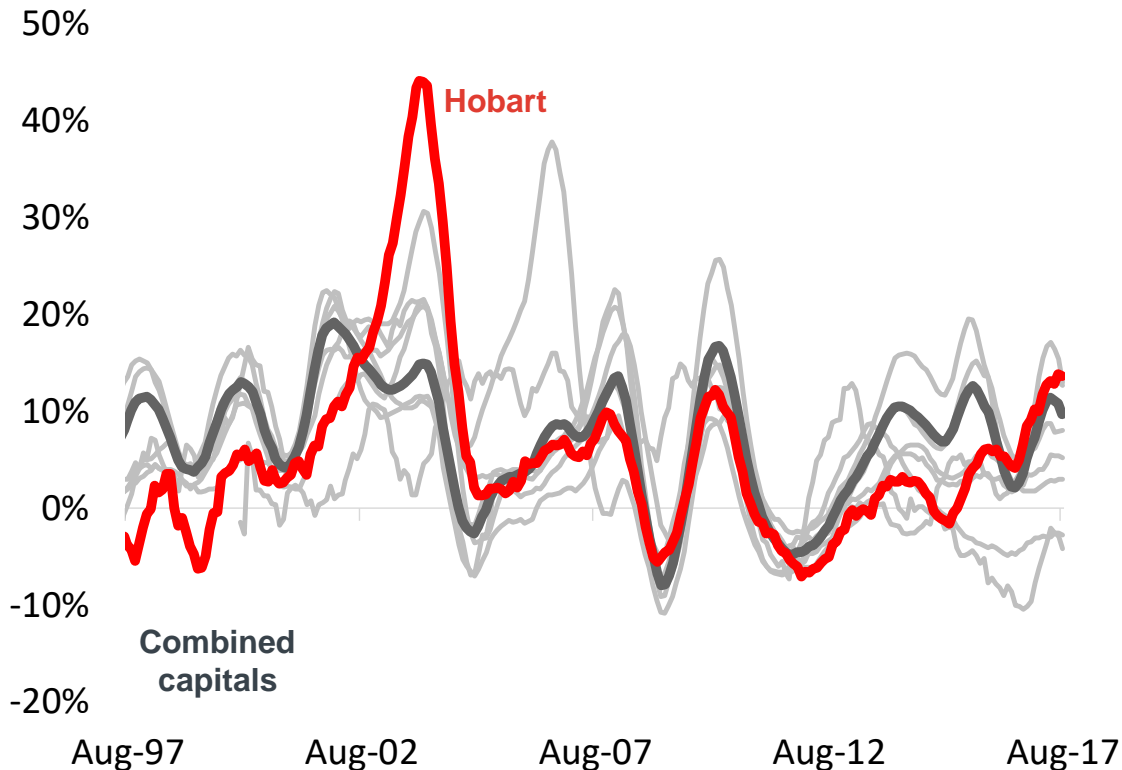
Adelaide

Combined capitals

Dwelling values in Adelaide increased by **0.2%** over the three months to August 2017 and are **5.2%** higher over the past year. Over the year, house values have increased by **5.8%** and unit values have increased by **1.1%**.
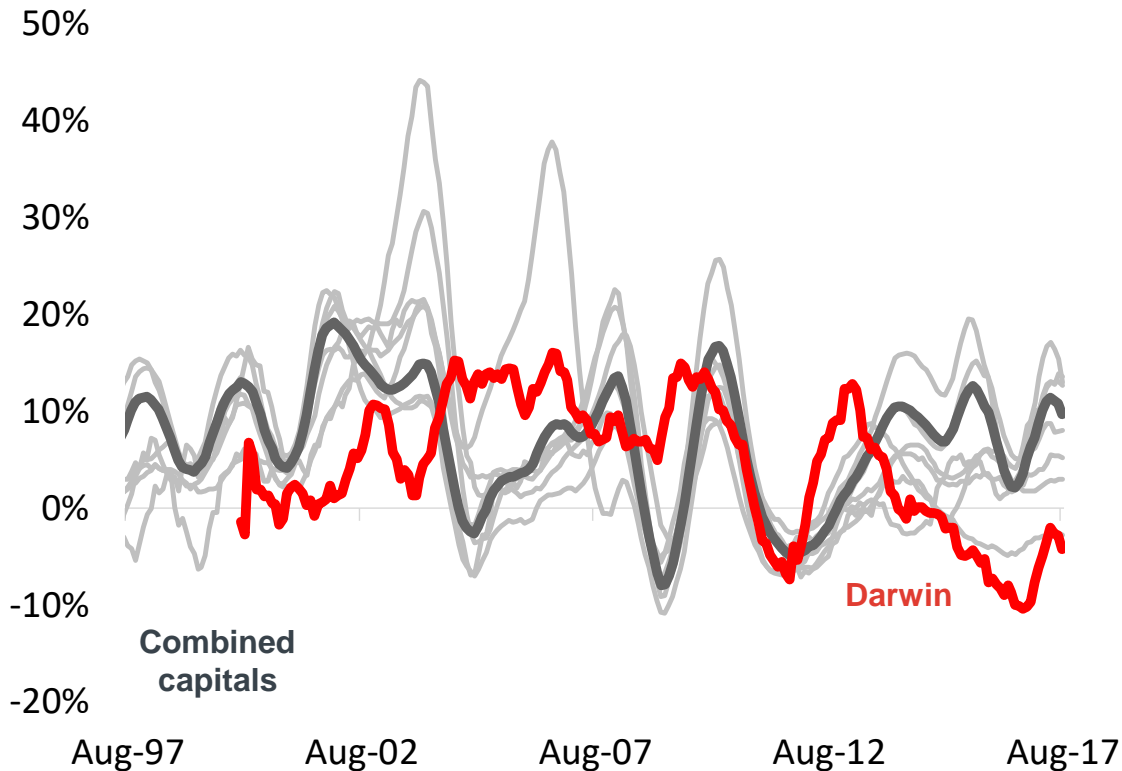
Annual change in dwelling values

Perth dwelling values fell **-1.6%** over the three months to August 2017 and are **-2.8%** lower over the past year. House values have fallen by **-2.7%** over the past 12 months and unit values have fallen by **-3.5%**.

Source: CoreLogic

Annual change in dwelling values

Hobart

Combined capitals

Aug-97   Aug-02   Aug-07   Aug-12   Aug-17

Dwelling values in Hobart rose 1.9% over the three months to August 2017 and are 13.6% higher over the past year. Despite the current fast rate of value growth, dwelling values are only 26.7% higher over the past decade.

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Annual change in dwelling values

Darwin dwelling values fell by **-4.7%** over the three months to August 2017 and are **-4.2%** lower over the past year. At the end of August, dwelling values in Darwin were **-18.6%** lower than their historic peak.
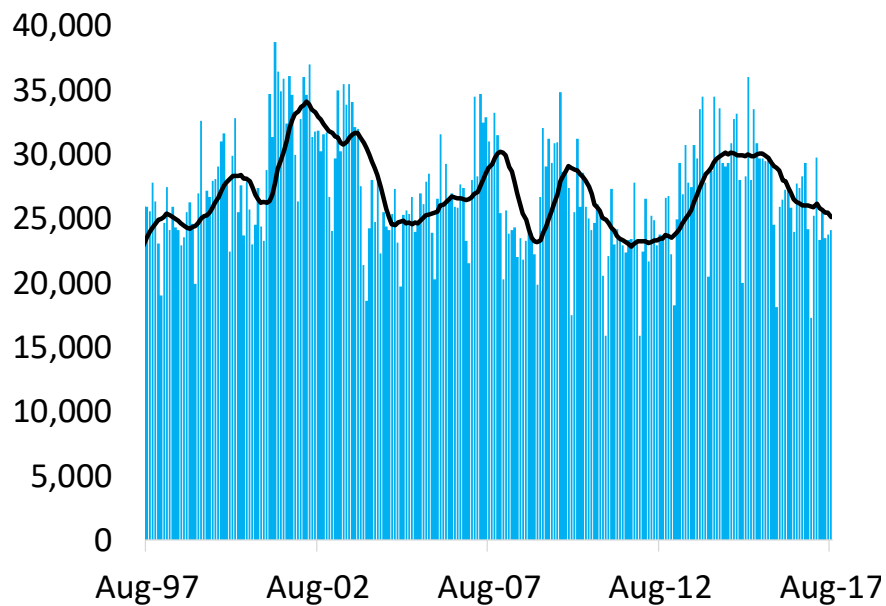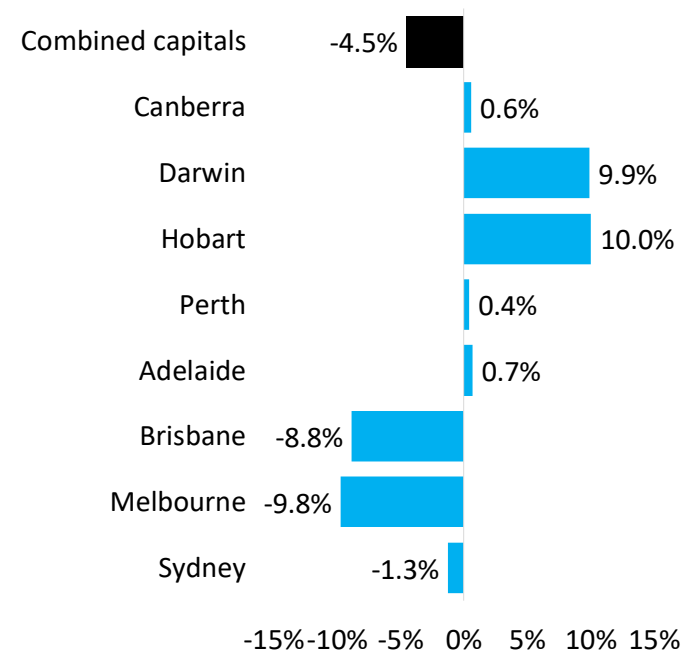
Annual change in dwelling values

Canberra

Combined capitals

Aug-97 Aug-02 Aug-07 Aug-12 Aug-17
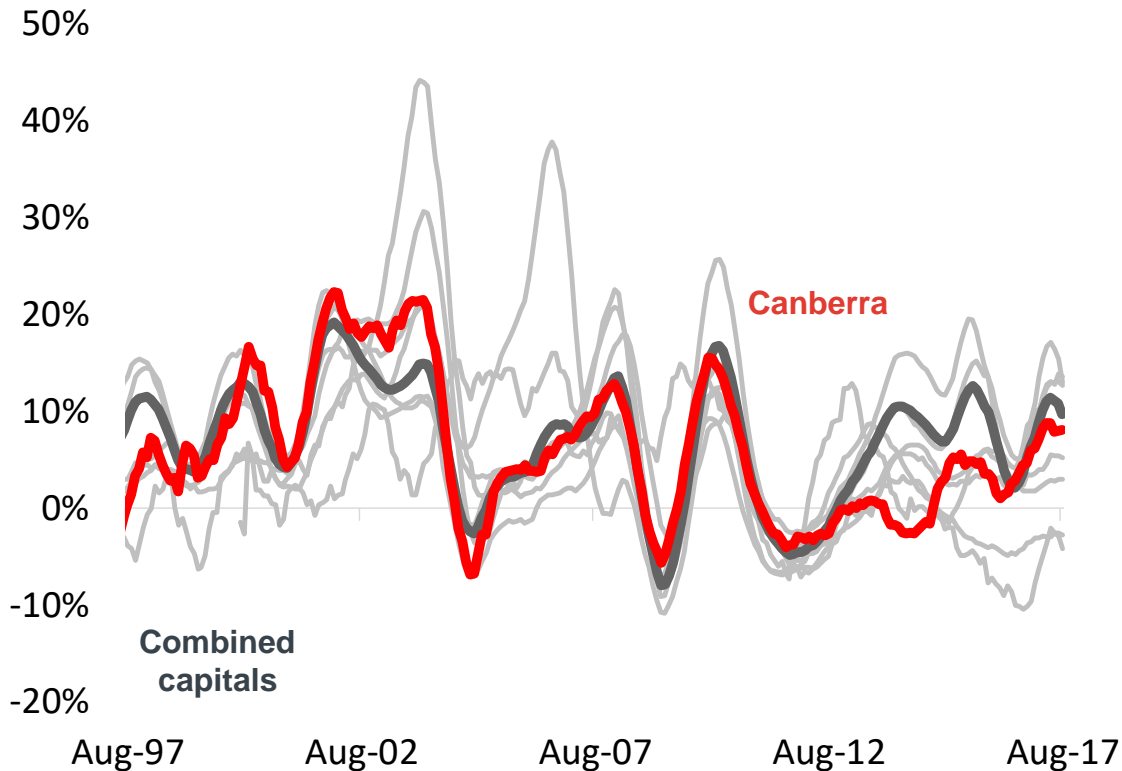
Dwelling values in Canberra increased 0.4% over the three months to August 2017 and are 8.0% higher over the past year. House values have increased by 9.8% over the year while unit values are 2.8% higher.

Transaction numbers have drifted lower, with larger falls in Melbourne and Brisbane
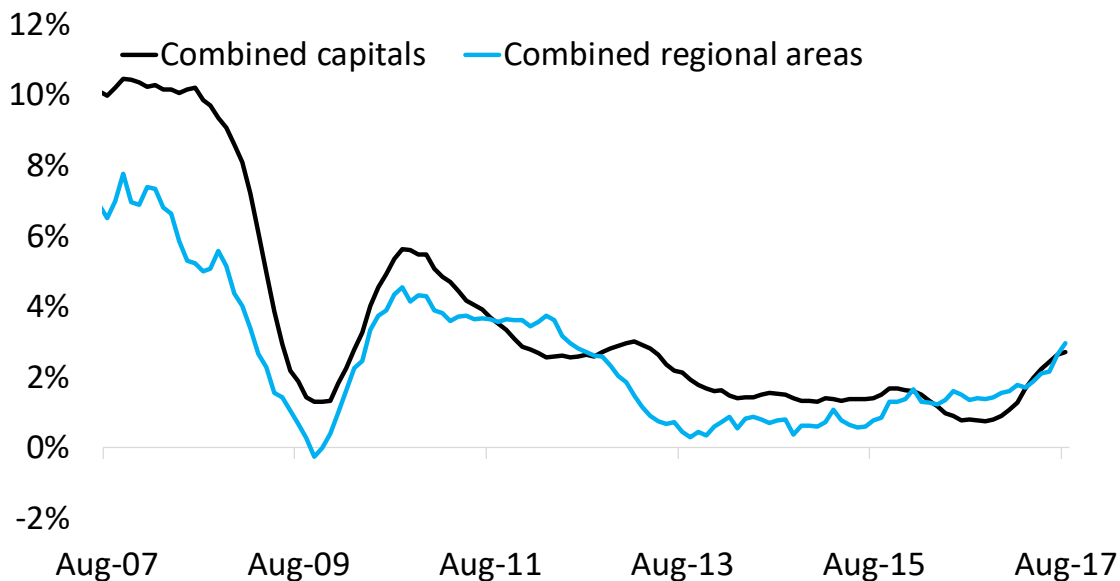

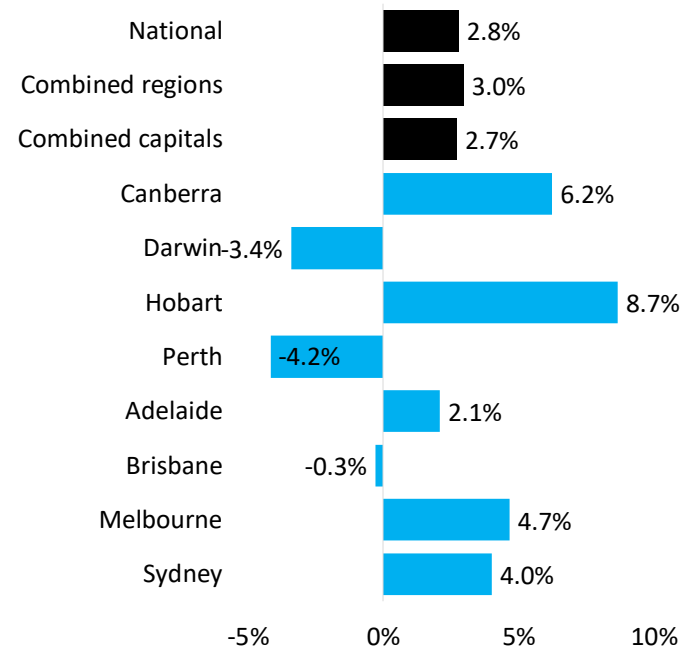**Number of settled sales, combined capitals**

Year on year change in annual sales

Combined capitals	-4.5%
Canberra	0.6%
Darwin	9.9%
Hobart	10.0%
Perth	0.4%
Adelaide	0.7%
Brisbane	-8.8%
Melbourne	-9.8%
Sydney	-1.3%

The annual rate of rental growth is accelerating across both capital city and regional housing markets
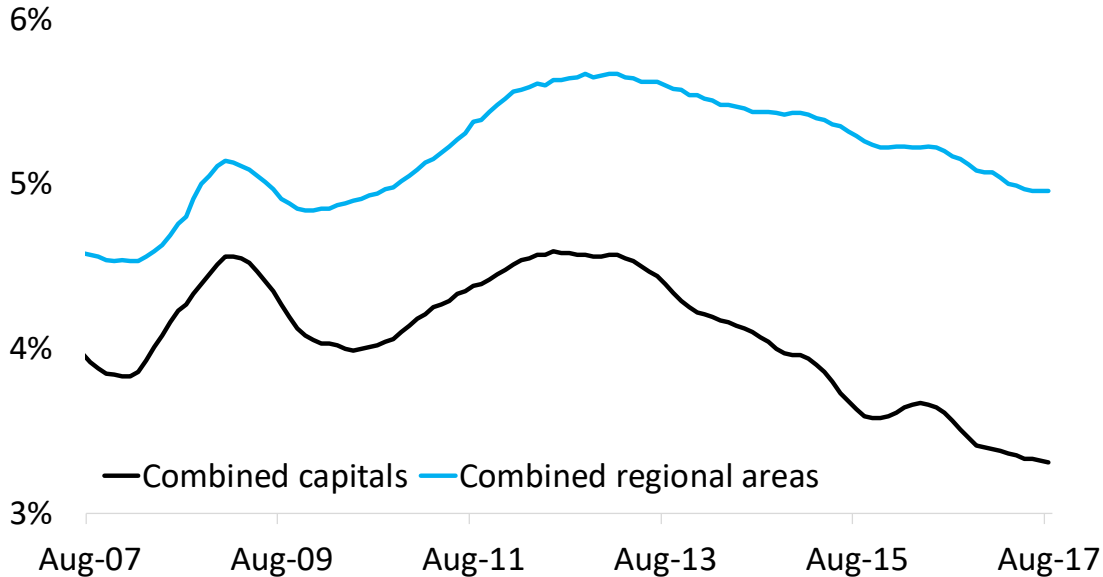
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Annual change in dwelling rents

— Combined capitals   — Combined regional areas

Annual change in dwelling rents to Aug-17

National	2.8%
Combined regions	3.0%
Combined capitals	2.7%
Canberra	6.2%
Darwin	-3.4%
Hobart	8.7%
Perth	-4.2%
Adelaide	2.1%
Brisbane	-0.3%
Melbourne	4.7%
Sydney	4.0%

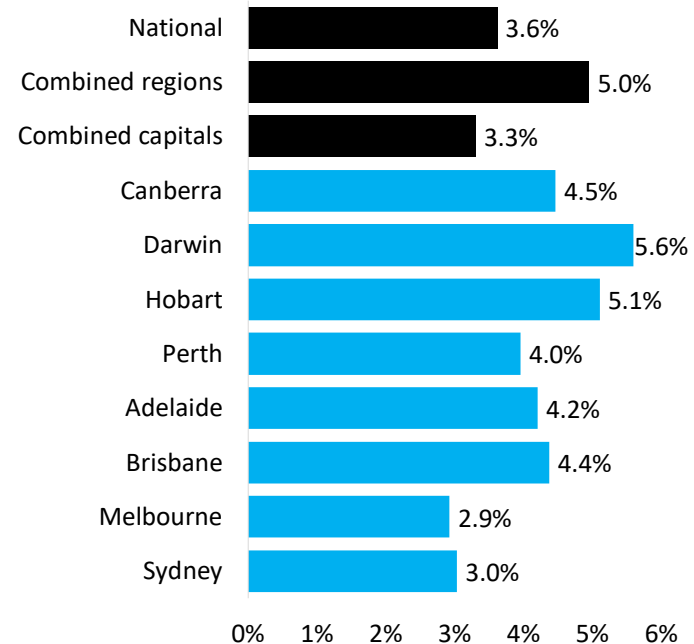# Gross rental yields have trended lower over recent years as value growth has outpaced rental growth

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Gross rental yields

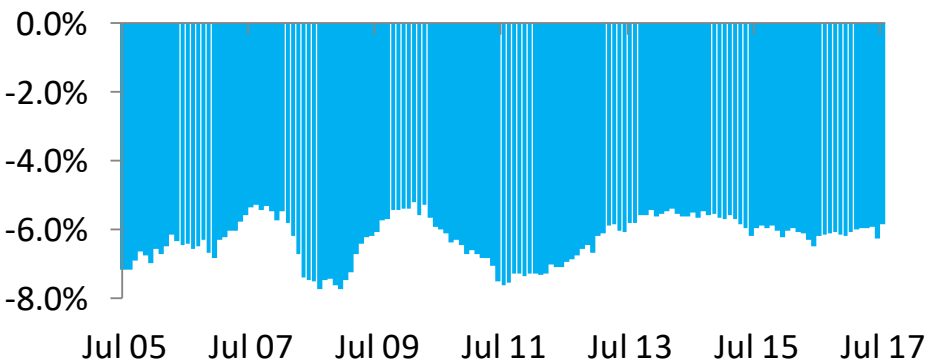— Combined capitals   — Combined regional areas

Gross rental yields as at Aug-17

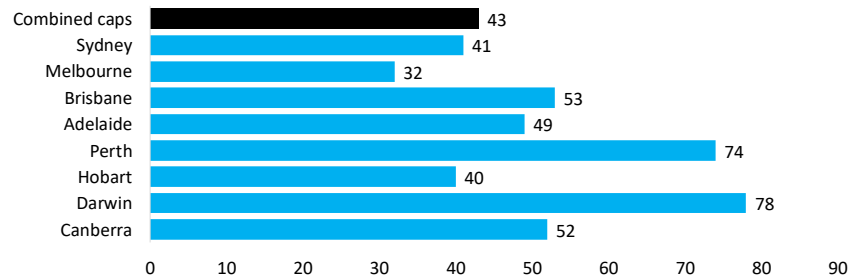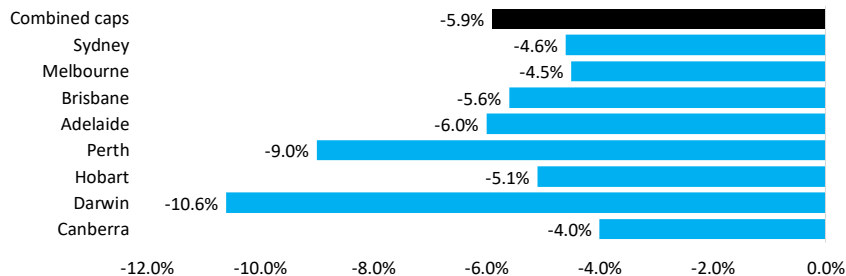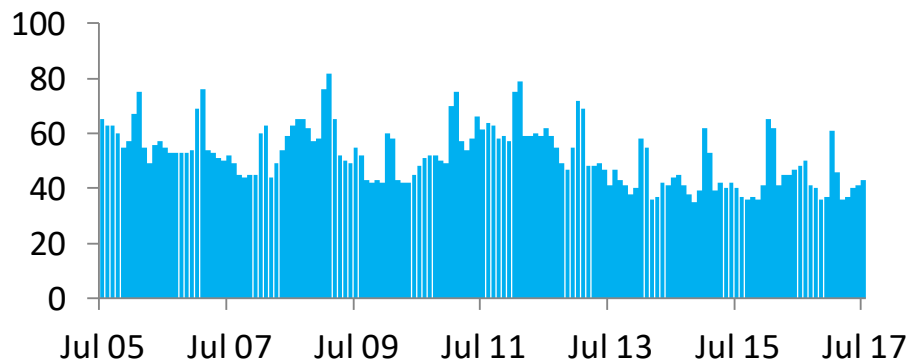|	
National	3.6%
Combined regions	5.0%
Combined capitals	3.3%
Canberra	4.5%
Darwin	5.6%
Hobart	5.1%
Perth	4.0%
Adelaide	4.2%
Brisbane	4.4%
Melbourne	2.9%
Sydney	3.0%

Although homes are still selling rapidly, the days on market figure for Sydney and Melbourne has risen over recent months

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Average rate of vendor discounting, Combined capitals

Average days on market, Combined capitals

Combined caps	-5.9%
Sydney	-4.6%
Melbourne	-4.5%
Brisbane	-5.6%
Adelaide	-6.0%
Perth	-9.0%
Hobart	-5.1%
Darwin	-10.6%
Canberra	-4.0%

Combined caps	43
Sydney	41
Melbourne	32
Brisbane	53
Adelaide	49
Perth	74
Hobart	40
Darwin	78
Canberra	52

Newly advertised listing numbers are lower than they were a year ago and so too are total listings
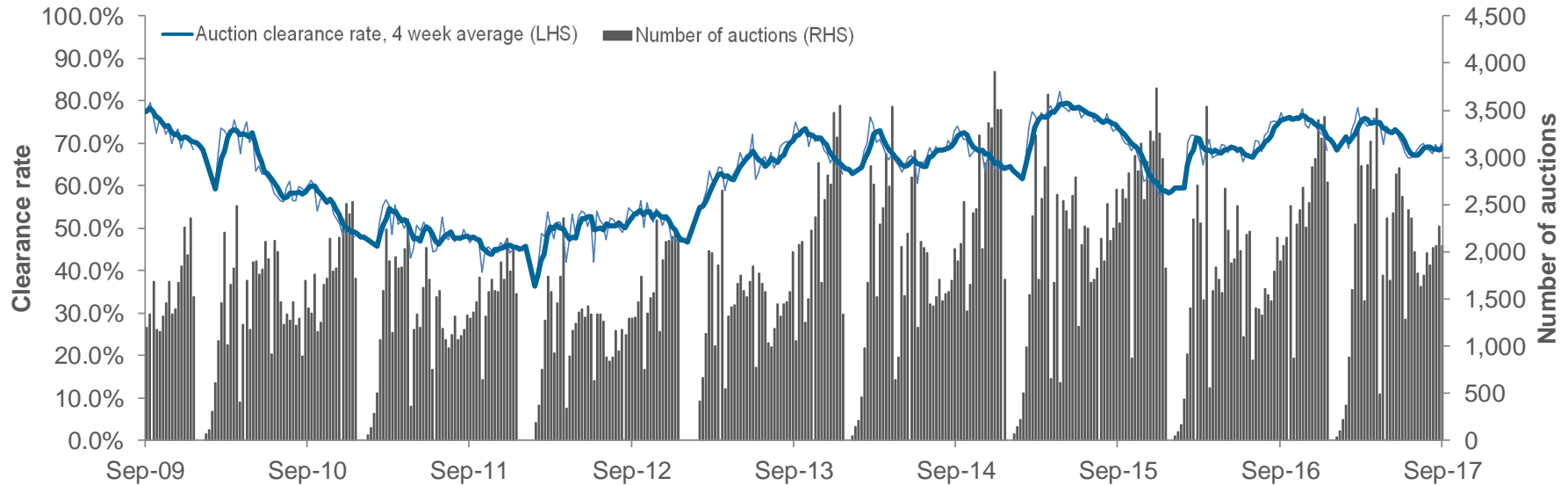
Number of new and total properties advertised for sale, 28 days to 4 September 2017

Capital city	No of new listings	12 mth change (%)	No of total listings	12 mth change (%)
Sydney	7,148	9.6%	22,470	16.4%
Melbourne	7,929	2.5%	27,965	0.3%
Brisbane	4,033	-5.5%	19,563	1.0%
Adelaide	1,790	-5.6%	8,004	3.3%
Perth	3,200	-14.3%	19,518	-12.7%
Hobart	312	-10.9%	1,175	-32.0%
Darwin	182	13.0%	1,626	0.0%
Canberra	594	-8.0%	1,866	2.0%
Combined capitals	**25,188**	**-0.5%**	**102,187**	**0.3%**

| State	No of new listings	12 mth change (%)	No of total listings	12 mth change (%)
NSW	11,837	7.1%	45,527	2.0%
Vic	10,793	0.6%	48,673	-6.8%
Qld	9,306	-6.4%	63,299	-3.7%
SA	2,553	-4.8%	17,520	-0.6%
WA	4,679	-7.7%	33,033	-11.8%
Tas	884	-7.5%	5,995	-19.5%
NT	241	17.6%	2,237	2.6%
ACT	608	-8.2%	1,932	1.8%
National	**40,901**	**-1.0%**	**218,216**	**-4.8%**

Auction clearance rates have eased throughout winter while volumes have been relatively high

**Combined capital city auction clearance rates and volumes**

Legend: Auction clearance rate, 4 week average (LHS); Number of auctions (RHS)

Left axis: Clearance rate (0.0% to 100.0%)
Right axis: Number of auctions (0 to 4,500)

X-axis: Sep-09, Sep-10, Sep-11, Sep-12, Sep-13, Sep-14, Sep-15, Sep-16, Sep-17

Housing demand: overseas migration once again trending higher

Quarterly change in national population
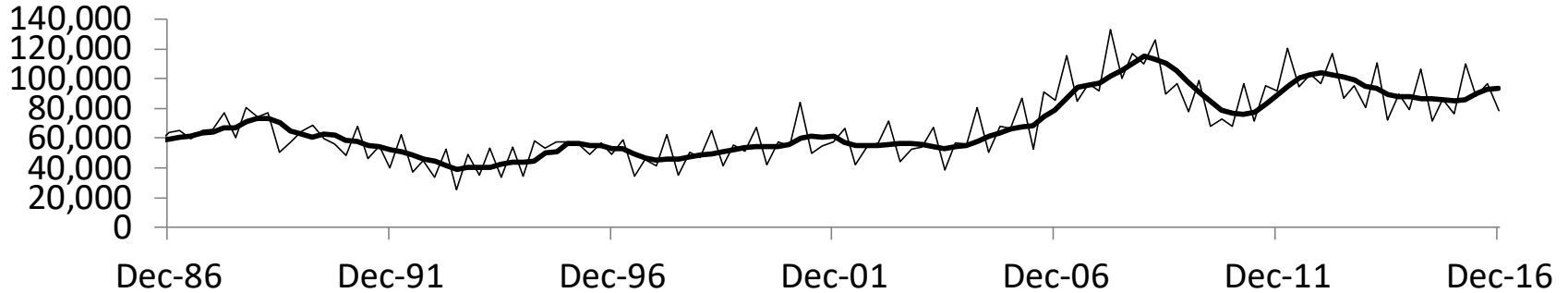
Net overseas migration
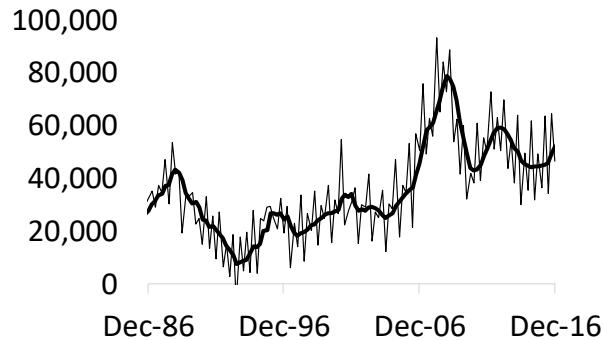
Natural increase
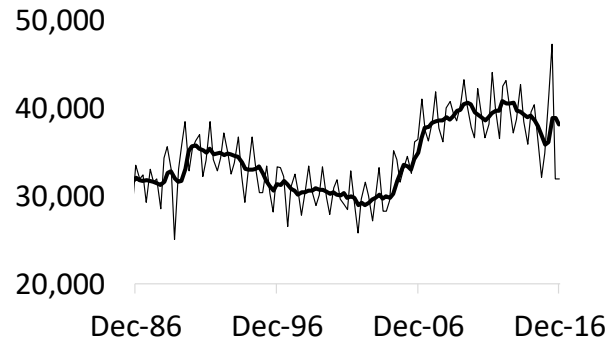
Annual change in population

AUST	1.5%
ACT	1.7%
NT	0.4%
TAS	0.4%
WA	0.6%
SA	0.7%
QLD	1.4%
VIC	2.4%
NSW	1.5%
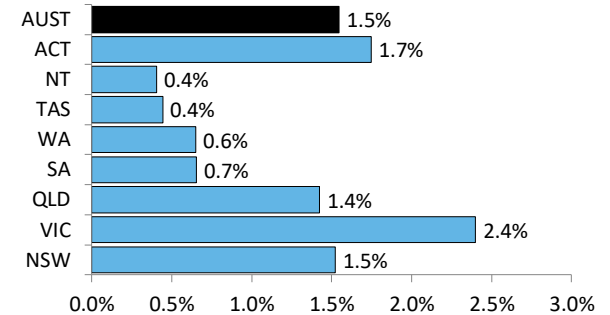
Unit approvals are well below their recent peak levels but have stabilized over recent months

Number of dwellings approved for construction, National
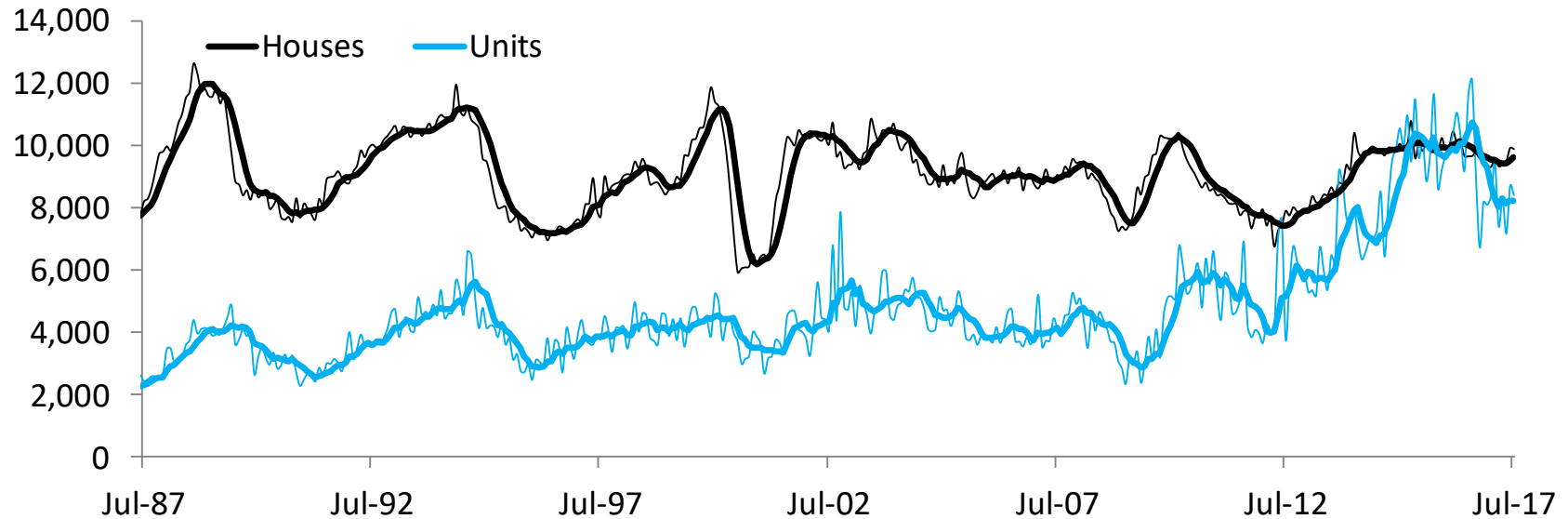
Mortgage demand is largely coming from owner occupiers upgrading and downgrading and investors

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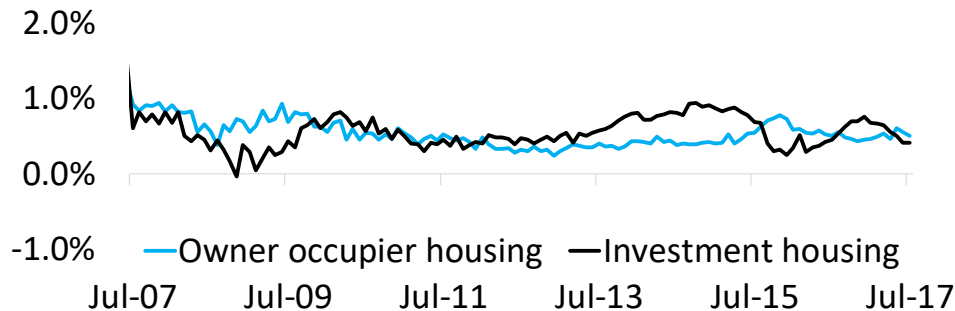### Value of housing finance commitments by borrower type

Legend:
- Owner occupier FHB
- Owner occupier non-FHB
- Owner occupier refinance
- Investors

Y-axis ($b): $0.0, $2.0, $4.0, $6.0, $8.0, $10.0, $12.0, $14.0, $16.0, $18.0

X-axis: Jun-97, Jun-01, Jun-05, Jun-09, Jun-13, Jun-17
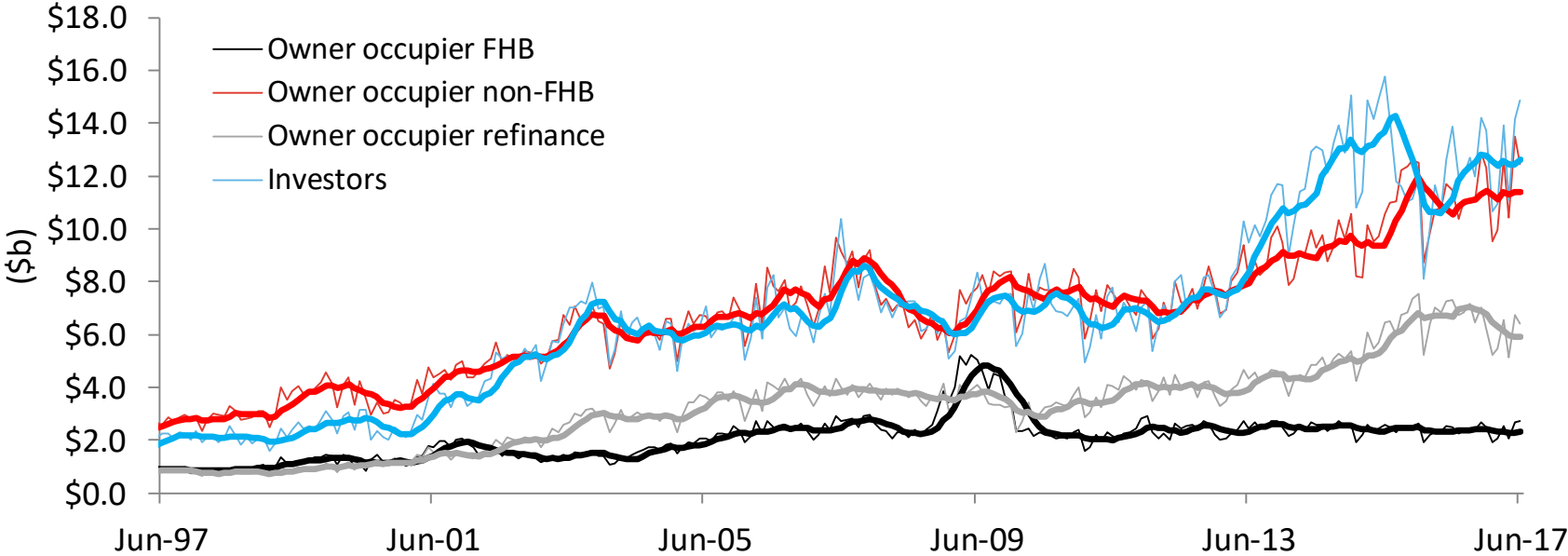
Regulatory changes, as well as higher mortgage rates, are starting to impact on investment demand
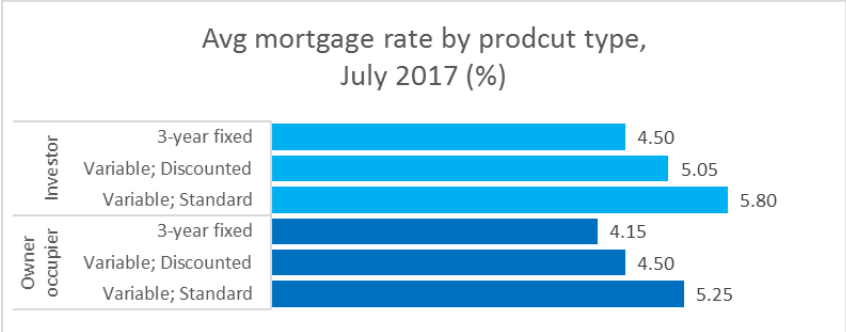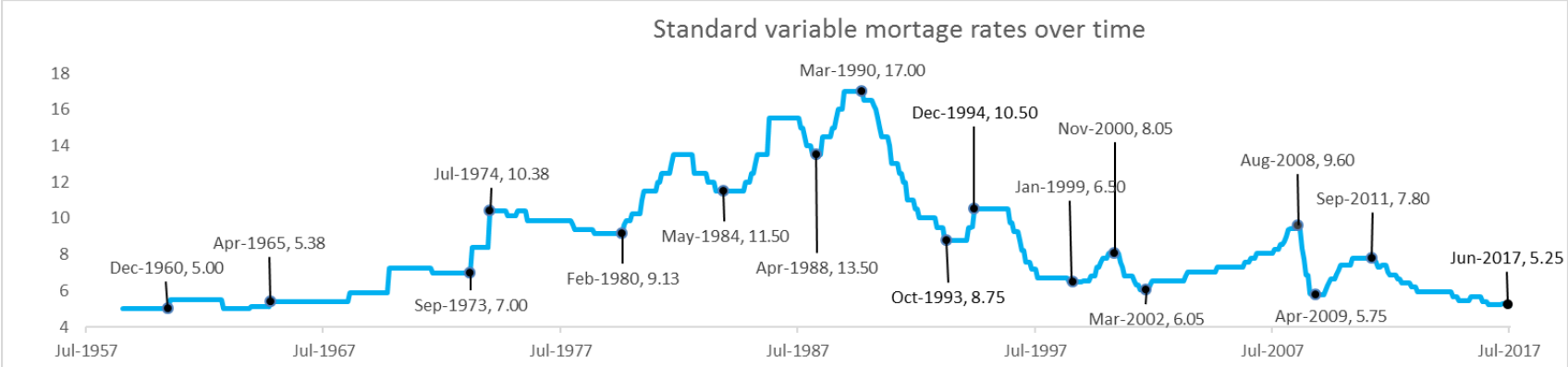
Annual change in housing credit

APRA 10% speed limit

—— Owner occupier housing   —— Investment housing

15.0%
10.0%
5.0%
0.0%

Jul-07   Jul-09   Jul-11   Jul-13   Jul-15   Jul-17
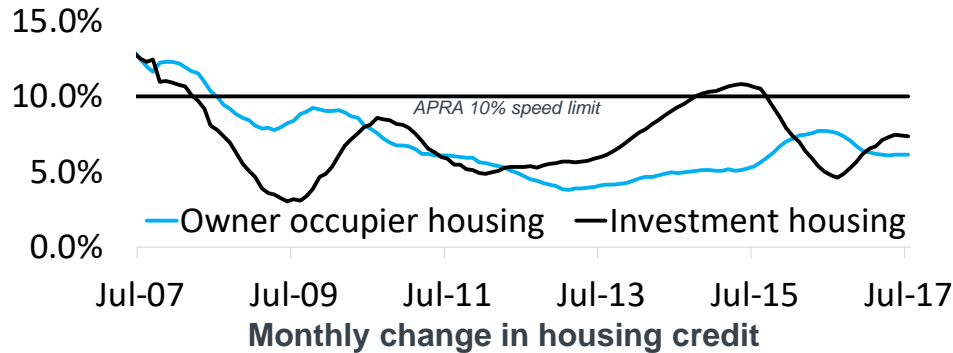
Monthly change in housing credit

2.0%
1.0%
0.0%
-1.0%

—— Owner occupier housing   —— Investment housing

Jul-07   Jul-09   Jul-11   Jul-13   Jul-15   Jul-17

% of mortgages originated on interest only terms

45.6%

APRA 30% origination target

30.5%

50%
45%
40%
35%
30%
25%
20%

Jun-08   Jun-09   Jun-10   Jun-11   Jun-12   Jun-13   Jun-14   Jun-15   Jun-16   Jun-17
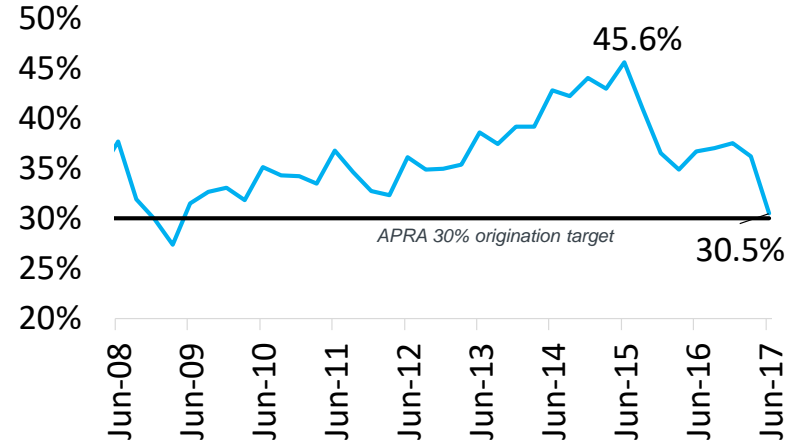
Mortgage rates remain around historic lows for owner occupiers but have edged higher for investors

Standard variable mortage rates over time

Mar-1990, 17.00
Dec-1994, 10.50
Nov-2000, 8.05
Aug-2008, 9.60
Jul-1974, 10.38
Sep-2011, 7.80
Apr-1965, 5.38
Jan-1999, 6.50
Dec-1960, 5.00
May-1984, 11.50
Apr-1988, 13.50
Jun-2017, 5.25
Feb-1980, 9.13
Oct-1993, 8.75
Sep-1973, 7.00
Mar-2002, 6.05
Apr-2009, 5.75

Avg mortgage rate by prodcut type, July 2017 (%)

Investor	3-year fixed	4.50
	Variable; Discounted	5.05
	Variable; Standard	5.80
Owner occupier	3-year fixed	4.15
	Variable; Discounted	4.50
	Variable; Standard	5.25

Basis point change in avg rate since 2016 trough to July '17

Investor	3-year fixed	0.25
	Variable; Discounted	0.35
	Variable; Standard	0.30
Owner occupier	3-year fixed	0.15
	Variable; Discounted	0.00
	Variable; Standard	-0.05

About Us

CoreLogic Australia is a wholly owned subsidiary of CoreLogic (NYSE: CLGX), which is the largest property data and analytics company in the world. CoreLogic provides property information, analytics and services across Australia, New Zealand and Asia, and recently expanded its service offering through the purchase of project activity and building cost information provider Cordell. 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 20,000 customers and 150,000 end users, CoreLogic is the leading provider of property data, analytics and related services to consumers, investors, real estate, mortgage, finance, banking, building services, insurance, developers, wealth management and government. CoreLogic delivers value to clients through unique data, analytics, workflow technology, advisory and geo spatial services. Clients rely on CoreLogic to help identify and manage growth opportunities, improve performance and mitigate risk. CoreLogic employs over 650 people across Australia and in New Zealand. For more information call 1300 734 318 or visit www.corelogic.com.au

CoreLogic produces an advanced suite of housing market analytics that provides key insights for understanding housing market conditions at a granular geographic level. Granular data is often used for portfolio analysis and benchmarking, risk assessments and understanding development feasibility and market sizing. It gives industry professionals valuable modules which provide essential analytics and insights for decision making and strategy formation within the residential property asset class. We can tailor reports to suit your business requirements.

Call us on 1300 734 318 or email us at ask@corelogic.com.au or visit us at www.corelogic.com.au

Granular Data and Analytics

Market Scorecard: Monitor and measure market share and performance of real estate agents at an individual office or a Franchise brand level across Australia. Identify the competing brands and independents at a suburb, postcode, user defined territory and State level. Easily locate growth opportunities and market hotspots, and view the performance of the established offices in these new areas of interest.

Market Trends: Detailed housing market indicators down to the suburb level, with data in time series or snapshot and segmented across houses, units and land. The Market Trends data includes key housing market metrics such as median prices, median values, transaction volumes, rental statistics, vendor metrics such as average selling time and vendor discounting rates.

CoreLogic Indices: The suite of CoreLogic Indices range from simple market measurements such as median prices through to repeat sales indices and our flagship hedonic home value indices. The CoreLogic Hedonic index has been specifically designed to track the value of a portfolio of properties over time and is relied upon by Australian regulators and industry as the most up to date and accurate measurement of housing market performance.

Economist Pack: A suite of indices and indicators designed specifically for Australian economic commentators who require the most up to date and detailed view of housing market conditions. The economist pack includes the CoreLogic Hedonic indices for capital cities and 'rest of state' indices, the stratified hedonic index, hedonic total return index, auction clearance rates and median prices.

Investor Concentration Report: Understanding ownership concentrations is an important part of assessing risk. Areas with high investor concentrations are typically allocated higher risk ratings due to the over-representation of a particular segment of the market. Through a series of rules and logic, CoreLogic RP Data has flagged the likely ownership type of every residential property nationally as either owner occupied, investor owned or government owned.

Mortgage Market Trend Report: CoreLogic RP Data is in a unique position to monitor mortgage related housing market activity. Transaction volumes, dwelling values and mortgage related valuation events all comprise our Mortgage market trend report which provides an invaluable tool for mortgage industry benchmarking and strategy.

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Thank You