National Media Release

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RP Data-Rismark December Hedonic Daily Home Value Index Results
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Capital city home values fall over consecutive years, down -3.8% in 2011 and -0.4% in 2012

With capital city dwelling values falling by -0.3% over the month of December, home values recorded an aggregate decline of -0.4% over the 2012 calendar year.

Across the 8 combined capital cities throughout the month of December, the RP Data-Rismark Home Value index fell by -0.3 per cent. The monthly result was pulled lower by a weak unit market performance, with unit values moving -1.1 per cent lower in December compared with a virtually flat detached housing market (-0.1%).

There was several notable dispersion in the returns observed across the individual capital cities such as Darwin where the city has been the standout market throughout the year, home values fell by -2.5 per cent in December. Monthly value falls were also recorded in Sydney, Brisbane and Canberra.

The strongest performing capital city over the month of December across the major capital cities was Melbourne where values increased by 0.5 per cent after having fallen over the previous two months. Values also rose in Adelaide (0.1%) and Perth (0.3%).

On a quarterly basis, most capital cities recorded a decline in dwelling values. Perth (+1.7%) and Darwin (+2.5%) were the only capitals to record value increases over the period. Across the other capitals, values fell by -1.9 per cent in Sydney, -1.6 per cent in Melbourne, -0.6 per cent in Brisbane, -1.8 per cent in Adelaide, -3.7 per cent in Hobart and -1.1 per cent in Canberra.

On an annual basis, Sydney (+1.5%), Perth (+0.8%) and Darwin (+8.9%) have each shown a rise in values. The largest fall over the past twelve months was recorded in Melbourne, where dwelling values are down -2.9 per cent.

According to RP Data Senior Research Analyst, Cameron Kusher, we have now seen two successive years of annual value declines, however the annual rate of declines has improved substantially compared to last year.

Index results as at December 31, 2012

Region	Change in dwelling values			Total gross returns	Median dwelling price
	Month	Quarter	YoY		
Sydney	-1.0%	-1.9%	1.5%	6.1%	$580,246
Melbourne	0.5%	-1.6%	-2.9%	0.8%	$500,000
Brisbane	-0.3%	-0.6%	-0.8%	4.0%	$417,500
Adelaide	0.1%	-1.8%	-0.8%	3.6%	$380,000
Perth	0.3%	1.7%	0.8%	5.3%	$479,000
Hobart	0.7%	-3.7%	-0.1%	5.3%	$317,500
Darwin	-2.5%	2.5%	8.9%	15.6%	$50,500
Canberra	-1.0%	-1.1%	-0.3%	4.5%	$517,500
8 capital city aggregate	-0.3%	-1.2%	-0.4%	4.0%	$483,000
Rest of state*	0.4%	0.4%	0.2%		$334,886

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

Highlights over the quarter

Best performing capital city: Darwin +2.5 per cent
**Weakest performing capital city**: **Hobart,** -3.7 per cent

Highest rental yields: **Darwin houses** with gross rental yield of 6.1 per cent and **Darwin Units** at 5.9 per cent
Lowest rental yields: Melbourne houses with gross rental yields of 3.6 per cent and **Melbourne units** at 4.4 per cent

Most expensive city: Sydney with a median dwelling price of $580,246
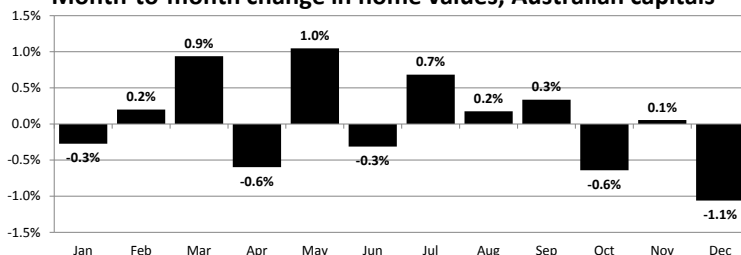**Most affordable city: Hobart** with a median dwelling price of $317,500

Daily changes in 2012 dwelling values, Major capitals

Legend: Sydney, Melbourne, Brisbane, Adelaide, Perth, 5 Capital city aggregate
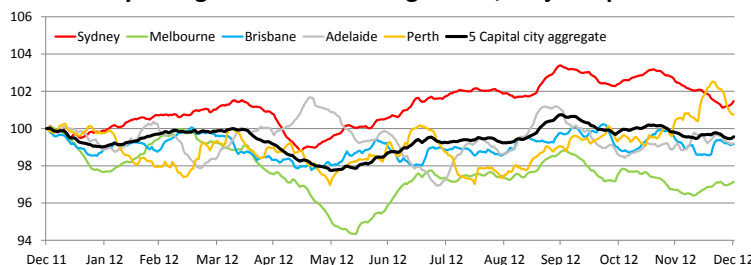
Source: RP Data–Rismark

Month-to-month change in home values, Australian capitals

Jan -0.3%, Feb 0.2%, Mar 0.9%, Apr -0.6%, May 1.0%, Jun -0.3%, Jul 0.7%, Aug 0.2%, Sep 0.3%, Oct -0.6%, Nov 0.1%, Dec -1.1%

Source: RP Data–Rismark

"Capital city home values remain -5.7 per cent lower than their historic highs of November 2010, however, dwelling values are up 1.8 per cent from their low of late May 2012.

"It is important to note that despite the fact that standard variable mortgage rates have fallen by an average of 85 basis points over the past year and by 135 basis points since October of last year, the housing market has still been unable to record growth in values over the year.

"Home values remain below their historic highs across each capital city and have increased at an average annual rate of just 1.9 per cent over the past five years; it is clear that the previous strong value growth conditions to which many home owners became accustomed of recent years are well and truly behind us.

"Home values in Brisbane, Perth and Hobart remain below where they were five years ago, whereas the other mainland cities have all recorded significantly lower rates of growth in home values over the past five years than they did over the preceding five year period." Mr Kusher said.

Macroeconomic factors, both domestically and internationally, are likely to weigh heavily on the performance of the housing market throughout 2013. It has become clear that adjustments to official interest rates by the Reserve Bank are not having the same impact on consumers as they have in the past. This is no real surprise given that households are saving around 10 per cent of their disposable income and are showing a preference for saving and paying down debt rather than spending. Consumer sentiment remains quite weak, although there have been some recent improvements, and demand for credit is growing at extremely low levels with housing credit demand growing at an historic low level. Until these factors change, we can more than likely expect relatively subdued housing market conditions, with growth rates likely to be somewhere between inflation and wages growth.

Finally, rental growth has continued to outpace value growth over the past year. Capital city dwelling rents have increased by 3.0 per cent over the past year and yields have improved from 4.2 per cent last year to 4.3 per cent currently. Investors are likely to focus more on yield maximisation over the coming year, and positioning for long term capital gains.

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

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

Capital Growth to 31 December 2012	Sydney	Melbourne	Brisbane - Gold Coast	Adelaide	Perth	Australia 5 Capitals (ASX)	Hobart	Darwin	Canberra	Brisbane	Australia 8 Capitals
Table 1A: All Dwellings											
Month	-1.0%	0.5%	-0.1%	0.1%	0.3%	-0.2%	0.7%	-2.5%	-1.0%	-0.3%	-0.3%
Quarter	-1.9%	-1.6%	-0.5%	-1.8%	1.7%	-1.2%	-3.7%	2.5%	-1.1%	-0.6%	-1.2%
Year-to-Date	1.5%	-2.9%	-0.8%	-0.8%	0.8%	-0.4%	-0.1%	8.9%	-0.3%	-0.8%	-0.4%
Year-on-Year	1.5%	-2.9%	-0.8%	-0.8%	0.8%	-0.4%	-0.1%	8.9%	-0.3%	-0.8%	-0.4%
Total Return Year-on-Year	6.1%	0.8%	4.1%	3.6%	5.3%	3.9%	5.3%	15.6%	4.5%	4.0%	4.0%
Median price based on settled sales over quarter*	$580,246	$500,000	$417,000	$380,000	$479,000	$480,000	$317,500	$505,000	$517,500	$417,500	$483,000
Table 1B: Houses											
Month	-0.9%	0.5%	0.1%	0.1%	0.2%	-0.1%	0.7%	-4.4%	-1.0%	0.0%	-0.1%
Quarter	-2.0%	-1.5%	-0.3%	-1.6%	1.9%	-1.1%	-2.6%	1.6%	-1.1%	-0.6%	-1.1%
Year-to-Date	1.3%	-2.9%	-0.3%	-0.8%	0.6%	-0.5%	-0.5%	7.6%	-0.4%	-0.5%	-0.5%
Year-on-Year	1.3%	-2.9%	-0.3%	-0.8%	0.6%	-0.5%	-0.5%	7.6%	-0.4%	-0.5%	-0.5%
Total Return Year-on-Year	5.7%	0.7%	4.5%	3.5%	5.1%	3.7%	4.9%	14.2%	4.4%	4.2%	3.7%
Median price based on settled sales over quarter*	$665,000	$550,000	$448,000	$395,000	$493,000	$509,000	$325,000	$550,000	$562,500	$440,000	$510,000
Table 1C: Units											
Month	-1.7%	0.0%	-2.3%	-0.1%	0.7%	-1.1%	0.5%	5.8%	-0.8%	-2.8%	-1.1%
Quarter	-1.1%	-2.7%	-2.0%	-3.9%	-0.8%	-1.7%	-13.2%	6.6%	-0.6%	-0.9%	-1.6%
Year-to-Date	2.3%	-2.5%	-4.2%	-0.5%	3.3%	0.2%	4.2%	14.5%	0.4%	-3.5%	0.5%
Year-on-Year	2.3%	-2.5%	-4.2%	-0.5%	3.3%	0.2%	4.2%	14.5%	0.4%	-3.5%	0.5%
Total Return Year-on-Year	7.6%	1.9%	1.0%	4.3%	8.3%	5.1%	9.7%	21.5%	6.3%	2.0%	5.6%
Median price based on settled sales over quarter*	$500,000	$435,000	$352,000	$327,750	$400,000	$430,000	$257,500	$419,000	$410,000	$363,000	$432,000
Table 1D: Rental Yield Results											
Houses	4.3%	3.6%	4.7%	4.3%	4.5%	4.2%	5.4%	6.1%	4.8%	4.7%	4.2%
Units	5.0%	4.4%	5.4%	4.8%	5.0%	4.9%	5.2%	5.9%	5.6%	5.6%	4.9%

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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RP Data
RP Data is the number one provider of property information, analytics and risk management services in Australia and New Zealand, 100 per cent owned by CoreLogic CLX– the world's largest data and analytics provider. Through its expansive database, it attracts a strong and loyal customer base ranging from real estate agents, finance and banking organisations, government and consumers. RP Data combines public, contributory and propriety data to develop predictive decision-making analytics, coupled with its business services that bring insight and transparency to property markets. Backed by 30-years of history, RP Data is the holder of the country's largest residential and commercial property database; this provides an excellent platform to electronically value very property in Australia on a weekly basis - on average 30 million valuations are generated each month. Recognised as a leader and an established player in the mortgage industry, RP Data continues to work with the Australian Finance and lending community to minimise risk and deliver value to consumers.

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.