Pain and Gain Report

Australia | Released December 2022

Data to September 2022

Contents

Introduction	3
National Overview	4
Houses vs Units	8
Investor vs Owner Occupiers	10
Hold Periods	12
Resource Based Markets	14
Sea Change and Tree Change Destinations	16
Sydney	19
Melbourne	21
Brisbane	23
Adelaide	25
Perth	27
Hobart	29
Darwin	31
ACT	33
Disclaimers	35

Introduction

This edition of the quarterly pain and gain report analyses approximately 83,000 resales that took place over the September 2022 quarter. The results show 93.3% of resales made a nominal gain. This is down from a recent high of 94.2% in the three months to May. The combined profit from resale over the quarter was $26.1 billion, down from a revised $30.4 billion in the June quarter (a decline of -14.1%). The combined value of loss-making sales rose 3.2%, to $308 million.

Profitability deteriorated most quickly across the combined capital cities, rising 80 basis points to 7.4%. The rate of loss-making resales in regional Australia rose 40 basis points to 5.7%. House sales saw a far lower incidence of loss-making sales (3.8%) compared with units (12.9%), and investors continued to see a higher rate of loss-making sales (10.2%) than owner-occupiers (3.5%).

Australian mortgage holders are facing a challenging period, as the RBA moves through its fastest rate tightening period on record. A rise in interest rates creates a double whammy for home owners, in that the cost of debt becomes harder to service, and the underlying asset value against which the debt is held declines. A key question surrounding CoreLogic resales data will be whether more recent buyers are selling at a loss in the current climate. This would indicate a greater level of risk in the housing market, as more 'distressed' or 'motivated' sales would create a rise in listings volumes, and put further downward pressure on prices.

However, higher volumes of loss-making sales have generally been tied to areas that have seen longer periods of subdued growth, such as resource-based markets, and high-density investment markets. Perth accounted for around 21% of loss-making resales across Australia in the quarter. Of the loss-making sales in Perth, the median hold period was 8.8 years, suggesting a voluntary decision for the seller to incur a loss, rather than being in a distressed position from a recent purchase.

Markets that have seen a sharper capital growth decline in recent months, such as the house segment, or popular lifestyle markets, still have a relatively low incidence of loss-making sales.

The September quarter pain and gain analysis is not showing signs of a material increase in distressed sales. It is true that the recent decline in home values increases the chances of a loss-making sale, and there has been a small uptick in loss-making sales held for a relatively short period of time. However, even properties held for less than two years had a median resale result of a $121,00 gain in the quarter.

2023 is expected to be a more testing year for the resales market. This is because, according to RBA analysis, the majority of outstanding fixed loan terms secured through the pandemic will have expired by the end of next year. This could prompt more motivated selling in a high interest rate environment, even if property sellers have to endure a loss. However, strong labour markets will also underpin serviceability. With home values generally still above pre-pandemic levels, there is likely to be a ceiling on the rate of loss-making sales observed in the coming quarters. The fluctuation in the rate of loss-making sales is not expected to be as severe as the overall decline in property values.

MEDIAN RETURNS

MEDIAN GAIN
$290,000

MEDIAN LOSS
$40,000

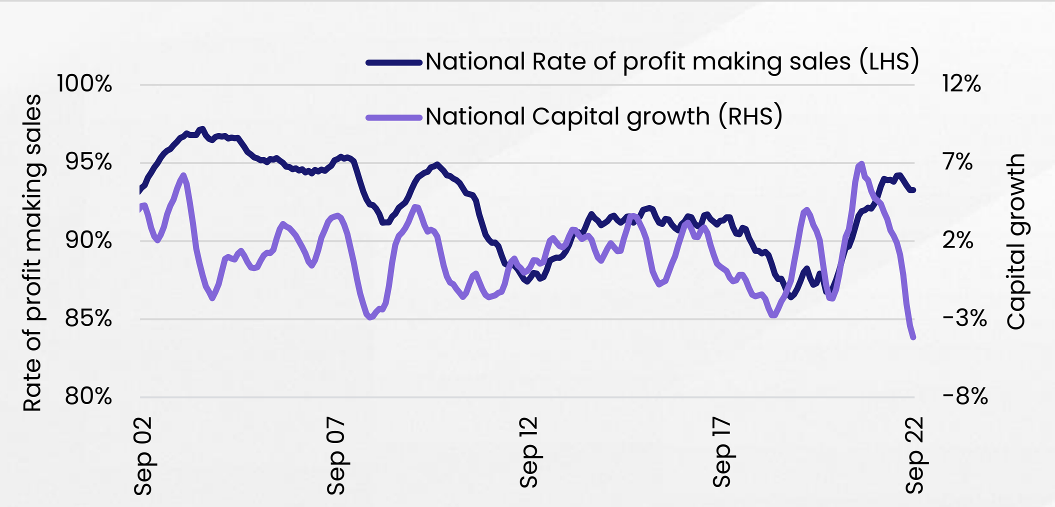
National Overview

The rate of profitability in Australian residential real estate declined through the September quarter, to 93.3%. This is down from 93.9% in the June quarter, and a recent high of 94.2% in the three months to May 2022.

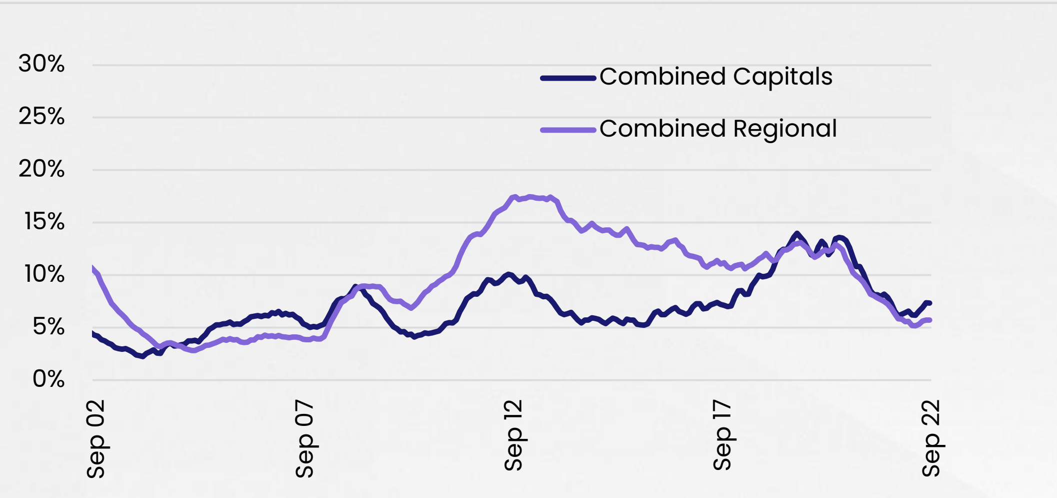
The decline in the portion of profit-making sales broadly coincides with recent home value falls. Australian dwelling values fell -4.8% between a peak in April 2022 and the end of September, and have since fallen a further -2.2% to the end of November. Notably, at a -4.8% over 5 months, this had already proven the steepest housing market decline on record.

While the value of homes in Australia declined sharply between April and September, the volume of loss-making resales actually declined in this period. This is likely because of fewer sales and listings amid the housing market downturn, where overall resales nationally fell -17.8% in the three months to September, compared with the three months to April 2022. Loss making resales had a smaller decline in the period, of -4.9%.

Rolling quarterly rate of profit-making sales versus rolling quarterly change in Home Value Index (national, dwellings)



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



CoreLogic analysed approximately 83,000 resales in the three months to September. The combined value of nominal gains from resale over the three months was $26.1 billion, down from a revised $30.4 billion in the June quarter (a decline of -14.1%). The combined value of loss-making sales rose 3.2%, to $308 million. The median nominal gain from resale was $290,000 in the September quarter, while the median loss was $40,000. The median loss is larger than the preliminary result for the June quarter ($33,500).

The median hold period on all resales through the September quarter was 9.2 years, up from 9.0 years in the previous quarter. Raw resales data indicates there was a slight uptick in the portion of sales made with a hold period of less than two years (7.7%). However, resales made in this period were still largely profitable, with a median resale gain of $121,000.

Profitability deteriorated most quickly across the combined capital cities through the September quarter, and remained elevated on the rate of loss-making sales in the regions. The portion of resales made at a nominal loss rose 80 basis points in the capital cities to 7.4% in the quarter. The rate of loss-making resales in regional Australia rose 40 basis points in the quarter to 5.7%, and around 50 basis points from a recent low of 5.2% in the three months to May.

The relatively lagged, and low creep in loss-making sales across regional Australia also coincides with slightly better capital growth performance in the regions. In the September quarter, value falls were -3.6% in the combined regional Australian dwelling market compared with -4.3% in the capital cities. However, the decline in regional home values accelerated in October and November, which may contribute to a higher portion of regional loss-making sales over time.

Across the greater capital city and rest of state regions of Australia, 10 out of 15 markets saw an increase in the rate of loss-making resales over the quarter. The quarterly changes in the rate of loss-making resales by region are shown in the table below.

The largest quarterly increase in the rate of loss-making resales was in Sydney, where the portion of loss-making sales jumped from 6.4% to 7.8%. This aligns with sharper declines in Sydney home values than in other capital cities, where the CoreLogic home value index had fallen -9.0% between a peak in January 2022 and the end of September. Sydney saw the highest incidence of loss-making resales since the September quarter of 2019, when 8.4% of resales made a nominal loss.

Across the greater capital cities and regional markets of Australia, the highest volume of loss-making resales were across Perth (accounting for almost 21% of loss-making resales in the quarter), and Queensland excluding Brisbane (which made up 19.4% of Australian loss-making resales in the quarter).

While the recent downturn in housing values has increased the likelihood of loss-making sales in cities like Sydney and Melbourne, the epicentre of pain from resales continues to be in markets that have endured much longer downturns. In Perth, home values experienced a -20.0% peak-to-trough fall in home values between June 2014 and October 2019. The median hold period of properties across Perth that sold at a loss was 8.8 years, suggesting that sales may have been more the result of voluntary movement, rather than a recent purchase which has become unsustainable amid the higher interest rate environment.

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

	Portion of loss-making sales Sep 2022	Portion of loss-making sales Jun 2022	Change (percentage point)
Sydney	7.8%	6.4%	1.5%
Rest of NSW	2.4%	1.9%	0.5%
Melbourne	6.7%	5.4%	1.4%
Rest of Vic.	1.0%	0.5%	0.5%
Brisbane	4.4%	4.4%	0.0%
Rest of Qld	8.3%	7.6%	0.6%
Adelaide	1.8%	2.1%	-0.3%
Rest of SA	6.2%	6.5%	-0.4%
Perth	13.9%	14.7%	-0.8%
Rest of WA	14.8%	18.1%	-3.4%
Hobart	1.1%	1.2%	-0.1%
Rest of Tas.	3.1%	2.4%	0.7%
Darwin	28.8%	27.3%	1.5%
Rest of NT	14.6%	14.3%	0.3%
ACT	1.7%	1.3%	0.3%

As noted in the June quarter report, there may be a ceiling on the loss-making sales rate, even as property prices decline and interest rates rise. The rate of loss-making sales has not spiked as dramatically as values have fallen, because losses are only realised if a property owner chooses (or has) to sell in the current climate. Selling activity has trended lower through the downswing, with the count of new advertised listings down -13.5% on the previous five-year average nationally through September. There has been little evidence to date of a rise in motivated selling amid falling home values.

The Australian unemployment rate held at generational lows of 3.4% through November, and annual growth in the wage price index was 3.1% in the year to September, the strongest wages growth in over a decade. These conditions may be helping to underpin serviceability as interest rates rise.

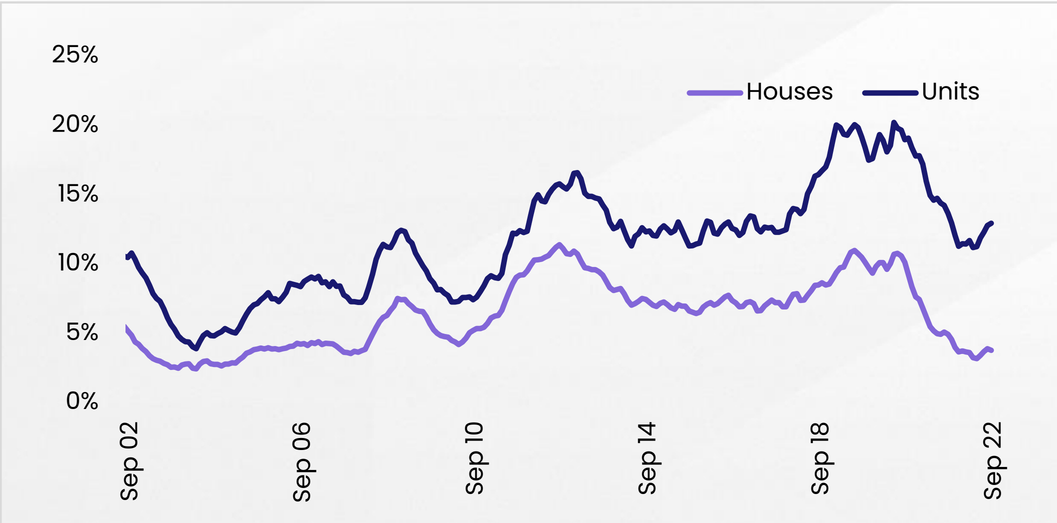
However, there are some downside risks for mortgage holders in 2023, which could prompt more selling in the year ahead, even for a nominal loss. The main risk is a continually rising rate environment, as the majority of outstanding fixed-rate loan terms expire through to the end of next year. September quarter GDP data also showed the household savings ratio had sunk to 6.9%, from COVID-highs of over 20%, creating less of a buffer for mortgage holders. While the incidence of loss-making resales may increase in the coming months, serviceability is broadly expected to be maintained. As such, the rate of loss-making sales is unlikely to see fluctuations as dramatic as capital growth performance.

Houses vs Units

Through the September 2022 quarter, 96.2% of house resales made a nominal gain, compared with 87.1% of unit resales. Houses accounted for 67.8% of resales through the September quarter, but only 38.1% of loss-making resales. Units accounted for 32.1% of resales in the September quarter, but 61.9% of loss-making sales.

Both houses and units saw a decline in the incidence of profit-making sales in the quarter. Despite national house values declining faster than units through the three months to September, units saw a faster deterioration in the incidence of profit-making sales. Detached house values fell -4.6% in value nationally over the three months to September 2022, while unit values declined -2.6%. The rate of loss-making house sales rose a comparatively small 40 basis points to 3.8% in the quarter, while loss-making unit resales were up 110 basis points to 12.9%. This means a loss-making unit sale was almost three times as likely a loss-making house sale through the quarter.

Rolling three month rate of loss-making sales – houses versus units, national



The drag on profitability in unit sales was largely due to a jump in the rate of loss-making sales across capital cities. The portion of capital city unit resales that made a nominal loss jumped to 14.9% in the three months to September, up from 13.5% in the three months to June. In regional Australia, the rate of loss-making unit sales did move higher in the quarter, but by a relatively low 40 basis points, to 7.7%.

Unlike overall sales volumes, where the highest portion of loss-making resales occurred across Perth (21%), the unit segment has proven slightly different. More than one quarter of loss-making unit resales was in Sydney. Loss-making Sydney unit resales were highest in the council regions of Parramatta, Sydney and Canterbury-Bankstown.

It is likely that Sydney unit resales have seen a high incidence of loss because of relatively subdued growth cycles through the COVID-19 period. Across Parramatta for example, the median initial purchase date of properties that resold for a loss was September 2015.

HOUSES VS UNITS

Between September 2015 and September 2022, the Parramatta unit market as a whole has only increased 4.3% in value, with certain types of units likely to have under-performed during this period. Some of these loss-making purchases may have been newer apartments at the time, with loss-making unit sales in Parramatta showing an average build date of 2011, compared to an average of 1995 across profit-making unit sales.

Despite having the highest overall volume off loss-making unit sales, the portion of loss-making resales across Sydney was lower than across the capital cities overall, at 13.1%. The highest portion of loss-making unit resales was across a smaller pool of sales in Darwin, where 48.2% of unit resales made a nominal loss. At the other end of the spectrum, there were no loss-making unit sales recorded across Hobart through the September quarter.

Historic periods of housing market value decline have shown higher levels of loss-making sales in the unit segment, and this downturn will be no exception. Units are largely investor-owned and sold (with investors also accounting for the majority of profit-making unit resales), and this means that investors may be more inclined to sell in the higher interest rate environment, where the sale of a property does not impact their primary place of residence. Units have also not grown as strongly in value as houses over the years, with relatively high levels of unit stock supplied to the market through the 2010s, and houses attracting more value through the scarcity of land. This also increases the likelihood that units will see a loss-making sale relative to detached houses.

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

REGION	HOUSES		UNITS	
	Pain	Gain	Pain	Gain
Sydney	1.8%	98.2%	13.1%	86.9%
Rest of NSW	2.5%	97.5%	1.6%	98.4%
Melbourne	1.1%	98.9%	15.7%	84.3%
Rest of Vic.	0.9%	99.1%	1.1%	98.9%
Brisbane	0.7%	99.3%	10.6%	89.4%
Rest of Qld	7.3%	92.7%	10.3%	89.7%
Adelaide	0.8%	99.2%	4.4%	95.6%
Rest of SA	6.2%	93.8%	5.6%	94.4%
Perth	7.5%	92.5%	34.1%	65.9%
Rest of WA	13.4%	86.6%	25.7%	74.3%
Hobart	1.4%	98.6%	0.0%	100.0%
Rest of Tas.	3.2%	96.8%	2.9%	97.1%
Darwin	16.0%	84.0%	48.2%	51.8%
Rest of NT	12.2%	87.8%	22.5%	77.5%
Australian Capital Territory	1.5%	98.5%	1.9%	98.1%
National	3.8%	96.2%	12.9%	87.1%
Cap city	2.6%	97.4%	14.9%	85.1%
Regional	5.2%	94.8%	7.7%	92.3%

Investor vs Owner Occupiers*

Owner-occupied property generally saw better resale outcomes through the September quarter of 2022. While the national rate of loss-making sales was 6.7% nationally, the national incidence of loss-making sales was higher for investors (10.2%) than owner-occupiers (3.5%). Not only did owner-occupiers have a lower incidence of loss-making sales, but the median gain on profit-making sales was higher across the owner-occupier segment ($329,694), than the investor segment ($210,000).

Despite the vast difference in results, median hold periods of resales were fairly similar between owner-occupiers and investors through the quarter. Of the resales that made nominal gains, the median hold period for investors was 9.5 years, and for owner-occupiers was 9.2 years. Across loss-making resales, investors had a median hold period of 8.4 years, while owner-occupiers had a slightly shorter hold period of 8.2 years.

As discussed in previous reports, the discrepancy in results for owner-occupiers and investors is largely compositional, rather than a substantial difference in hold periods. Investors accounted for around 57% of all unit resales in the quarter. This included 80.8% of unit resales across Darwin, and 64.3% of unit resales in Perth, where there has been high volatility in capital growth performance tied to the resources sector. Investors also accounted for more than 63% of unit resales in Melbourne and Sydney, where values have seen weaker capital growth positions in recent months.

The table below shows the rate of profit and loss-making sales by greater capital city and regional area through the September 2022 quarter. The table suggests that while investors saw less incidence of profit-making sales overall, there were a few regions where the portion of profit-making sales was higher for investors than in the owner-occupier segment. These were Regional NSW, Regional Victoria, Hobart and Regional Tasmania.

The most profitable region for investors was Hobart, where 100% of investment resales made a nominal gain. For investment resales in Hobart, the median hold period was 12.9 years, with a median nominal gain of $357,300.

For owner-occupiers, resales in Regional Victoria had the highest portion of profit-making resales in the quarter at 99.7%. The median hold period of owner-occupied, profit-making resales in this market was 7.9 years, with a median nominal gain of $290,000.

Looking ahead to the coming quarters, the incidence of loss-making resales is likely to increase across both the owner-occupied and investor segments of the market. However, investors may see more reason to sell in a rising rate environment, which may lead to a faster increase in the rate of loss-making sales in the coming months. Investment properties generally have a higher interest rate premium, which may make it harder for some investors to hold their property as rate rises peak. Investment sales do not impact the primary place of residence for the seller, potentially making investment sales easier. Finally, investors may be willing to absorb a loss from dwelling sales, as they may be able to offset losses against future capital gains.

**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.*

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

REGION	PAIN		GAIN	
	Owner Occupied	Investor	Owner Occupied	Investor
Sydney	4.5%	10.7%	95.5%	89.3%
Regional NSW	1.8%	1.5%	98.2%	98.5%
Melbourne	1.8%	13.8%	98.2%	86.2%
Regional Vic	0.3%	0.2%	99.7%	99.8%
Brisbane	2.4%	6.0%	97.6%	94.0%
Regional Qld	4.6%	8.3%	95.4%	91.7%
Adelaide	0.6%	2.1%	99.4%	97.9%
Regional SA	3.3%	5.0%	96.7%	95.0%
Perth	6.8%	22.4%	93.2%	77.6%
Regional WA	11.0%	20.5%	89.0%	79.5%
Hobart	0.6%	0.0%	99.4%	100.0%
Regional Tas	1.6%	1.3%	98.4%	98.7%
Darwin	22.3%	41.7%	77.7%	58.3%
Regional NT	13.0%	18.6%	87.0%	81.4%
Australian Capital Territory	1.1%	1.9%	98.9%	98.1%
National	3.5%	10.2%	96.5%	89.8%
Cap city	3.5%	11.8%	96.5%	88.2%
Regional	3.5%	6.2%	96.5%	93.8%

Hold Periods

The median hold period of resales through the September quarter nationally was 9.2 years, up from 9.0 years in the previous quarter. This places the median initial purchase data of resales between April and July 2013. Since April 2013 through to the end of September 2022, national home values increased 61.9%, or the equivalent of just under $280,000. The median hold period for profit-making sales was 9.3 years through the September quarter, slightly higher than the typical hold period for loss-making sales, which was 8.3 years.

Home owners in Australia who have held their property for 9.2 years or more are likely to have made strong nominal gains from resale. However, property market performance over this time has not been uniform. Darwin dwelling values actually fell -9.0% between April 2013 and September this year (or down the equivalent of around $50,000), while home values across regional WA have also declined through this period.

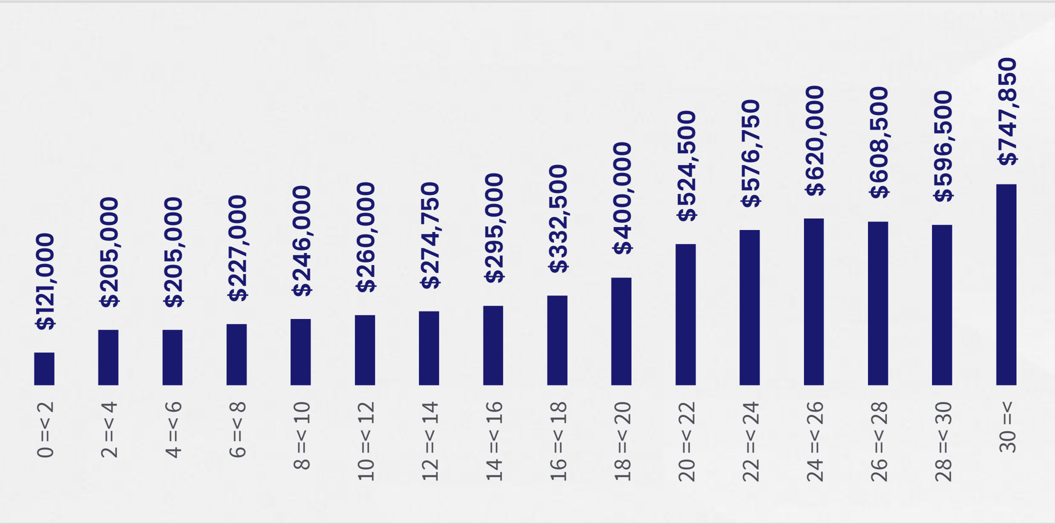
Analysis of resales does show a slightly higher portion of properties held for less than two years which were sold at a loss. This reflects recent deterioration in home values, an more incentivised sales with a short hold period. In the September 2022 quarter, 6.0% of loss-making resales were held for less than two years, compared to 4.1% in the previous quarter. The majority of loss-making resales (51.1%) had associated hold periods of 6-12 years.

Results by hold period

The chart below shows the median resale result (of all profit and loss events) by hold period for Australian dwellings. The highest gains from resale were across properties held for more than 30 years, with a median result of $747,850, noting that this result was lower than the median result for this hold period in the previous quarter (which was a median gain of $800,575 in the three months to June)

Aside from this, the highest median gain came from properties held between 24 and 26 years, at $620,000. This places the initial purchase dates between 1996 and 1998, which coincided with a notable downswing in housing values off the back of rate hikes.

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



HOLD PERIODS

Of the capital cities and rest of state regions, the lowest median hold period for profit-making sales was across regional Tasmanian houses, at 7.2 years. This suggests an initial purchase date in late 2014. Between September 2016 and September 2022, regional Tasmanian dwelling values have increased 92.4% in value. The median profit from house resales in regional Tasmania was $250,000.

Conversely, the highest median hold period for properties still making a nominal loss were across regional QLD units. The median hold period for loss making unit sales was 13 years, with the median nominal decline sitting at $45,000.

The previous report noted that a rise was likely in median hold periods of resales across Australia through this quarter. Higher hold periods historically have coincided with periods of dwelling market value falls, because more recent buyers could be incentivised to hold off selling. Meanwhile, those who have held a property for a longer period of time are more likely to achieve a gain from resale. 2023 may pose more challenge to homeowners who want to hold off selling, because of a rapid uplift in interest rates. Home loan serviceability may deteriorate among some recent buyers who purchased when prices were elevated late last year, and mortgage rates were relatively low. However, it is unlikely the volume will be material enough to actually weigh down typical hold periods through the downswing.

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

REGION	PAIN		GAIN	
	Houses	Units	Houses	Units
Sydney	5.2	5.8	10.9	9.4
Regional NSW	5.9	9.7	8.8	7.5
Melbourne	3.0	7.4	10.4	8.8
Regional Vic	2.5	0.0	8.2	8.5
Brisbane	5.5	8.3	9.0	8.2
Regional Qld	12.0	13.0	9.0	7.8
Adelaide	4.3	7.9	9.5	8.5
Regional SA	12.8	0.0	10.5	11.2
Perth	8.4	9.1	10.1	10.1
Regional WA	12.9	11.7	9.7	8.6
Hobart	0.0	0.0	7.4	7.9
Regional Tas	4.1	0.0	7.2	8.4
Darwin	8.8	9.9	10.6	11.8
Regional NT	9.2	0.0	10.4	7.5
Australian Capital Territory	6.8	5.5	10.2	8.7
National	9.6	7.8	9.6	8.7
Cap city	8.0	7.4	10.0	8.9
Regional	11.5	12.2	9.0	8.0

Resource-Based Markets

Through the September quarter of 2022, some the biggest falls in the rate of loss-making sales were seen across resource-based housing markets. Despite this, the rate of loss-making sales in some resource-based markets remained elevated.

Overall, resource-based markets saw 22.2% of resales make a nominal loss in the September quarter. This was down from 22.5% in the three months to June, and has gradually trended down from a 46.0% rate of loss-making sales in December 2018. Though resource-based markets have shown broad improvement in profitability, it is worth noting the rate of loss-making sales has shifted slightly higher from a recent low of 21.9% in the three months to May.

Across the mining regions, loss-making sales in the September quarter had a median hold period of 12.6 years. This puts the median initial purchase date at late 2009 to early 2010, following a resource boom in 2008. Australia's resources boom in 2008 stemmed from rapid growth in the Chinese economy, and was one of the factors that helped Australia avoid recession amid the Global Financial Crisis. It also led to substantial increases in property value across regional Queensland and Western Australian dwellings. In November 2022, Regional West Australian dwelling values were still -15.5% below the record high, which was in January 2008. The median loss on resales across the combined mining areas was $35,000 in the September quarter.

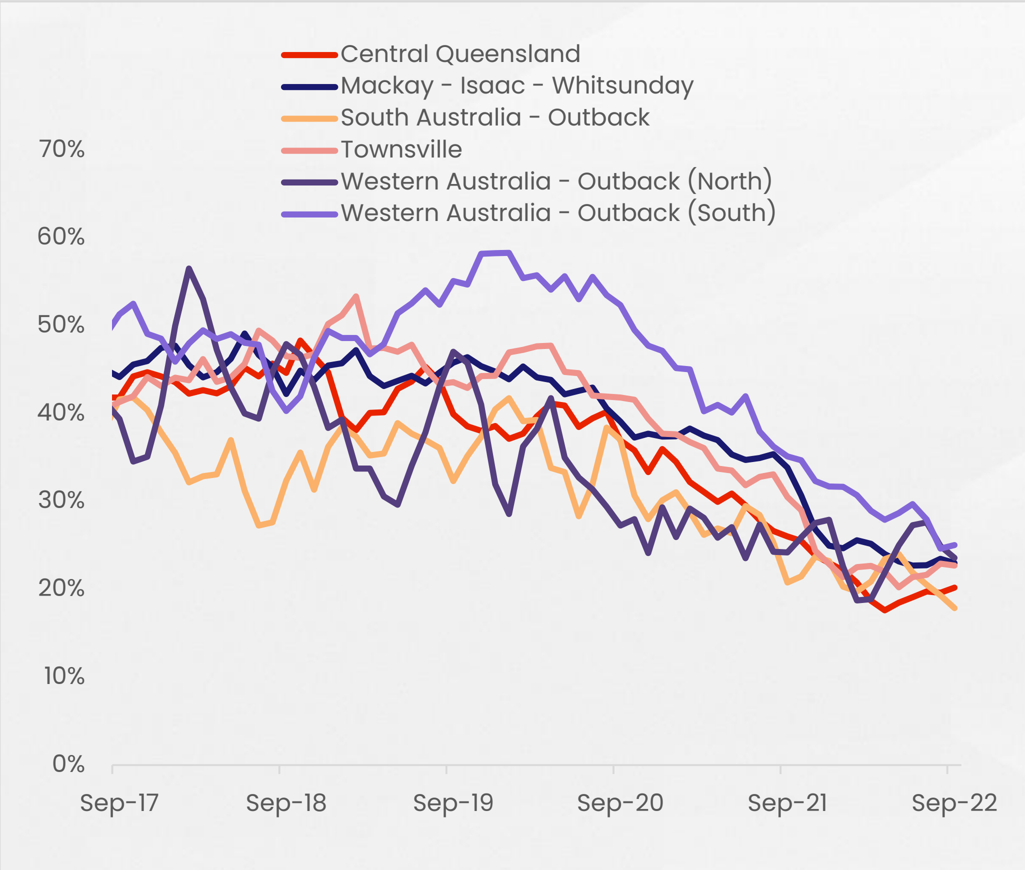
RESOURCE-BASED MARKETS

Despite a long drag on profitability in Australia's resource-based markets, there has recently been substantial shrinking in the rate of loss-making sales. In the space of a year, the rate of loss-making sales in the Mackay – Isaac – Whitsunday region fell from 33.8% in the September quarter of 2021, to 23.0% in the September quarter of 2022. Of the SA4 regional markets analysed in Australia, this was the 4th largest year-on-year decline in the rate of loss-making sales.

Over the quarter, mining markets of Australia saw some mixed results. The portion of loss-making sales continued to decline across the South Australia – Outback, and Western Australia Outback regions. However, Queensland resources markets saw an increase in the rate of loss-making sales in the past three months.

Overall, it is expected 2023 will see a slight reversal in the strong capital gains made in mining markets over the past few years. In the year to November 2022, the six SA4 resource markets analysed had seen an average increase in value of 5.6%. However, in the past three months the average change in value was -0.3%, suggesting rate rises are starting to chip away at capital growth performance. This is likely to see some elevation in the rate of loss-making sales in the coming months.

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



Sea Change and Tree Change Destinations

CoreLogic analysed resales in nine major coastal regions and nine non-coastal dwelling markets at the SA4 level. These markets are considered 'tree change' or 'sea change' regions, for their high levels of amenity and coastal or hinterland locations. These locations are popular with buyers seeking a change in lifestyle, such as retirees.

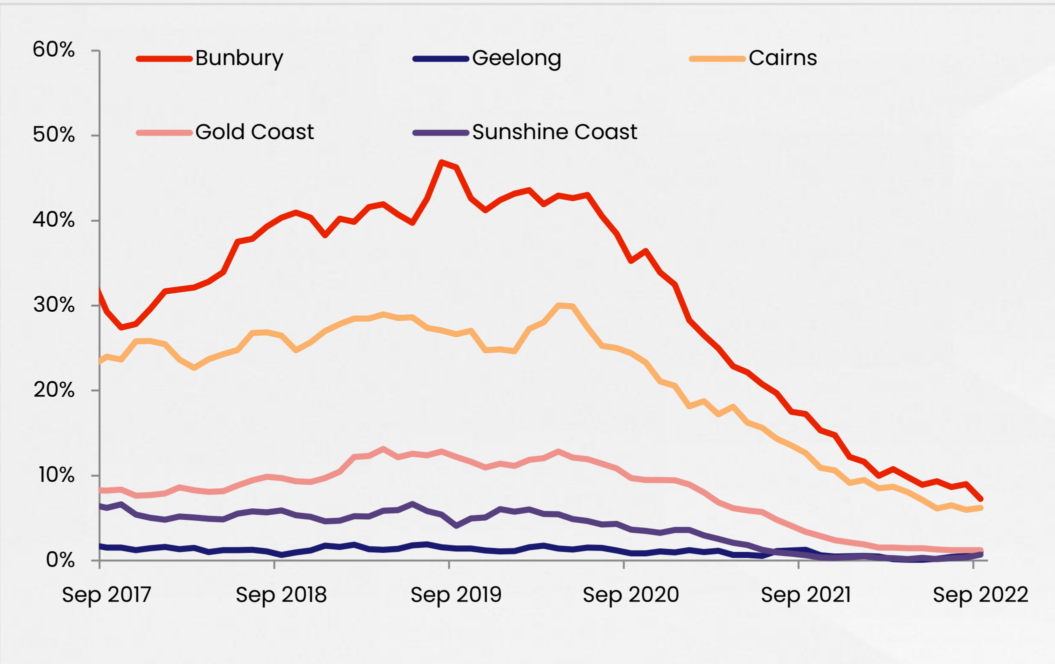
Through COVID-19, these some of these areas saw substantial increase in value, for reasons beyond record-low interest rate settings. Strict social distancing across cities created a 'push' from metropolitan markets to regions, and stemmed the flow of people in regions moving to capital cities. The normalisation of remote work also created a greater 'pull' factor for lifestyle markets, as well as the relative affordability of regional centres compared with major capital cities.

However, as push and pull factors shift coming out of COVID-19 related lockdown periods, and interest rates continue to lift, some of the tree change and sea change markets measured by CoreLogic have seen a particularly sharp decline in value, reflecting more volatility than what has traditionally been observed in these markets.

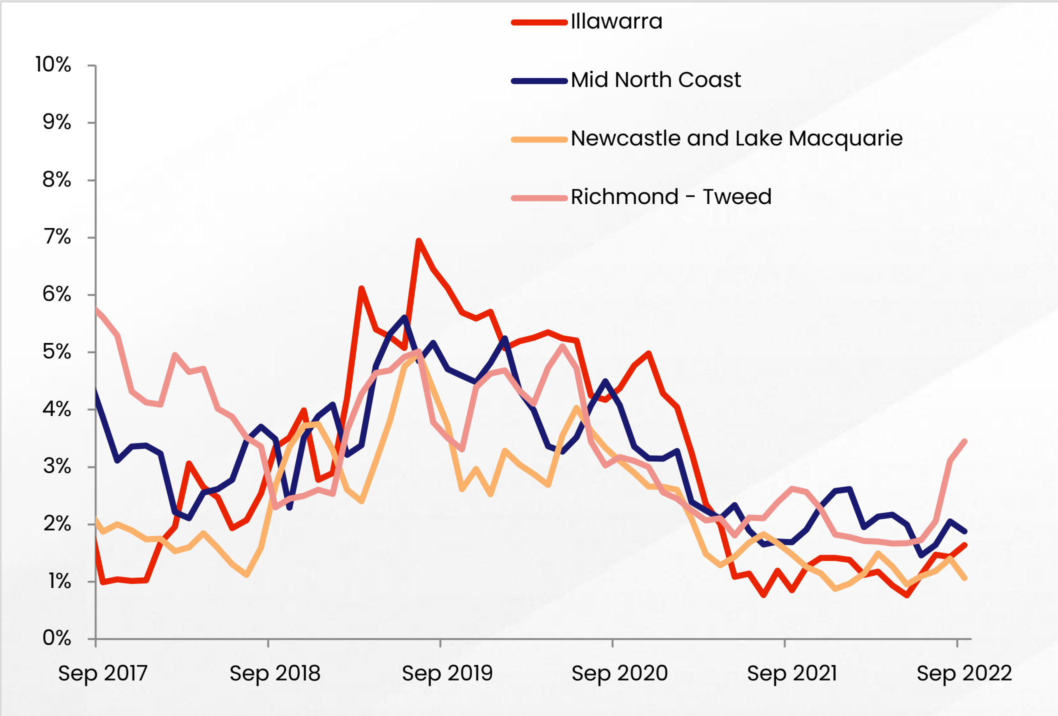
A notable example is the Richmond Tweed area of Regional NSW. Values in Richmond Tweed have fallen -16.9% from a peak in April 2022 through to the end of November. This is sharper than the decline across Sydney home values of -11.4%, and may have been compounded by flooding across northern NSW. On average, the peak to trough decline across sea change and tree change markets measured was -6.0% (from the recent respective dwelling market peaks to the end of November). This is slightly larger than the overall peak-to-trough decline for regional Australian dwelling markets so far, which was -5.7% at the end of November.

While some regions have seen relatively steep declines in value over recent months, many of the regional lifestyle markets still retain a high level of value relative to the past few years. Using the example of Richmond Tweed, values remain 24.3% higher than what they were at the onset of COVID-19 in March 2020. The Gold Coast is another striking example of dwelling value growth, where values remain 41.9% above March 2020 levels, despite a recent peak-to-trough decline of -7.4%.

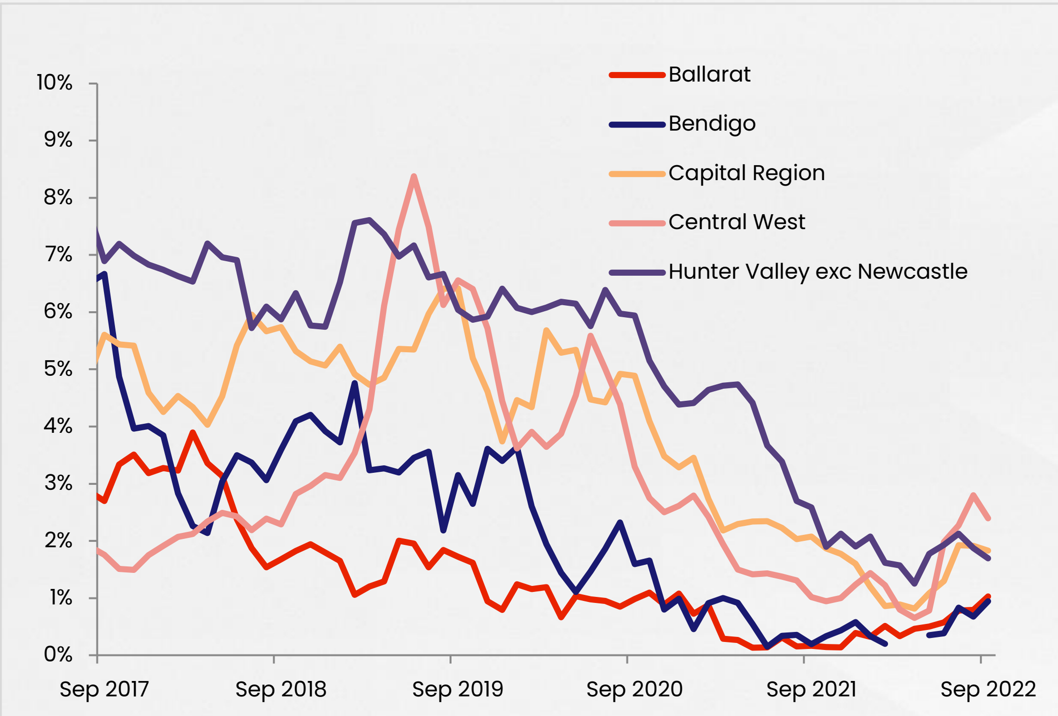
Rate of loss-making sales, select SA4 markets - rolling quarter



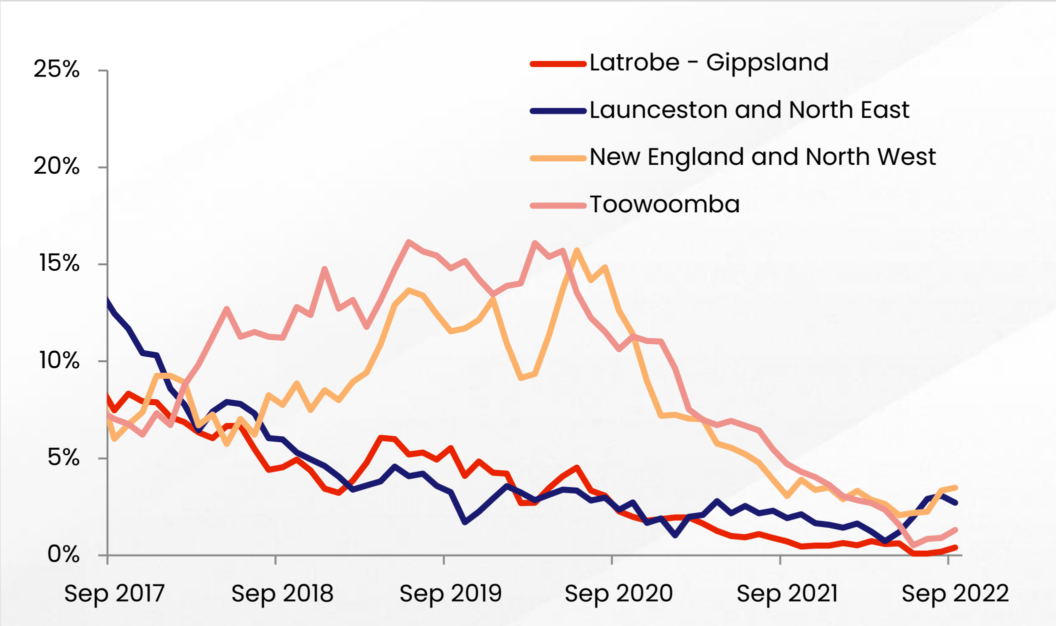
Rate of loss-making sales, select SA4 markets - rolling quarter



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



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



Loss making sales remain low

Value falls have not yet translated to a material increase in the rate of loss-making sales in all regional markets of Australia. Across the combined 'sea change' markets, the portion of resales that made a nominal loss in the September quarter was 2.4%. This is well below the national figure of 6.7%, and is up only slightly from a recent low of 2.2% in the June quarter. The average median loss on resales across the combined sea change markets was $47,306.

While the overall incidence of loss-making sales remains low in lifestyle markets of regional Australia, there has been some deterioration in profit-making sales as profitability moves past recent highs. The rate of loss-making sales shifted higher across 7 of the 9 regional coastal dwelling markets measured, led by an increase of 170 basis points in loss-making sales across Richmond Tweed. Bunbury saw a notable drop in the rate of loss-making sales, by 210 basis points in the quarter. However, Bunbury still had the highest rate of loss-making sales across sea change markets, at 7.3%.

Every tree change market saw an increase in loss-making sales through the quarter, with the exception of the Hunter Valley. The highest incidence of profit-making sales across the tree change markets was in the Latrobe – Gippsland region, though the rate of loss-making sales had shifted from 0.1% in the June quarter to 0.4% in the September quarter.

In the coming months, profitability across the lifestyle markets of Australia is expected to continue shifting lower from record highs. However, the increase in loss-making sales is likely to be more concentrated among recent sellers, as overall home values remain high relative to where they were at the onset of the pandemic. Those who owned in the regions pre-pandemic are still likely to enjoy high nominal gains from resale.

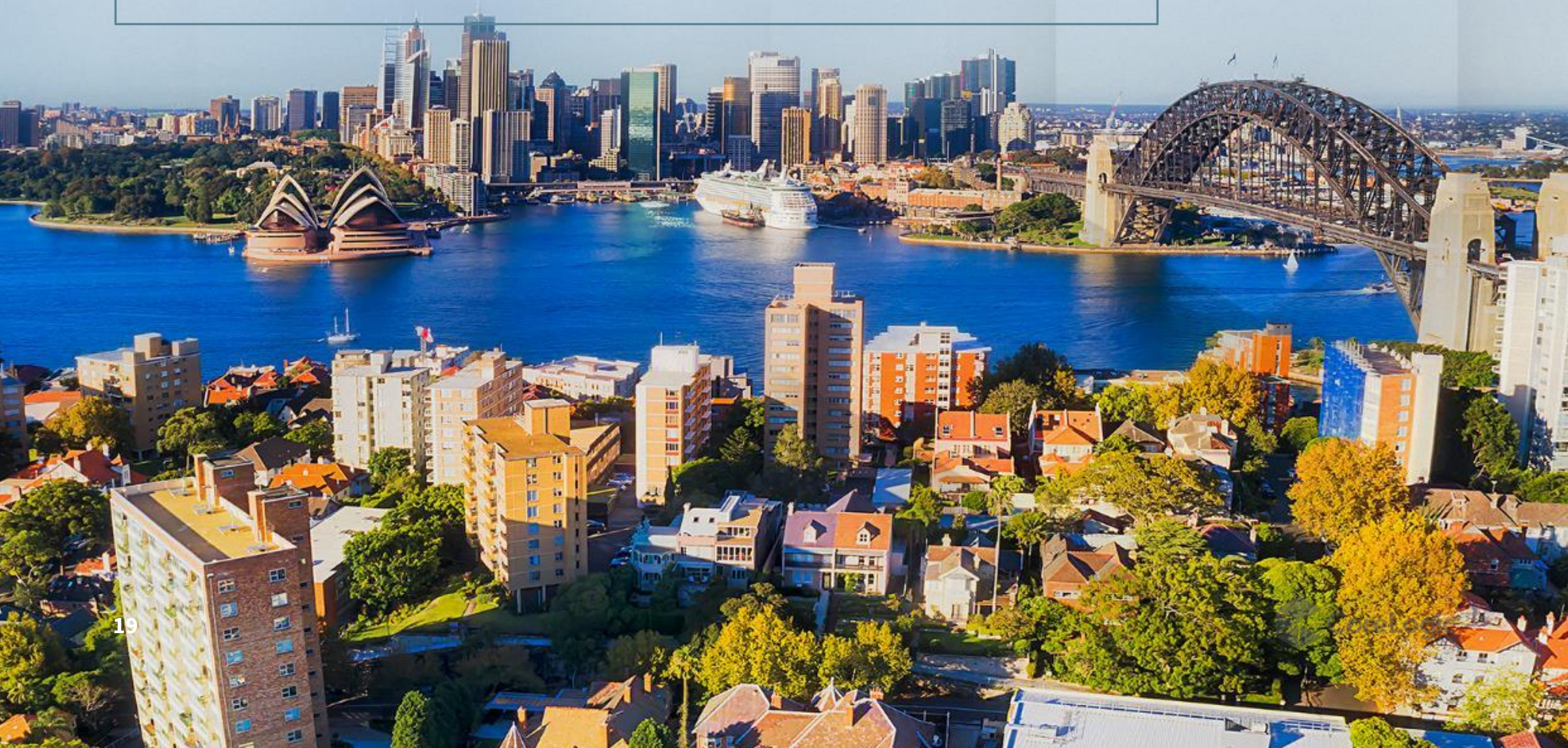
Sydney

In the three months to September, 92.2% of dwellings made a nominal gain from resale across Sydney. This was down from 93.6% in the previous quarter, and is the lowest portion of profit-making sales since the September quarter of 2019, when 91.6% of resales made a nominal gain. The September quarter of 2019 followed a trough in the Sydney housing market, where values declined -14.9% between July 2017 and May 2019.

The current period reflects a similar decline in profitability off the back of a sharp fall in home values, where Sydney dwelling values declined -9.0% between a peak in January and September. The volume of Sydney loss-making sales in the September quarter of 2022 was estimated to be around 1,000 sales, which is lower than the estimate for the September quarter of 2019. However, there may be a rise in the volume of loss-making sales through the December quarter, and into 2023, as continued increases in interest rates affect serviceability.

The highest volume of loss-making sales across Sydney was in the council regions of Parramatta, Sydney and Canterbury-Bankstown. Of the loss-making sales in Sydney, the median loss was recorded at $47,000, and 58.3% were investor sales. The quarterly uptick in loss-making sales was the second highest of the capital cities, behind Darwin. The portion of loss-making sales across Sydney rose 147 basis points to 7.8%.

Portion of profit-making sales, rolling quarter



PAIN AND GAIN - SYDNEY

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, SEP-22 QTR				GROSS PROFIT-MAKING SALES, SEP-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)	6.2%	5.2	-$ 31,300	-$2,746,200	93.8%	9.1	$ 395,000	$392,501,764
Blue Mountains (C)	0.7%			-$284,000	99.3%	12.5	$ 513,430	$143,356,047
Botany Bay (C)	18.5%	5.8	-$ 60,000	-$2,101,160	81.5%	9.4	$ 270,000	$44,558,351
Burwood (A)	15.2%	5.7	-$ 57,500	-$987,592	84.8%	10.8	$ 300,000	$34,290,500
Camden (A)	1.9%			-$831,500	98.1%	7.5	$ 438,775	$124,928,587
Campbelltown (C) (NSW)	2.9%	4.9	-$ 57,500	-$1,146,500	97.1%	9.0	$ 322,000	$168,752,606
Canada Bay (A)	5.9%	5.3	-$ 53,500	-$971,500	94.1%	9.9	$ 319,400	$78,782,637
Canterbury-Bankstown (A)	11.2%	6.1	-$ 41,000	-$5,115,888	88.8%	11.1	$ 350,000	$333,247,987
Central Coast (C) (NSW)	2.4%	4.1	-$ 100,000	-$2,669,084	97.6%	9.3	$ 439,000	$524,300,179
Cumberland (A)	11.8%	5.5	-$ 40,000	-$3,070,593	88.2%	10.4	$ 265,000	$179,083,253
Fairfield (C)	4.2%	5.0	-$ 48,000	-$897,500	95.8%	13.4	$ 500,000	$164,439,134
Georges River (A)	9.6%	5.7	-$ 39,000	-$1,764,690	90.4%	12.2	$ 368,000	$138,688,685
Hawkesbury (C)	1.1%			-$277,458	98.9%	9.1	$ 465,000	$90,095,607
Hornsby (A)	9.9%	5.3	-$ 33,000	-$1,502,050	90.1%	10.2	$ 500,000	$193,733,950
Hunters Hill (A)	16.7%			-$104,000	83.3%	5.9	$ 270,500	$4,167,900
Inner West (A)	6.7%	6.1	-$ 51,000	-$2,025,200	93.3%	10.1	$ 379,000	$225,348,627
Ku-ring-gai (A)	7.9%	4.0	-$ 52,000	-$595,000	92.1%	9.1	$ 365,000	$85,350,305
Lane Cove (A)	14.6%	6.0	-$ 57,000	-$846,000	85.4%	9.9	$ 286,250	$30,098,947
Liverpool (C)	11.0%	5.7	-$ 30,000	-$2,659,588	89.0%	9.9	$ 320,000	$195,302,045
Mosman (A)	5.9%			-$57,000	94.1%	10.4	$ 440,000	$16,884,500
North Sydney (A)	3.0%			-$363,000	97.0%	11.7	$ 426,775	$118,960,608
Northern Beaches (A)	2.6%	5.9	-$ 84,000	-$1,100,000	97.4%	9.1	$ 512,500	$293,374,251
Parramatta (C)	20.0%	6.8	-$ 49,360	-$9,855,418	80.0%	9.7	$ 225,000	$244,546,193
Penrith (C)	3.5%	6.6	-$ 20,000	-$925,234	96.5%	10.2	$ 388,500	$271,517,788
Randwick (C)	6.2%	5.2	-$ 40,000	-$725,915	93.8%	11.9	$ 462,750	$122,645,488
Rockdale (C)	7.7%	5.4	-$ 50,000	-$1,591,133	92.3%	10.8	$ 267,500	$112,967,571
Ryde (C)	19.8%	5.9	-$ 56,250	-$3,933,250	80.2%	9.2	$ 228,000	$91,988,311
Strathfield (A)	22.4%	6.5	-$ 72,250	-$1,789,000	77.6%	10.4	$ 218,250	$26,173,900
Sutherland Shire (A)	2.7%	5.7	-$ 40,000	-$1,183,500	97.3%	9.9	$ 495,000	$306,814,426
Sydney (C)	12.4%	5.4	-$ 59,000	-$6,486,410	87.6%	10.9	$ 320,000	$286,475,009
The Hills Shire (A)	5.1%	6.9	-$ 30,312	-$825,562	94.9%	9.7	$ 735,000	$256,859,366
Waverley (A)	7.3%			-$715,500	92.7%	10.0	$ 422,500	$61,066,412
Willoughby (C)	3.2%			-$292,000	96.8%	12.8	$ 427,000	$65,602,650
Wollondilly (A)	2.5%			-$160,000	97.5%	7.1	$ 460,000	$63,213,763
Woollahra (A)	2.9%			-$165,000	97.1%	10.8	$ 496,500	$37,960,056

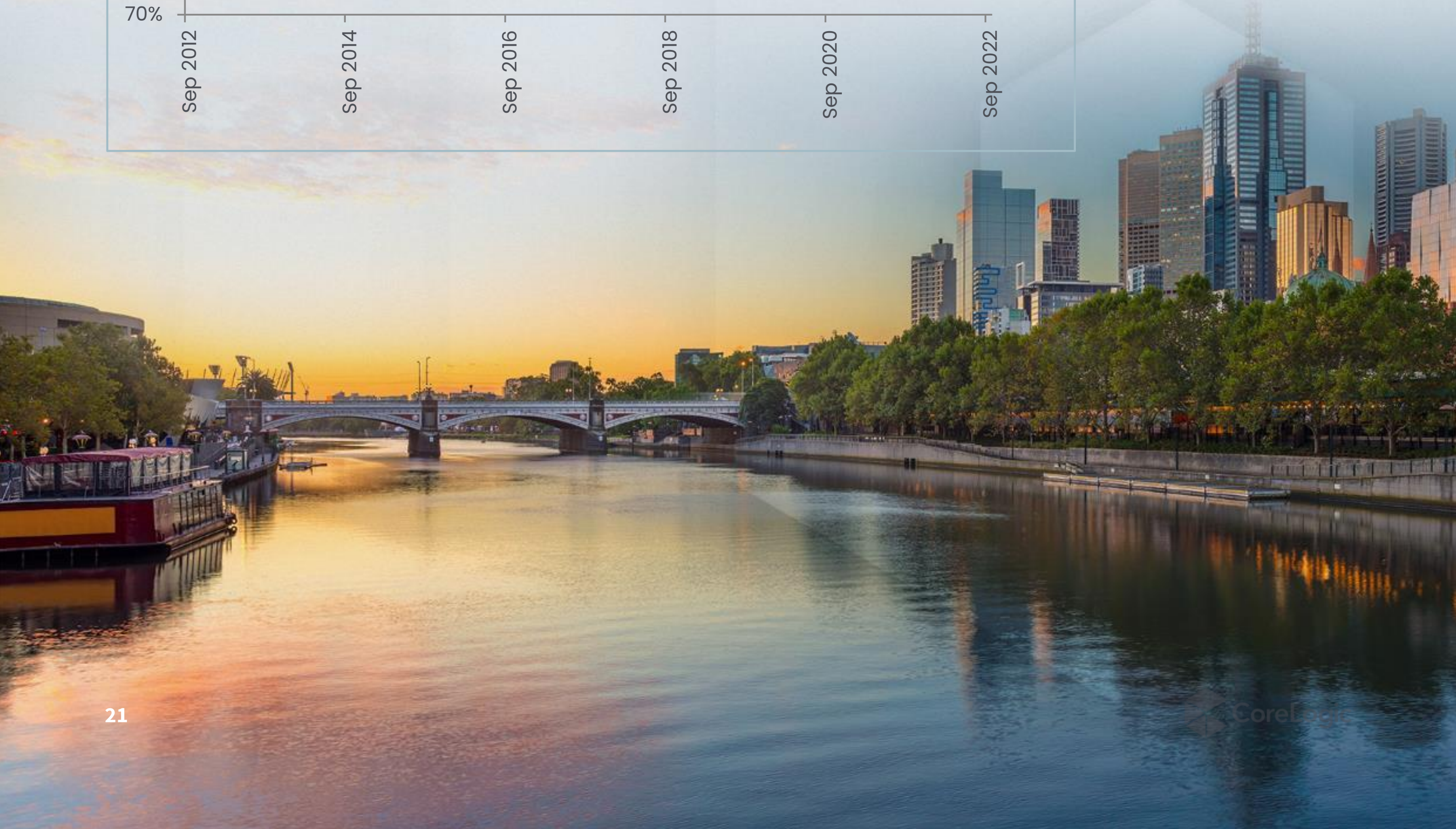
Melbourne

Over the September quarter, the portion of loss-making sales across Melbourne increased around 140 basis points to 6.7% (or a profit-making resale rate of 93.3%). Loss-making sales were largely concentrated in the unit segment, where 15.7% of resales made a nominal loss compared to just 1.1% of house resales. The deterioration in profit-making resales reflects a decline in home values from February, where the CoreLogic home value index for greater Melbourne declined -5.6% between February and the end of September. Since then, Melbourne home values declined a further -1.6% through to the end of November. The median loss of resales in the quarter was $42,500, down from $40,000 in the previous quarter.

Almost all of the loss-making sales across greater Melbourne were unit resales (97.8%), and 78.6% were sold by investors. The highest volume of loss-making sales were in the Melbourne, Stonnington and Port Phillip council regions, which also had the highest proportion of loss-making sales, and the fastest quarterly increase in loss-making sales.

While these figures do show a deterioration of profitability in the Melbourne market, it is also worth noting that the vast majority of resales across Melbourne (93.3%) made a nominal gain, with the median profit from resale at $333,300.

Portion of profit-making sales, rolling quarter



Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, SEP-22 QTR				GROSS PROFIT-MAKING SALES, SEP-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)	2.6%			-$488,000	97.4%	11.2	$ 430,875	$146,354,431
Bayside (C)	8.0%	6.2	-$ 34,500	-$797,500	92.0%	9.8	$ 425,000	$82,533,794
Boroondara (C)	14.7%	8.7	-$ 60,000	-$2,223,234	85.3%	12.5	$ 448,000	$125,419,888
Brimbank (C)	2.5%			-$450,450	97.5%	10.2	$ 300,000	$119,841,412
Cardinia (S)	0.6%			-$43,000	99.4%	7.8	$ 310,500	$115,053,897
Casey (C)	0.3%			-$28,700	99.7%	8.6	$ 353,000	$285,876,459
Darebin (C)	4.9%	6.4	-$ 34,000	-$805,168	95.1%	9.6	$ 335,500	$125,453,299
Frankston (C)	1.2%			-$173,482	98.8%	9.6	$ 326,800	$185,366,026
Glen Eira (C)	9.8%	7.7	-$ 44,000	-$1,825,133	90.2%	11.3	$ 450,000	$163,837,621
Greater Dandenong (C)	2.8%	7.4	-$ 33,750	-$303,001	97.2%	12.0	$ 298,600	$123,639,280
Hobsons Bay (C)	4.1%			-$402,000	95.9%	10.9	$ 335,000	$90,750,036
Hume (C)	1.8%			-$263,000	98.2%	8.3	$ 255,000	$139,917,454
Kingston (C) (Vic.)	5.0%	4.8	-$ 29,250	-$1,169,580	95.0%	9.1	$ 376,750	$208,045,178
Knox (C)	1.4%			-$281,801	98.6%	11.6	$ 419,250	$195,425,273
Macedon Ranges (S)	2.2%			-$270,000	97.8%	7.6	$ 455,000	$46,867,130
Manningham (C)	10.1%	6.7	-$ 41,500	-$1,144,900	89.9%	10.9	$ 586,500	$157,003,664
Maribyrnong (C)	10.6%	5.5	-$ 27,500	-$1,085,632	89.4%	9.3	$ 287,500	$77,402,958
Maroondah (C)	2.5%			-$419,300	97.5%	10.9	$ 349,000	$149,080,323
Melbourne (C)	39.0%	8.3	-$ 55,000	-$11,887,643	61.0%	13.2	$ 155,000	$76,965,726
Melton (C)	1.3%			-$160,000	98.7%	6.6	$ 225,000	$102,427,035
Monash (C)	6.0%	6.7	-$ 35,000	-$1,295,857	94.0%	11.6	$ 459,000	$238,867,399
Moonee Valley (C)	12.7%	7.6	-$ 59,000	-$2,660,345	87.3%	10.4	$ 350,000	$116,038,621
Moorabool (S)	1.3%			-$7,001	98.8%	8.8	$ 310,000	$27,474,836
Moreland (C)	10.3%	6.4	-$ 29,000	-$2,044,786	89.7%	10.0	$ 276,000	$175,172,616
Mornington Peninsula (S)	0.7%			-$286,000	99.3%	10.8	$ 540,000	$333,912,935
Nillumbik (S)					100.0%	11.2	$ 529,000	$84,264,848
Port Phillip (C)	19.3%	7.1	-$ 35,000	-$4,151,816	80.7%	11.2	$ 162,000	$109,247,465
Stonnington (C)	27.8%	8.1	-$ 62,500	-$5,981,702	72.2%	12.7	$ 287,750	$105,777,783
Whitehorse (C)	8.5%	5.3	-$ 40,000	-$1,703,200	91.5%	12.6	$ 489,000	$222,800,582
Whittlesea (C)	1.1%			-$240,333	98.9%	8.8	$ 287,250	$147,444,317
Wyndham (C)	1.1%			-$272,800	98.9%	7.2	$ 243,250	$178,460,728
Yarra (C)	12.9%	8.1	-$ 54,000	-$2,667,651	87.1%	11.9	$ 350,000	$120,581,437
Yarra Ranges (S)	0.2%			-$159,500	99.8%	9.6	$ 401,250	$183,936,457

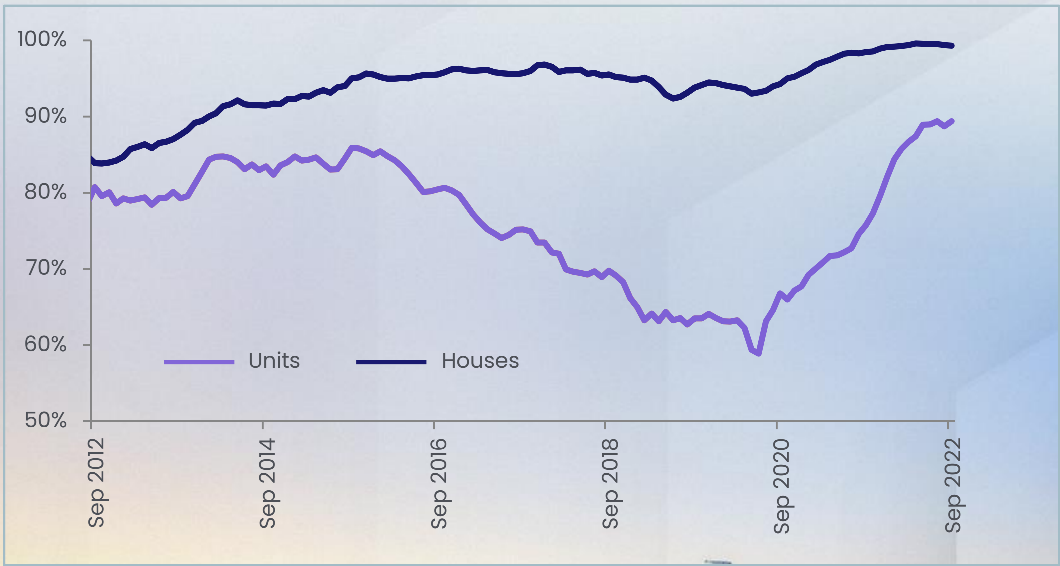
Brisbane

Compared with Sydney and Melbourne, profitability across the Brisbane housing market remained resilient through the September quarter. The Brisbane housing market saw 95.6% of resales make a nominal gain in the quarter, unchanged from the three months to June. Brisbane houses had the highest incidence of profit across the capital city house markets, at 99.3% (though this was down from a recent high of 99.6% in the three months to April). Units continued to have a relatively low rate of gain from resale compared with the house market at 89.4%, however this was up from 88.9% in the previous quarter.

Of the loss-making sales across Brisbane in the September quarter, the median loss was $33,250. 57.4% of loss-making sales were investor-owned properties, and the vast majority of loss-making sales (93.5%) were units.

The rate of profitability in the Brisbane market is likely to ease through the December quarter, and into 2023. This is because the housing market has seen a delayed downswing, with values finding a peak in the June quarter. Home values declined a sharp -4.3% between the June and September quarter, and fell a further -3.9% between September and the end of November. This takes the peak-to-trough decline in Brisbane home values to -8.1% as of November, which is actually a sharper decline than what has so far been observed across the Melbourne market. Unlike Sydney and Melbourne however, values across the Brisbane market are still very high relative to the beginning of 2020, before interest rates hit record lows. As of November 2022, Brisbane dwelling values remained 30.4% higher than where they were at the onset of COVID-19 in March 2020. This means that only very recent buyers may incur a loss from re-sale, and only if they are prompted to sell amid a higher rate environment in the coming months.

Portion of profit-making sales, rolling quarter



Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, SEP-22 QTR				GROSS PROFIT-MAKING SALES, SEP-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)	6.8%	8.0	-$ 36,500	-$15,425,990	93.2%	9.2	$ 270,000	$1,641,031,974
Ipswich (C)	1.5%	11.9	-$ 34,000	-$669,828	98.5%	7.8	$ 200,000	$210,567,074
Lockyer Valley (R)	2.1%			-$166,500	97.9%	8.0	$ 177,000	$30,846,325
Logan (C)	2.5%	9.2	-$ 11,000	-$956,147	97.5%	9.1	$ 230,500	$372,907,749
Moreton Bay (R)	2.2%	10.9	-$ 21,500	-$1,051,346	97.8%	7.4	$ 254,050	$477,885,999
Redland (C)	1.0%			-$416,000	99.0%	7.7	$ 313,000	$218,083,950
Scenic Rim (R)	0.7%			-$46,000	99.3%	8.1	$ 315,000	$54,658,326
Somerset (R)					100.0%	8.7	$ 212,500	$30,210,180

Adelaide

In the September quarter, Adelaide was one of three capital cities to see an increase in the portion of profit-making sales, alongside Perth and Hobart. The incidence of resales making a nominal gain ticked 33 basis points higher in the quarter, to 98.2%. This was the third-highest rate of profit-making sales behind Hobart (98.9%) and the ACT (98.3%). As relatively steep price falls continue across the ACT and Hobart, it is possible that the portion of profit-making sales across Adelaide could overtake these cities in the coming quarters.

The lift in profitability was concentrated in the unit segment, where the portion of profit-making sales across the city lifted to 95.6%, up from 93.7% in the previous quarter. Across the house segment, profitability declined by about 20 basis points to 99.2%. Of the loss-making sales across Adelaide, the city saw the lowest median loss from resale, at $32,000. Median gains from resale across Adelaide were $245,000, up from $235,000 in the previous quarter.

The Adelaide dwelling market has been highly resilient in value relative to sharp increases in the cash rate. From a recent peak in July, home values have fallen just -0.9% through to the end of November. This housing market is expected to see some decline in home value as long as interest rates continue to rise. However, the decline may be much milder than what is being observed across the eastern states. This also puts home sellers in a strong equity position, with profitability in the Adelaide market expected to remain high in the coming months relative to other part of the country.

Portion of profit-making sales, rolling quarter

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, SEP-22 QTR				GROSS PROFIT-MAKING SALES, SEP-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)	19.0%	7.2	-$ 30,750	-$1,152,750	81.0%	7.8	$ 102,000	$26,822,863
Adelaide Hills (DC)	3.1%			-$158,000	96.9%	9.4	$ 450,500	$46,390,558
Burnside (C)					100.0%	9.1	$ 400,500	$62,612,949
Campbelltown (C) (SA)	2.2%			-$119,000	97.8%	9.5	$ 296,350	$47,697,771
Charles Sturt (C)	2.2%			-$246,000	97.8%	8.7	$ 240,000	$107,385,200
Gawler (T)	0.9%			-$25,000	99.1%	8.7	$ 142,500	$21,066,100
Holdfast Bay (C)	0.6%			-$50,000	99.4%	10.4	$ 260,000	$59,074,744
Mallala (DC)					100.0%	11.5	$ 256,500	$4,804,500
Marion (C)					100.0%	8.8	$ 253,250	$92,271,487
Mitcham (C)					100.0%	10.9	$ 390,000	$75,760,437
Mount Barker (DC)	0.8%			-$210,000	99.2%	7.3	$ 229,500	$35,738,612
Norwood Payneham St Peters (C)	0.8%			-$106,000	99.2%	8.7	$ 270,000	$49,246,902
Onkaparinga (C)	0.6%			-$295,500	99.4%	9.6	$ 260,000	$178,138,574
Playford (C)	0.5%			-$194,950	99.5%	8.9	$ 165,000	$71,610,022
Port Adelaide Enfield (C)	2.0%			-$619,425	98.0%	9.6	$ 270,000	$120,572,567
Prospect (C)	1.3%			-$5,000	98.7%	8.0	$ 251,000	$30,325,575
Salisbury (C)	0.6%			-$28,000	99.4%	9.9	$ 216,500	$113,977,106
Tea Tree Gully (C)	1.0%			-$344,000	99.0%	10.1	$ 271,500	$86,137,924
Unley (C)	0.8%			-$10,000	99.2%	9.6	$ 422,500	$58,979,748
Walkerville (M)	10.3%			-$196,000	89.7%	7.5	$ 224,250	$8,600,650
West Torrens (C)	1.1%			-$230,334	98.9%	8.7	$ 240,300	$52,606,253

Perth

Through the September quarter, 86.1% of home sales made a nominal gain across Perth. While the rate of profit-making sales across Perth was low relative to other capital cities, Perth had the highest increase in the rate of profitability through the quarter, rising 84 basis points on the three months to June. Perth was also one of only three capital cities where profitability continued to increase through the quarter, as rising interest rates affected home values in other parts of the country, particularly in the eastern states. This likely reflects the relative resilience in home values in the September quarter, where home values declined just -0.4% since June. Home values continued to see only mild declines through the rest of 2022, falling -0.7% between a peak in July and the end of November.

Perth saw the second-highest discrepancy in profitability between house and unit resales of the capital cities, behind Darwin. 92.5% of house resales made a nominal gain, compared with just 65.9% of unit resales. However, unit resales saw a sharp increase in the rate of profitability in the quarter, rising 130 basis points.

Portion of profit-making sales, rolling quarter

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, SEP-22 QTR				GROSS PROFIT-MAKING SALES, SEP-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)	18.0%	9.1	-$ 21,000	-$2,932,508	82.0%	9.1	$ 90,000	$37,185,872
Bassendean (T)	8.9%			-$188,500	91.1%	10.6	$ 115,000	$8,017,620
Bayswater (C)	17.5%	9.1	-$ 39,500	-$2,482,681	82.5%	11.1	$ 111,750	$44,221,197
Belmont (C)	29.5%	8.6	-$ 42,750	-$3,278,643	70.5%	10.6	$ 80,000	$21,938,508
Cambridge (T)	23.4%	8.2	-$ 30,500	-$600,000	76.6%	10.8	$ 298,000	$17,744,672
Canning (C)	12.6%	8.8	-$ 37,000	-$1,539,534	87.4%	15.0	$ 216,000	$75,585,911
Claremont (T)	9.1%			-$80,000	90.9%	11.3	$ 225,750	$9,484,500
Cockburn (C)	13.7%	8.2	-$ 34,000	-$2,943,650	86.3%	8.7	$ 120,000	$68,834,982
Cottesloe (T)	8.3%			-$25,006	91.7%	0.2	$ 1	$6,066,512
East Fremantle (T)	8.3%			-$191,000	91.7%	7.1	$ 200,000	$11,438,500
Fremantle (C)	10.3%	8.8	-$ 37,500	-$501,500	89.7%	7.6	$ 182,000	$30,191,450
Gosnells (C)	13.1%	8.6	-$ 35,000	-$2,370,650	86.9%	10.2	$ 99,000	$58,170,549
Joondalup (C)	6.6%	9.3	-$ 50,000	-$1,988,793	93.4%	11.9	$ 237,000	$166,826,926
Kalamunda (S)	3.9%			-$118,719	96.1%	11.4	$ 150,000	$48,904,500
Kwinana (C)	15.3%	8.7	-$ 28,000	-$1,309,004	84.7%	9.5	$ 71,000	$20,063,864
Mandurah (C)	8.3%	14.0	-$ 35,000	-$2,721,780	91.7%	9.5	$ 95,500	$74,516,265
Melville (C)	5.1%	5.9	-$ 45,000	-$1,080,500	94.9%	12.2	$ 255,500	$100,532,319
Mosman Park (T)	11.1%			-$121,000	88.9%	17.2	$ 270,250	$11,042,000
Mundaring (S)	8.3%	7.9	-$ 22,500	-$581,000	91.7%	11.2	$ 187,000	$35,306,451
Murray (S)	10.0%			-$516,000	90.0%	7.4	$ 160,000	$19,081,000
Nedlands (C)	4.9%			-$64,000	95.1%	8.3	$ 465,000	$19,207,500
Peppermint Grove (S)					100.0%			$175,000
Perth (C)	53.4%	10.4	-$ 80,000	-$8,710,150	46.6%	13.1	$ 53,888	$10,594,578
Rockingham (C)	7.9%	8.8	-$ 30,000	-$2,711,448	92.1%	10.0	$ 101,000	$87,238,614
Serpentine-Jarrahdale (S)	2.7%			-$243,000	97.3%	8.0	$ 100,000	$17,077,050
South Perth (C)	19.3%	9.6	-$ 41,500	-$1,702,400	80.7%	13.5	$ 220,000	$41,558,650
Stirling (C)	19.0%	8.7	-$ 30,000	-$7,965,592	81.0%	9.9	$ 106,600	$165,057,646
Subiaco (C)	27.2%	8.8	-$ 45,000	-$1,291,550	72.8%	10.8	$ 207,000	$21,703,093
Swan (C)	13.2%	8.3	-$ 35,025	-$4,002,345	86.8%	10.4	$ 111,000	$74,890,779
Victoria Park (T)	21.3%	9.0	-$ 38,000	-$1,953,000	78.8%	13.4	$ 139,000	$27,208,283
Vincent (C)	30.9%	9.3	-$ 55,000	-$3,226,040	69.1%	10.2	$ 140,000	$35,169,411
Wanneroo (C)	7.2%	8.3	-$ 21,000	-$2,443,229	92.8%	9.3	$ 105,000	$101,482,464

Hobart

Over the three months to September, the rate of loss-making sales across Hobart was 1.1%, the lowest of the capital cities. The rate of loss-making sales in Hobart declined 10 basis points in the quarter, despite coinciding with a -4.5% fall in overall dwelling values through the period.

While Hobart has retained the title of most profitable city in Australia for years, the rate of profit-making sales in Hobart was briefly pipped by the ACT over the three months to July. Through this period 98.81% of resales made a nominal gain in the ACT, compared to 98.77% in Hobart.

Hobart has also seen the rate of loss-making sales trend slightly higher from a recent low of 0.9% in the three months to April. Home values across Hobart continued to trend lower between the end of September and the end of November 2022 (down a further -3.0%). Hobart has also shown softer housing market trends in recent months, with properties taking longer to sell, and total listings volumes trending 27.1% above the previous five-year average through December. It is expected that vendors may need to offer greater price discounts in the year ahead to get properties sold, which could lead to a higher instance of loss-making sales across the city next year.

Portion of profit-making sales, rolling quarter

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, SEP-22 QTR				GROSS PROFIT-MAKING SALES, SEP-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	3.0%			-$134,000	97.0%	5.7	$ 295,000	$9,626,603
Clarence	0.7%			-$42,017	99.3%	7.9	$ 369,000	$60,021,028
Derwent Valley					100.0%	8.4	$ 295,000	$9,967,855
Glenorchy	1.6%			-$321,000	98.4%	8.1	$ 339,250	$41,696,180
Hobart					100.0%	8.3	$ 507,500	$53,674,774
Kingborough	2.0%			-$228,375	98.0%	6.1	$ 340,000	$36,912,327
Sorell	1.9%			-$83,500	98.1%	6.6	$ 335,000	$17,702,575

Darwin

Darwin had the highest incidence of loss-making sales across the capital cities through the September quarter, at 28.8%. This was up from a recent low of 27.0% in the three months to July. The relatively high portion of loss-making sales reflects a boom in 2014 tied to the resources sector. Despite Darwin dwelling values being relatively resilient through recent rate hikes (values continued to rise 0.2% through November 2022), values are still -10.6% lower than a peak in May 2014. Over time, resales from voluntary movements, such as downsizing, will likely see a continued elevation in loss-making sales.

Loss-making sales across Darwin were far more likely through the unit segment in the quarter, where the rate of loss-making unit sales was 48.2%. The rate of loss-making house sales was 16.0%. The rate of loss-making unit sales was high in the quarter, but did decline 6.3 percentage points on the previous quarter.

Portion of profit-making sales, rolling quarter

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, SEP-22 QTR				GROSS PROFIT-MAKING SALES, SEP-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	35.0%	9.5	-$ 65,000	-$8,969,575	65.0%	11.7	$ 120,000	$46,527,057
Litchfield	11.7%			-$578,500	88.3%	10.3	$ 160,000	$13,002,300
Palmerston	22.7%	9.3	-$ 32,500	-$1,859,750	77.3%	10.5	$ 109,500	$26,443,611

ACT

In the September quarter, Canberra had the second-highest rate of profit-making sales, behind Hobart. 98.3% of resales achieved a nominal gain, down slightly from 98.7% of resales in the three months to June.

Resales across the house market were slightly more profitable than units in the September quarter. 98.5% of house resales made a nominal gain, compared to 98.1% of unit resales. The median nominal gain on resales across the ACT was $332,250 through the period.

While the rate of profit-making sales remains high across the ACT, the portion of loss-making sales has lifted from a recent low of 1.2% in the three months to July, to 1.7%. The ACT may see a gradual unwinding in the rate of profit-making sales, as home values fall amid rapid rate rises. Home values declined -4.4% in the September quarter, and fell a further -2.2% through to the end of November. Dwelling values in the ACT remain very high relative to where they were at the onset of the pandemic (up 29.3%), but the recent downswing could increase the likelihood of loss-making sales among more recent buyers if they are prompted to sell.

Portion of profit-making sales, rolling quarter

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, SEP-22 QTR				GROSS PROFIT-MAKING SALES, SEP-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	1.7%	5.7	-$ 74,275	-$2,207,125	98.3%	9.2	$ 332,250	$611,249,287

Disclaimers

In compiling this publication, RP Data Pty Ltd trading as CoreLogic has relied upon information supplied by a number of external sources. CoreLogic does not warrant its accuracy or completeness and to the full extent allowed by law excludes liability in contract, tort or otherwise, for any loss or damage sustained by subscribers, or by any other person or body corporate arising from or in connection with the supply or use of the whole or any part of the information in this publication through any cause whatsoever and limits any liability it may have to the amount paid to CoreLogic for the supply of such information.

Queensland Data

Based on or contains data provided by the State of Queensland (Department of Resources) 2022. In consideration of the State permitting use of this data you acknowledge and agree that the State gives no warranty in relation to the data (including accuracy, reliability, completeness, currency or suitability) and accepts no liability (including without limitation, liability in negligence) for any loss, damage or costs (including consequential damage) relating to any use of the data. Data must not be used for direct marketing or be used in breach of the privacy laws.

South Australian Data

This information is based on data supplied by the South Australian Government and is published by permission. The South Australian Government does not accept any responsibility for the accuracy, completeness or suitability for any purpose of the published information or the underlying data.

New South Wales Data

Contains property sales information provided under licence from the Land and Property Information (“LPI”). CoreLogic is authorised as a Property Sales Information provider by the LPI.

Victorian Data

The State of Victoria owns the copyright in the property sales data and reproduction of that data in any way without the consent of the State of Victoria will constitute a breach of the Copyright Act 1968 (Cth). The State of Victoria does not warrant the accuracy or completeness of the licensed material and any person using or relying upon such information does so on the basis that the State of Victoria accepts no responsibility or liability whatsoever for any errors, faults, defects or omissions in the information supplied.

Western Australian Data

Based on information provided by and with the permission of the Western Australian Land Information Authority (2022) trading as Landgate.

Australian Capital Territory Data

The Territory Data is the property of the Australian Capital Territory. No part of it may in any form or by any means (electronic, mechanical, microcopying, photocopying, recording or otherwise) be reproduced, stored in a retrieval system or transmitted without prior written permission. Enquiries should be directed to: Director, Customer Services ACT Planning and Land Authority GPO Box 1908 Canberra ACT 2601.

Tasmanian Data

This product incorporates data that is copyright owned by the Crown in Right of Tasmania. The data has been used in the product with the permission of the Crown in Right of Tasmania. The Crown in Right of Tasmania and its employees and agents:

a) give no warranty regarding the data's accuracy, completeness, currency or suitability for any particular purpose; and

b) do not accept liability howsoever arising, including but not limited to negligence for any loss resulting from the use of or reliance upon the data.

Base data from the LIST © State of Tasmania
http://www.thelist.tas.gov.au

corelogic.com.au

CoreLogic®