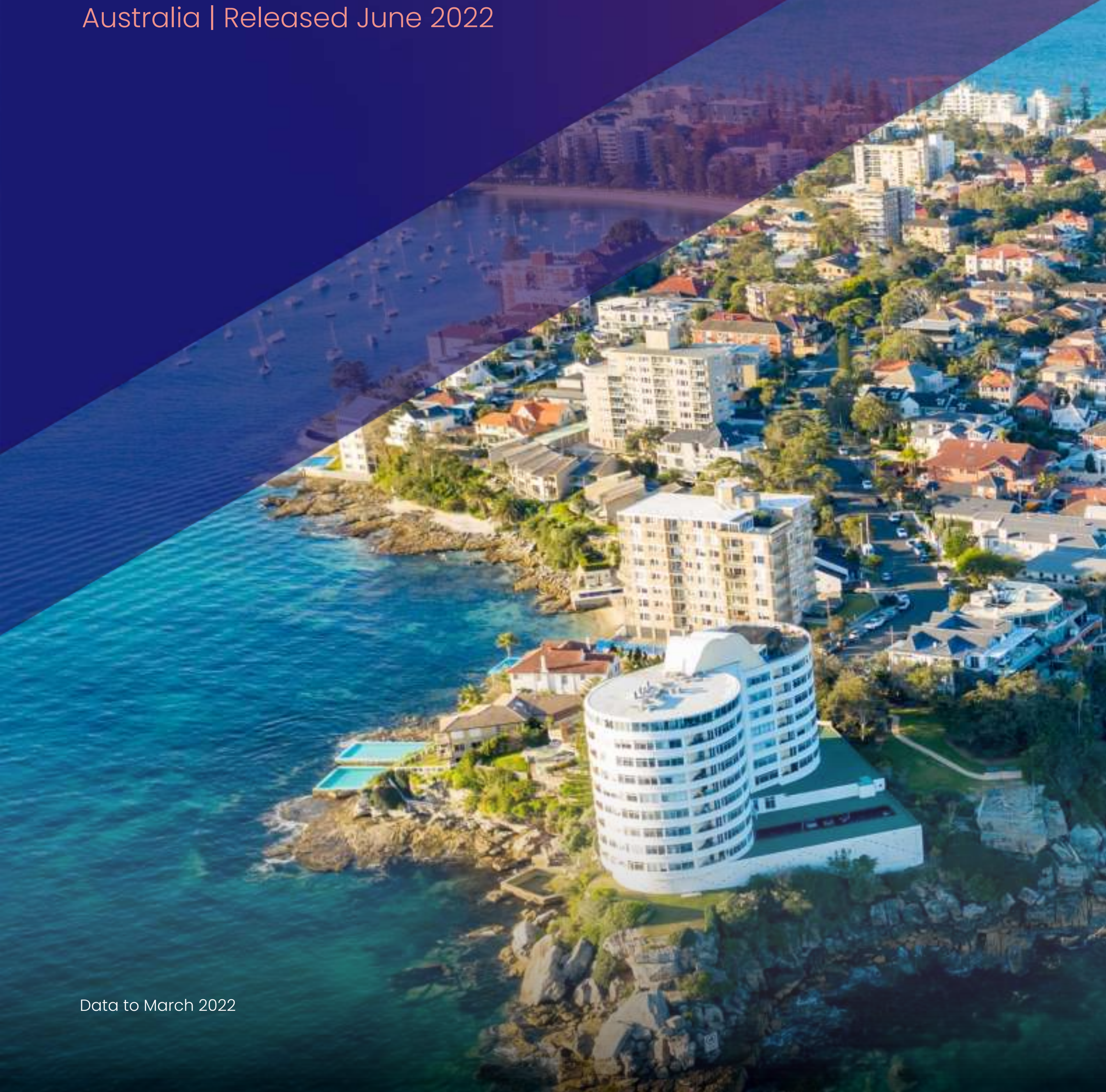
Pain and Gain Report

Australia | Released June 2022



Data to March 2022

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Introduction

This edition of the Pain and Gain report analyses approximately 106,000 resales of property that occurred over the course of the March 2022 quarter. In this period, CoreLogic observed the first decline in the rate of profit-making sales since the three months to August 2020. The decline in the rate was modest at 30 basis points, taking the incidence of profit-making sales to 93.7%. The fall in the rate of profit-making sales is one of many market indicators that corroborates an inflection point in the housing market, toward softer conditions.

At the national level, median gains from resale were $290,000. Median nominal gains were highest across Sydney dwellings ($415,000), and lowest across Perth ($119,000). As has been consistent with previous reports, higher hold periods have typically yielded higher nominal capital gains from resale. Resales of properties held for a period of 30 years or more saw median gains of $781,750.

However, even properties held for relatively short periods (two years or less), saw nominal median gains of $170,000 through the quarter. CoreLogic analysis finds that hold periods have a weak inverse relationship with capital growth rates, particularly for hold periods on profit-making sales. This means as the market moves into a downswing, dwelling owners may opt to hold their properties for longer on average. Median losses on resales through the quarter stood at -$33,000.

The deterioration of the national profit-making resales rate stems from capital cities. In the three months to March, the rate of profit-making resales fell 60 basis points from 93.9% in the December quarter to 93.3%. In Sydney the rate of profit-making resales fell 60 basis points, and a full percentage point in Melbourne. The rate of profit-making sales in the combined regions trended 10 basis points higher in the quarter, to 94.2%.

For property type, the rate of profit-making sales for houses was 96.2%, and 88.3% across units in the quarter. The rate of profitability across both houses and units declined nationally quarter-on-quarter, but the drop was a steeper 50 basis points in the unit segment. The median gain from house resales was $370,000, compared to $173,000 for units in the quarter. Unit losses were also larger at $36,000, compared to median losses of $29,400 across loss-making house resales.

The highest incidence of nominal gains across the capital cities was in Hobart, at 99.0% of resales. This marks the 15th consecutive quarter that Hobart saw the highest incidence of nominal gains. However, the ACT also saw a high rate of profit making sales, with a record high 98.8% of resales making a nominal gain. Regional Victoria had the highest rate of profit-making sales in the regions, at a record high 99.4%.

At the other end of the spectrum, the rate of loss-making sales were highest across Darwin (27.9%), regional NT (21.8%), regional WA (17.4%), and Perth (15.6%). In Western Australia, markets continued to see an improvement in profitability over time as housing market conditions remained resilient, though this trend was more volatile across the NT.

In May 2022, Australian dwelling values posted the first monthly decline in value since September 2020. Rising interest rates, tighter credit conditions and affordability pressures are likely to erode the instance of nominal gains from dwelling resales through 2022, though this is likely to only affect more recent buyers.

MEDIAN RETURNS

MEDIAN GAIN

$290,000

MEDIAN LOSSES

$33,000

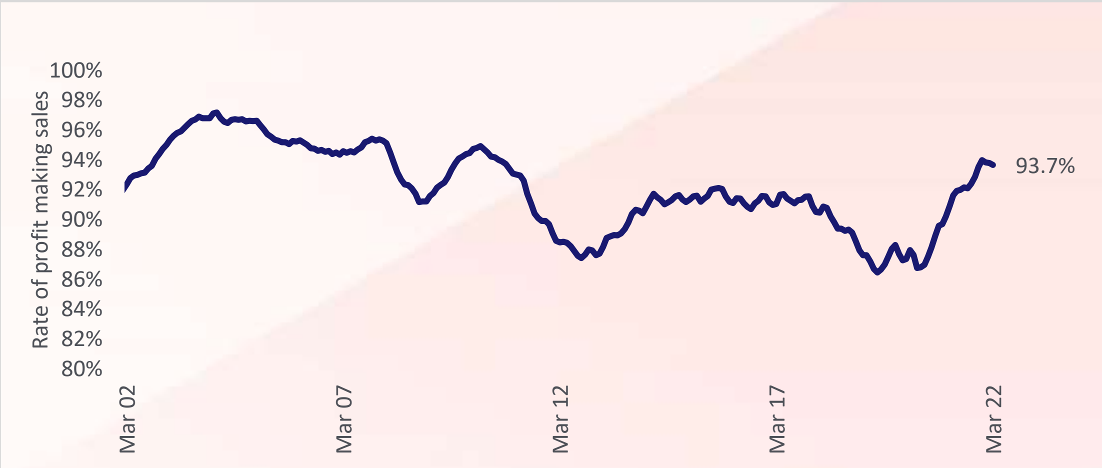
National Overview

CoreLogic analysed approximately 106,000 dwelling resales in the March 2022 quarter. The incidence of profit-making sales nationally declined slightly in this period to 93.7%. This is down from a peak of 94.0% in the December 2021 quarter.

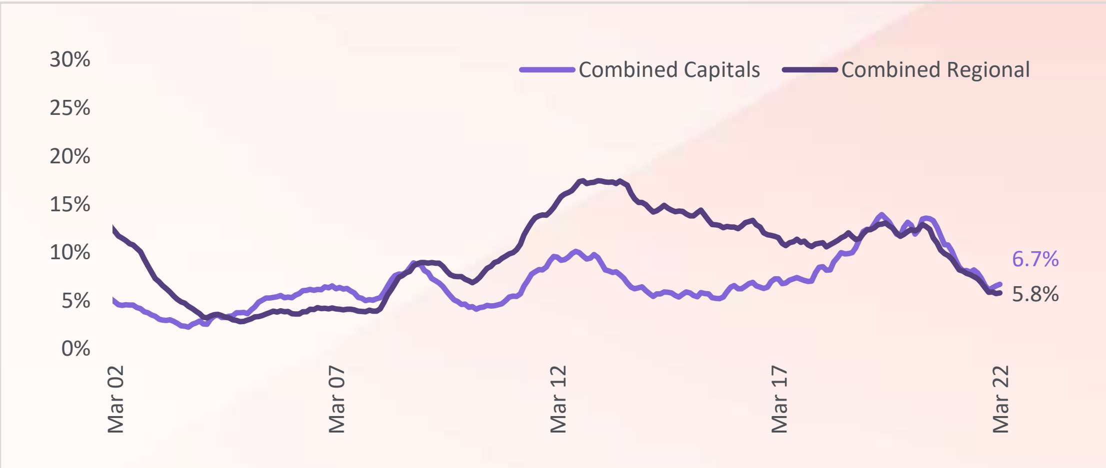
March 2022 marks the first time the rate of national profitability has declined since the three months to August 2020, when national property values recorded a modest decline of -2.1% from April of that year due to uncertainty among buyers at the onset of COVID-19. The rate of profit-making resales was lower through this period at 87.0%.

Though the decline in profit-making resales was modest through the March quarter, it is one of many metrics demonstrating that housing market conditions are cooling.

Rolling three month rate of profit making sales



Portion of loss-making sales, capital cities versus regional - rolling quarter



Monthly dwelling value changes have been falling since a peak in March 2021 and in May of 2022, national home values posted the first decline since the onset of the pandemic. New listings advertised have generally risen through the start of 2022, clearance rates have trended lower, sales volumes are easing and properties are taking longer to sell.

The total volume of nominal profits from residential real estate analysed in Australia was $30 billion over the March 2022 quarter. This was down from $38 billion observed in the final quarter of 2021. The decline in the combined value of profit coincided with lower overall sales volumes through the March quarter, and modest dwelling value declines across the Sydney and Melbourne market. However, the combined loss on dwelling value sales through the March quarter was $261 million, which was also lower than combined losses in the previous quarter (which were $355 million).

Typical hold periods on all resales averaged 9.0 years through the quarter, with the median difference between the initial and resale value sitting at $290,000 in the period. Nationally, the median profit on resales was $310,000 in the three months to March, while median losses were $33,000.

Capital cities are driving the deterioration of the national profit-making resales rate, falling 60 basis points from 93.9% in the December quarter to 93.3% in Q1 2022. Across the combined regions the rate improved, up 10 basis points to 94.2%.

This largely reflects the combined capitals sharper slowdown in dwelling value growths, which started to decline (down 0.3% in May). In regional Australia, the pace of capital growth has been slowing, but dwelling values still increased 0.5% through May.

While profitability in regional Australia continued to climb, the pace at which it is rising has slowed from 140 basis points in the December quarter, to 10 basis points in the March quarter. As with capital city growth trends, regional Australia may soon show price declines, and the incidence of profit-making sales could decline.

Across the capital cities and 'rest of state' regions of Australia, five out of 15 markets saw an increase in the rate of loss-making resales. Surprisingly, this included Adelaide, where capital growth trends have remained elevated and dwelling values rose 5.7% in the quarter. However, the increase in loss-making sales across the city was small, at 30 basis points in the quarter, and the city maintained the third-lowest rate of loss-making sales across the capital cities (behind Hobart and Canberra).

The most prominent increases in loss-making resales was in the Northern Territory, but low sales volumes and highly cyclical market conditions mean metrics across this market can be subject to more volatility.

Portion of loss-making sales, capital cities versus regional – QoQ change

	Portion of loss making sales Mar 2022	Portion of loss making sales Dec 2021	Change (percentage point)
Sydney	4.8%	4.2%	0.6%
Rest of NSW	1.9%	2.0%	-0.1%
Melbourne	4.8%	3.8%	1.0%
Rest of Vic.	0.6%	0.8%	-0.2%
Brisbane	5.4%	6.4%	-1.0%
Rest of Qld	8.3%	8.8%	-0.5%
Adelaide	2.8%	2.5%	0.3%
Rest of SA	7.3%	8.8%	-1.5%
Perth	15.6%	16.9%	-1.3%
Rest of WA	17.4%	20.5%	-3.1%
Hobart	1.0%	1.6%	-0.6%
Rest of Tas.	2.1%	2.2%	-0.1%
Darwin	27.9%	27.1%	0.8%
Rest of NT	21.8%	19.3%	2.5%
ACT	1.2%	1.8%	-0.6%

Perhaps less surprisingly, the rate of loss-making sales increased 60 basis points across Sydney (to 4.8% of resales), and a full percentage point across Melbourne (also at 4.8% of resales). Conditions in these markets have been slowing more sharply than other capital city markets, as average mortgage rates have trended higher. Historic trends suggest these markets are more sensitive to changes in the credit environment due to higher property values, and a higher concentration of investment activity.

Hobart remained the most profitable of the capital cities, marking the 15th consecutive quarter it has led rates of profit making sales. In the March quarter, only 1.0% of resales made a nominal loss, down from 1.6% in the December quarter.

As noted in the previous edition of this report, softening housing market conditions may reduce the incidence of profitability in the Australian housing market. The start of the cash rate tightening cycle in May 2022 will likely see less housing credit flow towards housing, affecting prices and profitability. Housing market values declined -0.1% nationally through May, with the rolling 28-day change in the CoreLogic Home Value Index suggesting price declines are accelerating.

Additionally, some lenders have recently reduced debt to income ratio lending cut offs, which will have a dampening effect on multiple property ownership, and home ownership in more expensive markets. Higher cost of living pressures are weighing on consumer sentiment, which could also add to hesitation from potential buyers.

However, it is important to remember some property sellers may *also* hesitate to transact in a declining market. This means properties which may otherwise see a nominal loss at resale are withheld from the market.

There is general consensus across the housing industry that the current environment of rising rates is underpinned by strong mortgage serviceability and financial stability in the banking sector. The increase to the serviceability assessment buffer in October of 2021, as well as strong labour market conditions and (albeit gradually) rising wages, mean that forced sales may only be a marginal occurrence. Even at the peak of housing market conditions through the end of 2021, only around 10% of resales occurred within a relatively short, three-year hold period.

Houses vs Units

Through the March 2022 quarter, the rate of profit making sales was 96.2% across Australian houses, and 88.3% across units. Nationally units were around 32% more likely to see a loss and represented under a third of resales in the March quarter overall, yet they were almost 60% of *loss-making* resales.

The rate of profitability across both houses and units declined nationally quarter-on-quarter. The rate of profit-making house sales fell 10 basis points, while the incidence of unit profitability was down a larger 50 basis points. This was due to a drag on profitability in capital city houses and units.

Capital city house resales saw 97.3% of sales make a nominal gain, down from 97.5% in the previous quarter, while 86.9% of unit resales made a nominal gain, down from 87.7% in the previous quarter.

Across the regional house market profitability actually rose 10 basis points to 94.9% and 20 basis points in the regional unit market to 91.8%.

House sellers generally see greater nominal gains compared to unit resellers over time, with the March 2022 quarter being no exception. Through the quarter, the median gain from house resales was $370,000, compared to $173,000 for units.

Across capital city home values in particular, there have been substantial differences in the growth trend of houses and units. Since the onset of COVID-19 in March 2020, through to March 2022, combined capital city house values increased 25.8%, compared to 10.6%. Unit sellers also made larger losses at the median level through the March quarter, at $36,000 in the quarter, compared to median losses of $29,400 across loss-making house resales.

As discussed in previous editions of this report, the past few housing market cycles have seen various factors contribute to the lower rate of profitability among unit sales. In NSW, Victoria and Queensland, apartment construction had surged during the 2012-2017 upswing, such that national completions of units actually eclipsed houses in the December quarter of 2016.

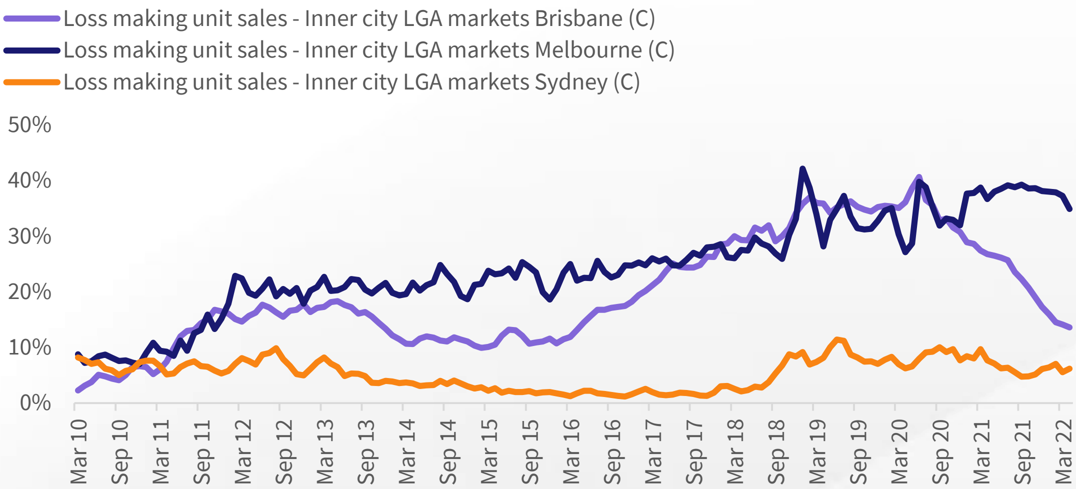
Macroprudential changes to investment and interest-only lending conditions triggered a downturn in investment demand for housing through 2014 and 2017, with high levels of unit supply compounding nominal losses in inner city markets of these states in particular (where much of the unit development had been concentrated).

Brisbane and Melbourne continued to see the highest volume of loss-making unit resales through the March 2022 quarter.

In the City of Melbourne LGA market, unit values have increased 32.7% in value over the ten years to March 2022. Through the pandemic period, weakness in the inner Melbourne unit sector has persisted in an environment of closed international borders.

Brisbane City unit values were up 17.1%. This is lower than national unit market gains of 50.3% in the same period. Price growth and profitability across Brisbane units has been subdued due to high levels of completions, which peaked in 2016.

Portion of loss making sales, rolling 3 months - select inner city LGA markets - units



The table below summarises the portion of loss and profit-making house sales across the greater capital city and regional markets. Darwin units had the lowest incidence of profit-making sales in the quarter at 55.4% recording a nominal gain. Profitability in Darwin units has deteriorated from 59.5% in the December 2021 quarter, but remains above the five-year average rate of 44.3%.

Canberra houses had the highest rate of profitability with 99.7% of resales making a nominal gain. This is up from 99.0% in the previous quarter and marks a record high rate of profitability across houses in the region. This was followed by the Melbourne house market, where 99.5% of resales made a nominal gain.

Proportion of total resales at a loss/gain, houses vs. units, March 2022 quarter

REGION	HOUSES		UNITS	
	Pain	Gain	Pain	Gain
Sydney	1.1%	98.9%	7.9%	92.1%
Rest of NSW	2.0%	98.0%	1.7%	98.3%
Melbourne	0.5%	99.5%	11.8%	88.2%
Rest of Vic.	0.5%	99.5%	1.2%	98.8%
Brisbane	0.7%	99.3%	13.4%	86.6%
Rest of Qld	7.1%	92.9%	10.8%	89.2%
Adelaide	1.3%	98.7%	7.1%	92.9%
Rest of SA	7.2%	92.8%	8.1%	91.9%
Perth	9.1%	90.9%	34.4%	65.6%
Rest of WA	16.3%	83.7%	27.7%	72.3%
Hobart	0.8%	99.2%	1.9%	98.1%
Rest of Tas.	1.9%	98.1%	3.9%	96.1%
Darwin	19.8%	80.2%	44.6%	55.4%
Rest of NT	17.7%	82.3%	34.1%	65.9%
Australian Capital Territory	0.3%	99.7%	2.5%	97.5%
National	3.8%	96.2%	11.7%	88.3%
Cap city	2.7%	97.3%	13.1%	86.9%
Regional	5.1%	94.9%	8.2%	91.8%

Investor vs Owner Occupiers*

In the March 2022 quarter, profitability in owner-occupied resales was 96.6%, compared with 90.7% in the investment segment. Pain and gain analysis from the previous quarter suggests this figure remains steady for owner occupiers, but he rate of profit-making for investment sales is down around 130 basis points.

Of the resales in the March quarter, owner-occupiers had a marginally longer hold period (at 9.1 years) than investors (8.8 years). Despite the small difference in hold periods, owner-occupiers saw much higher median gains from resale. The median profit on owner-occupied resales was around $350,000, compared with the median increase of $225,000 among investor resales.

The difference in profit between the two sellers is in part because of the high proportion of investment resales that are units. Of the investment resales 55.5% were units, as opposed to 16.3% of owner-occupied sales. Units are more susceptible to making a loss, particularly in high investment markets like inner Melbourne and Brisbane. Additionally, unit stock has tended to have lower levels of capital gain.

However, comparing house and unit profits directly for the two cohorts also shows owner-occupiers making greater nominal gains through the quarter. Owner-occupied house sales saw a median nominal gain of $382,500, compared with $319,000 for investors. For units, median nominal gains were $200,000 for owner-occupiers and $155,000 for investors.

The most profitable broad market regions for both investors and owner-occupiers was in regional Victoria. 100% of investment resales made a nominal gain in this quarter, while 99.9% of owner-occupied resales made a profit. Investor sales in the region had a typical hold period of 8.2 years, and the median gain was $255,000.

Profitable owner occupier resales in this market were held 8.3 years at the median level, with a typical nominal gain of $321,000. While the portion of investment resales was marginally higher, the number of investment resales through the quarter was smaller, at around 1,100 compared with around 5,000 investment resales.

Darwin resales among investors and owner-occupiers saw the lowest portion of profit-making sales. Investment sales returned a nominal gain 59.3% of the time, while owner-occupied sales returned gains across 77.3% of resales. The median loss for resales across Darwin investors was close to $57,000, while owner-occupiers actually incurred a greater median loss at $65,000. Profit-making investment sales across Darwin have been held for a median time period of 12 years, alongside a 10-year median hold period for investors.

**CoreLogic uses data proxies to estimate the occupancy of a dwelling. These estimates have varied levels of confidence, and so caution should be used when interpreting these figures.*

INVESTOR VS OWNER OCCUPIERS

According to ABS housing finance data, investor lending has trended higher from mid-2020, reaching a recent peak of $11.6 billion in the month of March 2022. Through the start of 2022, investment properties may seem increasingly attractive as rent growth outpaces the growth in values for the four months to May and gross rent yields rise. However, it is likely an increase in interest rates will also gradually deter investment purchases, and could lead to less profitability in this segment. Recent reduction on debt-to-income ratios by some lenders may also disproportionately deter investors from the market, as low debt to income ratios is limiting for multiple property ownership. As with previous downswing periods, higher interest rate conditions may create less profitability for both owner-occupiers and investors.

Proportion of total resales at a loss/gain, owner occupiers vs investors, March 2022 quarter

REGION	PAIN		GAIN	
	Owner Occupied	Investor	Owner Occupied	Investor
Sydney	2.7%	7.1%	97.3%	92.9%
Regional NSW	1.4%	1.0%	98.6%	99.0%
Melbourne	1.1%	10.3%	98.9%	89.7%
Regional Vic	0.1%	0.0%	99.9%	100.0%
Brisbane	2.5%	8.0%	97.5%	92.0%
Regional Qld	4.6%	8.7%	95.4%	91.3%
Adelaide	1.2%	4.3%	98.8%	95.7%
Regional SA	3.8%	11.1%	96.2%	88.9%
Perth	8.8%	23.8%	91.2%	76.2%
Regional WA	13.7%	20.8%	86.3%	79.2%
Hobart	0.5%	1.4%	99.5%	98.6%
Regional Tas	1.4%	1.0%	98.6%	99.0%
Darwin	22.7%	40.7%	77.3%	59.3%
Regional NT	20.1%	26.5%	79.9%	73.5%
Australian Capital Territory	0.6%	2.0%	99.4%	98.0%
National	3.4%	9.3%	96.6%	90.7%
Cap city	3.4%	10.5%	96.6%	89.5%
Regional	3.6%	6.2%	96.4%	93.8%

Hold Periods

Nationally the median hold period of resales through the March quarter was 9.0 years, placing the initial purchase date of the median resale in the March quarter of 2013. Since this time, Australian dwelling values have increased 70.3%, or the equivalent of around $309,000 in the median dwelling value across Australia.

The median hold period for loss-making sales is slightly less at 8.6 years. The median loss-making resale would have been purchased around mid-to-late 2013, which supports the fact that many loss-making properties were purchased near the peak of the resources boom in the mid-2010s.

The latest housing market upswing, which has taken place between September 2020 and April 2022, saw a total value increase of 28.6% in national values. This has led to substantial nominal gains over a relatively short period of time. The below charts show the median return from all resales by hold period (both profit and loss-making). Analysis of resales in the March quarter reveals even resales within two years of the initial purchase date have seen median nominal gains of $170,000. Of the resales observed, those made within two years of the initial purchase date also had the highest gains per year ($85,000).

Median nominal return from resales by hold period (years) – March 2022 quarter

The highest gains from resale were from properties held for over 30 years, with a median nominal gain of $781,750. Outside of this, the highest median gain came from properties held between 24 and 26 years. This means some of the highest nominal gains have been on initial purchases made between 1996 and 1998. Properties where acquired relatively cheaply at this time, because of a significant housing market downswing through the mid-90s.

Of the capital cities and rest of state territories, the lowest median hold period for profit-making sales were across Hobart units, which was six years. In the six years to March 2022, Hobart unit values have seen an extraordinary 86.1% uplift in value, which has likely incentivised shorter hold periods, and yielded high nominal gains. The median profit from unit resales in Hobart was $274,900, which represents the highest median gain from unit resales in the quarter of the capital city and rest of state markets.

Conversely, the highest median hold period for properties still making a nominal loss were across regional WA units. The median hold period for loss making unit sales was 13.5 years, with the median nominal decline sitting at -$31,000.

A historic comparison of national hold periods and movements in housing markets show a weak, negative correlation between capital growth and hold periods (ie, hold period of sales tends to rise as prices fall).

This may be because during the downturn period, those who have held property for longer may be more likely to sell, as their equity position is less affected by a more recent downturn. Similarly, high dwelling value growth rates may encourage shorter selling times, as dwelling owners can realise profits sooner. Therefore, resale hold periods (at least for profitable sales) are likely to lengthen in the coming months as market conditions soften. A significant decline in hold periods across loss-making sales may indicate some level of housing stress, where recent buyers may look to sell property amid the higher interest rate environment.

Median hold period of profit and loss making sales, March 2022 quarter

REGION	PAIN		GAIN	
	Houses	Units	Houses	Units
Sydney	7.1	5.5	9.8	8.5
Regional NSW	7.2	10.2	8.6	7.4
Melbourne	4.6	7.4	9.5	8.1
Regional Vic	6.6	0.0	8.2	8.2
Brisbane	7.5	8.2	9.2	8.0
Regional Qld	11.5	13.0	9.1	7.6
Adelaide	5.6	7.3	9.9	8.1
Regional SA	11.8	10.8	10.9	10.8
Perth	8.1	8.8	10.0	9.7
Regional WA	12.0	13.5	9.5	8.5
Hobart	-	-	8.7	6.0
Regional Tas	5.3	-	7.9	6.9
Darwin	9.0	8.8	10.4	11.8
Regional NT	9.7	9.8	10.1	7.2
Australian Capital Territory	0.0	10.3	10.8	9.2
National	9.8	8.0	9.5	8.2
Cap city	8.2	7.6	9.8	8.3
Regional	11.5	12.8	9.0	7.6

Resource-Based Markets

Through the March 2022 quarter, the portion of loss-making sales across the six major mining markets fell to 22.7% of resales. This is down from 24.7% of resales in the December quarter of 2021, and sits well below the decade average of loss-making sales (33.0%). Each of the SA4 markets analysed saw a reduction in loss making sales through the March quarter.

Conditions across resource-based dwelling markets have broadly been improving since late 2020, amid low interest rate settings. The reduction of official interest rate targets, both in Australia and globally, contributed to a boom in commodity markets through 2020 and 2021.

More recently, demand for commodity exports has been increased from conflict in eastern Europe, and high global demand. The boost to mining activity has led to particularly tight labour market conditions in WA, where the unemployment rate has fallen to 2.9%, the lowest level since October 2008.

Mining-specific employment also surged across parts of Queensland and WA in the year to February, according to detailed labour force data from the ABS. More recently, job vacancies across Outback Queensland surged in the year to April 2022, according to the Regional Australia Institute.

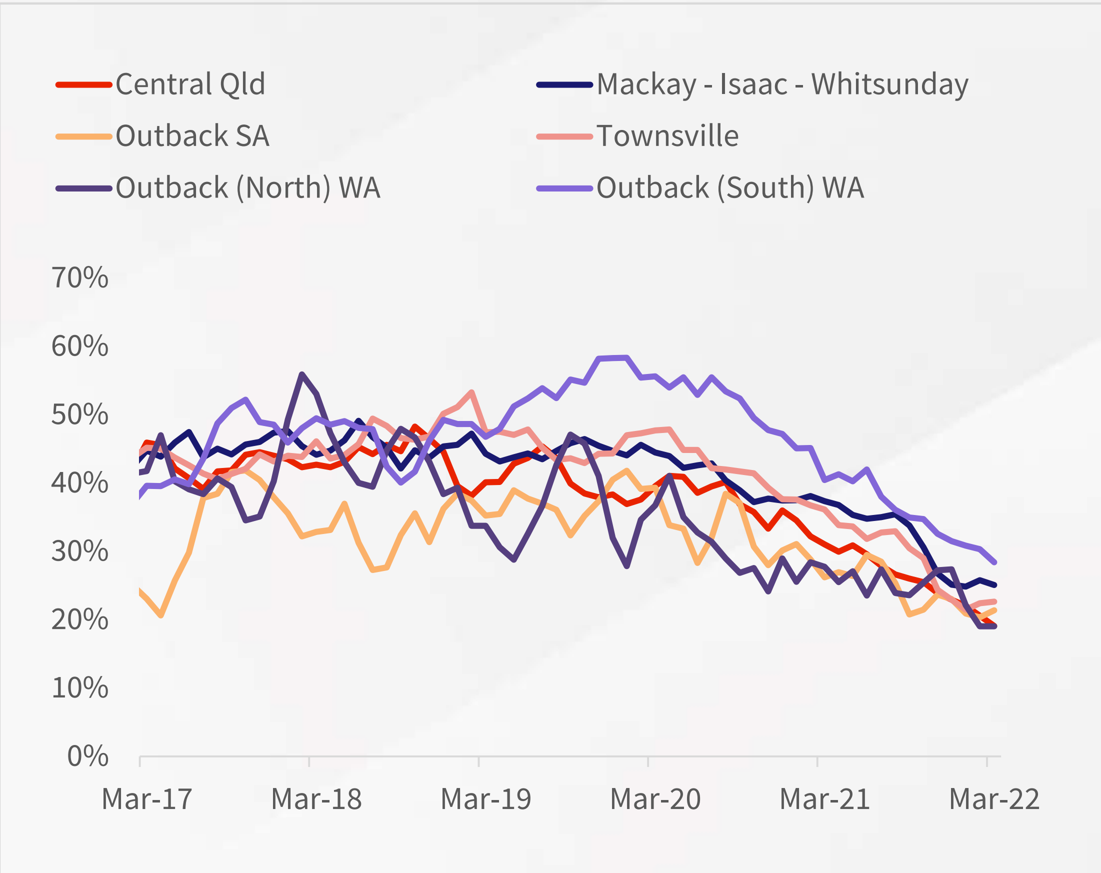
Internal migration has trended higher across WA, SA and QLD in recent quarters, reflecting solid jobs growth across the regions, and supporting housing demand. In the select SA4 markets analysed, dwelling values increased an average of 3.0% through the March 2022 quarter, contributing to the boost in profit-making resales. Additionally, the number of properties for sale or rent have come down in these markets, and although rental value growth has started to slow in resources markets, it remains positive. Total losses across the combined SA4 markets declined from $71 million in the December 2021 quarter, to $59.3 million through the March 2022 quarter.

Through the March quarter, the largest decline in loss-making resales was in the Outback (North) WA region. The rate of loss-making sales fell 8.3 percentage points to 19.0%, which was the lowest incidence of loss-making sales across the mining regions.

Beyond the March quarter, growth rates of dwelling values remained in positive territory across regional WA, up 2.5% in the three months to May. Similarly, growth remained elevated in regional SA (up 6.2%) and regional Queensland (4.5%). Thus, there may be scope for further profitability in these markets in the coming quarters.

Beyond the June quarter, some longer term risks are present for resource-based markets. These include more broad-based tightening in the credit environment, as interest rates rise and debt-to-income ratios are lowered among some of the major lenders. However, property values in mining regions can also be subject to more aggressive cyclical patterns over time. As interest rates rise further, and demand slows across major export markets like China, investors in resources markets should be wary of the long term implications for profit on resales.

Rate of loss-making sales, select SA4 resources markets - rolling quarter



Sea Change and Tree Change Destinations

CoreLogic analysed resales in nine major coastal regional and non-coastal regions at the SA4 level. These markets are considered 'tree change' or 'sea change' lifestyle regions, characterised as high amenity locations that are popular with those looking for a change in lifestyle outside of major capital cities. Both tree change and sea change markets have seen relatively high rates of capital growth since the onset of COVID-19, as remote work trends and a lack of migration to cities places additional demand pressure on desirable, affordable housing markets.

Coastal regions

Of the coastal regions analysed, only 3.0% of resales incurred a nominal loss. This was steady on the previous quarter, but came up from a recent low of 2.8% in the three months to February 2022. The March quarter represents a possible inflection point in the rate of profitability across Australian coastal markets, particularly major regional centres where affordability constraints could be deterring buyers.

Over the March quarter, dwelling growth rates averaged 4.4% in the major coastal regions analysed. While this was a strong result, growth had slowed from an average of 5.1% in the December quarter of 2021. More recently, the home value index posted declines through the month of May in the regional NSW centres of Illawarra, Richmond-Tweed and Newcastle and Lake Macquarie. The slowdown in prices amid higher interest rates and affordability constraints could start to stall the incidence of profit-making sales in these regions.

This was perhaps already evident in the Newcastle and Lake Macquarie region, where the rate of profit-making sales went from a record low 0.8% in the three months to December, to 1.5% in the March quarter. The actual *count* of loss-making sales was low in this region at just 20 out of around 1,300 sales.

The highest rate of loss-making sales was across Bunbury, where 11.2% of resales made a nominal loss. However, this region also saw the fastest decline in the rate of loss making sales, down 90 basis points from the previous quarter. This figure has also more than halved since the March quarter of 2021, when 24.9% of resales in the region saw a loss. The reduction in loss-making sales coincided with a resurgence in dwelling value growth through the March quarter, at 3.1%.

While conditions across regional coastal centres are starting to shift amid higher interest rates, rates of profitability have been extremely high through the March quarter in some areas. Geelong saw 99.9% of resales make a nominal gain, which is a record high for the region, and the highest of the coastal dwelling markets through the quarter. In fact, this result for Geelong is the second-highest of the SA4 regions analysed, behind Bendigo, where 100% of resales made a nominal gain. Geelong has seen cumulative growth of 33.9% over the course of the housing market upswing in the region from September 2020 to March 2022.

Behind Geelong, the Sunshine Coast saw the second-highest rate of profit-making sales in the March quarter (99.6%), and the third-highest result of all the SA4 markets analysed nationally. This follows cumulative gains of 48.8% in dwelling values across the Sunshine Coast from August 2020 to March 2022.

Non-Coastal regions

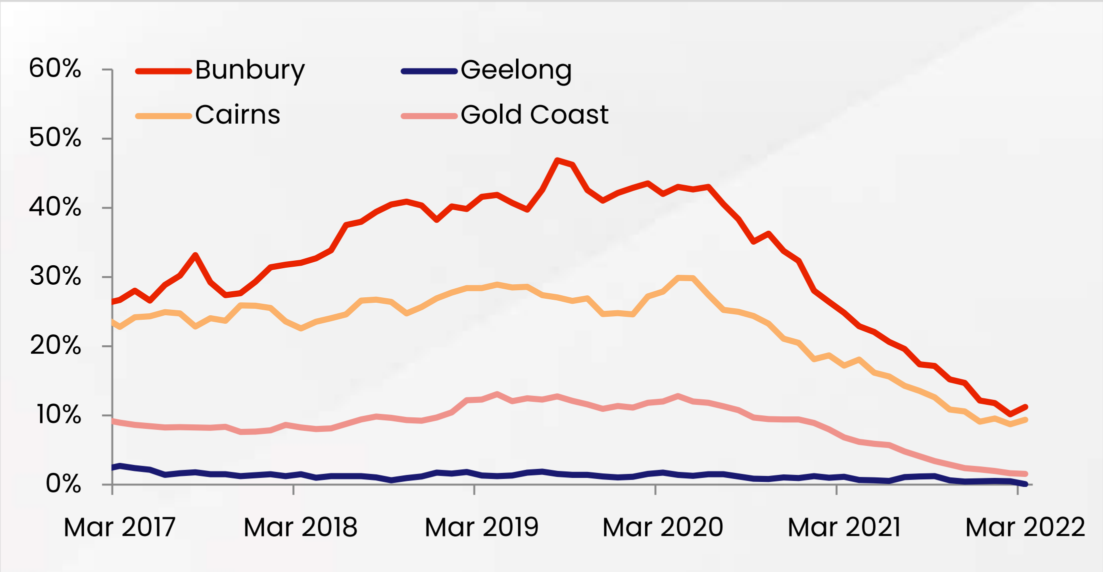
Non-Coastal regional markets have continued to see a positive trend in profitability of resales through the March quarter. Across the combined, non-coastal centres analysed, only 1.3% of sales saw a nominal decline in the March 2022 quarter, down from 1.7% in the December quarter.

Of the nine regions separately analysed, the Latrobe Gippsland area was the only SA4 market to see an increase in the rate of loss-making sales in the quarter. The increase was marginal at 10 basis points, taking the rate of loss-making sales to 0.8%. This follows a recent low of loss making sales in the region of 0.5% in the three months to October 2021. The highest rate of loss-making sales in the quarter was the New England and North West region (2.7% of resales), though this was down 80 basis points from the previous quarter. Toowoomba also had one of the higher instances of loss-making resales (2.6%), but saw the most rapid decline in the rate of loss-making resales, down 100 basis points from the previous quarter.

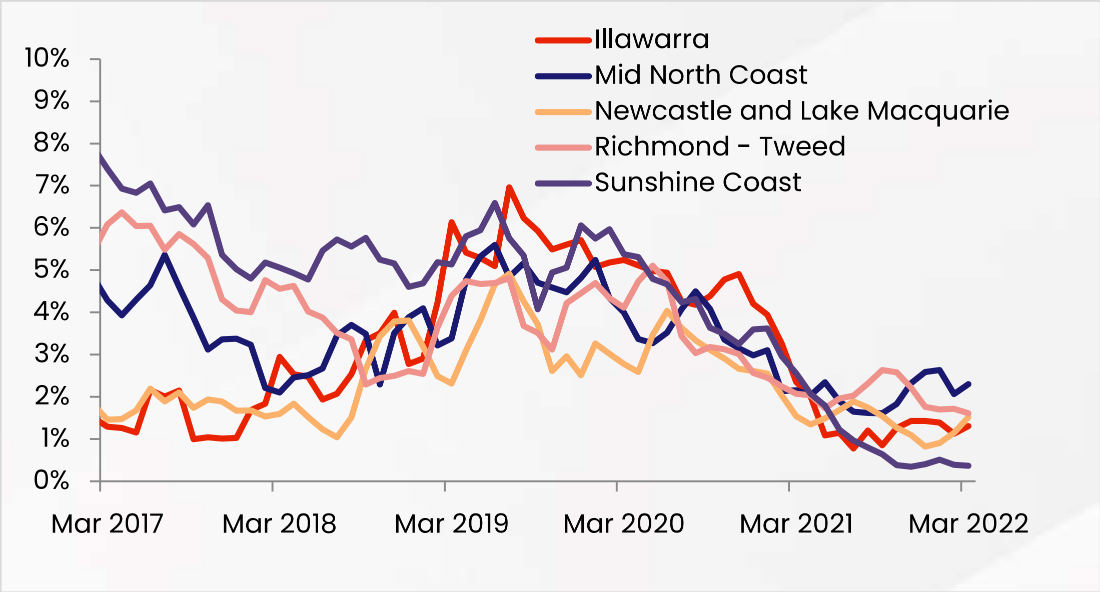
Bendigo had the highest rate of profit-making sales in the quarter, with every resale seeing a nominal gain. The median nominal gain across Bendigo was $301,000. The region has seen a total lift in dwelling market values of 31% from September 2020 to March 2022.

However, like many major regional centres, the trend of consistent gains from resale may shift in the coming months. Over the month of May, Bendigo saw a -0.1% decline in dwelling market values, the first decline since 2020. The broad lift in interest rates and a tighter credit environment may see values decline, increasing the incidence of loss-making sales, particularly for more recent buyers.

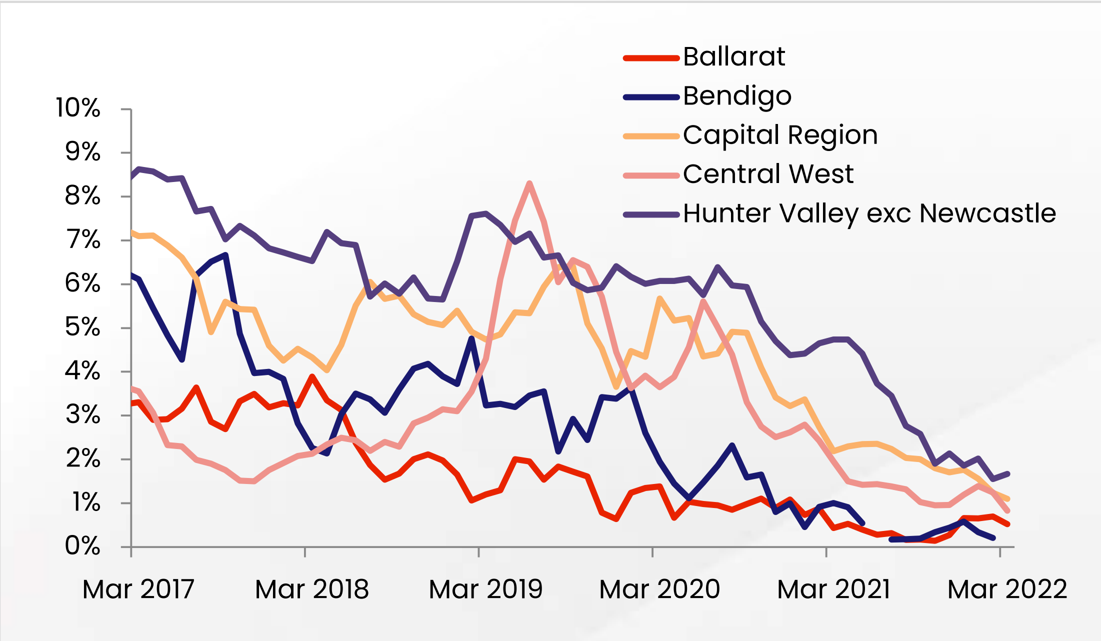
Rate of loss-making sales, select SA4 markets - rolling quarter



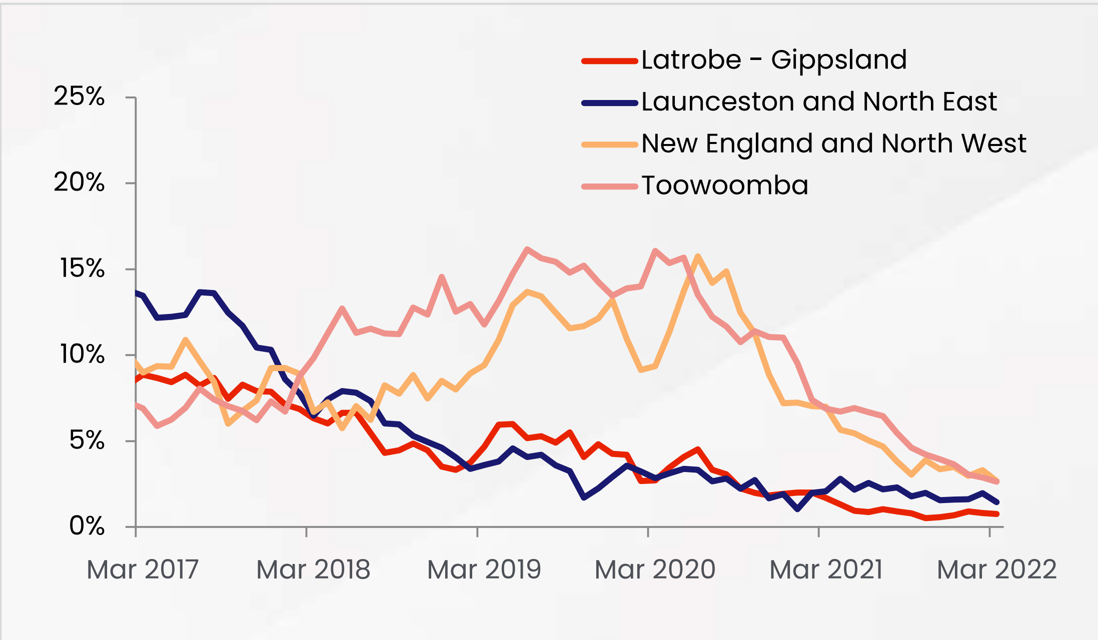
Rate of loss-making sales, select SA4 markets - rolling quarter



Rate of loss-making sales, select SA4 markets - rolling quarter



Rate of loss-making sales, select SA4 markets - rolling quarter



PAIN AND GAIN

Sydney

Through the March 2022 quarter, 95.2% of Sydney resales made a nominal gain, down from 95.8% in the previous quarter. The decline in profitability came from the unit segment, where the rate of resales that made a nominal gain nudged lower from 93.0% in the December quarter, to 92.1%. Profitability across house sales actually increased 10 basis point to 98.9% quarter on quarter.

The median gains from resale through the March 2022 quarter were the highest of the house markets in the major capital city and rest of state markets, at $606,500. Across unit resales in Sydney, the median nominal gain was $260,000 in the March quarter, which was second only to the median nominal gain across Hobart units.

Across Greater Sydney, property values saw four consecutive months of decline through to May 2022. The rate of profit-making sales had also seen a deterioration through both the December quarter of 2021, and the March 2022 quarter. Price declines across the market signal there could be a higher probability of loss-making sales in the coming months. However, it is worth noting that price gains through the current housing market upswing have been very strong, at 27.7% between September 2020 and May 2022. Thus, it may only be recent buyers that are more susceptible to loss-making sales, while those who purchased before the upswing are likely to still see some gain, even in a declining market. The extent of loss-making sales will largely be in line with future capital growth trends.

Portion of profit making sales, rolling quarter

Summary of profit and loss making sales by LGA region

	GROSS LOSS-MAKING SALES, MAR-22 QTR				GROSS PROFIT-MAKING SALES, MAR-22 QTR			
	% of all sales	Median hold period	Median loss	Total value of loss	% of all sales	Median hold period	Median profit	Total value of profit
Blacktown (C)	3.0%	4.8	-$ 25,000	-$1,030,292	97.0%	8.7	$ 420,000	$493,626,060
Blue Mountains (C)	1.7%			-$502,666	98.3%	9.7	$ 537,500	$164,284,860
Botany Bay (C)	14.7%	4.4	-$ 45,950	-$1,217,052	85.3%	7.3	$ 265,000	$44,014,765
Burwood (A)	8.2%			-$390,000	91.8%	11.0	$ 355,000	$30,106,067
Camden (A)	3.6%	3.9	-$ 113,990	-$1,305,424	96.4%	6.8	$ 471,250	$154,449,340
Campbelltown (C) (NSW)	2.5%	2.9	-$ 15,000	-$658,200	97.5%	8.5	$ 377,000	$202,974,374
Canada Bay (A)	6.3%	5.9	-$ 35,500	-$743,400	93.7%	9.2	$ 328,000	$89,236,696
Canterbury-Bankstown (A)	7.0%	5.8	-$ 26,000	-$1,939,000	93.0%	9.5	$ 370,000	$354,236,798
Central Coast (C) (NSW)	0.8%	5.0	-$ 50,000	-$728,000	99.2%	8.8	$ 515,000	$744,777,328
Cumberland (A)	8.4%	5.1	-$ 25,000	-$1,968,552	91.6%	9.4	$ 300,500	$211,911,089
Fairfield (C)	4.5%	6.1	-$ 23,750	-$707,999	95.5%	10.9	$ 410,000	$163,847,933
Georges River (A)	8.7%	5.1	-$ 21,500	-$747,000	91.3%	10.7	$ 387,500	$129,376,174
Hawkesbury (C)	2.1%			-$134,000	97.9%	8.7	$ 470,000	$96,562,700
Hornsby (A)	2.9%	5.7	-$ 21,000	-$501,700	97.1%	11.0	$ 545,000	$206,249,698
Hunters Hill (A)					100.0%	12.9	$ 985,000	$14,787,000
Inner West (A)	5.3%	5.5	-$ 28,125	-$1,205,500	94.7%	9.3	$ 447,500	$222,153,406
Ku-ring-gai (A)	3.2%			-$294,800	96.8%	7.2	$ 252,500	$55,449,345
Lane Cove (A)	8.7%	5.0	-$ 34,000	-$354,655	91.3%	7.9	$ 260,000	$32,591,900
Liverpool (C)	5.3%	5.8	-$ 33,000	-$1,253,800	94.7%	9.6	$ 444,000	$226,176,450
Mosman (A)	2.2%			-$20,000	97.8%	6.7	$ 436,000	$20,868,368
North Sydney (A)	1.7%			-$296,000	98.3%	10.0	$ 485,000	$124,027,869
Northern Beaches (A)	0.7%			-$497,400	99.3%	8.1	$ 513,000	$236,753,772
Parramatta (C)	15.9%	6.5	-$ 35,000	-$5,926,592	84.1%	8.6	$ 234,500	$239,638,249
Penrith (C)	1.9%	6.1	-$ 29,825	-$781,650	98.1%	8.4	$ 361,300	$300,906,576
Randwick (C)	1.1%			-$78,000	98.9%	9.4	$ 482,500	$141,576,600
Rockdale (C)	7.5%	4.9	-$ 49,750	-$1,236,000	92.5%	8.7	$ 291,250	$106,916,981
Ryde (C)	12.3%	6.5	-$ 42,000	-$1,751,120	87.7%	8.8	$ 237,000	$101,809,492
Strathfield (A)	19.0%	5.0	-$ 22,400	-$948,500	81.0%	8.4	$ 162,000	$20,905,751
Sutherland Shire (A)	0.8%			-$452,000	99.2%	8.9	$ 489,500	$350,008,933
Sydney (C)	4.9%	4.9	-$ 38,500	-$2,035,180	95.1%	9.9	$ 325,000	$317,820,574
The Hills Shire (A)	1.9%			-$295,000	98.1%	8.0	$ 690,000	$231,396,966
Waverley (A)	2.1%			-$379,000	97.9%	9.8	$ 500,000	$83,403,499
Willoughby (C)	3.0%			-$371,000	97.0%	10.5	$ 465,000	$63,309,014
Wollondilly (A)	0.9%			-$30,000	99.1%	7.0	$ 497,500	$67,396,969
Woollahra (A)	2.6%			-$257,000	97.4%	8.4	$ 472,500	$45,235,175

Melbourne

Alongside Sydney, 95.2% of resales in the March quarter made a nominal gain in Melbourne. Melbourne saw the most rapid rate of decline in the rate of profit-making sales across the greater capital city and rest of state markets through the quarter (down 100 basis points), in line with weaker capital growth trends. The fall in the rate of profit-making sales was largely due to a decline in the unit sector. Profit-making sales represented 88.2% of resales in the quarter, down 210 basis points from the December quarter. The rate of profit-making house resales also declined, but by just 10 basis points to 99.5%. The median gain from house sales across the Melbourne market was $351,500 in the March quarter, and $190,000 across units.

Across the sub-markets of Melbourne, the Melbourne City Council region continues to stand out as having a high rate of loss-making resales (at 33.4%). Value growth in this market has been relatively subdued due to a high level of apartment development through the 2010s. More recently, international travel restrictions associated with COVID-19 may have also weighed on housing demand in this market, because prior to border closures it has had among the highest exposure to net overseas migration of any market in Australia.

Portion of profit making sales, rolling quarter

Summary of profit and loss making sales by LGA region

	GROSS LOSS-MAKING SALES, MAR-22 QTR				GROSS PROFIT-MAKING SALES, MAR-22 QTR			
	% of all sales	Median hold period	Median loss	Total value of loss	% of all sales	Median hold period	Median profit	Total value of profit
Banyule (C)	2.3%			-$254,000	97.7%	11.5	$ 435,000	$153,976,948
Bayside (C)	3.5%			-$197,500	96.5%	8.4	$ 517,500	$111,881,720
Boroondara (C)	12.8%	7.6	-$ 45,000	-$2,208,846	87.2%	9.7	$ 413,000	$146,117,850
Brimbank (C)	1.8%			-$304,000	98.2%	9.8	$ 324,000	$161,129,653
Cardinia (S)					100.0%	7.1	$ 310,025	$129,004,109
Casey (C)	0.6%			-$359,000	99.4%	7.6	$ 332,500	$344,792,395
Darebin (C)	1.8%			-$480,791	98.2%	10.3	$ 365,000	$184,474,074
Frankston (C)	1.1%			-$649,600	98.9%	8.6	$ 389,750	$264,546,671
Glen Eira (C)	5.7%	7.4	-$ 34,000	-$701,300	94.3%	10.0	$ 413,000	$156,293,190
Greater Dandenong (C)	1.9%			-$203,001	98.1%	11.2	$ 364,556	$151,203,188
Hobsons Bay (C)	0.8%			-$95,000	99.2%	8.6	$ 385,000	$119,769,653
Hume (C)	0.7%			-$102,818	99.3%	8.1	$ 281,500	$177,903,094
Kingston (C) (Vic.)	3.1%	5.9	-$ 20,000	-$629,450	96.9%	8.5	$ 391,500	$256,646,918
Knox (C)	0.4%			-$51,500	99.6%	10.2	$ 443,900	$228,816,333
Macedon Ranges (S)					100.0%	8.7	$ 545,000	$56,097,298
Manningham (C)	11.2%	6.6	-$ 27,500	-$1,415,050	88.8%	8.9	$ 501,855	$155,811,149
Maribyrnong (C)	7.0%	6.6	-$ 32,500	-$964,060	93.0%	8.4	$ 295,250	$119,018,570
Maroondah (C)	1.2%			-$92,000	98.8%	9.6	$ 434,250	$198,576,107
Melbourne (C)	33.4%	8.2	-$ 60,000	-$10,617,318	66.6%	11.9	$ 150,000	$92,290,402
Melton (C)	0.8%			-$368,612	99.2%	7.3	$ 259,250	$137,075,774
Monash (C)	2.8%	6.1	-$ 26,425	-$388,238	97.2%	9.8	$ 430,000	$231,282,124
Moonee Valley (C)	9.8%	5.5	-$ 17,750	-$1,288,585	90.2%	8.8	$ 350,000	$144,548,187
Moorabool (S)	1.0%			-$40,000	99.0%	6.2	$ 262,500	$30,543,430
Moreland (C)	6.1%	6.9	-$ 21,500	-$1,412,750	93.9%	8.4	$ 310,000	$252,451,681
Mornington Peninsula (S)	0.3%			-$204,370	99.7%	9.6	$ 613,000	$455,017,038
Nillumbik (S)					100.0%	8.6	$ 573,500	$72,362,798
Port Phillip (C)	12.2%	7.5	-$ 27,750	-$2,662,112	87.8%	10.0	$ 190,000	$153,416,981
Stonnington (C)	21.2%	8.4	-$ 64,032	-$4,404,130	78.8%	10.2	$ 258,250	$86,520,298
Whitehorse (C)	6.2%	7.4	-$ 52,000	-$1,497,026	93.8%	11.7	$ 592,900	$262,567,955
Whittlesea (C)	1.4%			-$117,500	98.6%	8.1	$ 285,000	$166,150,984
Wyndham (C)	1.2%	8.2	-$ 67,000	-$691,300	98.8%	6.8	$ 262,400	$241,560,153
Yarra (C)	16.1%	7.2	-$ 30,000	-$2,487,324	83.9%	9.6	$ 330,750	$122,755,646
Yarra Ranges (S)	0.2%			-$175,000	99.8%	9.4	$ 468,000	$234,287,817

Brisbane

The rate of profit-making sales across Brisbane rose through the March quarter to 94.6%, up from 93.6% in the previous quarter. The median gain from resales over the quarter was $266,000 across Brisbane dwellings, including $365,000 in the house segment, and $96,000 across units.

The rate of profitability continued to rise in house sales, to 99.3% in the quarter. Profitability in the Brisbane house market continued to rise amid a strong 6.7% increase in values through the same period. Perhaps more remarkable however, was the sharp rise in the rate of profit-making sales across the unit market. The rate of profit-making unit resales jumped 440 basis points in the March quarter, to 86.6%. This coincided with a 4.6% increase in Brisbane unit values in the same period.

Of the capital cities, Brisbane recorded a relatively wide gap between the portion of profit-making sales across houses and units, at 12.7 percentage points. However, this has come down from a decade average of 17.7 percentage points. Both Brisbane houses and units continued to see value increases through to May, though the pace of increase in unit values actually overtook house value growth in the month. This could see a further narrowing of the gap in profitability between houses and units.

Portion of profit making sales, rolling quarter

PAIN AND GAIN - BRISBANE

Summary of profit and loss making sales by LGA region

	GROSS LOSS-MAKING SALES, MAR-22 QTR				GROSS PROFIT-MAKING SALES, MAR-22 QTR			
	% of all sales	Median hold period	Median loss	Total value of loss	% of all sales	Median hold period	Median profit	Total value of profit
Brisbane (C)	7.8%	7.8	-$ 31,000	-$17,947,964	92.2%	8.9	$ 295,994	$1,899,280,650
Ipswich (C)	4.3%	7.9	-$ 20,900	-$1,459,300	95.7%	8.1	$ 195,000	$225,459,159
Lockyer Valley (R)	1.7%			-$75,000	98.3%	9.7	$ 174,500	$36,617,474
Logan (C)	4.3%	9.1	-$ 20,000	-$1,655,035	95.7%	9.6	$ 254,750	$436,896,168
Moreton Bay (R)	2.7%	11.6	-$ 30,000	-$1,604,722	97.3%	8.0	$ 280,000	$605,195,926
Redland (C)	1.0%			-$336,000	99.0%	8.4	$ 330,000	$299,434,563
Scenic Rim (R)	0.6%			-$9,000	99.4%	7.2	$ 255,000	$53,622,462
Somerset (R)	5.0%			-$230,000	95.0%	9.1	$ 205,000	$22,321,852

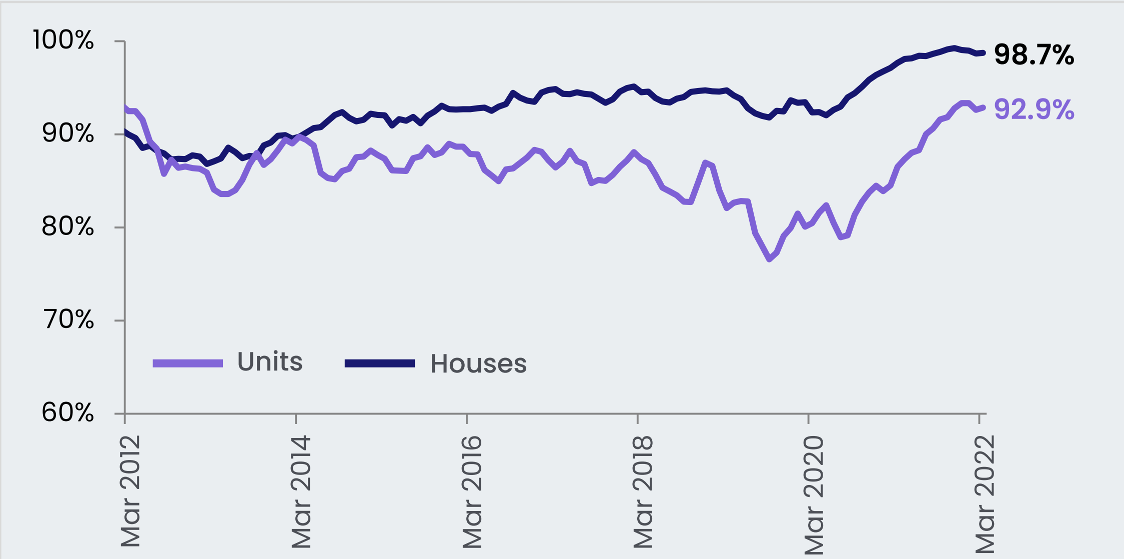
PAIN AND GAIN

Adelaide

Through the March quarter of 2022, 97.2% of resales across Adelaide dwellings made a nominal gain, a decline of 30 basis points in the previous quarter. Both houses and units saw a slight decline in profitability over the quarter, down 30 basis points across house resales to 98.7%, and 50 basis points in the unit sector to 92.9% of resales. The median profit over the quarter was around $264,000 across Adelaide house resales, and $100,000 across unit resales.

The combined value of the Adelaide dwelling market continued to rise through to May 2022, with dwelling values showing the strongest monthly gains over the month of the capital city markets. However, there are still pockets of the Adelaide market where resellers have been susceptible to losses. Across the LGA markets, most loss-making sales were concentrated in the City of Adelaide region, where median resale losses amounted to $25,000 through the quarter.

Portion of profit making sales, rolling quarter



Summary of profit and loss making sales by LGA region

	GROSS LOSS-MAKING SALES, MAR-22 QTR				GROSS PROFIT-MAKING SALES, MAR-22 QTR			
	% of all sales	Median hold period	Median loss	Total value of loss	% of all sales	Median hold period	Median profit	Total value of profit
Adelaide (C)	16.3%	7.0	-$ 25,000	-$1,337,650	83.7%	8.1	$ 100,000	$27,749,142
Adelaide Hills (DC)	1.0%			-$150,000	99.0%	8.3	$ 330,000	$42,486,399
Burnside (C)	1.2%			-$49,000	98.8%	9.9	$ 532,500	$89,872,011
Campbelltown (C) (SA)	0.7%			-$210,000	99.3%	8.7	$ 270,000	$48,726,748
Charles Sturt (C)	4.0%	7.7	-$ 16,500	-$540,350	96.0%	8.4	$ 240,000	$126,678,753
Gawler (T)	1.9%			-$279,500	98.1%	8.5	$ 120,000	$14,809,871
Holdfast Bay (C)	2.5%			-$556,500	97.5%	11.2	$ 255,000	$69,519,598
Mallala (DC)	8.3%			-$43,000	91.7%	12.3	$ 112,500	$5,312,850
Marion (C)	1.4%			-$275,000	98.6%	8.7	$ 262,000	$107,401,943
Mitcham (C)	0.5%			-$40,000	99.5%	9.8	$ 354,000	$86,554,939
Mount Barker (DC)	0.8%			-$165,500	99.2%	8.7	$ 205,025	$33,618,182
Norwood Payneham St Peters (C)					100.0%	8.3	$ 243,000	$51,226,508
Onkaparinga (C)	0.9%			-$548,040	99.1%	9.0	$ 224,000	$152,011,831
Playford (C)	2.1%			-$261,950	97.9%	11.4	$ 121,000	$54,030,305
Port Adelaide Enfield (C)	3.0%	12.3	-$ 43,000	-$652,850	97.0%	9.5	$ 241,650	$127,422,746
Prospect (C)	5.6%			-$184,000	94.4%	9.5	$ 396,500	$32,538,200
Salisbury (C)	3.2%	7.7	-$ 19,750	-$512,887	96.8%	9.6	$ 170,000	$90,208,138
Tea Tree Gully (C)	1.3%			-$231,500	98.7%	9.7	$ 247,000	$82,993,356
Unley (C)	3.9%			-$53,000	96.1%	9.8	$ 363,000	$59,351,325
Walkerville (M)	22.5%			-$483,500	77.5%	7.4	$ 550,000	$19,417,900
West Torrens (C)	2.0%			-$291,500	98.0%	10.5	$ 230,000	$77,670,869

PAIN AND GAIN

Perth

Greater Perth dwellings had a relatively high rate of loss-making sales in the March quarter at 15.3%. However, as has been a trend in recent quarters, this market has enjoyed one of the fastest recoveries in profitability of the capital city regions. The rate of loss-making sales fell 130 basis points over the quarter, coinciding with a 1.9% rise in dwelling values.

Perth had the largest gap in rates of profit-making sales across houses and units, where houses made nominal gains on 90.9% of resales in the quarter, compared with 65.6% of unit resales. However, the pace of increase in profit-making unit sales has increased, up 4.5 percentage points from the previous quarter. Median resale gains across Perth houses was $130,000 across Perth, compared to $70,000 across unit resales. Perth had the lowest median gains from dwelling resales of the capital cities through the quarter ($119,000).

As more divergent trends emerged across capital city dwelling markets, Perth dwellings continued to post strong monthly gains through to May while values slipped in Sydney and Melbourne. This may further reduce the incidence of loss-making resales in the coming months. However, higher interest rate settings are expected to translate to a softening in market conditions later in the year.

Portion of profit making sales, rolling quarter

Summary of profit and loss making sales by LGA region

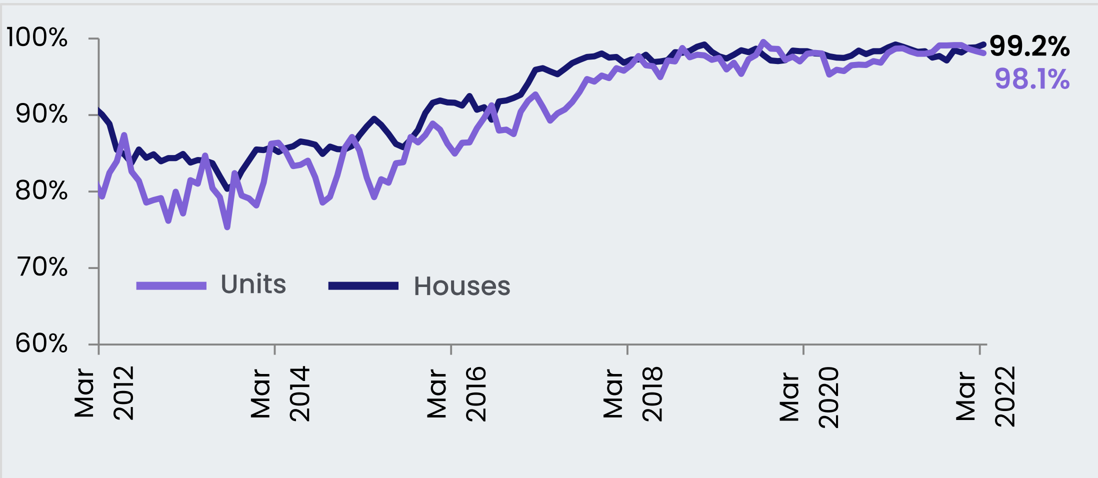
	GROSS LOSS-MAKING SALES, MAR-22 QTR				GROSS PROFIT-MAKING SALES, MAR-22 QTR			
	% of all sales	Median hold period	Median loss	Total value of loss	% of all sales	Median hold period	Median profit	Total value of profit
Armadale (C)	21.1%	9.1	-$ 29,000	-$2,933,301	78.9%	9.1	$ 80,000	$37,443,158
Bassendean (T)	13.5%	8.0	-$ 32,500	-$341,000	86.5%	9.4	$ 140,000	$13,043,845
Bayswater (C)	21.6%	8.2	-$ 38,000	-$3,135,390	78.4%	10.4	$ 105,000	$40,004,020
Belmont (C)	27.5%	8.0	-$ 45,500	-$3,535,150	72.5%	10.0	$ 86,000	$25,469,300
Cambridge (T)	18.1%	7.6	-$ 40,000	-$552,300	81.9%	8.5	$ 225,000	$20,687,237
Canning (C)	16.2%	8.0	-$ 30,000	-$2,028,612	83.8%	11.5	$ 162,050	$67,748,201
Claremont (T)	19.0%	8.1	-$ 65,000	-$634,704	81.0%	5.9	$ 100,000	$13,785,500
Cockburn (C)	14.4%	8.7	-$ 49,000	-$3,693,395	85.6%	9.4	$ 115,500	$72,137,250
Cottesloe (T)	10.0%			-$160,000	90.0%	11.2	$ 200,000	$7,061,393
East Fremantle (T)	11.1%			-$208,000	88.9%	10.5	$ 176,500	$7,621,000
Fremantle (C)	10.0%	7.4	-$ 48,000	-$753,000	90.0%	10.2	$ 193,000	$40,984,991
Gosnells (C)	13.8%	8.0	-$ 22,000	-$2,287,350	86.2%	11.2	$ 90,000	$55,221,757
Joondalup (C)	7.0%	10.0	-$ 49,000	-$2,669,501	93.0%	11.5	$ 227,000	$199,631,162
Kalamunda (S)	7.0%	7.5	-$ 18,375	-$455,308	93.0%	10.6	$ 133,000	$39,354,887
Kwinana (C)	17.6%	8.0	-$ 28,250	-$1,334,250	82.4%	9.6	$ 65,000	$17,827,049
Mandurah (C)	14.7%	12.2	-$ 45,000	-$5,914,167	85.3%	8.8	$ 89,000	$78,021,861
Melville (C)	5.1%	7.2	-$ 27,500	-$715,225	94.9%	10.2	$ 234,750	$110,591,768
Mosman Park (T)	17.9%			-$254,500	82.1%	9.7	$ 147,500	$9,231,500
Mundaring (S)	2.7%			-$210,000	97.3%	10.7	$ 155,000	$31,539,284
Murray (S)	13.7%	13.3	-$ 19,308	-$497,116	86.3%	9.0	$ 108,750	$18,396,550
Nedlands (C)	7.5%			-$138,500	92.5%	10.7	$ 324,000	$16,509,000
Peppermint Grove (S)	50.0%			-$30,000	50.0%			$61,250
Perth (C)	50.2%	10.3	-$ 84,000	-$8,983,007	49.8%	12.6	$ 92,500	$16,819,683
Rockingham (C)	11.5%	8.0	-$ 20,000	-$3,099,575	88.5%	9.5	$ 82,500	$87,753,603
Serpentine-Jarrahdale (S)	10.1%			-$265,000	89.9%	7.5	$ 107,000	$16,690,206
South Perth (C)	16.8%	8.7	-$ 25,000	-$1,946,200	83.2%	12.1	$ 181,000	$61,506,613
Stirling (C)	17.6%	8.3	-$ 30,000	-$7,585,277	82.4%	10.3	$ 125,000	$205,716,024
Subiaco (C)	25.0%	8.2	-$ 52,000	-$1,555,612	75.0%	12.1	$ 219,000	$28,576,973
Swan (C)	17.1%	8.3	-$ 31,500	-$4,570,604	82.9%	9.7	$ 107,000	$72,867,861
Victoria Park (T)	25.4%	9.5	-$ 45,000	-$3,384,500	74.6%	11.5	$ 145,000	$36,139,941
Vincent (C)	32.4%	8.2	-$ 49,000	-$3,821,635	67.6%	10.5	$ 166,000	$41,321,867
Wanneroo (C)	9.7%	8.2	-$ 22,000	-$3,358,267	90.3%	9.1	$ 90,000	$96,524,264

Hobart

Hobart had the highest rate of profit-making sales of the capital cities through the March 2022 quarter, at 99.0%. Hobart has had the highest rate of profitability from resale for 15 consecutive quarters, or since September of 2018. Hobart also saw the second-highest median gain from resales of the capital cities, at $411,251. Median gains from resales were $445,000 across houses in the quarter, and $274,900 (the highest median gains across the unit segment).

Hobart dwellings have been in incredibly high demand over the past few years, being one of two capital cities (alongside Sydney), where dwelling values have doubled in the past decade. There is also very high parity between profit-making house and unit resales, with both dwelling types having been in high demand. However, conditions across this market may be starting to shift. Hobart dwelling values saw the first monthly decline in April 2022 since July 2020. Total listings volumes started to accumulate across Hobart in May, and typical days on market have risen from just eight days in the three months to 2021, to 25 days in the three months to May this year. For very recent buyers, the chance of making nominal gains on a resale may be reduced in the coming months, and median hold periods across the city may start to be extended as a result.

Portion of profit making sales, rolling quarter



Summary of profit and loss making sales by LGA region

	GROSS LOSS-MAKING SALES, MAR-22 QTR				GROSS PROFIT-MAKING SALES, MAR-22 QTR			
	% of all sales	Median hold period	Median loss	Total value of loss	% of all sales	Median hold period	Median profit	Total value of profit
Brighton	2.5%			-$92,000	97.5%	6.9	$ 326,000	$13,577,901
Clarence	0.7%			-$140,000	99.3%	8.7	$ 445,750	$73,910,670
Derwent Valley					100.0%	7.8	$ 286,000	$10,657,994
Glenorchy	0.6%			-$105,000	99.4%	8.1	$ 373,000	$57,827,008
Hobart	1.9%			-$366,900	98.1%	8.2	$ 465,000	$82,478,313
Kingborough					100.0%	8.5	$ 450,000	$53,209,450
Sorell	1.9%			-$7,500	98.1%	4.9	$ 385,000	$21,367,452

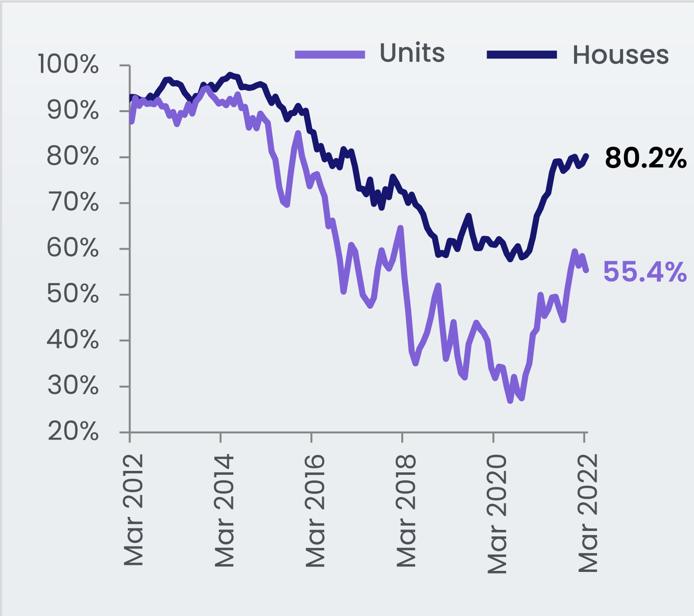
PAIN AND GAIN

Darwin

Darwin had the highest rate of loss-making sales through the March 2022 quarter, at 27.9%. This was a significant improvement on the rate of loss-making sales in the equivalent quarter of the previous year, when 37.1% of resales made a nominal loss. However, the rate of profit-making sales did fall by 70 basis points in the quarter, with some volatility across this series. The rate of profit-making sales fell a more substantial 410 basis points in the quarter across the unit segment. The actual count of loss-making unit sales did decline amid lower sales volumes.

Darwin had the second-lowest median gains from resales behind Perth in the March 2022 quarter, at $160,000. This included median gains of $218,750 across house resales, and $70,000 across unit resales.

Portion of profit making sales, rolling quarter



Summary of profit and loss making sales by LGA region

	GROSS LOSS-MAKING SALES, MAR-22 QTR				GROSS PROFIT-MAKING SALES, MAR-22 QTR			
	% of all sales	Median hold period	Median loss	Total value of loss	% of all sales	Median hold period	Median profit	Total value of profit
Darwin	34.0%	8.5	-$ 74,000	-$8,726,864	66.0%	11.9	$ 130,000	$43,533,127
Litchfield	12.7%			-$468,500	87.3%	9.7	$ 210,000	$15,358,180
Palmerston	22.3%	10.3	-$ 38,500	-$2,251,465	77.7%	9.2	$ 180,000	$32,276,060

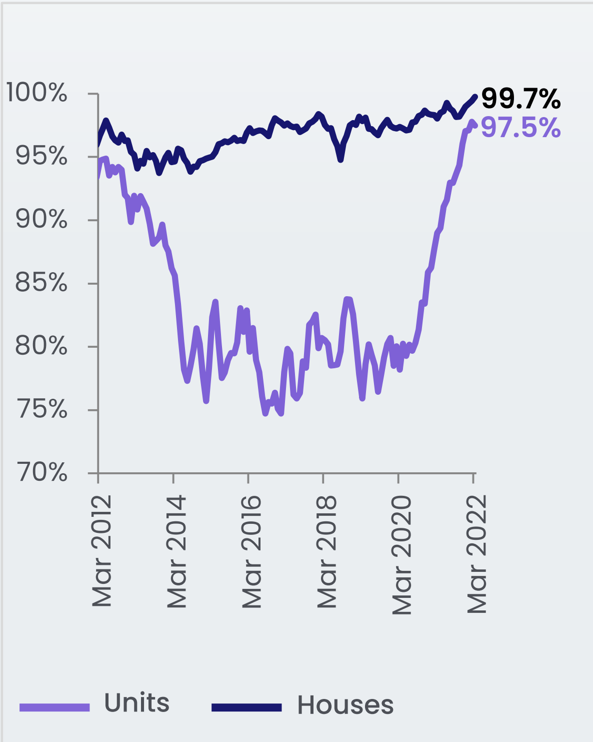
ACT

The ACT had the second-highest rate of profit-making sales of the greater capital city markets, at 98.8% through the March quarter, behind a rate of 99.0% across Hobart. The median gains from resales were the third highest of the capital city markets, at $396,000. The rate of profit-making sales increased 60 basis points on the previous quarter, and is currently at a series high.

Profitability across ACT house sales is at a record high of 99.7%, up from 99.0% in the March quarter. Profit-making sales across the unit sector also climbed in the quarter to 97.5%, but is below a record high of 99.0% over the three months to November 2010.

The stretch of rising profitability across the ACT market may soon reach a peak, as affordability constraints and higher interest rates put downward pressure on demand. In the month of May 2022, Canberra dwelling values declined -0.1%, the first fall in values since July 2019. For more recent buyers, this could reduce the incidence of nominal gains from resale over time.

Portion of profit making sales, rolling quarter



Summary of profit and loss making sales by LGA region

	GROSS LOSS-MAKING SALES, MAR-22 QTR				GROSS PROFIT-MAKING SALES, MAR-22 QTR			
	% of all sales	Median hold period	Median loss	Total value of loss	% of all sales	Median hold period	Median profit	Total value of profit
ACT	1.2%	10.3	-$ 29,000	-$1,138,100	98.8%	9.9	$ 396,000	$614,235,830

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