



Sydney's housing market

The Outlook for Sydney Dwelling Values:
Affordability, Supply Levels and Rental Markets

September 2016

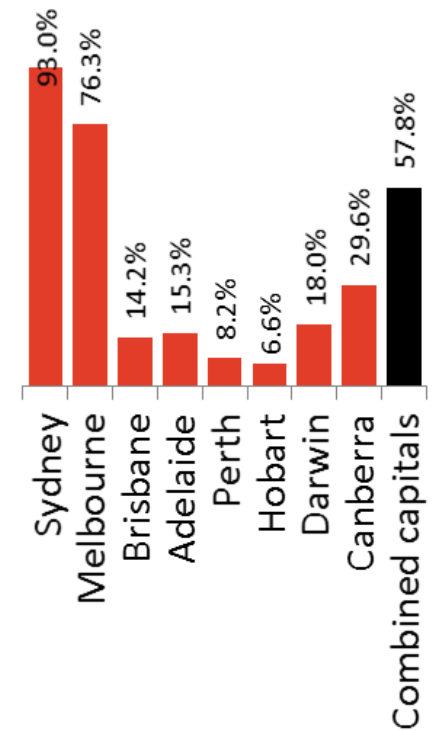
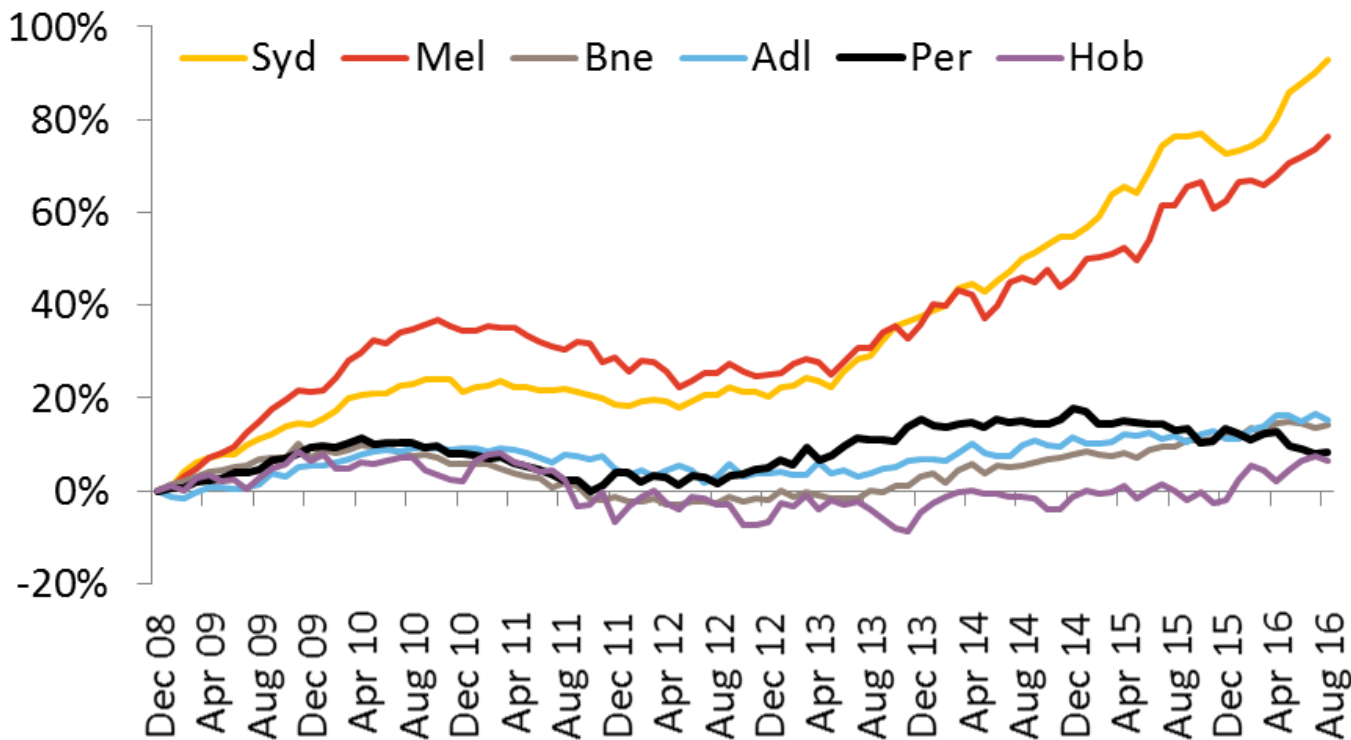
Residential real estate underpins Australia's wealth and has reached \$6.7 trillion in overall value



As at the end of August 2016

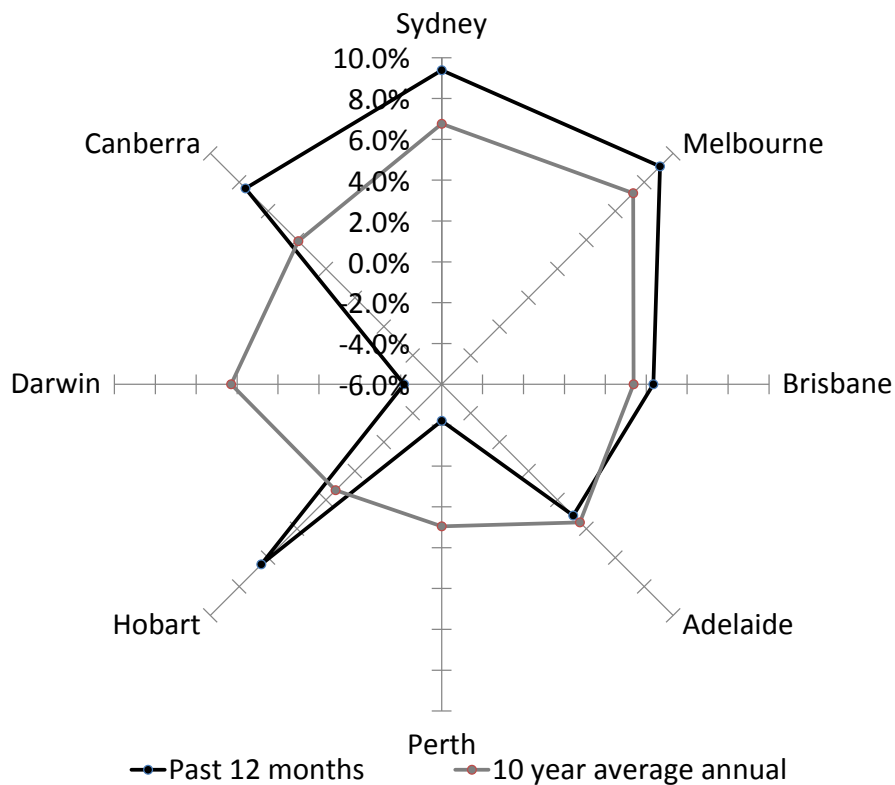
Two cycles of growth post-GFC which has seen substantial capital gains in Sydney and Melbourne

Cumulative capital gains since January 2009

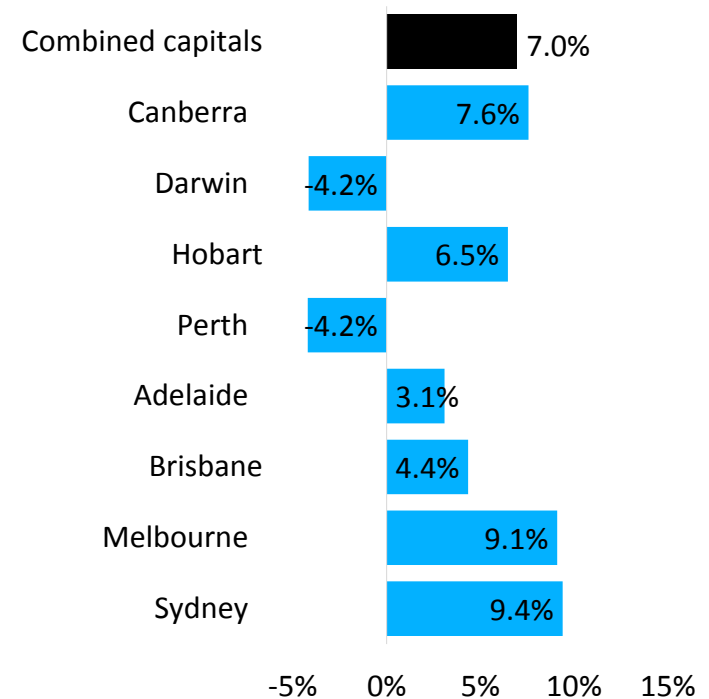


Strong annual capital gains in Sydney and Melbourne are substantially higher than the decade average rate of growth

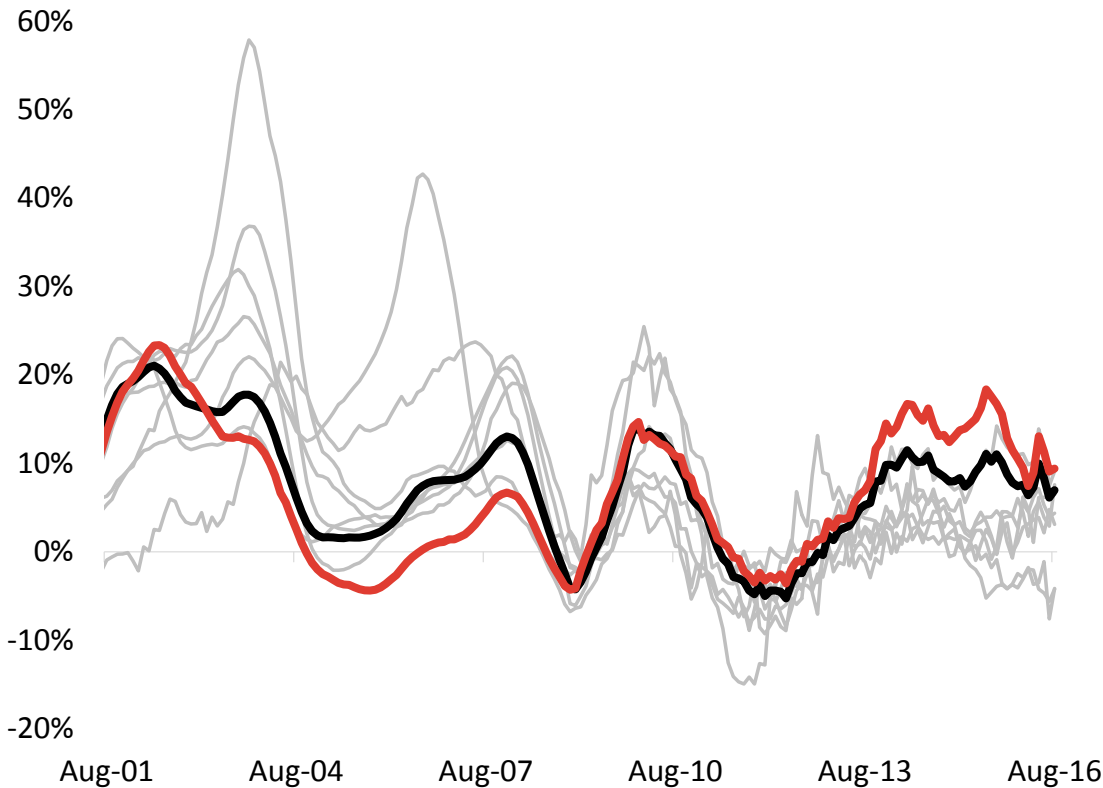
Capital gain: Average over 10 years v past 12 months



Change in capital city dwelling values, 12 months to Jul 2016



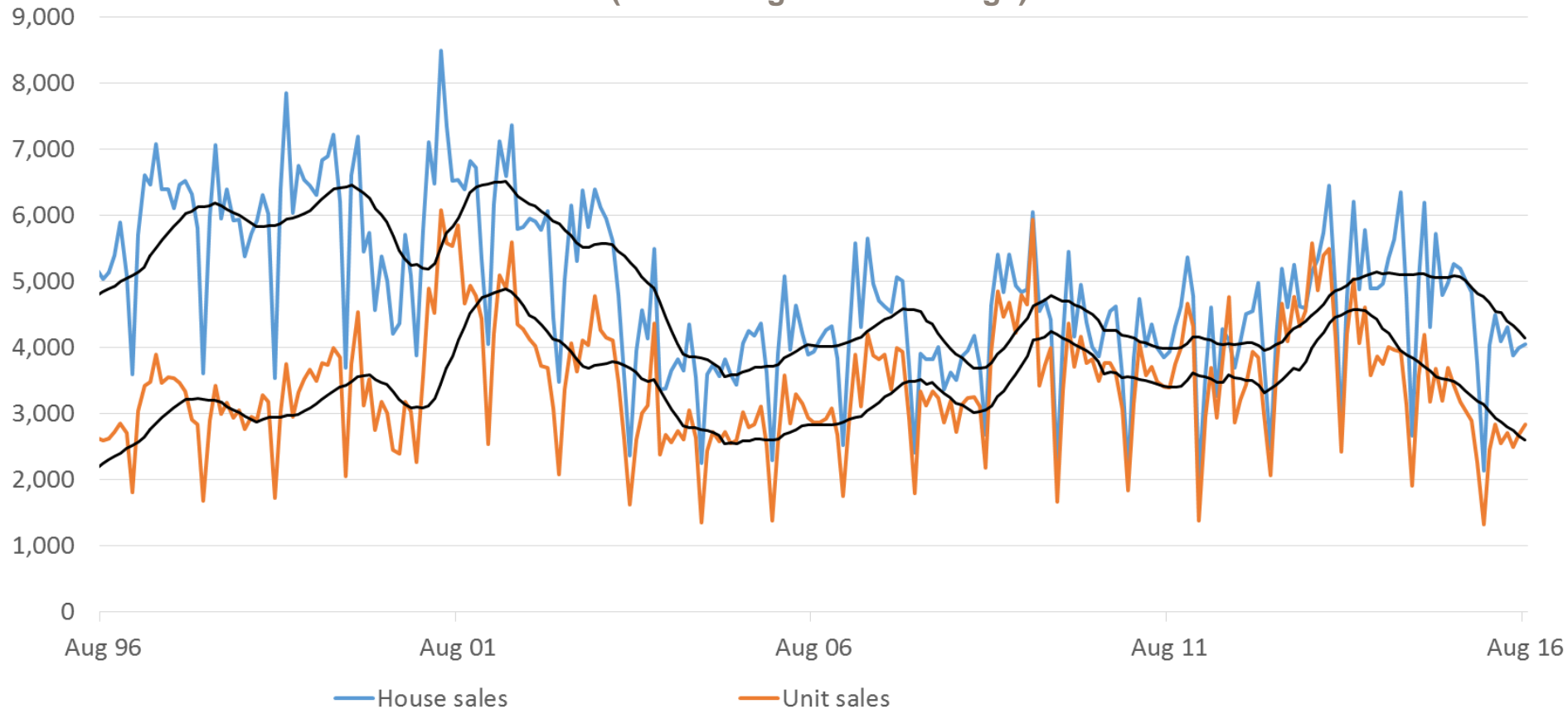
Annual change in dwelling values



Sydney home values have increased by **+3.9%** over the past three months and are **+9.4%** higher over the past year. The annual rate of value growth has slowed from a peak of **+18.4%** in July 2015

Despite strong capital gains, transaction numbers are broadly trending lower across Sydney

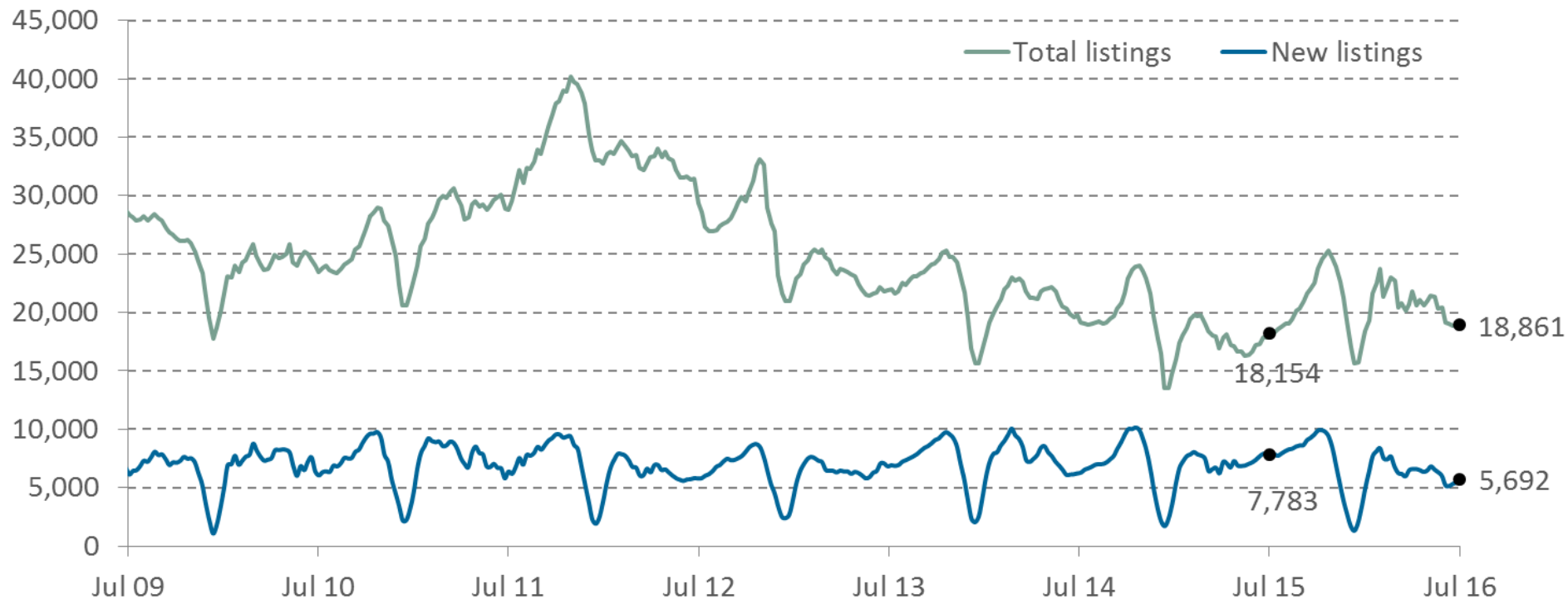
Sydney, number of settled house and unit sales
(with rolling annual average)



Source: CoreLogic

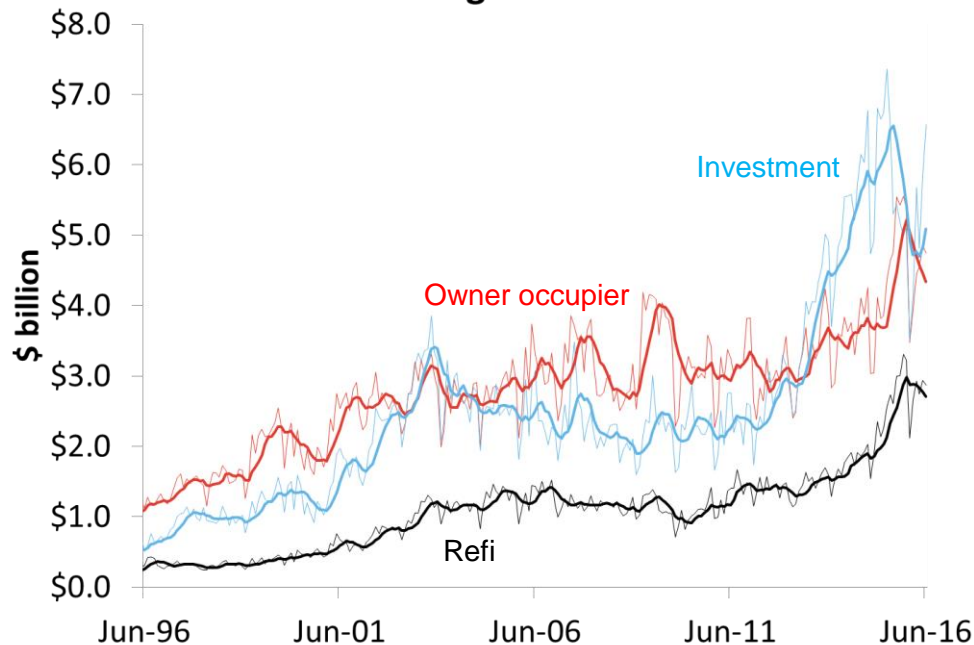
Low advertised stock levels can partly explain the fall away in transaction numbers across Sydney

Number of properties advertised for sale, Sydney (rolling 28 day count)

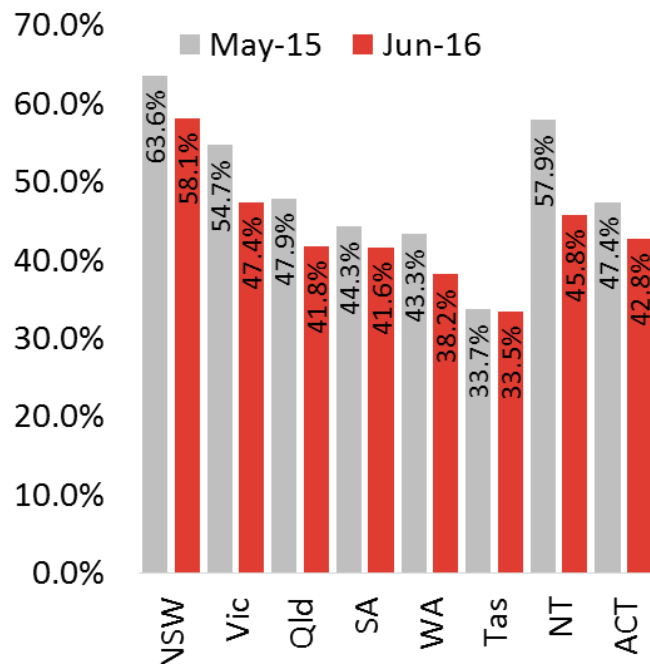


A sharp decline in investment lending has added to the slowdown in transaction numbers... but recent data shows a strong rebound in investment lending

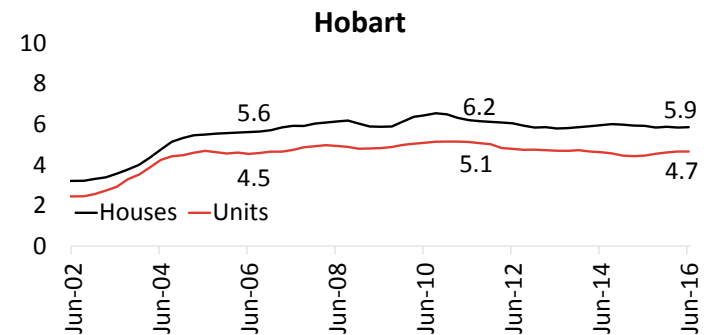
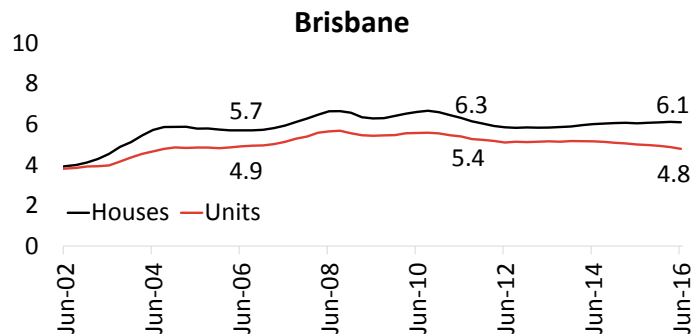
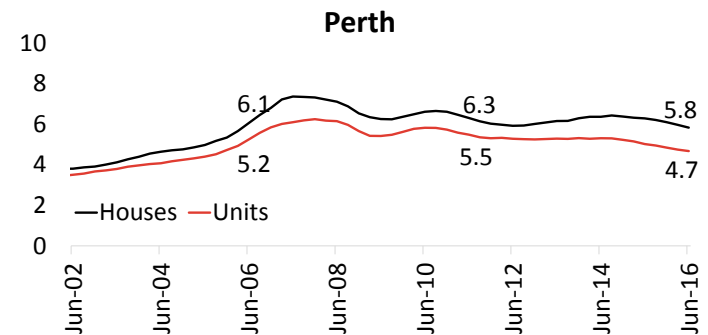
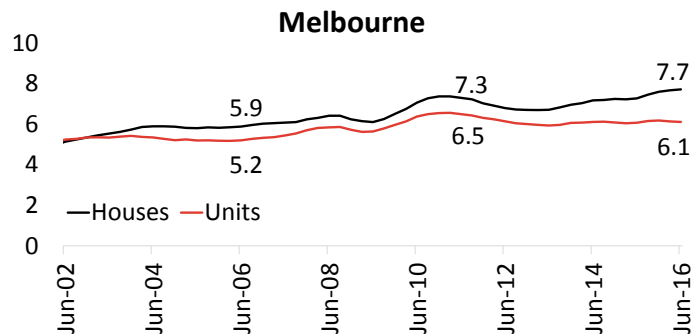
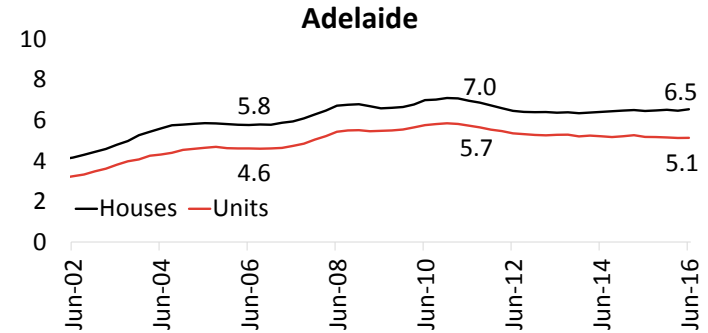
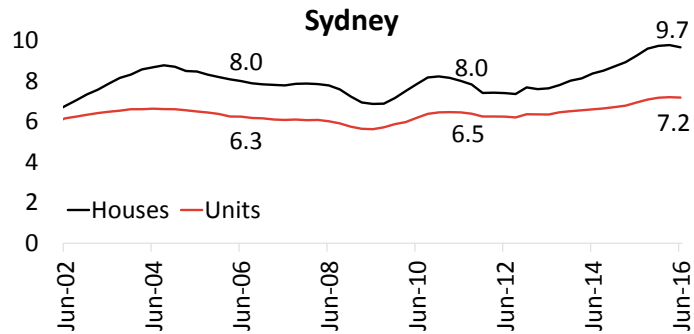
NSW value of housing finance commitments



Investors as a % of all new mortgage commitments

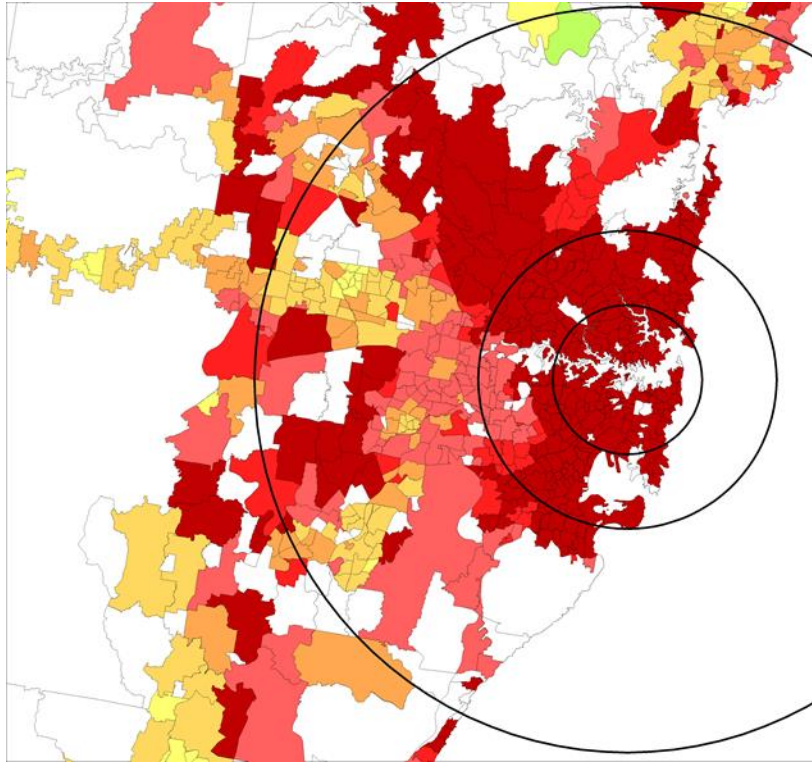


Low affordability is also likely to be dampening housing demand across Sydney

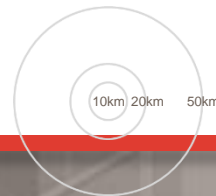
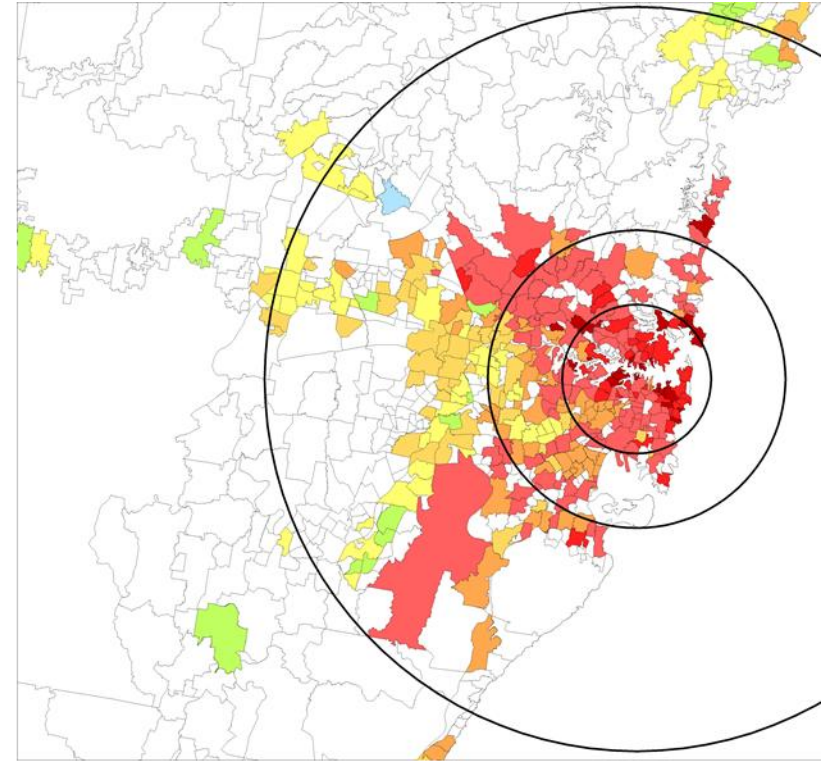


Buying a detached house in Sydney is becoming out of reach for many segments of the market

Median house values

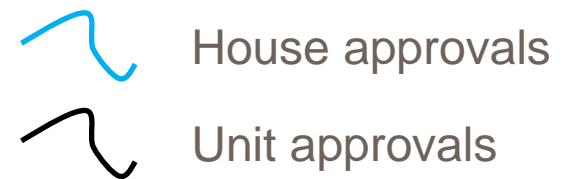
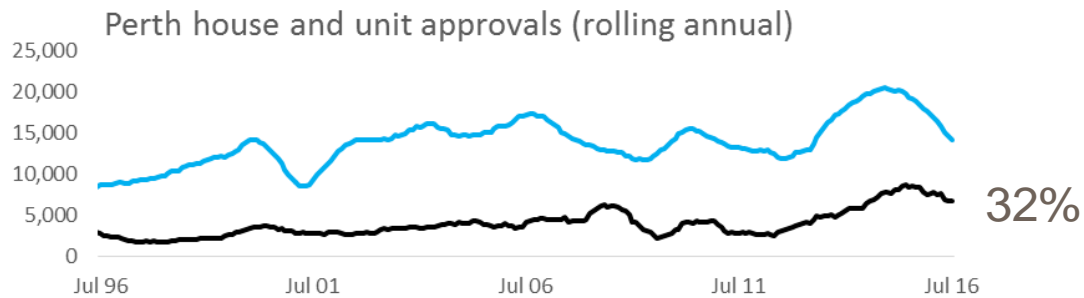
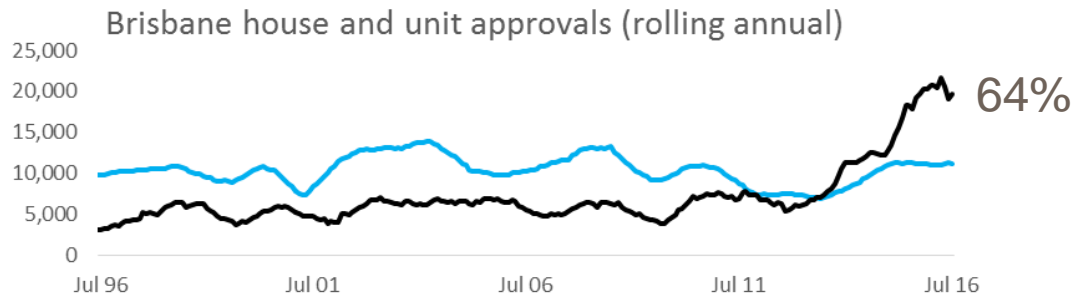
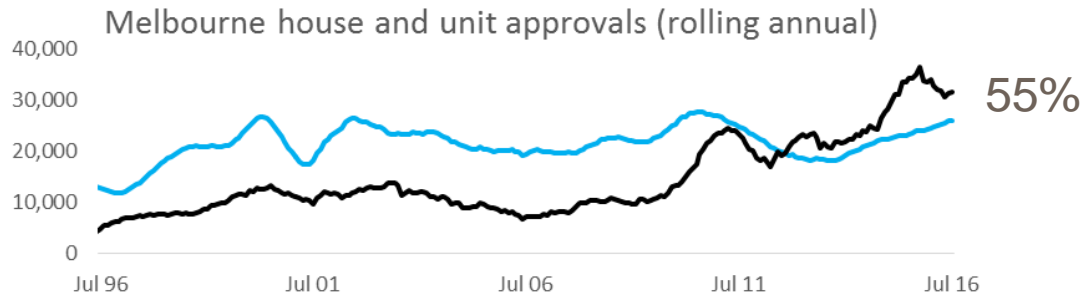
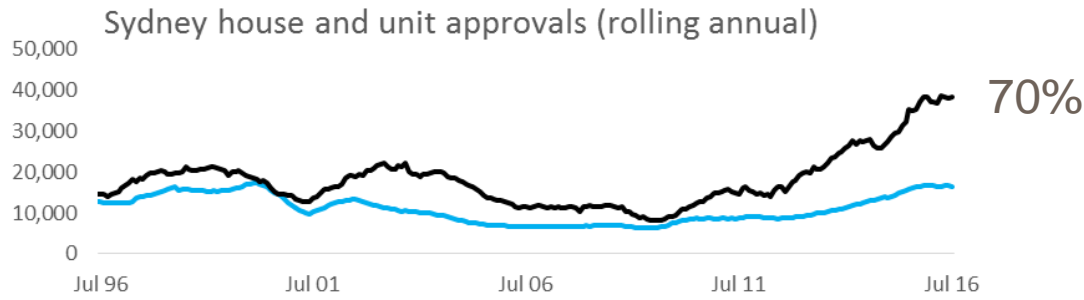


Median unit values



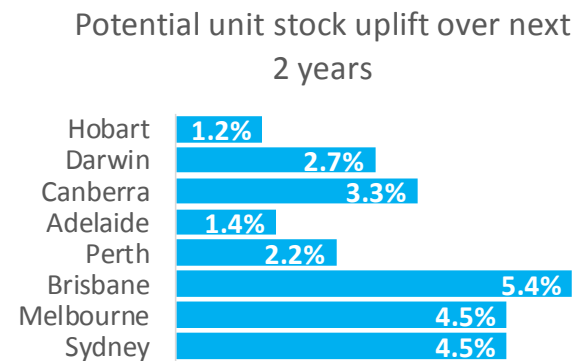
Source: CoreLogic, ANU

Unit approvals remains a large proportion of the growing supply pipeline



A significant number of units are set to settle across Sydney over the next two years...

City	New units next 12 months	New units next 24 months	Potential unit stock uplift over next 2 years
Sydney	34,967	84,343	4.5%
Melbourne	31,806	82,374	4.5%
Brisbane	17,471	45,471	5.4%
Perth	6,897	18,347	2.2%
Adelaide	2,714	6,529	1.4%
Canberra	2,392	5,571	3.3%
Darwin	1,005	1,288	2.7%
Hobart	647	1,022	1.2%



... however the inner city areas of Melbourne and Brisbane look riskier than Sydney regions.

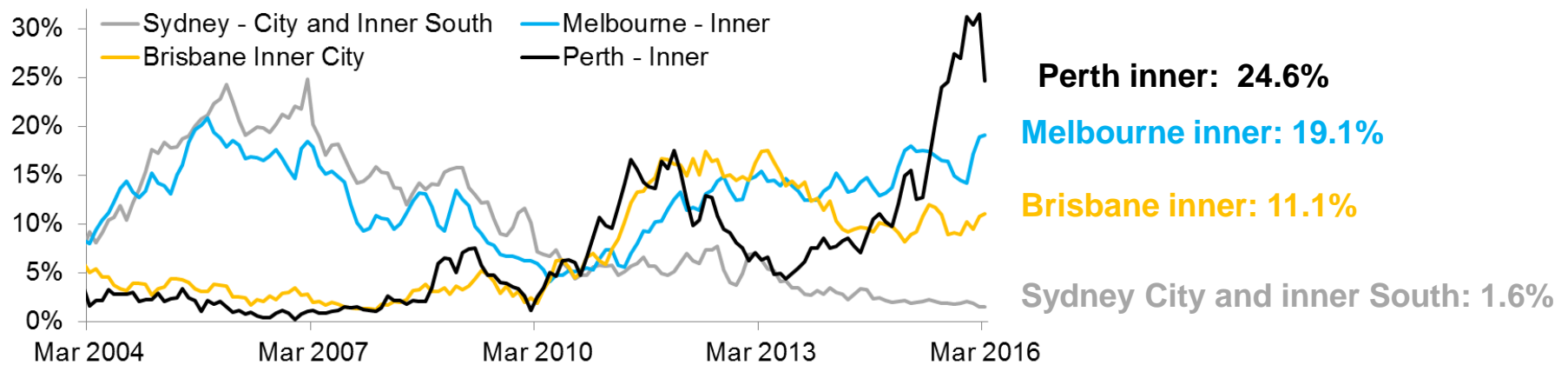
Top 15 SA3 regions nationally for pending apartment supply

SA3 Region	City	New units next 12 months	New units next 24 months	Potential unit stock uplift over next 2 years	
1	Melbourne City	Greater Melbourne	7,176	16,761	21.6%
2	Brisbane Inner	Greater Brisbane	3,072	9,757	30.4%
3	Sydney Inner City	Greater Sydney	2,458	8,976	8.2%
4	Strathfield - Burwood - Ashfield	Greater Sydney	3,012	6,257	18.7%
5	Brisbane Inner - North	Greater Brisbane	3,311	6,088	29.7%
6	Parramatta	Greater Sydney	1,836	5,947	19.4%
7	Southport	Rest of Qld	3,463	5,788	45.6%
8	Ryde - Hunters Hill	Greater Sydney	1,954	4,693	17.3%
9	Holland Park - Yeronga	Greater Brisbane	1,474	4,552	37.0%
10	Boroondara	Greater Melbourne	1,700	3,902	12.8%
11	Port Phillip	Greater Melbourne	1,001	3,844	8.3%
12	Glen Eira	Greater Melbourne	1,471	3,770	12.2%
13	Perth City	Greater Perth	1,173	3,649	9.6%
14	Auburn	Greater Sydney	2,195	3,622	20.4%
15	Brunswick - Coburg	Greater Melbourne	1,263	3,459	20.4%



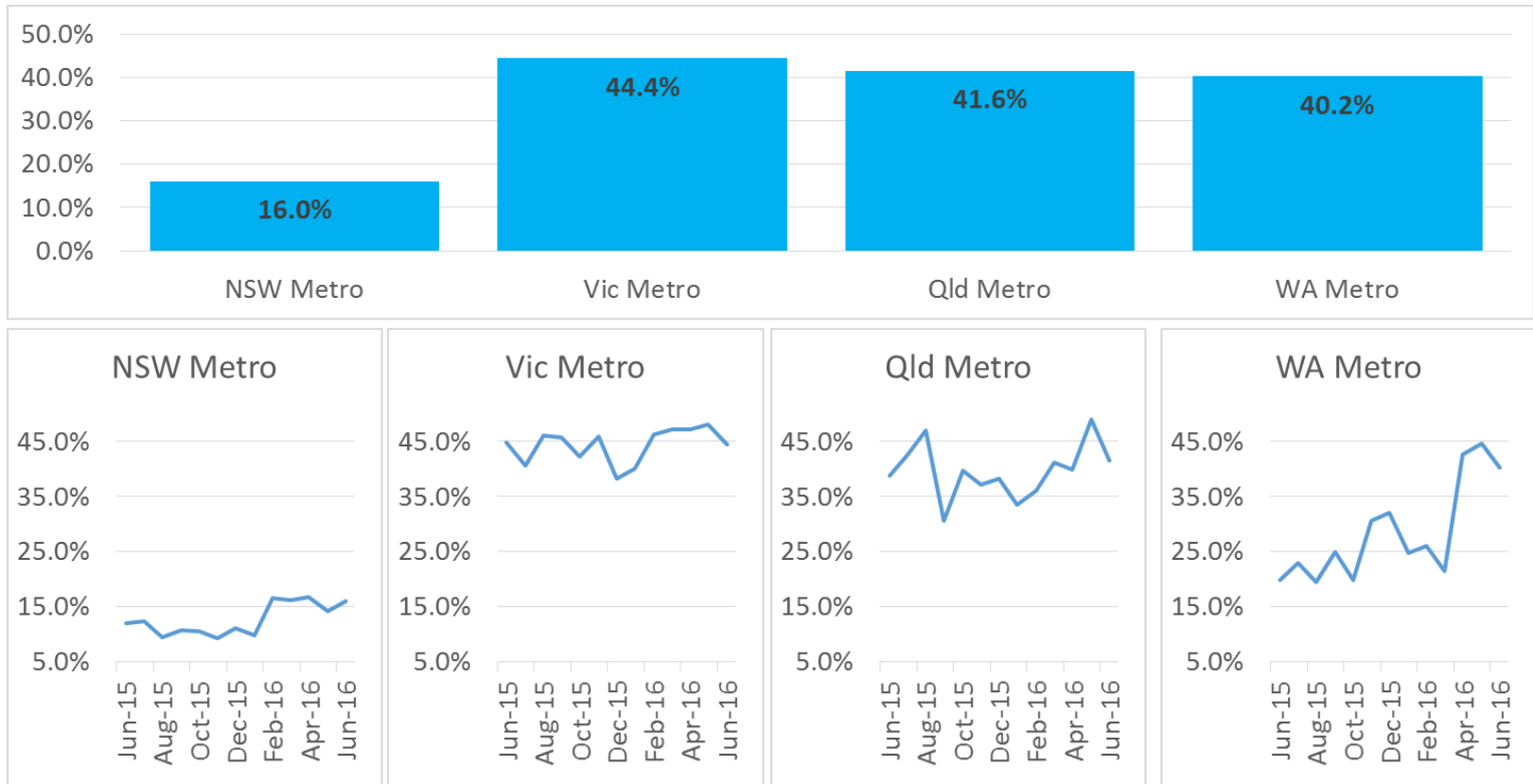
Loss making resales are rising across the Melbourne and Brisbane inner city unit markets, but remain low across Sydney

% of loss making resales, key inner city unit markets



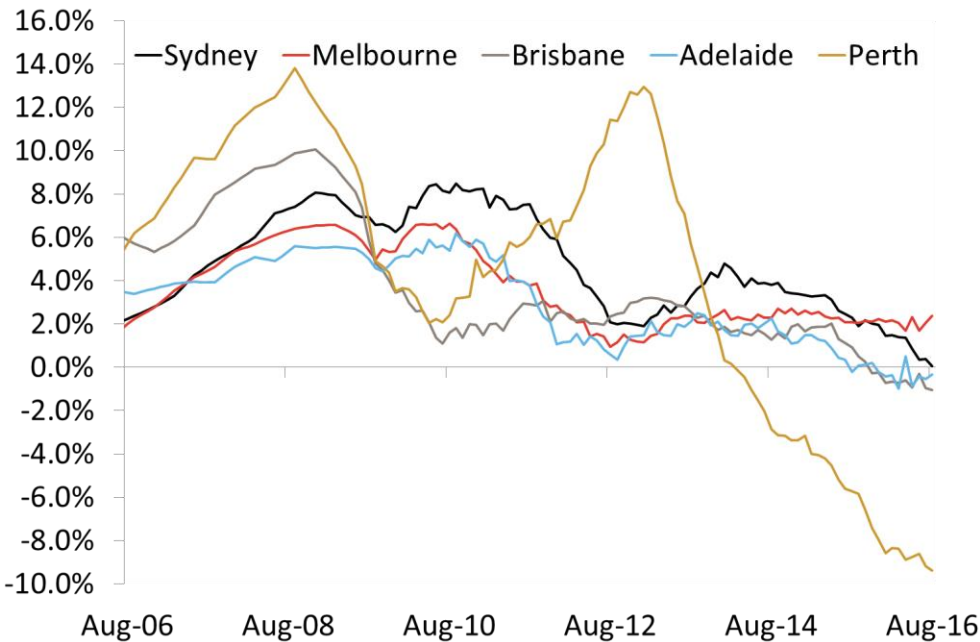
Valuation activity shows a large % of 'off the plan' unit settlements are coming in under contract value

Proportion of 'off the plan' valuations where the valuation is lower than the contract price, June 2016

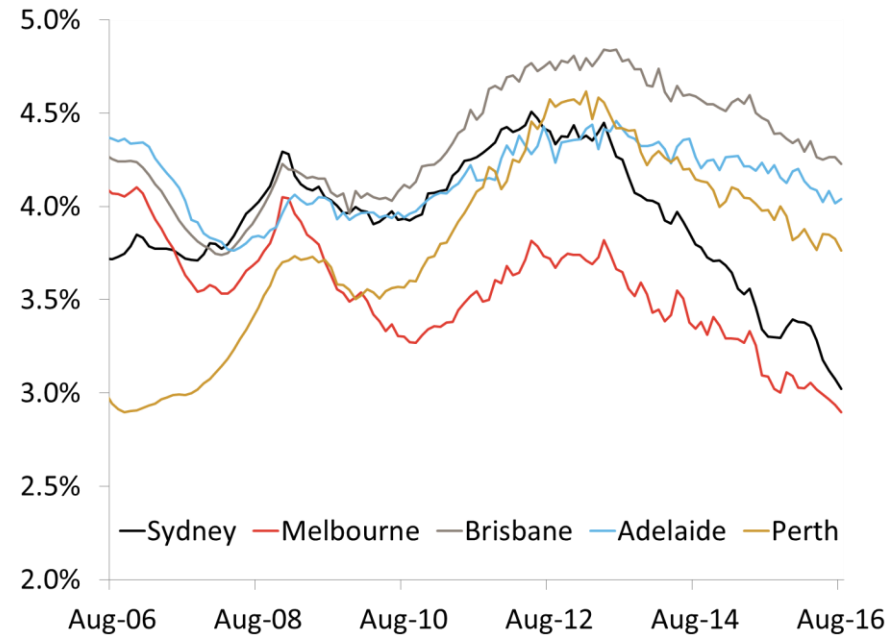


Sydney rental growth was flat over the past 12 months, pushing gross rental yields to new record lows

Annual change weekly dwelling rents



Gross rental yields



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.

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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.

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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 RP Data 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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= Better decisions