

CoreLogic – TEG Rewards

Consumer housing market sentiment survey

Released: Thursday, November 5, 2015

More than two thirds of Australians think housing market could suffer a significant correction

The release today of the CoreLogic RP Data - TEG Rewards Housing Sentiment Survey revealed that more than two thirds of Australians are concerned that Australia's housing is vulnerable to a significant correction in values.

68% of respondents to the survey conducted in September answered "yes" to the question: 'In your opinion is Australia's housing market vulnerable to a significant correction in values?'

In contrast, the findings are a reduction from the previous quarter results where 75% of respondents indicated they were concerned about a significant downturn, however, despite the apparent improvement in consumer perceptions, a significant proportion of the community are wary of substantial value falls across the nation's largest and most important asset class, which according to CoreLogic RP Data is worth an estimated \$6.2 trillion.

CoreLogic RP Data head of research Tim Lawless said, "While we don't envisage dwelling values will fall substantially, the probability of declines in Sydney, and to a lesser extent in Melbourne, after such a strong run of capital gains isn't unlikely.

"Home values are already trending lower in Darwin and Perth. It was less than three and a half years ago that capital city dwelling values fell by 7.4% between October 2010 and May 2012," Mr Lawless said.

Additionally, 95% of survey respondents believe that foreign demand is pushing dwelling values higher, with nearly one in five (19%) respondents indicating that foreign buyers were responsible for placing 'extreme' upwards pressure on home values.

Only 5% of survey respondents thought foreign buying activity wasn't pushing home values higher. According to Mr Lawless, the results are a stark reminder that the true extent of foreign buying of residential properties across Australia continues to lack transparency, despite the House Economics Committee Report on Foreign Investment in Residential Real Estate being handed down almost a year ago. "The latest statistics from the Foreign Investment Review Board haven't been updated since the 2013/14 financial year," he said.

55% of survey respondents thought that the current housing market conditions represented a good time to buy a property, down from 60% in June. Respondents based in Sydney, where housing market conditions have been running the hottest, were the most pessimistic about buying conditions, however 29.7% of respondents still thought that now was a good time to be getting into the market. Alternatively, more than 70% of survey respondents thought buying conditions were ripe in the Australian Capital Territory, Adelaide, regional Queensland and Perth.

The proportion of survey respondents who thought dwelling values will rise over the coming six months has been trending lower, with respondents who thought home values will rise over the next six months dropping from 49% in March and 48% in June to just 40% of all respondents in September.

About CoreLogic RP Data: CoreLogic RP Data is the number one provider of property information, analytics and risk management services in Australia and New Zealand, 100% owned by CoreLogic CLGX - the world's largest data and analytics provider. www.corelogic.com.au

About TEG Rewards: TEG Rewards (formerly known as Nine Rewards), part of the TEG PTY LTD group of companies, manages the Nine Rewards panels in Australia (over 1 million) and New Zealand (over 100,000). TEG Rewards connects businesses with their audience for market research, marketing and lead generation purposes. www.TEGrewards.com

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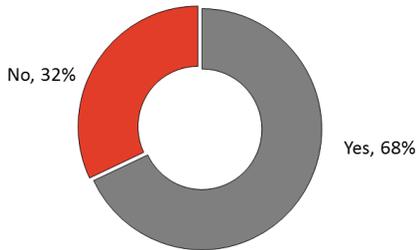
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Survey of housing market sentiment

Summary findings, September 2015

1,006 Australian residents responded to the most recent survey of housing market sentiment from CoreLogic RP Data and TEG Rewards.

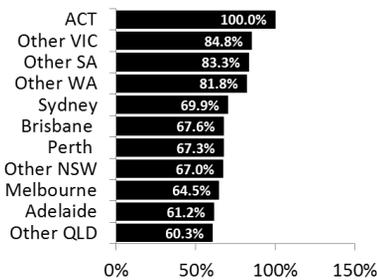
In your opinion is Australia's housing market vulnerable to a significant correction in values?



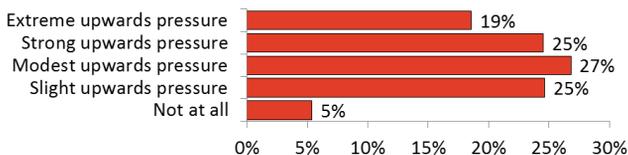
More than two thirds of Australians are worried that Australian housing is vulnerable to a significant correction in values. The findings are a reduction from the previous quarter when 75% of respondents indicated they were concerned about a significant downturn, however, despite the apparent improvement in consumer perceptions, a significant proportion of the community are wary of substantial value falls across the nation’s largest and most important asset class.

Concern around a substantial downturn is most evident in the Australian Capital Territory as well as regional markets across Victoria, South Australia and Western Australia where more than 80% of respondents indicated they thought the housing market was vulnerable to a significant correction. Every region surveyed show at least 60% of respondents sharing these concerns.

Negative sentiment across regional markets is likely being fueled by uncertain economic conditions relating the mining and agricultural sector, while capital city responses are probably tied back to local economic conditions and the recent history of house price appreciation in cities like Sydney and Melbourne.



To what extent do you think foreign buyers are driving Australian home values higher?



95% of survey respondents believe that foreign demand is pushing dwelling values higher. The survey responses were relatively evenly split across whether foreign buying was placing slight upwards pressure, modest pressure or strong pressure, however nearly one in five (19%) of all respondents thought that foreign buyers were responsible for place ‘extreme’ upwards pressure on home

41% of respondents across regional South Australia thought the price pressure for foreign buyers was extreme, while 25% of Sydney respondents thought this was the case. Concern around foreign buyers pushing up housing prices was the lowest in the ACT and regional Western Australia where no respondents thought foreign buyers were placing extreme upwards pressure on housing prices. Regional Queensland and Perth also showed a low rating with 12% and 13% of respondents indicating they thought foreign buyers were placing extreme pressure on housing prices.

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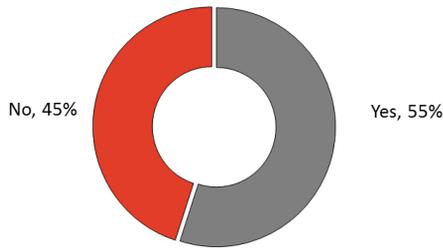
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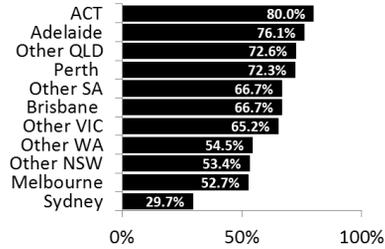
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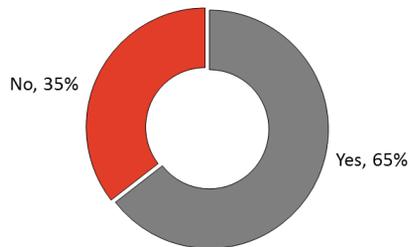
Is now a good time to good time to buy a property or home?



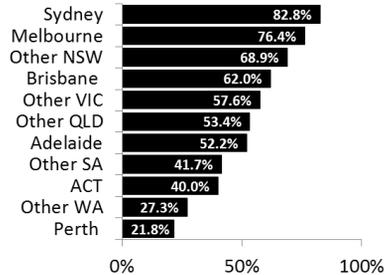
% of respondents who thought it was a good time to buy across the regions



Is now a good time to good time to sell a property or home?



% of respondents who thought it was a good time to buy across the regions



55% of survey respondents thought that the current housing market conditions represented a good time to buy a property, down from 60% in June. Sydneysiders, where housing market conditions have been running hot, were the most pessimistic about buying conditions, with only 29.7% of respondents thinking that now was a good time to be getting into the market. Alternatively, more than 70% of survey respondents thought buying conditions were ripe in the Australian Capital Territory, Adelaide, regional Queensland and Perth.

Respondents in Sydney and Melbourne were the most bullish about the time to sell, with 82.8% of Sydney based respondents and 76.4% of Melbourne respondents thinking that now is a good time to sell. Dwelling values have risen by almost 50% in Sydney over the current growth cycle to date and Melbourne values are 35% higher. Respondents in these areas are likely in tune with how strong housing market conditions have been in these locations and the opportunity to profit take after such strong capital gains.

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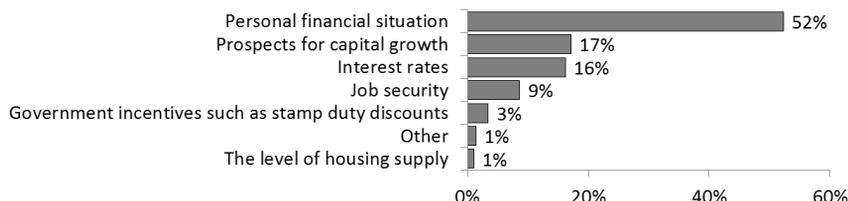
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What is the most important factor when purchasing a property?

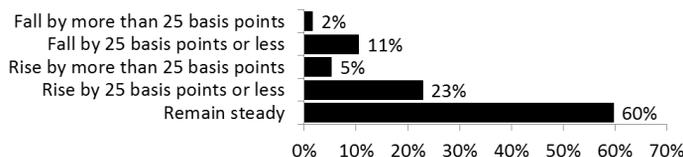


Australian’s continue to reflect a responsible borrowing attitude, with their personal financial situation being the number one consideration when contemplating a property purchase. Respondents continue to believe that the most important factor to consider when purchasing a property is their personal financial situation at 52%, the proportion of respondent choosing this option has been relatively stable over time.

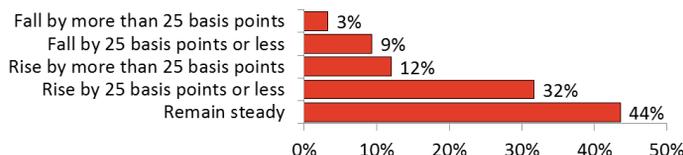
Across the respondents, 17% felt prospects for capital growth was the second most important factor, highlighting that a large proportion of Australians still see housing as a way to build their wealth. Interest rates was chosen by 16% of respondents and a relatively low 9% chose job security as most important. Most respondents didn’t feel that the level of housing supply (1%), other factors (1%) or government incentives such as stamp duty discounts (3%) were an important factor in a purchase decision.

Arguably, an individual’s personal financial situation includes many of the other aspects surveyed in this question which is why it rates so high.

Over the next six months would you expect mortgage rates to...



Over the next twelve months would you expect mortgage rates to...



The vast majority of respondents think interest rates won’t fall any further and may actually rise over the coming year. Most respondents expect a stable mortgage rate environment over the next half year and year, however, 44% of respondents think there may be a rate hike over the next year. Only 13% of respondents expect interest rates to move lower over the six months and 12% over the next year. The growing expectation that interest rates may have bottomed out and could in fact rise over the coming year may be enough to deter some buyers from making a purchase decision. It’s important to note that many economic commentators are suggesting interest rates could fall over the coming month or early in the new year, and cash rate futures markets are also indicating a lower cash rate during the first quarter of 2016.

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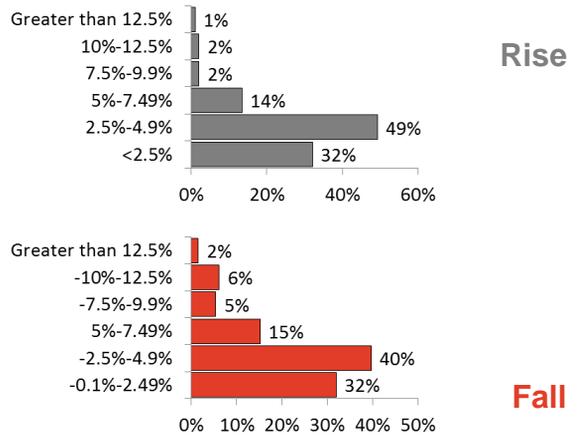
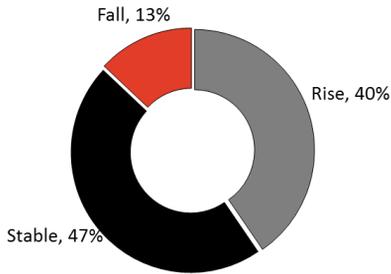
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Do you believe home values will rise, fall or remain stable over the next 6 months?



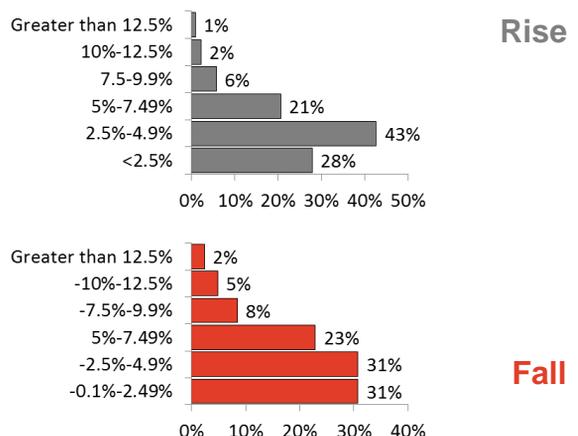
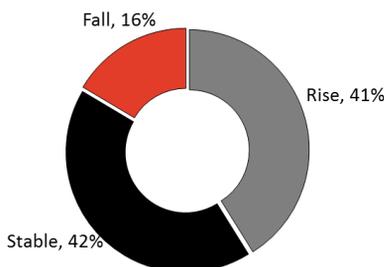
The proportion of survey respondents who think dwelling values will rise over the coming six months has been trending lower. The proportion of respondents who think home values will rise over the next six months has dropped from 49% in March and 48% in June to just 40% of all respondents in September. Of those respondents who expect values to rise, their growth expectations are modest with 81% indicating they expect values will rise by less than 5%. Only 13% of respondents think home values will fall over the coming half year which is a similar reading to June (12%). Across the capital cities, Melbourne based respondents showed the most optimism around prices rising over the next half year, with 51% indicating they expected prices to rise.

13% of respondents are expecting home values to fall over the next six months, with regional Western Australian based respondents having the most pessimistic view. 45.5% of those surveyed thought home values would fall over the next six months across the regional areas of WA.

Do you believe home values will rise, fall or remain stable over the next 12 months?

41% of respondents expect dwelling values to rise over the next 12 months, down from 45% in June and March.

Of those that are expecting values to move higher, 71% are anticipating gains of less than 5%. Across the country, respondents from the regional area of Western Australia were the most pessimistic with only 9.1% indicating they expected dwelling values to rise over the coming year.



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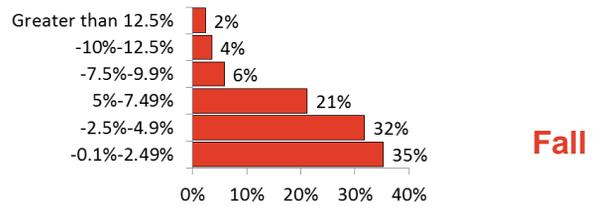
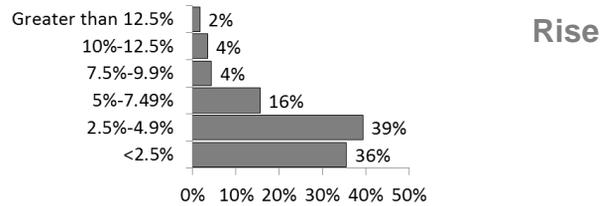
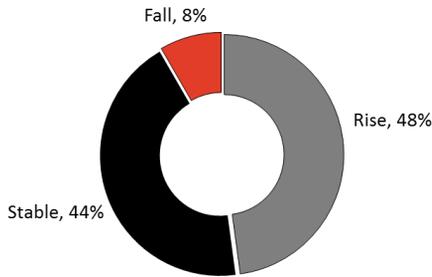
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Do you believe home rental rates will rise, fall or remain stable over the next 12 months?



Survey respondents are slightly more bullish about rental markets than they are capital gains. Most respondents (48%) are expecting rental rates to rise over the coming year, while 8% of those surveyed are expecting rents to move backwards. Of those respondents expecting rents to move higher, three quarters are anticipating a shift of less than 5%. CoreLogic indices data is showing rents are moving higher at their slowest pace on record, with weekly rents across two of Australia’s capital cities tracking backwards over the past six months. Furthermore, we are also seeing historic high levels of dwelling approvals which consists of record unit approvals. It is important to remember that based on Census data, units are much more likely to be occupied by renters than detached houses

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