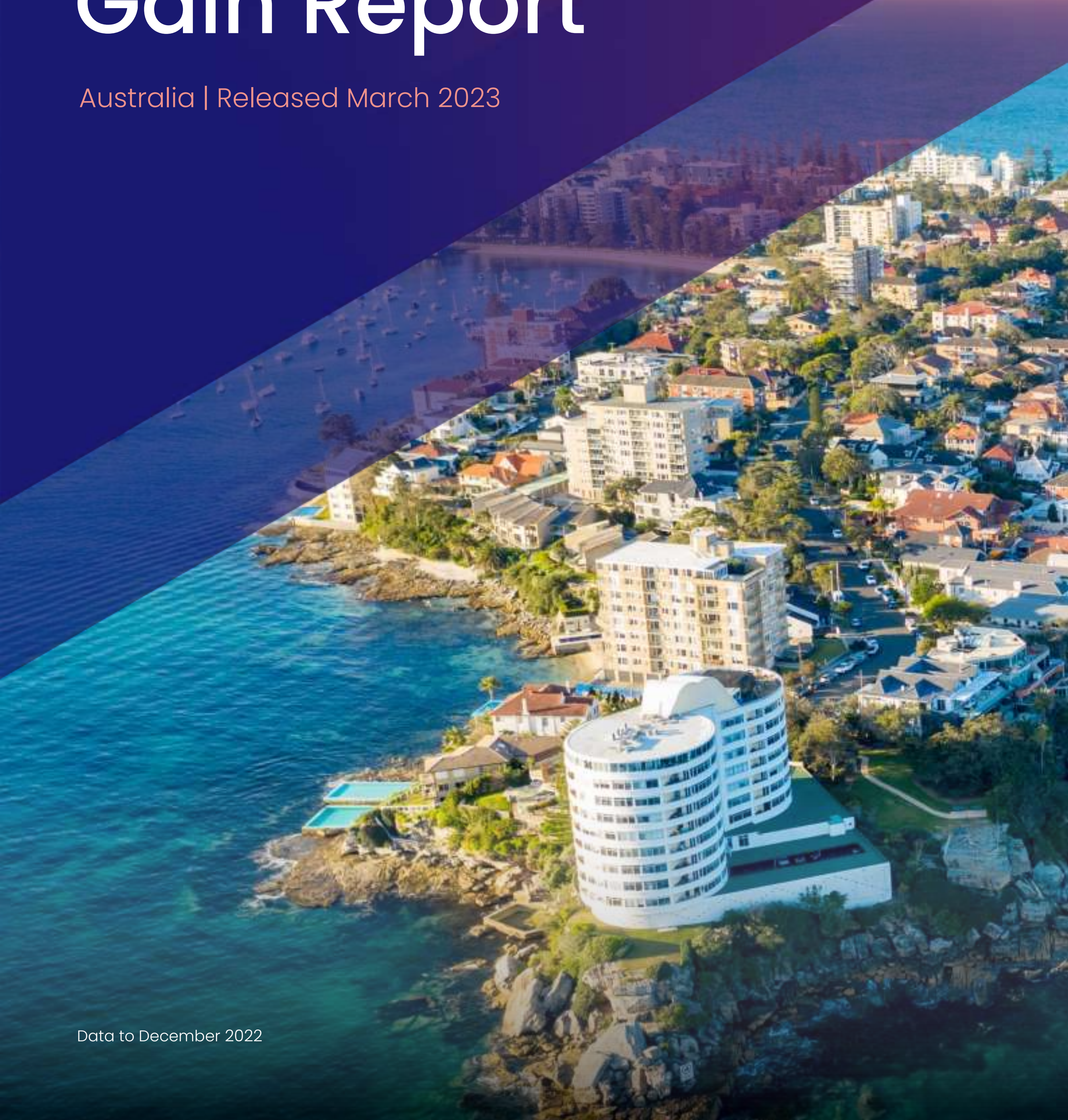
# Pain and Gain Report

Australia | Released March 2023



Data to December 2022

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# Introduction

This report analyses approximately 79,000 resales that took place over the December 2022 quarter to identify trends around profit and loss in Australian real estate. The incidence of profitability in residential real estate deteriorated slightly in the quarter, as the portion of resales that made a nominal loss rose from 6.6% to 6.9%.

The combined value of nominal gains from resale was $25.1 billion in the quarter, down from a revised $27.1 billion in the September quarter (a decline of -7.3%). The combined value of loss-making sales also declined in the quarter, to $241.4 million (down -4.9% on the previous quarter).

The median nominal gain from resale was $256,000 in the December quarter, while the median loss was $40,500. The median hold period across resales was 9.9 years, up notably from 9.2 years in the previous quarter.

The portion of loss-making unit sales nationally increased to 14.0%, up from 12.8% in the previous quarter. The loss-making rate of house sales actually reduced nationally in the quarter, from 3.7% to 3.6%. The December quarter saw reduced profitability *entirely* driven by an increased proportion of loss-making unit sales in capital cities. This resulted in a 10.35 percentage points between the profit-making sales rate on houses and units nationally, one of the highest disparities on record. This may be explained by higher overall capital gains in houses through the cycle-to-date, and units being more commonly traded by investors, who may be more incentivised to sell units at a loss. Sydney and Melbourne accounted for over half of the loss-making unit resales across Australia in the quarter.

Investment resales had a higher incidence of loss-making sales than owner occupied properties. The portion of loss-making investment sales was 11.2%, up from 10.2% in the previous quarter. The loss-making sales rate for owner occupiers was just 3.6%, up 10 basis points from the previous quarter.

With the housing market downturn deepening in the December quarter, the conditions for short-term profitability have shifted notably. The median return from resale on property held for less than two years has reduced to $94,000, compared to a preliminary result of $170,000 in the March quarter of 2022. There was also a higher concentration of loss-making sales among properties held for less than two years in the December quarter (at 7.2%) than what was seen nationally (6.9%).

The likelihood of a loss-making sale continues to vary greatly across different regions of Australia. Broadly, Sydney and Melbourne have seen a more rapid increase in the rate of loss-making sales since national home values peaked in April last year. Adelaide, Brisbane, Canberra and Hobart have also seen an uptick in the rate of loss-making sales, but the increase has been more gradual across these cities, and off a low base. Perth and Darwin have elevated rates of loss-making sales, but these are consistently declining over time.

The rate of profit-making sales, and median gains from resale, have declined nationally as the housing market downturn progressed in the December quarter. However, the rate of loss-making sales through Australia's largest housing value falls on record, remain fairly contained. The rate of loss-making sales in Australian real estate since the onset of the pandemic has averaged 8.6%, which is below the decade average of 9.5%. With a slowdown in the pace of housing value falls in recent months, a corresponding slowdown can be expected in the rate of resales making a nominal loss.

MEDIAN RETURNS

MEDIAN GAIN

**$256,000**

MEDIAN LOSSES

**$40,500**

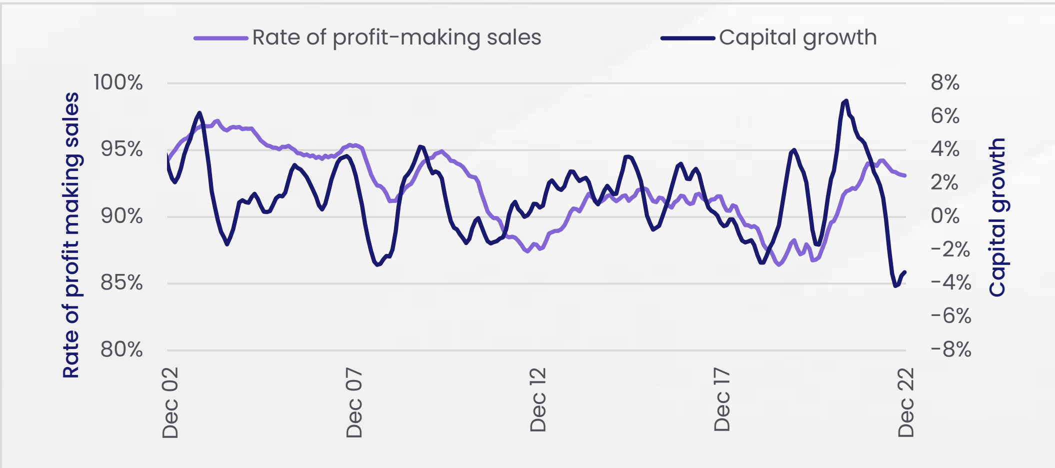
# National Overview

Profitability in the Australian real estate market declined through the final quarter of 2022, amid ongoing home value declines. The portion of loss-making resales rose to 6.9%, up from a revised 6.6% in the September quarter, and a recent low in loss-making sales of 5.8% in the three months to May 2022.

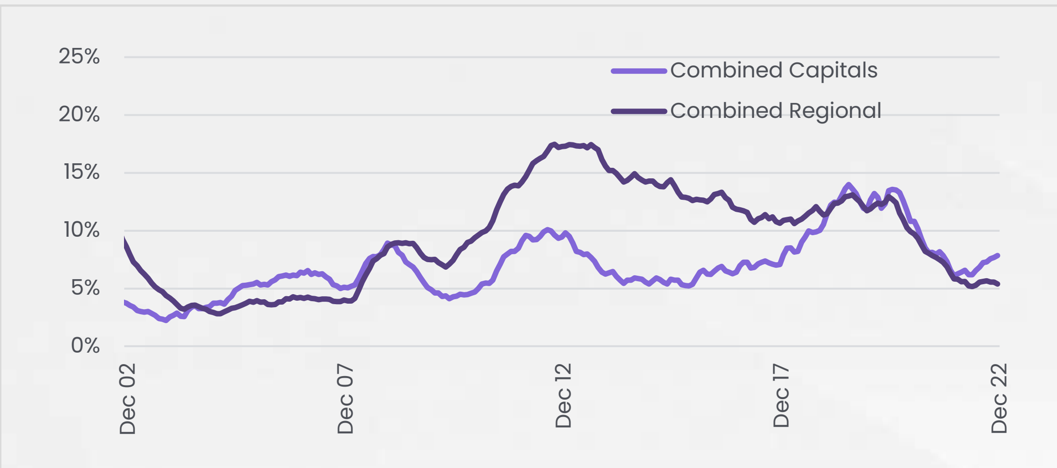
Despite the increase, the portion of loss-making resales in the December quarter remains below the previous decade average of 9.6%. With 93.1% of resales making a nominal gain, the vast majority of Australian home owners that sold a property in the quarter did so with a gross profit.

CoreLogic analysed approximately 79,000 resales in the three months to December. This was 7.3% lower than resales observed in the previous quarter, but loss-making sales did not decline as rapidly (down - 3.8%). The lower volume of resales has coincided with further increases on new home lending rates and lower home values. This indicates both a reduced appetite for property purchases in the period, as well as fewer vendors being willing to sell in a weaker market.

## 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



## NATIONAL OVERVIEW

The combined value of nominal gains from resale over the three months to December was $25.1 billion, down from a revised $27.1 billion in the September quarter (a decline of -7.3%). The combined value of loss-making sales also declined in the quarter, to $241.4 million (down -4.9% on the previous quarter).

The median nominal gain from resale was $256,000 in the December quarter (down from $290,000 in the previous quarter), while the median loss was $40,500 (up slightly from $40,000 in the September quarter).

Loss-making sales remain relatively low, despite a rapid decline in home values. Though the underlying cash rate target increased 300 basis points between April and December 2022, home owners increasingly opted not to sell in the current downswing. Through the month of December 2022, national listing volumes trended 18% lower than the five years prior to the pandemic. This is largely put down to the empowerment of home-owners not to sell as prices are falling, as labour market conditions remained tight, and home loan serviceability remained stable, if not more expensive.

Over time, the strength of home loan serviceability may deteriorate, due to further interest rate rises, higher unemployment and the re-pricing of a larger than normal cohort of fixed-rate loans in 2023 (the Reserve Bank of Australia puts the number at 880,000 this year). This may prompt a marginal increase in the incidence of forced sales in a weak market, whether or not owners can achieve a nominal gain. Hence, the rate of loss-making sales remains a highly scrutinised dataset.

The increase in the portion of loss-making sales through to the end of December broadly coincides with capital growth trends in Australia's housing market. Since home values peaked in April 2022, home values declined -8.0% nationally through to the end of December. Since then, values declined a further -1.2% through to the end of February. The share of profit-making resales is expected to decline further through the March 2023 quarter, but potentially at a slower pace, in line with a slowing in the pace of value declines in recent months.

The increase in loss-making sales was entirely driven by unit resales across the combined capital cities. The portion of loss-making unit sales increased 150 basis points in the December quarter, up to 16.3%. Loss-making house sales in the combined capitals remained steady at 2.6% (though this was up from 2.5% in the rolling three-months to November), and the rate of loss-making sales actually *declined* across regional Australian houses and units in the final three months of the year, to 4.9% and 7.2% respectively. This may be because of the relatively mild decline in combined regional market home values, which came down -6.6% from a peak in June to December, compared to a -8.6% decline across the combined capital city housing market from April to December.

Nominal losses increased 60 basis points to 7.9% of resales across the combined capital cities in the quarter, while the portion of resales at a loss sank 30 basis points to 5.4% across the combined regions. Across the greater capital city and rest of state regions of Australia, eight 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 greater capital city and region are shown in the table below.

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

| | Portion of loss making sales Dec 2022 | Portion of loss making sales Sep 2022 | Change (percentage point) |
|---|---|---|---|
| Sydney | 8.8% | 7.8% | 1.0 |
| Rest of NSW | 2.2% | 2.3% | -0.2 |
| Melbourne | 8.0% | 6.7% | 1.3 |
| Rest of Vic. | 1.2% | 0.9% | 0.3 |
| Brisbane | 4.6% | 4.3% | 0.3 |
| Rest of Qld | 8.0% | 8.0% | -0.1 |
| Adelaide | 2.1% | 1.7% | 0.4 |
| Rest of SA | 4.6% | 5.8% | -1.2 |
| Perth | 13.2% | 13.9% | -0.7 |
| Rest of WA | 15.7% | 15.0% | 0.7 |
| Hobart | 1.8% | 1.8% | 0.0 |
| Rest of Tas. | 1.7% | 3.6% | -1.9 |
| Darwin | 25.5% | 29.4% | -3.9 |
| Rest of NT | 8.0% | 13.8% | -5.8 |
| ACT | 1.9% | 1.8% | 0.1 |

## NATIONAL OVERVIEW

The largest quarterly increase in the rate of loss-making resales was in Melbourne, where the portion of loss-making sales jumped from 6.7% to 8.0%. The rate of loss-making sales increased across the city amid an increase in the volume of loss-making sales from 844 in the September quarter, to 987. This coincided with a -2.9% drop in home values across the city.

The highest proportion of loss-making sales was in Darwin, at 25.5%, though this was off a relatively low base of 581 resale observations. The highest volume of loss-making sales in the quarter was once again in Perth, which accounted for just under 20% of loss-making sales nationally. However, loss-making sales as a portion of total resales in the city declined 70 basis points from the previous quarter, and home values across the city were steady in the period.

Through March 2023, home values have shown signs of stabilising. In the first half of March, the Daily Home Value Index across the combined five largest capital cities increased 0.3%. It is too soon to say whether the housing market downturn has bottomed out, but a slowdown in the pace of housing value declines usually also corresponds with a slowdown in the rate of loss-making sales. While the rate of loss-making sales may show an increase in the coming quarters, the jump may not be as substantial as the 30 basis point increase over the December quarter.

An improvement in housing market conditions is broadly expected in the second half of 2023 and into 2024, because it is presumed that the RBA will have finished lifting rates by this time. If that occurs, the market may give way to a rise in housing demand amid improved consumer confidence and the strong return of overseas migration. Any upward pressure on home values would broadly increase the chance of making a nominal gain from resales. This could also see the housing market cycle move through the largest national downswing on record, without hitting record levels of loss-making sales.

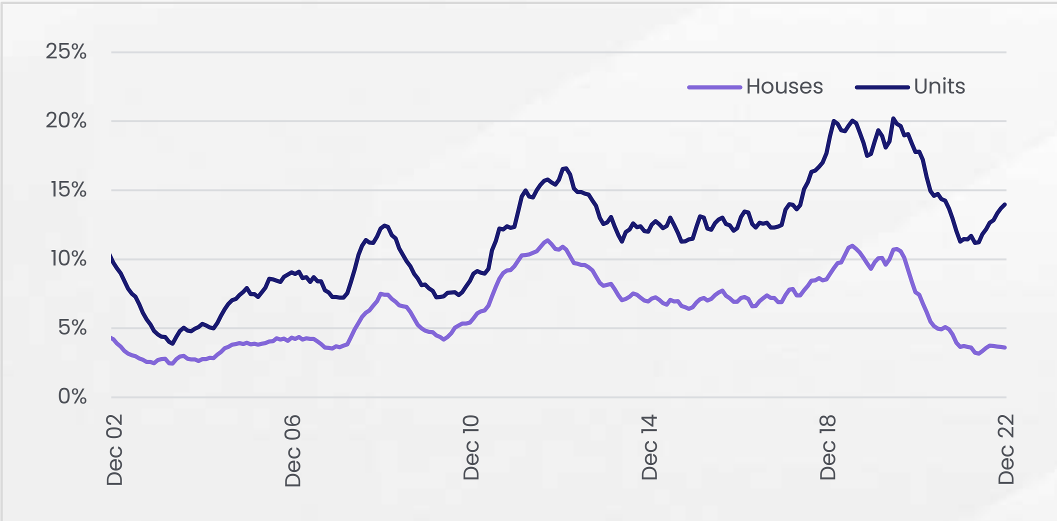
# Houses vs Units

Unit resales in capital city markets drove the increase in loss-making sales through the December quarter. The portion of loss-making unit sales nationally increased to 14.0%, up from 12.8% in the previous quarter. This was due to capital city loss-making unit resales rising to 16.3% from 14.8%. The loss-making rate of house sales actually reduced nationally in the quarter, from 3.7% to 3.6%.

The different trend in house and unit resales has led to one of the largest discrepancies between the rate of loss-making house and unit sales on record, at 10.35 percentage points (The record high was a 10.65 percentage point difference in the three months ending February 2019). Not only did houses have a much greater incidence of making a nominal gain, but median gains were more than twice that of units, at $350,000 compared with $145,000.

One explanation for the discrepancy may be that houses have seen a larger increase in value through the cycle-to-date than units. Since the start of the current cycle in late 2020 through to December 2022, national house values were 20.9% higher, and unit values only 10.1% higher. Higher capital gains in houses through the most recent upswing and downswing mean house owners were more likely to make a profit.

## Rolling 3 month rate of loss-making sales – houses versus units, national




The drag on profitability in unit sales was solely 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 16.3% in the three months to December, up from 14.8% in the three months to September. In regional Australia, the rate of loss-making unit sales declined from 7.6% to 7.2%. This may be accounted for by a relatively mild downturn in regional Australian unit values, which fell -4.3% between June and December, with the downturn commencing two months later than the downswing in capital city unit values.

Sydney and Melbourne had the highest *volume* of loss-making unit sales, accounting for over half of all loss-making unit sales nationally (51.1%). Within these markets, the highest volume of loss-making unit sales was in the Melbourne LGA and Parramatta LGA. These areas are characterised by high volumes of development, relatively new housing stock, and high levels of investor participation.

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

| REGION | HOUSES | | UNITS | |
|---|---|---|---|---|
| | Pain | Gain | Pain | Gain |
| Sydney | 2.1% | 97.9% | 14.8% | 85.2% |
| Rest of NSW | 2.2% | 97.8% | 1.9% | 98.1% |
| Melbourne | 1.7% | 98.3% | 18.0% | 82.0% |
| Rest of Vic. | 1.1% | 98.9% | 1.9% | 98.1% |
| Brisbane | 1.2% | 98.8% | 10.5% | 89.5% |
| Rest of Qld | 7.3% | 92.7% | 9.5% | 90.5% |
| Adelaide | 1.0% | 99.0% | 5.2% | 94.8% |
| Rest of SA | 4.4% | 95.6% | 7.3% | 92.7% |
| Perth | 5.8% | 94.2% | 35.4% | 64.6% |
| Rest of WA | 14.0% | 86.0% | 30.8% | 69.2% |
| Hobart | 1.5% | 98.5% | 2.4% | 97.6% |
| Rest of Tas. | 2.0% | 98.0% | 0.0% | 100.0% |
| Darwin | 15.5% | 84.5% | 40.5% | 59.5% |
| Rest of NT | 8.8% | 91.2% | 5.6% | 94.4% |
| Australian Capital Territory | 1.4% | 98.6% | 2.7% | 97.3% |
| National | 3.6% | 96.4% | 14.0% | 86.0% |
| Cap city | 2.6% | 97.4% | 16.3% | 83.7% |
| Regional | 4.9% | 95.1% | 7.2% | 92.8% |

# Investor vs Owner Occupiers*

Through the December 2022 quarter, investment resales had a higher incidence of loss-making sales than owner occupied properties. Investors accounted for 27.5% of total resales in the quarter, but 54.0% of loss-making resales.

The portion of loss-making investment sales was 11.2%, up from 10.2% in the previous quarter. The loss-making sales rate for owner occupiers was just 3.6%, up 10 basis points from the previous quarter. Owner-occupiers not only saw a higher chance of making a gain, but the median gain was higher at $301,000 compared with $166,000 for investors.

Investors had a fairly similar hold period relative to owner-occupiers. Of the profit-making sales in the quarter, the median hold period for investors was 9.7 years, compared with 10.2 years for owner-occupiers. Of the resales that made a nominal loss, the median hold period for owner-occupiers was 8.9 years, compared to 9.2 years for investors.

One of the most powerful explanatory variables for the discrepancy in nominal resale results between investors and owner-occupiers is property type, with investor demand typically being more skewed towards units, which in turn have a much higher incidence of loss-making sales.

Additionally, investors may have had more incentive to sell amid the higher interest rate environment. Average outstanding investor mortgage rates reached 5.81% by December 2022 (compared with 5.46% for owner-occupiers), making interest costs for investments less viable, as new investment buyers would have seen reduced borrowing capacity over the same period. Additionally, capital losses on sales from residential investments can be used to offset capital gains on future purchases, thus potentially making investors less concerned with selling property for a loss.

Of the loss-making investor unit sales, the median nominal loss was $45,000 in the December quarter. Loss-making unit sales among investors were disbursed across 145 local government area regions, through around 30% of these were concentrated in the LGA markets of Melbourne, Brisbane, Parramatta, Port Phillip and Perth. Despite strong rental value growth in these unit markets (averaging 19% in the year to February 2023), investor demand broadly remained low due to higher interest costs and low capital gains. Across the Perth and Parramatta LGA regions, unit values have actually declined over the past five years, contributing to a higher incidence of loss-making sales.

At the other end of the spectrum, some parts of the country have been highly profitable for investors. The table below shows the rate of profit and loss-making sales by greater capital city and regional area through the December 2022 quarter. The most profitable region for both owner occupiers and investors was regional Victoria. Across the region, 99% of investors made a nominal gain from resale, alongside 99.5% success for owner-occupiers.

In the start of 2023, ABS housing lending data pointed to an ongoing decline in the volume of new investment loans, suggesting demand has continued to come out of this segment of the market. Demand for individual investment properties may rise when interest rates are lower, with additional rental demand supported by strong overseas migration and tight rental markets. Until then, the rate of loss-making investment sales may continue to increase.

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

| REGION | PAIN | | GAIN | |
|---|---|---|---|---|
| | Owner Occupied | Investor | Owner Occupied | Investor |
| Sydney | 5.5% | 11.8% | 94.5% | 88.2% |
| Regional NSW | 1.9% | 1.4% | 98.1% | 98.6% |
| Melbourne | 2.3% | 16.3% | 97.7% | 83.7% |
| Regional Vic | 0.5% | 1.0% | 99.5% | 99.0% |
| Brisbane | 2.5% | 6.7% | 97.5% | 93.3% |
| Regional Qld | 4.6% | 7.8% | 95.4% | 92.2% |
| Adelaide | 1.0% | 2.0% | 99.0% | 98.0% |
| Regional SA | 2.3% | 6.1% | 97.7% | 93.9% |
| Perth | 5.9% | 23.5% | 94.1% | 76.5% |
| Regional WA | 11.4% | 21.7% | 88.6% | 78.3% |
| Hobart | 1.0% | 2.9% | 99.0% | 97.1% |
| Regional Tas | 1.4% | 1.8% | 98.6% | 98.2% |
| Darwin | 18.5% | 36.1% | 81.5% | 63.9% |
| Regional NT | 5.8% | 14.3% | 94.2% | 85.7% |
| Australian Capital Territory | 1.4% | 3.6% | 98.6% | 96.4% |
| National | 3.6% | 11.2% | 96.4% | 88.8% |
| Cap city | 3.7% | 13.2% | 96.3% | 86.8% |
| Regional | 3.4% | 5.8% | 96.6% | 94.2% |

# Hold Periods

The median hold period of resales through the December quarter was 9.9 years nationally, up from 9.2 years in the September quarter. This places the initial purchase date of the median resale in the three months to January 2013. Since January 2013, national home values have increased around 59.7% through to the end of December, or the equivalent of an increase of close to $266,000 at the median home value.

The hold period of both profit and loss-making sales increased in the December quarter, which may reflect recent home buyers keeping their homes off the market as the downswing in home values deepened. Profit-making sales in the December quarter had a median hold period of 10.1 years (up from 9.3 years in the previous quarter), while the median hold period for loss-making sales was 9.1 years (up from 8.3 years in the previous quarter).

This increase in hold periods was also reflected in the housing market downturn between 2017 and 2019. During this time, the average median hold period on profit-making sales across the greater capital city and regions increased to a high of 10.7 years in late 2019. As prices continued to decline through the first quarter of 2023, it is expected that more sellers who have held their property for a long period of time will be more represented in resales (particularly profit-making resales), as more recent buyers hold off selling.

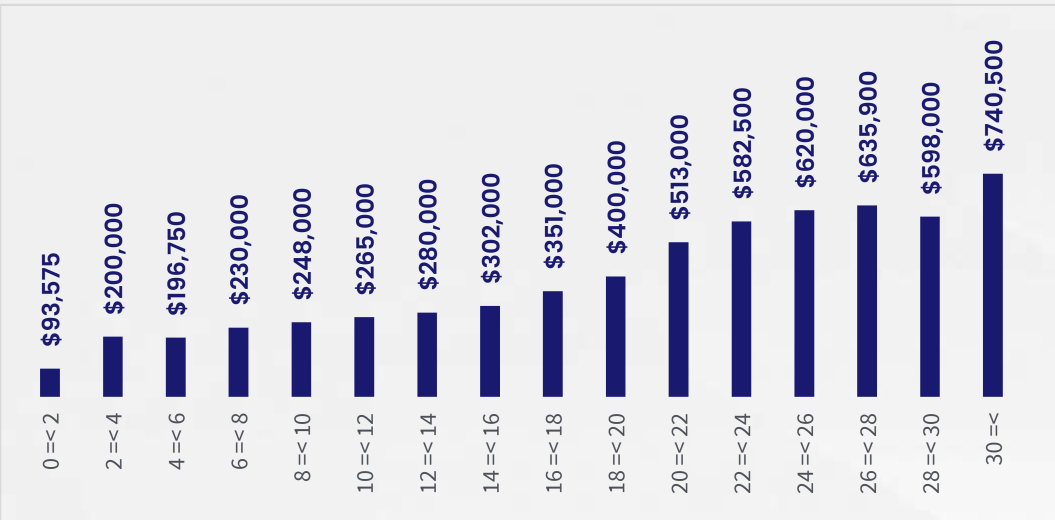
Not all long hold periods are associated with strong capital gains. During the national media hold period of 9.9 years, dwelling market performance ranged from an increase of 97.2% across the regional Tasmanian dwelling market, to a decline of -10.5% across Greater Darwin. Due to the strong cyclical movements in markets tied to the boom-and-bust conditions in the resources sector, time in the market is not a guarantee of profitability from real estate in all parts of the country.

Of the capital cities and rest of state regions, the lowest median hold period for profit-making sales was across regional Tasmanian units, at 6.1 years. This suggests an initial purchase date in late 2016. Between September 2016 and December 2022, regional Tasmanian unit values have increased 78.0% in value. The median profit from unit resales in regional Tasmania was $250,000.

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 13.1 years, with the median nominal decline sitting at $40,000.

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 $740,500, noting that this result was lower than the median result for this hold period in the previous quarter (which was a median gain of $747,850 in the three months to September).

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



## HOLD PERIODS

The opportunity for very short-term gains in the property market have notably shifted from early 2022. Around 10% of loss-making resales nationally were held for less than two years (in other words, those properties with an initial purchase date from October 2020 onwards). Of the homes resold within two years of the initial purchase date, the median result was a nominal gain in value of around $94,000. This is still a very strong result, but is down from the March 2022 quarter, when nominal gains from resale were $170,000 for properties with a hold period of less than two years, and represented more initial purchase dates amid the onset of COVID-19. The incidence of a loss-making sale for properties held for less than two years was 7.2% in the December 2022 quarter, higher than the 6.9% figure across all sales.

While risk is accumulating for recent home purchasers, the highest incidence of loss-making sale by hold period was actually properties held between eight and 10 years. This is because the highest number of loss-making sales are generally still across resource-based markets in WA, where prices boomed through 2013 and 2014.

Overall, hold periods are showing a similar trend to previous market downswings. Hold periods are gradually rising amid price falls, potentially because more recent buyers have less incentive to sell. The capital gains proposition for short-term sellers has declined markedly. However, the most pain is still being felt for sellers who have held in resource-based markets for a relatively long period of time.

2023 will see the majority of outstanding fixed-rate mortgage arrangements being re-priced, and re-priced at a much higher level. This means there could be a slight uptick in recent home buyers having to sell their home if they cannot keep up with higher mortgage costs. This would be reflected in a higher portion of resales associated with lower hold periods in the coming quarters.

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

| REGION | PAIN | | GAIN | |
|---|---|---|---|---|
| | Houses | Units | Houses | Units |
| Sydney | 4.1 | 6.0 | 11.1 | 9.6 |
| Regional NSW | 5.5 | 6.5 | 8.8 | 7.0 |
| Melbourne | 1.9 | 7.4 | 10.6 | 9.3 |
| Regional Vic | 1.3 | 1.1 | 8.2 | 7.7 |
| Brisbane | 1.7 | 8.4 | 9.1 | 8.1 |
| Regional Qld | 11.5 | 12.8 | 8.6 | 7.3 |
| Adelaide | 1.9 | 10.2 | 9.9 | 8.6 |
| Regional SA | 12.5 | - | 11.1 | 8.8 |
| Perth | 8.7 | 9.2 | 10.2 | 10.1 |
| Regional WA | 12.6 | 13.1 | 9.1 | 8.3 |
| Hobart | - | - | 8.6 | 6.9 |
| Regional Tas | 6.4 | - | 7.1 | 6.1 |
| Darwin | 8.9 | 9.9 | 11.1 | 13.8 |
| Regional NT | - | - | 9.4 | 8.3 |
| Australian Capital Territory | 1.2 | 4.9 | 10.3 | 9.3 |
| National | 9.1 | 9.1 | 11.0 | 8.9 |
| Cap city | 8.2 | 8.8 | 11.5 | 9.2 |
| Regional | 11.7 | 12.8 | 10.0 | 8.0 |

# Resource-Based Markets

Through the December quarter, the rate of loss-making sales declined in resource-based markets. Of the total resales in the six major markets analysed, 20.8% made a nominal loss from resale, down from 22.0% in the September quarter, and a high of 46.0% in the December quarter of 2018.

Four of the six markets saw a decline in the portion of loss-making sales. The South Australia – Outback recorded the biggest reduction in the rate of loss-making sales in the quarter, from 17.9% to 12.7%. This coincided with a 1.4% rise in home values over the three months to December, as well as a potential, broader spill-over of demand to regional SA, which remains a relatively affordable housing market. This shift also saw the region maintain the highest rate of profitability among the mining regions analysed, at 87.3%

At the other end of the spectrum, the region with the lowest rate of profit-making sales was the Western Australia – Outback (South) market, at 72.6%. The portion of loss-making resales increased 190 basis points in the quarter to 27.4%, up from a recent low in the previous quarter.

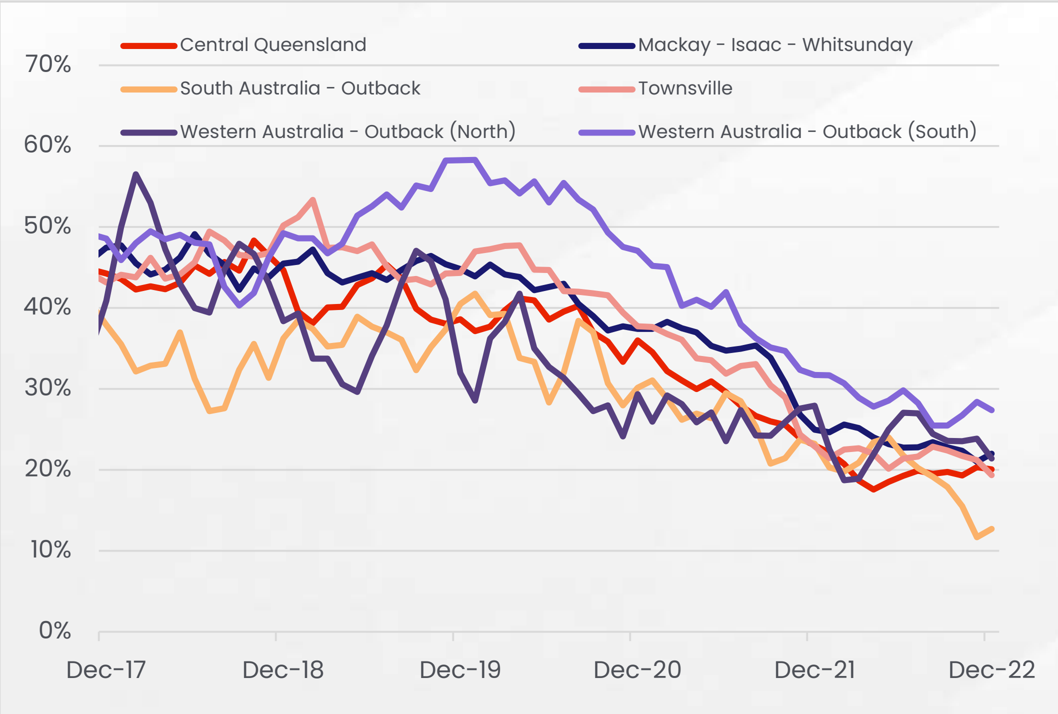
Capital growth trends across regional WA have not shown an obvious decline in home values, but capital growth across regional WA more broadly has slowed. Perversely, strong capital growth trends could even prompt an increase in loss-making sales across this market. This is because investors may look to ‘cut their losses’ while the market is relatively buoyant, knowing values may not return to record highs seen in 2008.

## RESOURCE-BASED MARKETS

The start of 2023 has seen some drawback in recent capital gains across mining markets, which may be a function of relatively inexpensive markets having a lagged response to sharp increases in interest rates. In the three months to February 2023, capital growth slowed across the South Australia – Outback region, and across regional WA. The Mackay – Isaac – Whitsunday market has shown price falls since August last year, but these now look to be steadying.

Longer term however, robust mining activity, positive migration trends to resource-based states and tight rental markets across these regions are expected to support a longer-term upswing, and gradual reduction in the rate of loss-making sales. The combined regional SA market could see more housing demand as mineral mining returns to the Murray Mallee region, and rare earth mining exploration is carried out on the Limestone Coast.

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



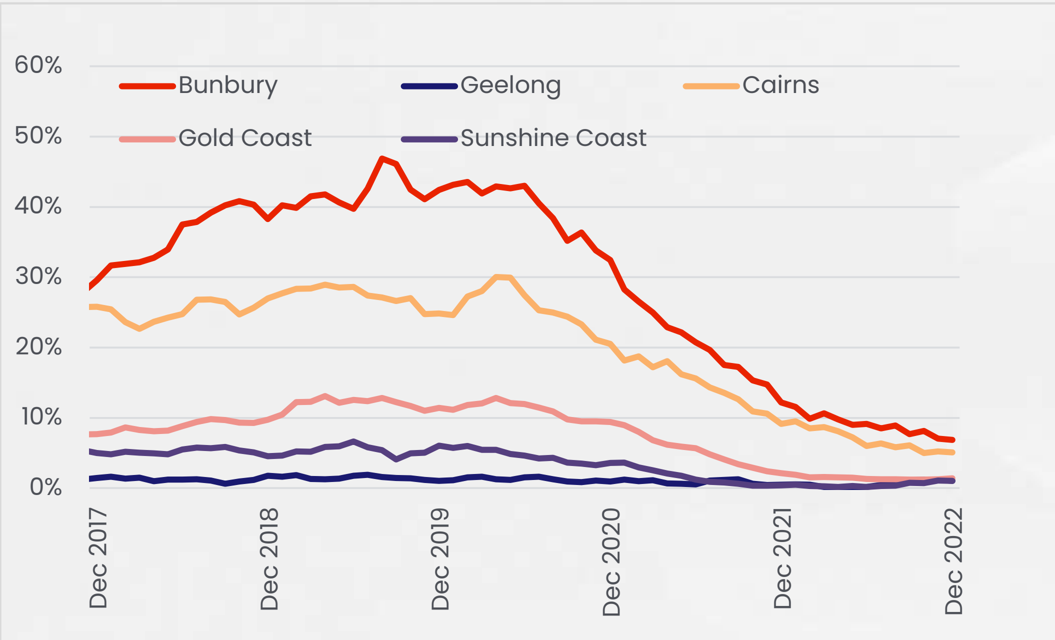
# Sea Change and Tree Change Destinations

CoreLogic analysed resales in the December quarter across nine major coastal regions and nine non-coastal dwelling markets at the SA4 level. These high-amenity coastal and hinterland regions saw large upswings in value during the pandemic, as interest rates were set to emergency-low levels. Additionally, these markets saw increased appeal as major cities were subject to extended lockdowns, and detached, spacious homes in the regions offered a more affordable price point than in capital cities. The practicality of making these 'sea-change' or 'tree-change' purchases were also enhanced by remote work in some industry segments.

Regional homes have generally retained more value from the preceding upswing than capital city markets. However, since home values in the combined regional market peaked in June last year, there has been some loss in value. From June through to December, dwelling values across the combined regional markets of Australia declined -6.6%. Declines in regional Australia have been compounded in some areas by extreme weather events. In the Richmond – Tweed region for example, home values declined -14.7% in the 2022 calendar year. This is also reflected in a rise in the incidence of loss-making sales, which increased to 4.2% in the December quarter, up from a recent low of 1.7% in the three months to April 2022. It is worth noting that values across the Richmond – Tweed region are still 18.0% higher than at the onset of the pandemic, keeping the level of profitability relatively high at 95.8%.

Recent value falls are starting to translate to an increase in the rate of loss-making sales in some lifestyle markets of Australia, albeit off very low incidences of loss. Across the combined 'sea change' markets, the rate of loss-making sales increased by less than 1% in the quarter across the mid-north Coast, Newcastle, the Gold Coast and the Sunshine Coast. The rate of loss-making sales increased by around 100 basis points across Richmond Tweed, while profit-making sales rates *increased* across Bunbury, Cairns, Geelong and the Illawarra. Across each of these markets, the rate of profit-making sales remained above 90%, and the rate of profit-making sales across Geelong, the Sunshine Coast and Illawarra was 99% in the quarter.

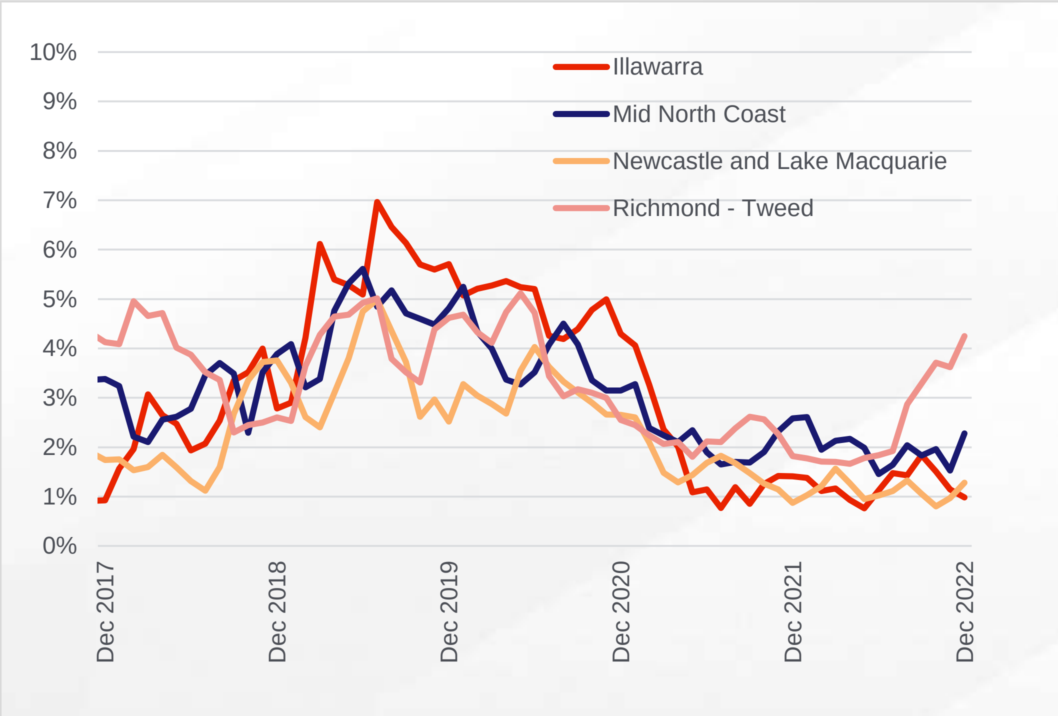
### Rate of loss-making sales, select SA4 markets - rolling quarter



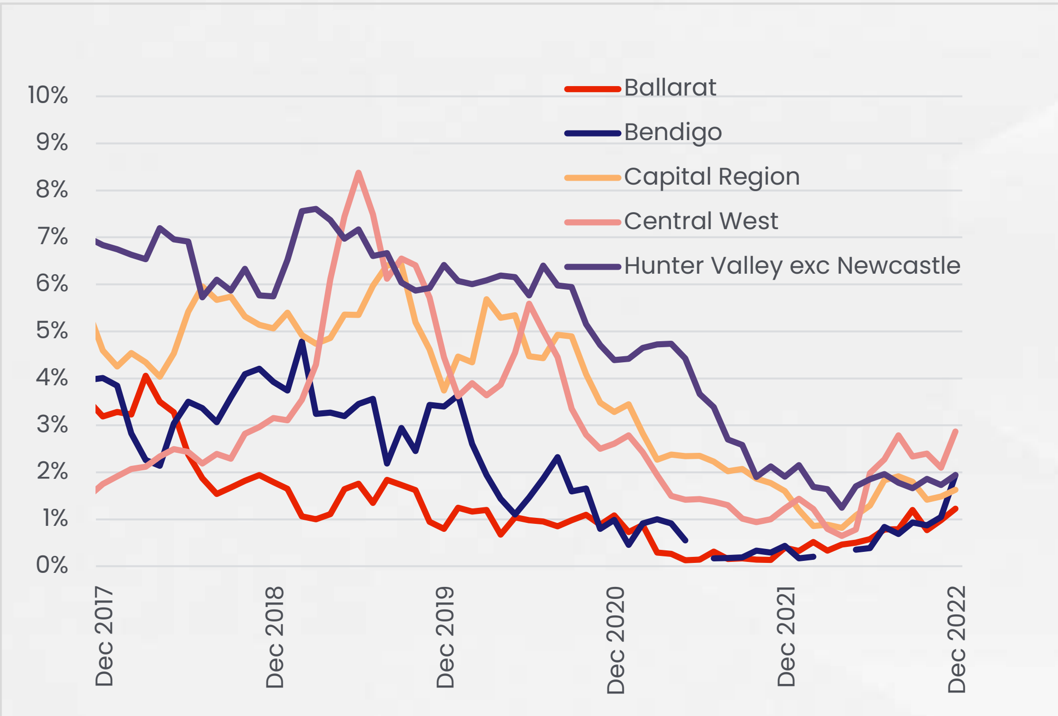



CoreLogic

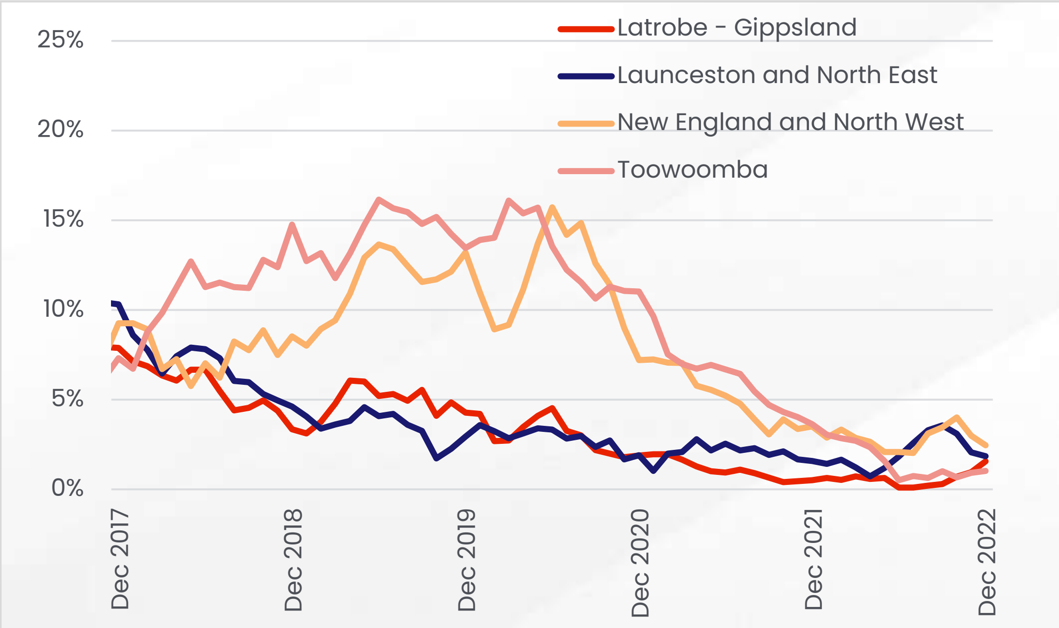
## Rate of loss-making sales, select SA4 markets - rolling quarter




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



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




Across the non-coastal regional markets, six of the nine regional markets analysed saw an increase in the rate of loss-making sales, again from very low levels. The portion of loss-making sales increased by 130 basis points across the Latrobe-Gippsland region, to 1.6%. Across Bendigo, loss-making sales rose around 100 basis points, but this still only put the loss-making sales rate at 1.9%. On average, the rate of profit-making sales in the quarter averaged 98% in major non-coastal regional markets, reflecting only a slight shift in the rate of profitability amid the sharp rate-tightening cycle.

# Sydney

In the December 2022 quarter, 8.8% of resales made a nominal loss across Greater Sydney. This increased sharply from 7.8% in the previous quarter, and was the highest since the three months to July 2019 (when 9.3% of resales made a nominal loss). Losses were heavily skewed toward the unit sector, where 14.8% of resales incurred a nominal loss, compared to 2.1% of houses.

Sydney had the third-highest incidence of loss-making sales across the capital cities, which in part reflects a steep downturn in dwelling values amid rising interest rates. Dwelling value declines across Sydney were the steepest in any of the capital city and region through 2022, with values down -12.7% between January and December 2022.

Additionally, a high incidence of loss-making sales has stemmed from relatively stagnant growth performance in select markets of the city. In the City of Parramatta LGA, which accounted for around 18% of Sydney's loss-making unit sales, values have actually declined around -10% in the five years to February 2023, with little signs of improvement in capital growth trends over the past quarter. Values in this part of the housing market may start to stabilise once the market becomes more viable for investors. A decline in mortgage rates would support an improvement to borrowing capacity and cash flow for investors. Across the LGA markets of Sydney, there were some relatively profitable unit markets, such as the Northern Beaches where only 1.4% of resales made a nominal loss. Despite the relatively high incidence of loss-making sales, Sydney still had the highest median gain from profit-making resales of the capital city markets, at $390,000.

## Portion of profit making sales, rolling quarter


## Summary of profit and loss making sales by LGA region

| | GROSS LOSS-MAKING SALES, DEC-22 QTR | | | | GROSS PROFIT-MAKING SALES, DEC-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) | 5.5% | 5.8 | -$ 50,000 | -$3,117,349 | 94.5% | 9.3 | $ 385,500 | $354,303,674 |
| Blue Mountains (C) | 2.4% | | | -$487,000 | 97.6% | 10.7 | $ 457,000 | $123,910,618 |
| Botany Bay (C) | 26.7% | 5.2 | -$ 59,500 | -$2,836,205 | 73.3% | 10.3 | $ 224,000 | $41,556,270 |
| Burwood (A) | 18.5% | 5.6 | -$ 65,000 | -$1,106,820 | 81.5% | 11.5 | $ 444,500 | $33,963,642 |
| Camden (A) | 2.5% | | | -$440,000 | 97.5% | 7.3 | $ 450,500 | $92,521,110 |
| Campbelltown (C) (NSW) | 3.0% | 6.5 | -$ 20,000 | -$502,950 | 97.0% | 8.6 | $ 361,850 | $146,420,017 |
| Canada Bay (A) | 8.4% | 6.3 | -$ 58,000 | -$1,204,500 | 91.6% | 9.9 | $ 338,000 | $80,279,765 |
| Canterbury-Bankstown (A) | 13.2% | 5.7 | -$ 37,500 | -$4,609,600 | 86.8% | 10.9 | $ 358,525 | $307,758,370 |
| Central Coast (C) (NSW) | 2.9% | 1.7 | -$ 78,500 | -$2,788,784 | 97.1% | 9.7 | $ 425,000 | $508,571,326 |
| Cumberland (A) | 15.2% | 6.1 | -$ 42,750 | -$3,697,077 | 84.8% | 10.5 | $ 245,000 | $145,627,207 |
| Fairfield (C) | 6.8% | 6.1 | -$ 37,500 | -$1,254,000 | 93.2% | 13.3 | $ 450,000 | $155,195,441 |
| Georges River (A) | 8.0% | 5.0 | -$ 50,000 | -$1,602,000 | 92.0% | 11.4 | $ 390,000 | $141,796,712 |
| Hawkesbury (C) | 2.0% | | | -$280,000 | 98.0% | 11.8 | $ 465,000 | $71,927,840 |
| Hornsby (A) | 7.6% | 5.2 | -$ 25,000 | -$1,153,328 | 92.4% | 11.5 | $ 628,888 | $212,173,489 |
| Hunters Hill (A) | | | | | 100.0% | | | $5,367,500 |
| Inner West (A) | 7.7% | 5.9 | -$ 40,000 | -$1,577,750 | 92.3% | 11.3 | $ 461,000 | $224,574,490 |
| Ku-ring-gai (A) | 11.4% | 5.9 | -$ 35,000 | -$968,000 | 88.6% | 9.4 | $ 415,000 | $76,709,894 |
| Lane Cove (A) | 8.5% | 6.3 | -$ 48,750 | -$657,500 | 91.5% | 9.0 | $ 215,000 | $35,747,690 |
| Liverpool (C) | 10.7% | 6.1 | -$ 40,000 | -$2,381,900 | 89.3% | 10.8 | $ 370,750 | $175,540,593 |
| Mosman (A) | | | | | 100.0% | 10.9 | $ 436,000 | $17,570,158 |
| North Sydney (A) | 3.6% | | | -$232,500 | 96.4% | 11.1 | $ 400,000 | $103,593,170 |
| Northern Beaches (A) | 1.2% | | | -$578,245 | 98.8% | 10.0 | $ 527,500 | $306,493,553 |
| Parramatta (C) | 23.5% | 7.2 | -$ 55,000 | -$11,103,918 | 76.5% | 10.0 | $ 249,750 | $212,190,069 |
| Penrith (C) | 4.0% | 5.7 | -$ 24,000 | -$1,079,950 | 96.0% | 10.0 | $ 358,500 | $211,832,319 |
| Randwick (C) | 4.5% | 4.0 | -$ 32,500 | -$625,000 | 95.5% | 11.1 | $ 397,000 | $100,393,995 |
| Rockdale (C) | 14.0% | 5.5 | -$ 42,200 | -$2,249,200 | 86.0% | 10.4 | $ 289,500 | $112,444,462 |
| Ryde (C) | 23.2% | 6.5 | -$ 49,300 | -$4,465,602 | 76.8% | 9.6 | $ 265,000 | $94,380,287 |
| Strathfield (A) | 22.2% | 6.6 | -$ 30,000 | -$1,006,060 | 77.8% | 10.5 | $ 194,250 | $23,983,720 |
| Sutherland Shire (A) | 3.7% | 5.4 | -$ 25,000 | -$1,125,035 | 96.3% | 10.4 | $ 450,000 | $286,797,384 |
| Sydney (C) | 13.1% | 5.9 | -$ 40,500 | -$6,067,681 | 86.9% | 10.7 | $ 280,000 | $250,924,503 |
| The Hills Shire (A) | 6.6% | 5.6 | -$ 27,500 | -$1,260,631 | 93.4% | 9.3 | $ 669,700 | $240,404,134 |
| Waverley (A) | 4.8% | | | -$500,000 | 95.2% | 10.8 | $ 475,500 | $61,480,583 |
| Willoughby (C) | 7.4% | | | -$395,000 | 92.6% | 11.4 | $ 340,000 | $48,728,316 |
| Wollondilly (A) | 1.1% | | | -$205,000 | 98.9% | 8.1 | $ 418,000 | $43,269,750 |
| Woollahra (A) | 8.0% | | | -$602,000 | 92.0% | 12.0 | $ 555,000 | $38,938,275 |

# Melbourne

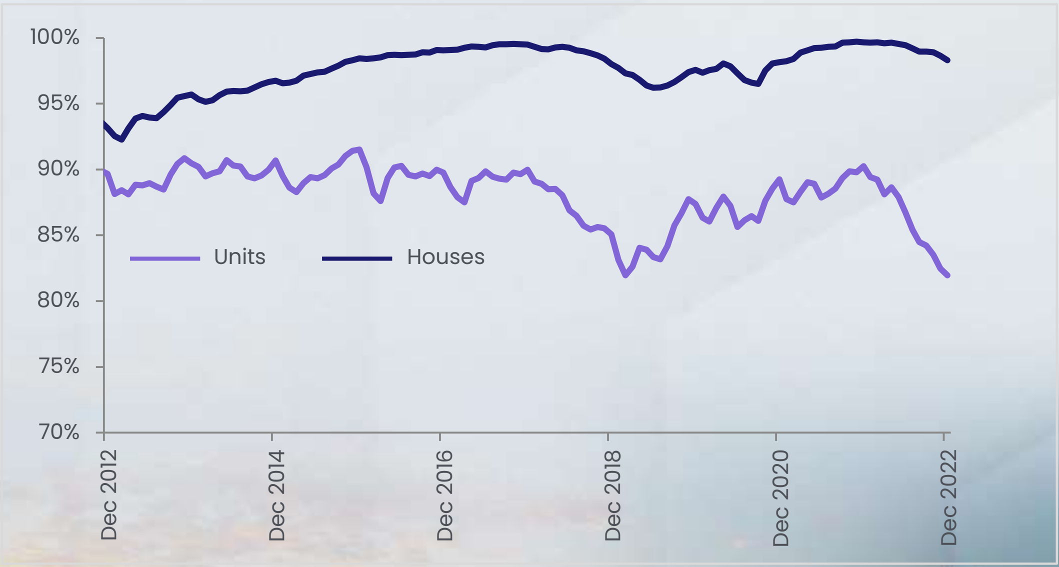
Resales across Greater Melbourne saw 8.0% of properties make a nominal loss in the December quarter. This was 130 basis points higher than in the previous quarter, marking the highest increase in the rate of loss-making sales of the capital city markets. The increase was driven by 18.0% of unit resales making a loss in the quarter, marking a 230 basis point increase in the rate of loss-making sales. This is also one of the highest incidences of loss-making unit sales on record for the Melbourne market, with the highest rate of loss-making resales being recorded over the three months to February 2019.

Comparatively, Melbourne houses remained highly profitable. 98.3% of houses resold in the quarter made a nominal gain, though this was down 60 basis points from the previous quarter, with a median nominal gain of $430,000.

Similar to Sydney, high rates of loss-making unit sales are largely contained to a few select markets. Around 60% of loss-making unit sales across Melbourne were in the LGA regions of Melbourne, Port Phillip, Stonnington, Yarra and Boroondara, where Boroondara and Stonnington have seen a decline in unit market values over the past five years.

The rate of profit-making sales may plumb to cyclical lows over the first two months of 2023, before showing signs of easing in line with recent price stability across Melbourne. However as noted with the Sydney market, there is some risk of a re-acceleration in price falls later in 2023, which would create a further drag on profitability.

## Portion of profit making sales, rolling quarter




## Summary of profit and loss making sales by LGA region

| | GROSS LOSS-MAKING SALES, DEC-22 QTR | | | | GROSS PROFIT-MAKING SALES, DEC-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) | 3.5% | 6.4 | -$ 30,000 | -$478,800 | 96.5% | 12.8 | $ 450,000 | $157,247,600 |
| Bayside (C) | 8.6% | 8.3 | -$ 40,100 | -$1,117,000 | 91.4% | 11.1 | $ 593,000 | $117,149,012 |
| Boroondara (C) | 16.8% | 7.6 | -$ 43,900 | -$2,469,755 | 83.2% | 12.6 | $ 496,000 | $145,199,420 |
| Brimbank (C) | 4.2% | 3.8 | -$ 38,750 | -$505,150 | 95.8% | 10.9 | $ 323,500 | $117,123,368 |
| Cardinia (S) | 0.8% | | | -$12,500 | 99.2% | 7.2 | $ 267,500 | $75,764,096 |
| Casey (C) | 1.2% | | | -$228,000 | 98.8% | 8.6 | $ 315,000 | $247,477,205 |
| Darebin (C) | 6.3% | 4.6 | -$ 29,995 | -$893,965 | 93.7% | 10.1 | $ 349,000 | $168,425,944 |
| Frankston (C) | 0.6% | | | -$102,000 | 99.4% | 9.1 | $ 327,500 | $175,339,226 |
| Glen Eira (C) | 10.8% | 6.1 | -$ 30,000 | -$1,598,381 | 89.2% | 12.1 | $ 435,000 | $172,619,732 |
| Greater Dandenong (C) | 5.7% | 6.3 | -$ 44,750 | -$738,900 | 94.3% | 11.5 | $ 303,500 | $98,088,734 |
| Hobsons Bay (C) | 2.5% | | | -$115,000 | 97.5% | 10.1 | $ 328,000 | $76,628,347 |
| Hume (C) | 1.6% | | | -$243,400 | 98.4% | 9.2 | $ 265,750 | $142,163,407 |
| Kingston (C) (Vic.) | 5.8% | 5.6 | -$ 26,200 | -$1,162,600 | 94.2% | 10.3 | $ 380,000 | $225,276,441 |
| Knox (C) | 3.0% | 3.2 | -$ 48,000 | -$721,249 | 97.0% | 12.0 | $ 403,500 | $180,529,411 |
| Macedon Ranges (S) | | | | | 100.0% | 9.0 | $ 502,500 | $46,119,362 |
| Manningham (C) | 9.4% | 6.4 | -$ 34,050 | -$1,292,136 | 90.6% | 10.7 | $ 550,000 | $181,315,539 |
| Maribyrnong (C) | 10.0% | 6.8 | -$ 43,000 | -$1,183,817 | 90.0% | 10.3 | $ 240,000 | $70,439,594 |
| Maroondah (C) | 3.9% | 3.0 | -$ 33,235 | -$589,470 | 96.1% | 11.0 | $ 371,000 | $155,897,309 |
| Melbourne (C) | 40.8% | 8.5 | -$ 64,888 | -$15,559,683 | 59.2% | 12.9 | $ 137,500 | $87,558,103 |
| Melton (C) | 2.4% | | | -$299,150 | 97.6% | 7.2 | $ 234,000 | $87,555,233 |
| Monash (C) | 8.8% | 5.1 | -$ 40,000 | -$2,125,276 | 91.2% | 12.6 | $ 583,000 | $260,543,158 |
| Moonee Valley (C) | 10.8% | 6.0 | -$ 50,500 | -$2,075,200 | 89.2% | 11.1 | $ 364,000 | $138,069,727 |
| Moorabool (S) | 3.0% | | | -$14,001 | 97.0% | 8.1 | $ 293,125 | $21,604,050 |
| Moreland (C) | 9.3% | 6.5 | -$ 40,917 | -$2,517,434 | 90.7% | 9.3 | $ 265,500 | $201,086,636 |
| Mornington Peninsula (S) | 1.0% | | | -$214,450 | 99.0% | 9.3 | $ 535,000 | $343,160,127 |
| Nillumbik (S) | 0.7% | | | -$15,000 | 99.3% | 12.0 | $ 551,375 | $82,865,063 |
| Port Phillip (C) | 20.3% | 7.5 | -$ 38,000 | -$4,955,626 | 79.7% | 11.8 | $ 191,000 | $131,480,949 |
| Stonnington (C) | 26.6% | 8.1 | -$ 64,000 | -$5,751,885 | 73.4% | 10.9 | $ 317,300 | $93,169,235 |
| Whitehorse (C) | 7.2% | 5.7 | -$ 35,500 | -$1,589,462 | 92.8% | 13.2 | $ 544,112 | $243,692,237 |
| Whittlesea (C) | 3.2% | 4.4 | -$ 17,500 | -$322,000 | 96.8% | 8.7 | $ 282,500 | $144,820,627 |
| Wyndham (C) | 0.8% | | | -$46,883 | 99.2% | 7.1 | $ 238,000 | $164,768,525 |
| Yarra (C) | 22.0% | 7.3 | -$ 48,000 | -$4,144,733 | 78.0% | 10.4 | $ 385,000 | $127,295,971 |
| Yarra Ranges (S) | 1.7% | | | -$236,750 | 98.3% | 9.9 | $ 390,000 | $149,694,623 |

# Brisbane

The portion of loss-making sales across Brisbane was relatively contained at 4.6% in the December quarter, up from 4.3% in the previous quarter. Brisbane was the only capital city market where the rate of loss-making house sales increased through the quarter, while the rate of loss-making unit sales fell. The rate of loss-making house resales rose by 60 basis points (albeit off a low base), to 1.2%. The rate of loss-making unit sales reduced 30 basis points to 10.5%.

The pain point for resales across Brisbane remains in the Brisbane City LGA region. Loss-making resales here were 7.3% in the December quarter, up from 6.7% in the previous quarter. However, the unit market in particular has seen a level of improvement over time, with the rate of loss-making sales in the LGA down from a recent high of 16.5% in the June quarter of 2020.

Dwelling values across Brisbane are higher than they were at the onset of the pandemic, both across the house and unit segment. From March 2020 through to the end of December, Brisbane house values had increased 30.3%, while unit values were up 19.7%. Despite the recent downswing in housing values amid rising interest rates, the strong preceding upswing has mitigated the risk of loss from resale among even relatively recent buyers across Greater Brisbane. The median nominal loss across resales was also the lowest of the capital cities in the quarter at -$33,000. With ongoing strength in international and internal migration trends, Brisbane and the rest of Queensland is expected to see a more buoyant level of profitability, particularly in the unit sector, on the other side of the rate-hiking cycle later this year.

## Portion of profit making sales, rolling quarter


## Summary of profit and loss making sales by LGA region

| | GROSS LOSS-MAKING SALES, DEC-22 QTR | | | | GROSS PROFIT-MAKING SALES, DEC-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) | 7.3% | 8.0 | -$ 35,000 | -$15,136,953 | 92.7% | 9.0 | $ 262,500 | $1,454,373,310 |
| Ipswich (C) | 3.4% | 12.1 | -$ 15,000 | -$747,130 | 96.6% | 7.9 | $ 201,000 | $181,197,893 |
| Lockyer Valley (R) | 1.7% | | | -$256,000 | 98.3% | 8.0 | $ 205,000 | $28,214,853 |
| Logan (C) | 2.4% | 10.6 | -$ 30,000 | -$853,900 | 97.6% | 9.4 | $ 230,000 | $331,355,415 |
| Moreton Bay (R) | 1.2% | 11.2 | -$ 21,950 | -$513,060 | 98.8% | 7.6 | $ 250,000 | $448,919,981 |
| Redland (C) | 0.9% | | | -$219,000 | 99.1% | 8.1 | $ 300,000 | $191,781,711 |
| Scenic Rim (R) | 0.9% | | | -$58,217 | 99.1% | 7.9 | $ 298,250 | $39,298,800 |
| Somerset (R) | | | | | 100.0% | 7.4 | $ 215,632 | $25,373,382 |

# Adelaide

The portion of loss-making sales across Adelaide rose to 2.1% in the December quarter, from a very low rate of 1.7% in the September quarter. The increase was driven largely by the unit sector, where the portion of loss-making sales increased 90 basis points to 5.2%. Adelaide houses saw the profit-making resale rate increase 30 basis points to 99.0%. Despite the increase, Adelaide houses had the highest incidence of profit-making sales of the capital city house and unit markets. The median nominal gain from house resales was $293,200.

Adelaide dwelling values have increased 41.4% since the onset of COVID-19 in March 2020. As values have rocketed in a short period of time, this has largely mitigated the incidence of loss-making sales across the city. However, between the market peak in July 2022 and December, home values did see a 1.3% fall amid rapidly rising interest rates, which may have lifted the chance of a loss-making resale across more recent purchases. The median loss from resales was the second lowest of the capital city markets in the December quarter behind Brisbane, at -$35,000.

Adelaide housing cycles have entered the housing market downturn at a slight lag relative to the eastern seaboard, and through to March have continued to show mild monthly price falls. This suggests that the rate of loss-making sales could see a slight increase through the March quarter of 2023, but overall the city remains highly profitable.

## Portion of profit making sales, rolling quarter


## Summary of profit and loss making sales by LGA region

| | GROSS LOSS-MAKING SALES, DEC-22 QTR | | | | GROSS PROFIT-MAKING SALES, DEC-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) | 16.5% | 10.2 | -$ 29,750 | -$1,104,752 | 83.5% | 6.4 | $ 114,850 | $27,075,090 |
| Adelaide Hills (DC) | 2.2% | | | -$42,500 | 97.8% | 8.6 | $ 412,500 | $42,230,296 |
| Burnside (C) | 1.4% | | | -$235,000 | 98.6% | 11.7 | $ 501,500 | $82,234,335 |
| Campbelltown (C) (SA) | 4.1% | | | -$400,500 | 95.9% | 9.4 | $ 265,000 | $39,852,528 |
| Charles Sturt (C) | 2.2% | | | -$621,644 | 97.8% | 7.6 | $ 246,500 | $117,015,886 |
| Gawler (T) | 1.0% | | | -$170,000 | 99.0% | 7.4 | $ 150,000 | $18,467,734 |
| Holdfast Bay (C) | 1.3% | | | -$153,334 | 98.7% | 10.1 | $ 321,500 | $64,901,590 |
| Mallala (DC) | | | | | 100.0% | 12.1 | $ 239,741 | $7,772,041 |
| Marion (C) | 1.0% | | | -$190,000 | 99.0% | 9.0 | $ 270,500 | $97,180,883 |
| Mitcham (C) | 0.5% | | | -$50,000 | 99.5% | 10.1 | $ 424,500 | $93,056,578 |
| Mount Barker (DC) | 1.6% | | | -$25,000 | 98.4% | 10.2 | $ 273,500 | $42,520,475 |
| Norwood Payneham St Peters (C) | 1.5% | | | -$58,100 | 98.5% | 10.7 | $ 255,000 | $45,335,871 |
| Onkaparinga (C) | 0.2% | | | -$43,939 | 99.8% | 9.5 | $ 267,500 | $171,644,101 |
| Playford (C) | 1.1% | | | -$63,000 | 98.9% | 9.3 | $ 168,000 | $70,733,983 |
| Port Adelaide Enfield (C) | 4.3% | 14.0 | -$ 53,900 | -$873,360 | 95.7% | 10.3 | $ 266,000 | $101,101,579 |
| Prospect (C) | 1.3% | | | -$5,000 | 98.7% | 9.4 | $ 281,500 | $29,358,866 |
| Salisbury (C) | 0.5% | | | -$157,000 | 99.5% | 9.6 | $ 211,500 | $101,195,395 |
| Tea Tree Gully (C) | 0.9% | | | -$49,500 | 99.1% | 11.3 | $ 275,650 | $101,739,516 |
| Unley (C) | | | | | 100.0% | 10.1 | $ 336,000 | $48,742,239 |
| Walkerville (M) | 26.9% | | | -$158,195 | 73.1% | 6.1 | $ 338,000 | $8,792,800 |
| West Torrens (C) | 1.0% | | | -$180,000 | 99.0% | 9.4 | $ 248,000 | $63,964,716 |

# Perth

Through the December quarter, Perth had a loss-making sales rate of 13.2%, which was the second-highest of the capital cities behind Darwin. Of the greater capital city and regional markets of Australia, Perth had the highest discrepancy of loss-making sales between houses and units. 5.8% of house resales saw a nominal decline, compared with 35.4% of units. Overall the rate of profitability increased strongly in the house segment over the December quarter, up 170 basis points to 94.2% of houses making a nominal gain. However, the portion of profitability across unit resales deteriorated 110 basis points in the quarter, and is now sitting at just 64.6%.

While the portion of loss-making sales in Perth remains high, the rate has been trending lower over time. The decade average rate of loss-making sales across Perth is a relatively elevated 21.0%, following an extended downturn in housing values between 2014 and 2019. Even the elevated level of loss-making unit sales is sitting well below the peak of 59.1% in the June quarter of 2020.

The deterioration in profitability across the unit segment follows recent capital growth trends across Greater Perth, where unit values declined -1.2% in the December quarter alongside a mild uplift in house values in the same period. Additionally, unit values across Perth never reached a new record high, as house values did, during the record-low interest rate settings introduced through the pandemic. This increases the likelihood of longer-term purchases in the unit segment facing a nominal loss from resale.

Portion of profit making sales, rolling quarter


## Summary of profit and loss making sales by LGA region

| | GROSS LOSS-MAKING SALES, DEC-22 QTR | | | | GROSS PROFIT-MAKING SALES, DEC-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) | 11.5% | 8.7 | -$ 23,000 | -$1,853,513 | 88.5% | 9.6 | $ 105,000 | $47,504,454 |
| Bassendean (T) | 12.9% | | | -$247,790 | 87.1% | 12.6 | $ 148,000 | $12,617,845 |
| Bayswater (C) | 19.0% | 9.4 | -$ 35,500 | -$2,238,667 | 81.0% | 10.3 | $ 116,250 | $43,475,916 |
| Belmont (C) | 29.2% | 8.3 | -$ 45,000 | -$3,181,845 | 70.8% | 11.9 | $ 90,000 | $21,805,165 |
| Cambridge (T) | 19.4% | 6.7 | -$ 39,500 | -$708,900 | 80.6% | 7.9 | $ 168,990 | $19,569,118 |
| Canning (C) | 12.1% | 8.8 | -$ 40,000 | -$1,663,112 | 87.9% | 13.6 | $ 156,500 | $65,349,133 |
| Claremont (T) | 37.5% | 8.0 | -$ 57,550 | -$777,000 | 62.5% | 13.3 | $ 339,000 | $7,760,000 |
| Cockburn (C) | 14.8% | 8.3 | -$ 44,000 | -$2,954,762 | 85.2% | 9.3 | $ 131,250 | $75,733,956 |
| Cottesloe (T) | 4.5% | | | -$127,500 | 95.5% | 10.0 | $ 171,000 | $6,744,500 |
| East Fremantle (T) | 13.9% | | | -$260,000 | 86.1% | 8.9 | $ 240,000 | $9,969,500 |
| Fremantle (C) | 10.9% | 8.4 | -$ 53,600 | -$752,600 | 89.1% | 9.3 | $ 229,000 | $37,045,537 |
| Gosnells (C) | 14.2% | 8.7 | -$ 37,500 | -$2,653,050 | 85.8% | 10.8 | $ 107,000 | $48,706,970 |
| Joondalup (C) | 6.0% | 9.2 | -$ 50,000 | -$2,178,864 | 94.0% | 12.5 | $ 229,000 | $177,578,098 |
| Kalamunda (S) | 3.9% | | | -$505,456 | 96.1% | 10.8 | $ 153,000 | $41,056,040 |
| Kwinana (C) | 11.8% | 8.1 | -$ 32,500 | -$1,151,100 | 88.2% | 8.5 | $ 92,500 | $23,650,600 |
| Mandurah (C) | 8.1% | 13.1 | -$ 40,500 | -$2,914,650 | 91.9% | 9.2 | $ 110,000 | $71,350,071 |
| Melville (C) | 3.9% | 9.3 | -$ 40,000 | -$768,270 | 96.1% | 11.2 | $ 256,250 | $132,047,415 |
| Mosman Park (T) | 8.0% | | | -$97,000 | 92.0% | 8.7 | $ 300,000 | $8,949,000 |
| Mundaring (S) | 2.8% | | | -$61,000 | 97.2% | 10.4 | $ 225,000 | $39,779,800 |
| Murray (S) | 9.2% | | | -$427,725 | 90.8% | 8.2 | $ 112,500 | $14,593,499 |
| Nedlands (C) | 8.6% | | | -$126,000 | 91.4% | 7.9 | $ 375,000 | $16,938,459 |
| Peppermint Grove (S) | | | | | 100.0% | | | $495,000 |
| Perth (C) | 59.4% | 10.8 | -$ 63,000 | -$8,449,693 | 40.6% | 10.9 | $ 63,250 | $9,726,291 |
| Rockingham (C) | 7.0% | 8.6 | -$ 19,500 | -$1,556,850 | 93.0% | 9.1 | $ 108,750 | $87,626,533 |
| Serpentine-Jarrahdale (S) | 2.6% | | | -$198,000 | 97.4% | 8.7 | $ 159,250 | $19,219,599 |
| South Perth (C) | 17.8% | 10.8 | -$ 47,000 | -$1,957,500 | 82.2% | 11.9 | $ 225,000 | $48,544,987 |
| Stirling (C) | 15.8% | 9.2 | -$ 30,000 | -$6,430,438 | 84.2% | 10.6 | $ 127,500 | $192,833,543 |
| Subiaco (C) | 28.3% | 9.5 | -$ 80,000 | -$2,312,800 | 71.7% | 10.5 | $ 212,500 | $23,531,499 |
| Swan (C) | 13.2% | 8.9 | -$ 50,000 | -$4,118,250 | 86.8% | 9.6 | $ 95,000 | $65,357,920 |
| Victoria Park (T) | 20.4% | 8.8 | -$ 31,000 | -$1,177,500 | 79.6% | 10.9 | $ 168,000 | $24,839,085 |
| Vincent (C) | 28.4% | 8.9 | -$ 56,500 | -$3,897,860 | 71.6% | 11.4 | $ 153,500 | $43,791,800 |
| Wanneroo (C) | 6.0% | 8.9 | -$ 20,000 | -$1,468,700 | 94.0% | 9.7 | $ 108,500 | $98,949,265 |

# Hobart

Hobart home values have recently shifted from a sustained housing market upswing that commenced in the late 2010's and through the pandemic, to a sharp downturn amid rapidly rising interest rates in the past 12 months. Hobart dwelling values are -12.1% below a peak in May 2022 and fell -9.3% from the peak in May through to the end of December. This also coincides with a broad uplift in the rate of loss-making sales across Hobart. While the rate was steady at 1.8% in the quarter, it has trended higher from a low of 0.9% in the three months to April 2022. The recent shift in values may only affect more recent buyers, where Hobart home values are 35.7% higher over the past five years. It is also worth noting that at 98.2%, Hobart still had the highest rate of profit-making sales of the capital city markets.

In February, Hobart was one of the only greater capital city and regional markets to see relatively strong price falls, with values down -1.4% in the month. There may be a further uptick in the rate of loss-making sales through the March quarter, as recent price falls increase the chance of nominal loss from resale, in an otherwise largely profitable market.

## Portion of profit making sales, rolling quarter


## Summary of profit and loss making sales by LGA region

| | GROSS LOSS-MAKING SALES, DEC-22 QTR | | | | GROSS PROFIT-MAKING SALES, DEC-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 | 7.3% | | | -$210,500 | 92.7% | 5.4 | $ 287,500 | $11,306,119 |
| Clarence | 0.7% | | | -$145,025 | 99.3% | 7.6 | $ 355,000 | $60,864,250 |
| Derwent Valley | | | | | 100.0% | 7.6 | $ 262,000 | $5,037,000 |
| Glenorchy | 1.5% | | | -$124,980 | 98.5% | 8.1 | $ 305,000 | $41,133,386 |
| Hobart | 0.7% | | | -$62,000 | 99.3% | 10.0 | $ 415,000 | $69,448,473 |
| Kingborough | 2.8% | | | -$89,000 | 97.2% | 6.6 | $ 335,000 | $43,649,291 |
| Sorell | 2.1% | | | -$188,500 | 97.9% | 9.7 | $ 359,000 | $18,055,598 |

# Darwin

Darwin once again recorded the highest incidence of loss-making sales in the December quarter, at 25.5%. However, the rate had reduced the most of any of the capital city markets on a quarterly basis, by 390 basis points. The rate of loss-making sales was 15.5% across the house segment, and 40.5% across the unit sector. The nominal median loss from resale was also relatively high at -$61,250. This was second to Hobart, which had the highest median loss from resale at -$62,000.

Home values, and the level of nominal gains from resales, are expected to gradually rise across the Darwin market long term, as strong rent growth, relatively affordable dwellings and positive overseas migration trends support housing demand. However, amid rapid rate rises, this broad recovery has been interrupted. Darwin dwelling values fell -1.0% in the three months to February, as markets started to stabilise on the eastern seaboard. As a result, there could be a short-term deterioration in the rate of profitability across Darwin resales, in the context of a broad improvement over the coming years.

## Portion of profit making sales, rolling quarter


## Summary of profit and loss making sales by LGA region

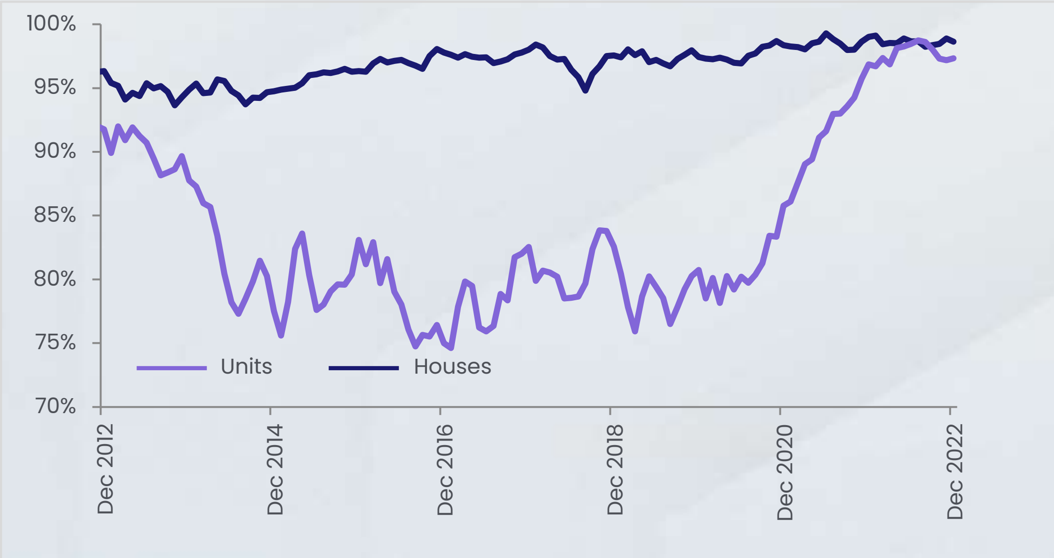
| | GROSS LOSS-MAKING SALES, DEC-22 QTR | | | | GROSS PROFIT-MAKING SALES, DEC-22 QTR | | | |
|---|---|---|---|---|---|---|---|---|
| | % of all sales | Median hold period | Median loss | Total value of loss | % of all sales | Median hold period | Median profit | Total value of profit |
| Brighton | 28.6% | 9.6 | -$ 60,000 | -$6,782,382 | 71.4% | 12.3 | $ 134,000 | $47,056,750 |
| Clarence | 4.1% | | | -$30,750 | 95.9% | 11.9 | $ 215,000 | $15,200,984 |
| Derwent Valley | 25.7% | 9.3 | -$ 71,000 | -$3,301,250 | 74.3% | 10.2 | $ 137,000 | $24,893,990 |

# ACT

Canberra homes saw the second-highest level of profit-making resales across the capital cities in the December quarter, at 98.1%. The city also saw the second-highest median nominal gains of the capital city markets, at $352,325. The rate of loss-making sales across the house segment was 1.4% in the quarter, compared to 2.7% across the unit segment.

While the results across Canberra are very encouraging for sellers, there has been a slight uptick in the rate of loss-making sales in recent months. Similar to Darwin Hobart, more recent growth trends have shown continued declines in value while larger markets have seen price trends stabilise. Canberra home values fell -2.7% in the three months to February, which may see an uptick in loss-making sales through the March quarter.

## Portion of profit making sales, rolling quarter




## Summary of profit and loss making sales by LGA region

| | GROSS LOSS-MAKING SALES, DEC-22 QTR | | | | GROSS PROFIT-MAKING SALES, DEC-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 | 1.9% | 1.7 | -$ 42,334 | -$2,116,298 | 98.1% | 9.9 | $ 352,325 | $696,398,009 |

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