CoreLogic

Pain and Gain Report

Australia | Released June 2023

Data to March 2023

Contents

Introduction

This edition of the Pain and Gain report analyses approximately 76,000 resales in the March quarter of 2023. The portion of dwellings that made a nominal gain from resale sank for the third consecutive quarter, to 92.3%. This is down from a recent high of 94.2% in the three months to May 2022. The decline in profit-making sales has broadly coincided with the national housing market downturn, which likely moved through a trough in February this year. Overall resale observations were down 6.5% on the previous quarter, but loss-making sales rose 4.6%.

Small capital city markets maintained exceptionally high rates of nominal gains from resale, benefitting from large, recent upswings in value. Of the capital city markets, the rate of profit-making sales was highest in Hobart, where 99.0% of resales made a nominal gain. This was followed by a rate of 98.1% across Canberra and Adelaide.

At the other end of the spectrum, Darwin, Perth, Sydney and Melbourne saw increases in the rate of loss-making sales to relatively high levels. In Sydney, the incidence of loss-making sales reached 10.7% in the March quarter, its highest level since the three months to August 2009. The Brisbane housing market saw a slight increase in the rate of profit-making sales, to 95.7% in the quarter.

The rate of loss-making sales nationally across the house market increased by 20 basis points to 3.8% in the quarter, but the share of loss-making unit resales jumped to 15.4% from 13.8% in the previous quarter. The past year has seen a more rapid deterioration in profitability across the unit sector relative to houses, and this contributed to a record gap in the share of profit-making sales across houses and units as of March 2023. Given there is generally a higher concentration of investment ownership in the unit sector, the increase in servicing investment mortgages may be a factor contributing to the greater concentration of loss in unit resales. The increase in loss-making unit resales through the quarter can largely be explained by a jump in losses across the Melbourne – Inner SA4 region.

Another interesting feature of the data is hold periods. An increasing share of resales taking place in the March quarter have a relatively low hold period of less than two years. The portion of resales with a hold period of less than two years in the March quarter was 8.4%, up from 6.6% in the March quarter of 2022, while the portion of loss-making resales with a hold period of less than two years has also increased to 12.4%, compared to 3.4% in the March quarter of 2022. Such short selling times that involve sellers incurring a loss may be considered unusual, because hold periods typically *increase* during housing value downturns, as sellers try to avoid making a loss.

The implication may be that some sellers are choosing to incur a loss from resale in order to avoid particularly high mortgage payments in the current rate-hiking environment.

Looking forward, there is some uncertainty in the trend for profitability in residential real estate. Ultimately the portion of sellers making a nominal gain remains high, and rising home values nationally for the months of March, April and May suggests that the housing market downturn saw a trough in February of this year. There may be some motivated selling reflected in the next few quarters, where property owners willingly sell at a loss to avoid rising mortgage interest, but ultimately profitability is expected to remain elevated as positive capital growth trends return to the market.

MEDIAN RETURNS

MEDIAN GAIN

$276,000

MEDIAN LOSS

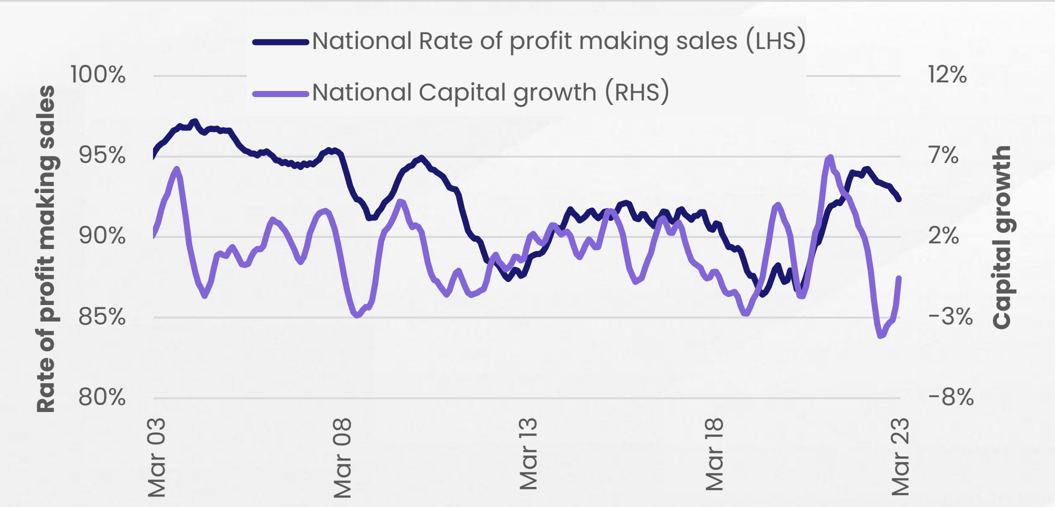
$40,000

National Overview

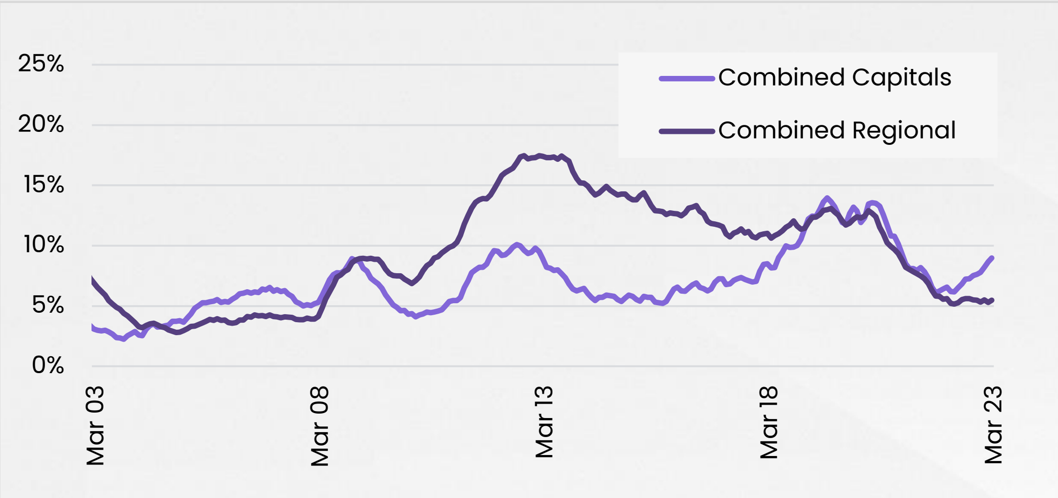
The rate of profit-making resales in the March 2023 quarter dipped to 92.3%, down from 93.2% in the previous quarter. This marks the third consecutive quarter that profitability has declined, alongside continued quarterly falls in national home values through to the end of March. There were approximately 76,000 resales observed through the quarter, down -6.5% on the three months ending December 2022. Despite lower overall observations, the volume of sales that made a nominal loss increased by 4.6%, to around 5,800.

The total nominal profit from resales in the March quarter is estimated to be $22.7 billion, a reduction from $25.9 billion in the previous quarter, and down from a high of almost $40 billion in the December quarter of 2021. As total nominal gains trended lower, nominal losses expanded in the March quarter to around -$318 million, compared to -$302 million in the previous quarter, and -$296 million in the March quarter of 2022.

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



Between December last year and the end of the March quarter, the rate of profitability in the Australian dwelling market dipped around 80 basis points. This was a larger deterioration that the 20-basis point decline in the December quarter, despite capital growth trends improving from -3.3% in Q4 last year to -0.6% in Q1 this year according to CoreLogic's Home Value Index.

The chart on page 4 shows that changes in the portion of profit-making sales tends to move together with the capital growth trend. The chance of making a profit rises when home value rise, and falls when home values are in decline. In the past few months, the level of profitability has deteriorated at a faster pace, despite the rate of decline in home values easing. However, the rate of profit-making sales also appears to lag capital growth movements over time.

While resale insights are measured to the end of the March quarter, the CoreLogic Home Value Index has shown signs of recovery since the month of March. By the end of May, national home values had lifted 2.3% from a recent trough. The recent lift in national home values could signal a turn for the rate of homes selling at a nominal loss, which could start to stabilise, if not reduce, in the June quarter.

Mortgage serviceability, as well as value loss, could be weighing on profitability

There are other factors which could keep profitability falling despite a recent turnaround in home values. Some buyers may choose to sell their home before values have made a nominal gain if rising rates have made servicing a mortgage on the property particularly difficult.

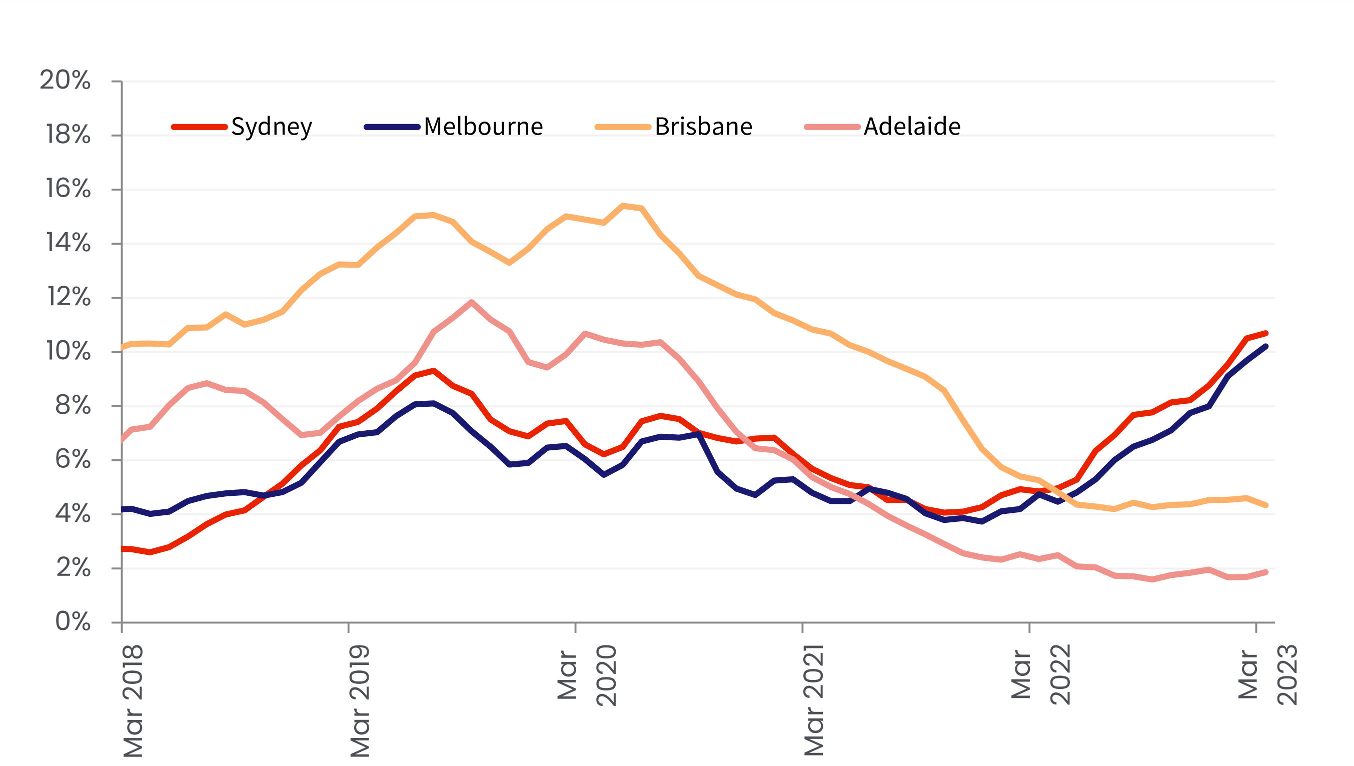
CoreLogic estimates that monthly variable home loan payments on a $500,000 loan have increased around $1,030 for owner occupiers, and $1,050 for investors between April 2022 and June this year. While there is a lot that takes place between falling behind on mortgage repayments and the mortgagee taking possession of the home, some sellers may be looking to offload their property before reaching that stage.

The national housing market has recently seen a short, sharp drop in value between April 2022 and February 2023. Values were down -9.1% through the downturn, following a 28.6% surge through the upswing. The drop in values was off the back of increases in the cash rate and mortgage rates. As of March 2023, national home values were still -8.5% below the recent high in April 2022. This would increase the incidence of a nominal loss for resales occurring within a year of the initial purchase date. Despite the greater potential to incur a loss, more loss-making resales are in fact occurring within the space of one year. In the March 2023 quarter, 5.5% of loss-making sales had a hold period of less than a year, up from 5.3% in the previous quarter and 2.0% in the previous year. The underlying volume of short-term resales have also increased through these periods. Recent home buyers with a high loan-to-valuation ratio may be more pressured to sell amid rising rates, due to high levels of housing debt.

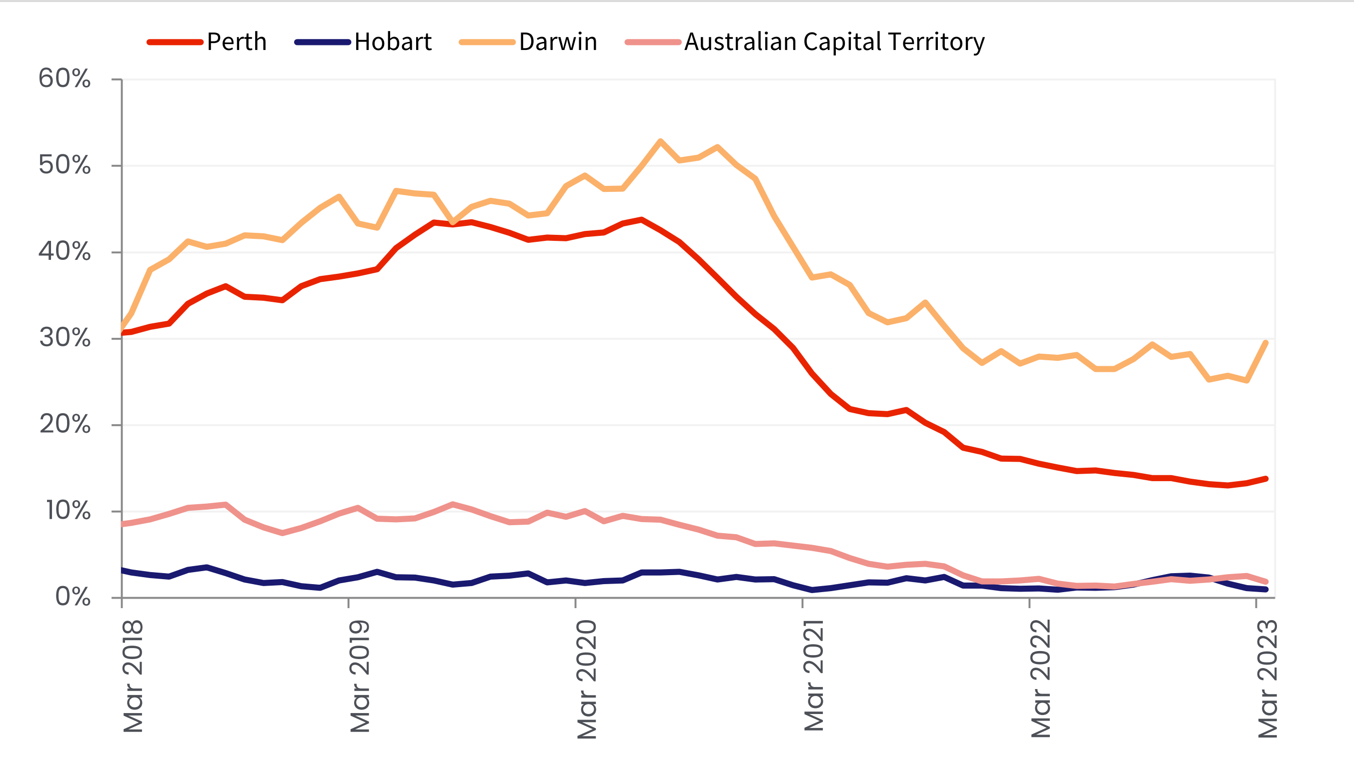
Portion of loss-making sales, capital cities versus regional – QoQ change

	Portion of loss-making sales Mar 2023	Portion of loss-making sales Dec 2022	Change (percentage point)
Sydney	10.7%	8.8%	1.9%
Rest of NSW	2.7%	2.2%	0.5%
Melbourne	10.2%	8.0%	2.2%
Rest of Vic.	1.7%	1.2%	0.5%
Brisbane	4.3%	4.5%	-0.2%
Rest of Qld	7.5%	7.8%	-0.3%
Adelaide	1.9%	2.0%	-0.1%
Rest of SA	5.8%	4.6%	1.3%
Perth	13.8%	13.1%	0.6%
Rest of WA	13.4%	15.6%	-2.2%
Hobart	1.0%	2.3%	-1.4%
Rest of Tas.	2.1%	1.9%	0.2%
Darwin	29.5%	25.3%	4.2%
Rest of NT	12.2%	8.0%	4.2%
ACT	1.9%	2.1%	-0.2%

Portion of loss-making sales, capital cities



Portion of loss-making sales, capital cities



Despite the increase in short-term resales, the highest share of loss-making resales were actually held for between 8 and 10 years (21.0%). This partially reflects sales across resource-based markets in Western Australia and the Northern Territory, which saw long downturns in value through the 2010s. However, the highest frequency of these long-held, loss-making sales were investment units across the Inner – Melbourne market.

The overall increase in the rate of loss-making sales was largely driven by the combined capital cities market. The rate of loss-making sales across the combined capitals has trended up from a recent low of 6.2% in the three months to May 2021, to 9.0% in the March quarter; the highest portion of loss make sales since February 2021, but well below the recent peak of 14.0% recorded in July 2019 as the previous housing downturn was coming to an end. In the same period, the rate of loss-making sales across the combined regional market of Australia increased marginally from 5.2% to 5.5%.

Across the capital city markets, the most notable increase in loss-making sales has occurred across Sydney, Melbourne, Perth and Darwin. Darwin had the largest quarterly uptick in the portion of loss-making sales, from 25.3% in the three months to December 2022, to 29.5% in the March quarter. Melbourne had the second-largest quarterly increase of 2.2 percentage points to 10.2%, followed by a 1.9 percentage point jump in Sydney to 10.7%. The rate of loss-making sales across Perth increased close to 60 basis points to 13.8%. Looking at loss-making sales overall, the highest concentration by greater capital city and regional market was in Sydney (21.4%), followed by Perth (21.1%) and Melbourne (19.1%).

On the other end of the spectrum, some smaller capital cities have maintained extremely low rates of loss-making sales, supported by strong upswings in recent years. Hobart had the lowest rate of loss-making sales (1.0%), followed by Canberra and Adelaide, which each had a loss-making sale rate of 1.9%. In Brisbane, the rate of loss-making sales trended 20 basis points lower in the quarter to 4.3%. The combined volume of loss-making sales across Adelaide, Canberra and Hobart accounted for less than 2% of loss-making sales nationally.

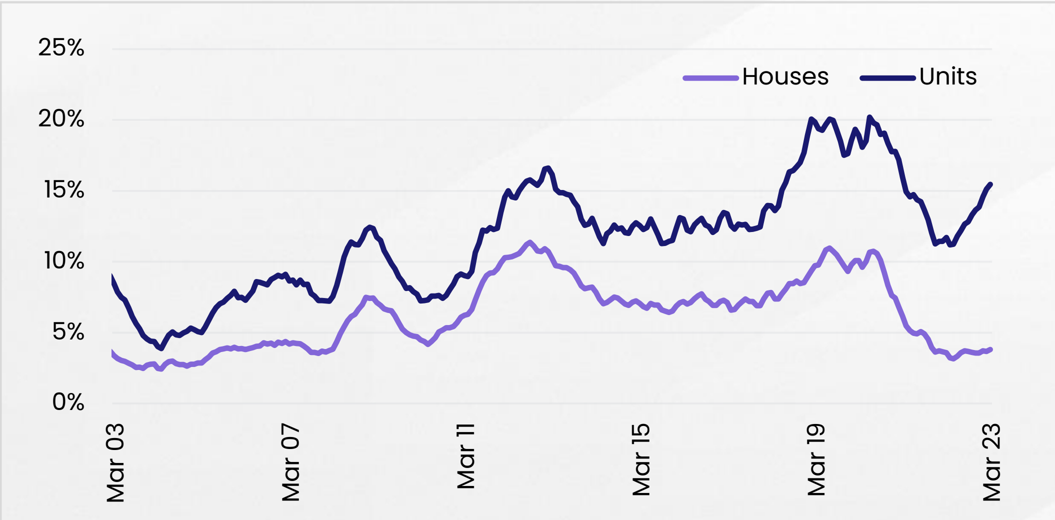
Overall, the gains from residential resales in Australia remain substantial, and the rate of loss-making sales remain relatively contained at the national level. Over 9 out of 10 resellers are making a gross profit, and the median nominal gain was $276,500 nationally. However, the combined factors of a recent sharp downturn in home values, and rising mortgage rates, may be inducing a higher incidence of loss across some parts of the country. Resource based markets, and large investor centric markets across Sydney and Melbourne, seem to be the main locations of this increased portion of loss-making sales.

Houses vs Units

Units have seen a notable increase in the rate of loss-making sales across the country, from a recent low of 11.2% in the three months to April (just before the start of RBA rate hikes), to 15.4% in the March 2023 quarter. House resales have seen a comparatively low increase in the rate of loss-making sales in the same period, from 3.2% in the three months to April, to 3.8% in the March quarter of this year. This takes the gap in profitability between houses and units to a record high in the series, going back to 1996. Historically units have been around twice as likely to see a nominal loss from resale relative to houses, and this expanded to four times through the March quarter.

Several factors could explain the longer-term gap in profitability across the house and unit sector. Over the past decade to May 2023, the unit market of Australia has seen weaker capital growth than the house market, increasing 39.4% in value relative to a 63.6% uplift in house values. ABS data points to more houses being completed nationally than units in the past decade, but unit construction was elevated through the mid-to-late 2010s, and makes up an increasing share of housing stock.

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



More recently, the increase in loss-making unit resale rates could also be tied to increased interest payments, particularly for investors, where unit ownership is more prevalent. CoreLogic estimates that monthly repayments on a new investment loan across Australia has increased $964 in the past year. While rent valuations have recently seen record rates of growth, the median monthly increase in rent valuations is a smaller $229 for the same period. As the cost of living continues to rise and mortgage repayment costs increase, there may be some investors opting to offload their properties, even if they incur a small nominal loss from the resale of their property.

The table on the following page summarises rates of profit and loss across house and unit markets of Australia. The largest discrepancies in house and unit resale profitability are across Darwin, Perth, Melbourne and Sydney. The most profitable unit markets over the quarter were in Regional Vic, Regional NSW and the ACT. It is interesting to note the amount of new unit development that has occurred across the ACT has been elevated in recent years, but the unit segment has still seen a value increase of 23.6% in the past five years.

Proportion of total resales at a loss/gain, houses vs. units, March 2023 quarter

REGION	HOUSES		UNITS	
	Pain	Gain	Pain	Gain
Sydney	2.3%	97.7%	17.5%	82.5%
Rest of NSW	2.9%	97.1%	1.9%	98.1%
Melbourne	2.4%	97.6%	21.9%	78.1%
Rest of Vic.	1.7%	98.3%	1.8%	98.2%
Brisbane	1.3%	98.7%	9.2%	90.8%
Rest of Qld	6.5%	93.5%	9.6%	90.4%
Adelaide	0.8%	99.2%	4.9%	95.1%
Rest of SA	5.6%	94.4%	8.9%	91.1%
Perth	5.8%	94.2%	35.6%	64.4%
Rest of WA	12.6%	87.4%	20.3%	79.7%
Hobart	0.2%	99.8%	3.1%	96.9%
Rest of Tas.	2.1%	97.9%	2.2%	97.8%
Darwin	17.2%	82.8%	49.7%	50.3%
Rest of NT	10.1%	89.9%	17.6%	82.4%
Australian Capital Territory	1.7%	98.3%	2.0%	98.0%
National	3.8%	96.2%	15.4%	84.6%
Cap city	2.9%	97.1%	18.3%	81.7%
Regional	5.0%	95.0%	7.2%	92.8%

Inner Melbourne continues to be a pain point for profitability

Comparing the March 2023 quarter with the same period of last year, it is estimated that loss-making unit resales have increased by around 300 transactions nationally. The Melbourne – Inner SA4 market accounts for over half of the increase, with loss-making unit sales in this market rising by 151 transactions, to 562 in the March quarter. The portion of loss-making unit sales was 36.9% in the quarter. These apartments have a median hold period of 8.7 years, and the buildings themselves are relatively new, with an average year built of 2010. The median hold period puts the purchase date across the market at mid-2014. The vast majority of loss-making resales are estimated to be investment sales (87%), and the median loss from resale is -$52,000, with a median proportional value loss of -10.5%. Within the region, over 40% of loss-making unit resales were concentrated in the suburbs of Melbourne, Southbank and Yarra.

There are some indicators that market performance across the Melbourne – Inner unit market will show improvement in the coming months. May 2023 saw a monthly increase of 1.3% in values across the region, and the re-opening of Australian borders to overseas arrivals last year has seen a strong bounce back in rental demand, with unit rents increasing 20.7% over the past 12 months, and rental vacancy at less than 1%. However, higher interest repayments for investors may still prompt some to sell at a loss amid continued rate hikes.

Investor vs Owner Occupiers*

Loss-making sales comprised an estimated 4.0% of owner occupier resales nationally in the March quarter, up from 3.6% in the previous quarter. However, investor resales maintained a far higher incidence of loss from resale, at 12.6%. Not only did investors have a higher rate of loss-making resales, but the quarterly increase in the rate of losses was faster, at 1.4 percentage points.

Looking at the underlying composition of resales through the first quarter of 2023, investors are estimated to have comprised 28.0% of resales overall, but 55.3% of loss-making resales. Median gains from resale were also higher for owner occupiers at $315,000, compared to $190,000 for investors.

The higher proportion of loss among investors largely comes back to the composition of stock, where investors accounted for 56.8% of unit resales in the quarter, and owner occupiers accounted for 83.9% of house sales. This included around 60% of unit resales across Melbourne, where capital growth conditions have been relatively subdued through the pandemic. Additionally, investors accounted for 67% of unit resales in Perth and 77% in Darwin, where there has been high volatility in capital growth performance tied to the resources sector.

The table below shows the rate of profit and loss-making sales by greater capital city and regional area through the March 2023 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 slightly higher for investors than in the owner-occupier segment. These were Regional NSW, Regional Victoria, Regional SA and Hobart.

The most profitable region for investors was Regional Vic, where 99.5% of investment resales made a nominal gain. For investment resales in Regional Vic, the median hold period was 8.0 years, with a median nominal gain of $202,500. For owner-occupiers, resales in Adelaide had the highest incidence of profit at 99.3%. The median hold period of owner-occupied, profit-making resales in this market was 8.9 years, with a median nominal gain of $305,000.

Investors may be feeling more pressure to sell in the current rising rate environment, which could have contributed to a more rapid increase in the rate of loss-making sales in this segment in the March quarter. Investment properties generally have a higher interest rate premium, which may make it harder for some investors to service interest costs as the cash rate moves higher in 2023, and the bulk of fixed terms secured through the pandemic expire. As of April, the RBA reported average outstanding investment mortgage rates were 31 basis points higher than for owner occupiers. Investment sales do not impact the primary place of residence for the seller, so may be an easier asset to offload, and investors may be able to offset losses against future capital gains.

Other data points across CoreLogic have also pointed to more elevated levels of investment selling activity, with an estimate of investor-owned listings coming to market in May sitting at 30.3% of all new listings, up from a previous decade average of 25.1%. Loss-making sales on investment properties may continue to trend higher as further rate hikes are passed through to the mortgage market in 2023.

INVESTOR VS OWNER OCCUPIERS

Proportion of total resales at a loss/gain, owner occupiers vs investors, March 2023 quarter

REGION	PAIN		GAIN	
	Owner Occupied	Investor	Owner Occupied	Investor
Sydney	6.5%	14.7%	93.5%	85.3%
Regional NSW	2.2%	2.1%	97.8%	97.9%
Melbourne	3.3%	21.3%	96.7%	78.7%
Regional Vic	1.0%	0.5%	99.0%	99.5%
Brisbane	2.5%	5.8%	97.5%	94.2%
Regional Qld	4.4%	7.5%	95.6%	92.5%
Adelaide	0.7%	2.6%	99.3%	97.4%
Regional SA	3.3%	3.2%	96.7%	96.8%
Perth	6.1%	23.2%	93.9%	76.8%
Regional WA	9.7%	16.6%	90.3%	83.4%
Hobart	0.9%	0.8%	99.1%	99.2%
Regional Tas	0.8%	3.1%	99.2%	96.9%
Darwin	23.7%	39.9%	76.3%	60.1%
Regional NT	11.5%	20.8%	88.5%	79.2%
Australian Capital Territory	1.1%	1.9%	98.9%	98.1%
National	4.0%	12.6%	96.0%	87.4%
Cap city	4.3%	15.2%	95.7%	84.8%
Regional	3.5%	5.6%	96.5%	94.4%

Hold Periods

The median hold period for resales across Australia was 8.9 years in the March quarter, down from 9.9 years in the three months to December, and 9.0 years in the three months to March 2022. This places the median initial purchase date of all resales in the March quarter in the first half of 2014.

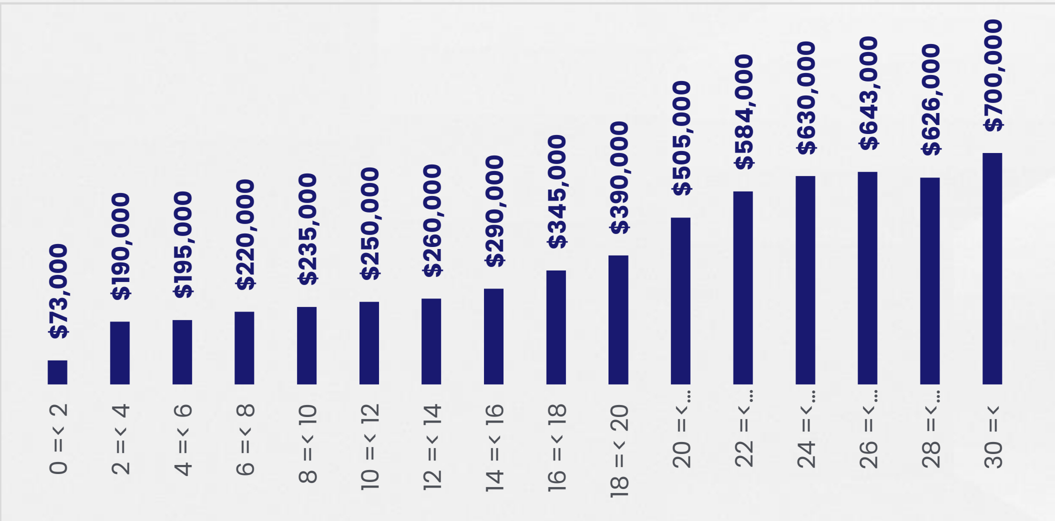
The national hold period for loss-making sales was 8.3 years, or a median initial purchase date for loss-making sales in the December quarter of 2014. At the national level, Australian home values rose almost 38% between December 2014 and March 2023. However, the Perth unit market incurred a -12.9% loss in the same period, and Darwin dwelling values have seen a -6.2% decline in this time. Resource-based markets, which boomed in the early 2010s amid surging economic growth and production in China, account for around 64.3% of the loss-making sales with a hold period of 8.3 years or more.

Of the capital cities and rest of state regions, the lowest median hold period for profit-making sales was across regional Tasmanian units, at 6.4 years. This suggests an initial purchase date in late 2016. Between September 2016 and March 2023, regional Tasmanian unit values have increased 78.8% in value. The median profit from unit resales in regional Tasmania was $172,250.

Conversely, the maximum 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 14.6 years, with the median nominal decline sitting at $42,000.

The chart below shows the median resale result (of all profit and loss events) by hold period for Australian dwellings in the March quarter. The highest gains from resale were across properties held for more than 30 years, with a median result of $700,000. While this is a sizable nominal gain, it has reduced from $740,500 in the December quarter of last year, and almost $750,000 in the September quarter of 2022.

Median nominal return from resales by hold period (years) – March 2023 quarter



As noted in the previous quarter report, the recent downturn in housing values has substantially reduced the nominal returns from resale from a hold period of less than two years. The median resale result from this short hold period was $73,000 in the March 2023 quarter, down from just under $94,000 in the previous quarter. Despite the lower return on offer, the portion of resales in property held for less than two years increased to 8.4% (up from 7.9% in the previous quarter), and the portion of loss-making sales associated with this short hold period was 12.4% (up from 10% in the previous quarter, and 3.4% in the March quarter of 2022).

The data indicates that a higher portion of sellers have chosen to offload their property in a short space of time, despite reduced nominal gains, and a higher chance of making a nominal loss. This could also support the broader narrative that rising interest costs are prompting a higher level of sales, particularly through 2023, where mortgage holders rolling off fixed rate terms taken up in 2021 may be facing a sudden 'sticker shock' on mortgage repayments. Fortunately for most of these sellers, a nominal gain was achieved from the resale. Of sellers who held their property for less than two years, 85.9% made a nominal gain.

Median hold period of profit and loss making sales, Mar 2023 quarter

REGION	PAIN		GAIN	
	Houses	Units	Houses	Units
Sydney	1.6	6.2	10.3	9.3
Regional NSW	4.6	3.6	8.8	7.4
Melbourne	1.9	8.0	10.5	8.7
Regional Vic	1.3	3.7	8.0	8.3
Brisbane	1.1	8.8	8.7	8.0
Regional Qld	11.8	12.8	8.3	6.8
Adelaide	1.5	6.9	9.4	7.9
Regional SA	11.9	-	9.5	9.6
Perth	8.9	9.5	9.8	9.9
Regional WA	12.7	14.6	9.3	7.9
Hobart	-	-	9.3	8.0
Regional Tas	1.1	-	7.5	6.4
Darwin	9.8	9.6	10.1	13.2
Regional NT	-	-	10.4	9.0
Australian Capital Territory	3.7	1.7	9.9	8.0
National	9.0	8.1	9.3	8.3
Cap city	7.6	7.8	9.6	8.7
Regional	11.0	12.8	8.8	7.1

Resource-Based Markets

Pain and Gain analysis tracks six major resource-based markets at the SA4 regional level. The combined portion of loss-making sales across these regions ticked slightly lower through the March quarter of 2023, from 20.8% at the end of last year to 20.1%. This was largely driven by a reduction in the number of loss-making sales across the Mackay – Isaac – Whitsunday region and the West Australia – Outback (South) market. Although resource-based markets still present a relatively high chance of resales making a nominal loss, the median size of the nominal loss in these markets was lower than the national figure, at -$34,500, compared -$40,000 nationally in the quarter.

All markets except the South Australia – Outback region saw an overall decline in the underlying volume of loss-making sales through the quarter. The South Australia – Outback market also had the highest proportional uplift in the rate of loss-making sales, from 12.6% in the December quarter, to 17.8% of sales through March. Despite the relatively large uplift in loss-making sales, the region has maintained the highest rate of profitability from resales of the major mining markets. The increase in the portion of loss-making sales across the region coincides with a slight easing in dwelling values through the March quarter of -0.5%, which deepened to a decline of -1.6% in the three months to May.

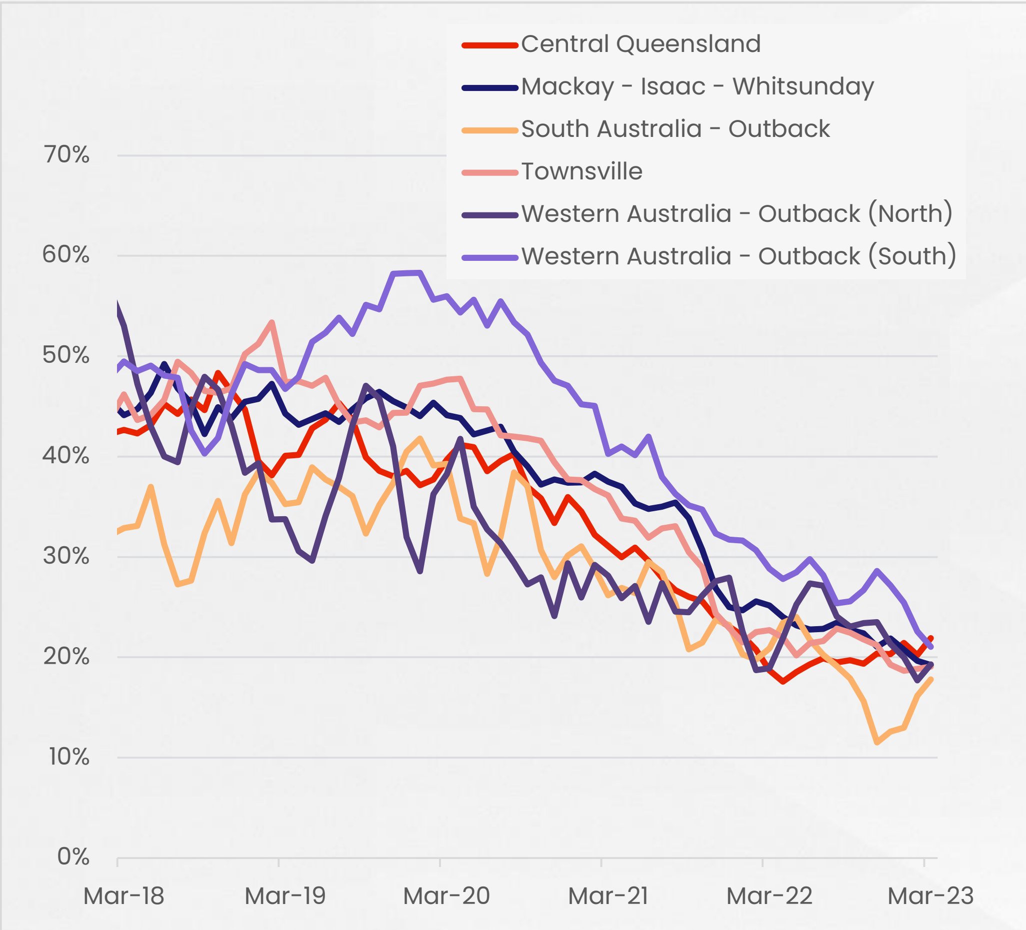
The lowest rate of profit-making sales across the mining regions analysed was in the Central Queensland market, at 78.1%. This deteriorated from 79.7% in the previous quarter. However, at 21.9%, the rate of loss-making sales in this region is still trending lower than the previous decade average of 32.1%. The dwelling market across Central Queensland has seen a robust upswing in market values since late 2020, with home values sitting 27.1% higher since the onset of the pandemic.

Capital growth and sales trends across mining markets have vastly improved in the years since the start of the pandemic. Since March 2020, the rate of loss-making sales across the combined resource markets fell from 44.7%, to the March 2023 result of 20.1%. In other words, the incidence of loss-making sales in mining markets is high, but improving. Demand for resource-based commodities increased in the low interest rate environment, and housing demand was exacerbated by COVID-related travel restrictions, which may have converted some 'FIFO' workers to resident workers.

The outlook for commodities is now less certain for the rest of 2023, and could change the trajectory of profit-making sales in mining markets. On the one hand, China's post-pandemic re-opening is expected to place elevated demand on energy commodities and industrial metals such as iron ore. On the other hand, major western economies are facing recession risks as they adjust to higher interest rates, which could see lower levels of production, and demand for commodities along with less fixed capital investment across the mining and resources sector With economic conditions heavily reliant on outcomes in the resources sector, housing risk in these regions remains high.

Despite some of the risks for market conditions over the medium term, current market conditions still look fairly strong in resource-based markets. Annual growth in rent values remained high in Regional WA, at 8.9% in the 12 months to May. Gross rent yields in the region were recorded at 6.4%, and home values have risen consistently since November last year. While the next downswing commodities may have knock-on effects for mining markets in the longer term, the short term is expected to see continued improvement in profitability.

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



Sea Change and Tree Change Destinations

CoreLogic analysed resales across nine popular coastal markets, and nine popular non-coastal regional markets of Australia through the March quarter. These areas are considered ‘tree-change’ or ‘sea-change’ destinations because of the appealing natural landscapes offered, but they also have high amenity town centres.

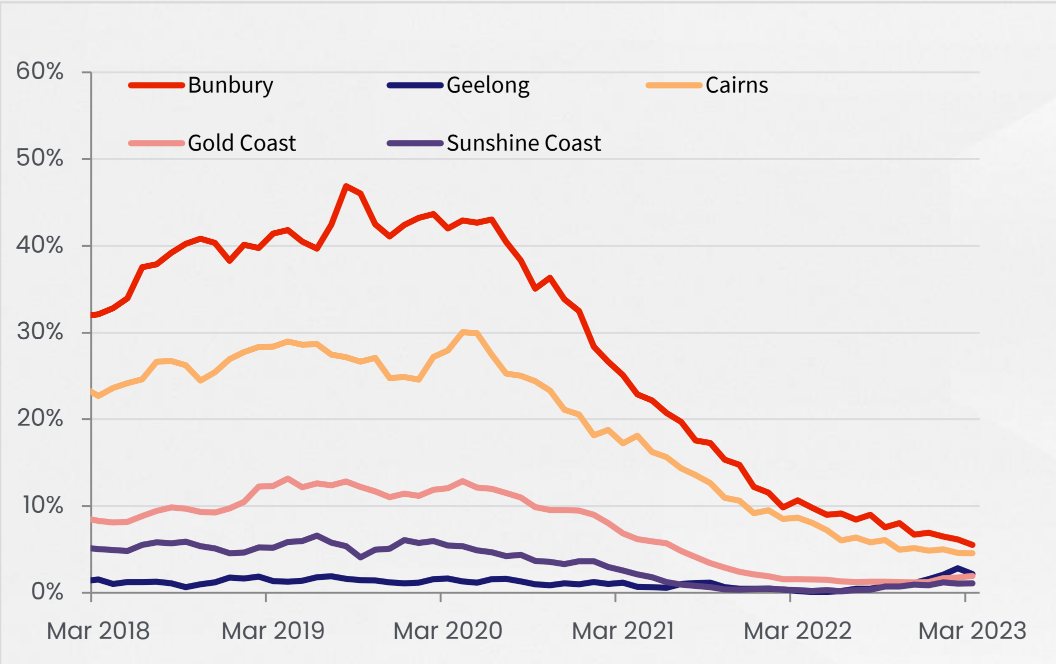
Across the coastal or ‘sea-change’ markets analysed, the overall rate of loss-making sales increased in the March quarter, to 2.6%. This was up from 2.3% in the December quarter of last year, and has trended higher from a low of 2.1% in the June quarter of 2022.

Across the individual markets analysed, Illawarra saw the highest increase in the rate of loss-making sales, up around 150 basis points from the December quarter of last year, but to a relatively low 2.4%. Quarterly increases in loss-making sales also occurred across Geelong, the Gold Coast, the Sunshine Coast, the Newcastle Lake Macquarie region and in Richmond Tweed. The increase in loss-making sales in coastal markets of Australia coincides with an average decline in dwelling values across these markets of -8.5% between April of 2022, before the RBA commenced a steep increase in the cash rate, and March 2023.

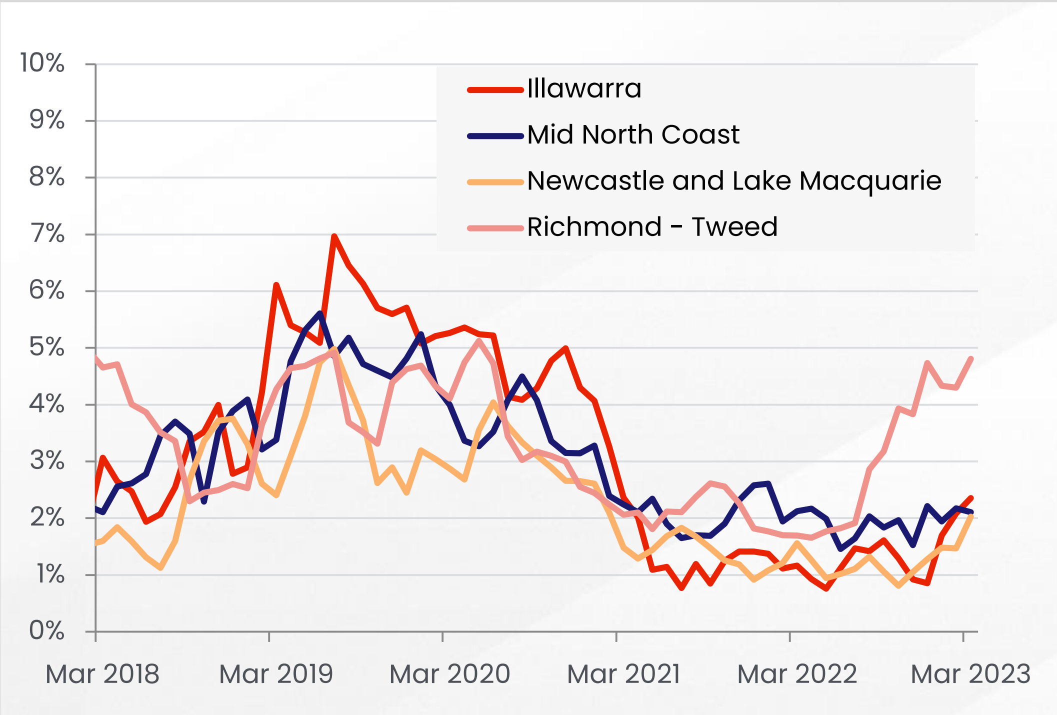
Loss-making sales across Richmond Tweed in particular have escalated substantially from a low of 1.7% in April of 2022, to 4.8% in the March quarter. Compared to some areas of regional Australia, such as mining markets, a loss rate of 4.8% is fairly contained. However, it is unusual for the Richmond Tweed market. A loss-making sales rate of 4.8% marks the highest level since the three months to May 2020, when there was a broad-based downturn in home values off the back of the initial uncertainty of the pandemic. Home values across the region have been falling amid a rapid rise in interest rates, which often induces more volatility in expensive housing markets, such as Byron and Ballina.

Additionally, flooding across the Richmond Tweed region in early 2022 continues to have an impact on demand and resale values across the region. In the year to March 2023, dwelling values across Richmond Tweed declined -20.4%. Home values continued to fall a further -1.4% between March and the end of May, suggesting the rate of loss-making sales may increase further in the June quarter.

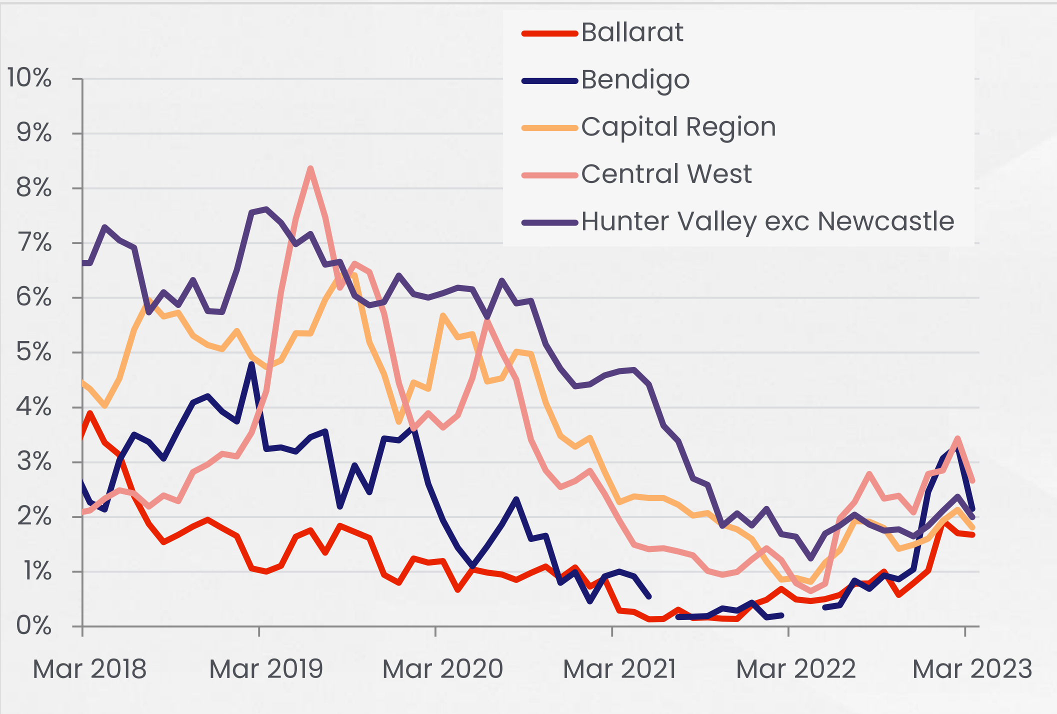
Rate of loss-making sales, select SA4 markets - rolling quarter



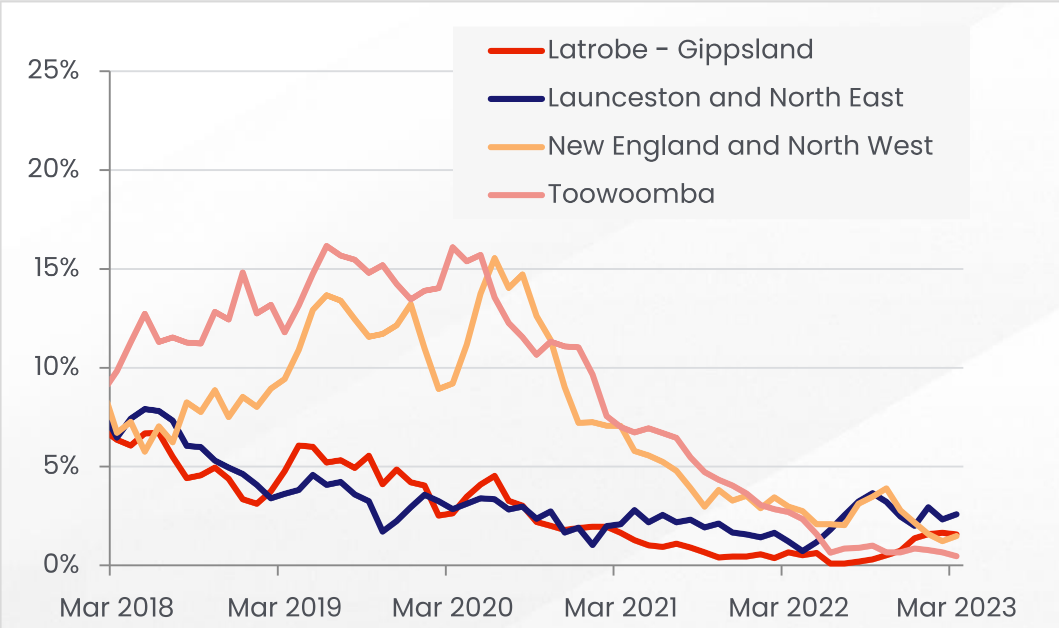
Rate of loss-making sales, select SA4 markets - rolling quarter



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



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



In non-coastal regional markets of Australia, the rate of loss-making sales shifted slightly higher in the March quarter, but remained relatively low at 1.8%. This was a lift of around 20 basis points from the previous quarter, and is up from a low of 1.2% in the June quarter of 2022. Major non-coastal regions like Ballarat, Bendigo, the Central West and the Hunter region saw profitability slightly eroded against recent interest rate rises, but that trend is now starting to reverse as the housing market showed signs of recovery earlier this year. Toowoomba has proved a highly profitable market through the March quarter, with 99.5% of resales returning a nominal gain. This follows a 32.6% uplift in values since the onset of the pandemic, and very little impact to the market from recent rate rises. Home values in Toowoomba are just -0.2% below a recent peak in July last year.

Many non-capital city markets have seen a substantial increase in value since the onset of COVID-19, with periods of lockdown prompting a slightly elevated flow of migration from capital cities to regional Australia, and disincentivising moves from regions to cities. However, in the post-lockdown period, migration flows have started to normalise to reflect a 'pre-COVID' trend. ABS provisional migration data showed net migration to regional Australia was just under 43,000 in the 2020 calendar year, and that this slowed to under 30,000 through 2022. Higher interest rates, falling home values and this normalisation in migration trends could see the rate of loss-making sales drift higher in the coming quarters. However, home values across these select regional markets were still, on average, 31.2% higher than at the onset of the pandemic through to the end of May this year. This means longer-term home owners in the region are still very likely to see a nominal gain from resale, and the rate of profit-making sales should remain elevated for years to come as a result.

Sydney

In Sydney, the incidence of loss-making sales reached 10.7% in the March quarter, its highest level since the three months to August 2009. This was driven by a deterioration of profitability across the unit sector, where only 82.5% of unit resales made a nominal gain, down from a recent high of 93.2% in the three months to November 2021. Of the loss-making unit resales across Sydney, the median nominal loss was -$45,000, and the highest concentrations were in the council areas of Parramatta (18.7%), Sydney (9.0%) and Canterbury-Bankstown (7.7%). CoreLogic estimates 63.1% of loss-making unit resales were owned by investors. Since March 2023, Sydney unit values have seen an overall increase of 2.3% in value, suggesting the incidence of nominal gains may be higher in the next reporting period.

Meanwhile, house resales maintained a relatively high rate of profit, with 97.7% of house resales achieving a nominal gain. This did come down marginally from 97.9% in the previous quarter. The rate of profit-making sales is likely to show an uptick in the June quarter this year off the back of recent capital gains. Between March and May of 2023, Sydney house values rose 3.4%.

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, MAR-23 QTR				GROSS PROFIT-MAKING SALES, MAR-23 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)	6.4%	5.6	-$ 31,000	-$2,744,092	93.6%	8.7	$ 361,000	$381,114,039
Blue Mountains (C)	1.9%			-$246,667	98.1%	10.1	$ 433,750	$95,732,101
Botany Bay (C)	33.8%	6.1	-$ 60,500	-$3,673,190	66.2%	8.0	$ 185,000	$29,396,113
Burwood (A)	31.9%	5.8	-$ 45,000	-$1,352,500	68.1%	9.9	$ 238,000	$18,621,350
Camden (A)	1.7%			-$297,750	98.3%	6.1	$ 391,500	$100,815,076
Campbelltown (C) (NSW)	3.1%	1.6	-$ 29,000	-$337,750	96.9%	9.2	$ 350,000	$147,745,705
Canada Bay (A)	11.3%	6.0	-$ 52,500	-$1,497,000	88.7%	9.8	$ 290,000	$74,447,703
Canterbury-Bankstown (A)	13.6%	6.5	-$ 41,000	-$4,862,900	86.4%	9.9	$ 272,000	$236,228,941
Central Coast (C) (NSW)	2.7%	1.9	-$ 90,000	-$2,767,750	97.3%	9.6	$ 405,000	$505,961,327
Cumberland (A)	17.7%	6.3	-$ 38,375	-$4,331,701	82.3%	10.4	$ 245,000	$147,148,707
Fairfield (C)	10.8%	3.2	-$ 40,000	-$1,896,298	89.2%	12.4	$ 365,000	$114,727,945
Georges River (A)	13.0%	6.0	-$ 52,500	-$2,186,830	87.0%	9.5	$ 280,000	$88,662,700
Hawkesbury (C)	1.3%			-$100,000	98.7%	10.1	$ 403,750	$71,927,919
Hornsby (A)	8.3%	5.8	-$ 17,500	-$849,500	91.7%	9.6	$ 440,000	$167,669,237
Hunters Hill (A)					100.0%			$2,798,500
Inner West (A)	8.6%	6.6	-$ 34,500	-$1,905,560	91.4%	10.0	$ 404,000	$193,624,295
Ku-ring-gai (A)	8.2%	4.7	-$ 59,000	-$756,112	91.8%	8.3	$ 267,250	$65,162,638
Lane Cove (A)	15.8%	6.3	-$ 39,500	-$1,177,000	84.2%	8.4	$ 162,000	$26,392,344
Liverpool (C)	15.1%	6.2	-$ 30,500	-$2,936,325	84.9%	8.6	$ 296,000	$136,786,988
Mosman (A)	13.5%			-$302,000	86.5%	9.1	$ 471,000	$16,154,500
North Sydney (A)	9.5%	5.2	-$ 47,500	-$1,081,500	90.5%	10.8	$ 380,000	$90,787,417
Northern Beaches (A)	3.4%	1.8	-$ 68,750	-$1,012,000	96.6%	9.7	$ 502,500	$239,466,314
Parramatta (C)	28.8%	6.8	-$ 57,000	-$13,924,515	71.2%	10.0	$ 190,000	$175,587,337
Penrith (C)	5.1%	5.4	-$ 22,500	-$1,276,500	94.9%	8.3	$ 301,000	$204,758,356
Randwick (C)	5.3%	5.2	-$ 30,000	-$532,840	94.7%	10.7	$ 377,500	$101,037,863
Rockdale (C)	15.4%	5.6	-$ 45,000	-$2,468,478	84.6%	9.8	$ 221,000	$91,598,775
Ryde (C)	25.1%	7.1	-$ 58,500	-$4,911,591	74.9%	9.3	$ 180,000	$78,521,207
Strathfield (A)	35.1%	6.1	-$ 40,000	-$2,174,450	64.9%	10.0	$ 158,000	$14,344,950
Sutherland Shire (A)	3.1%	5.3	-$ 36,050	-$793,100	96.9%	10.2	$ 411,750	$261,110,523
Sydney (C)	15.2%	6.7	-$ 57,000	-$7,875,181	84.8%	10.5	$ 278,000	$235,197,782
The Hills Shire (A)	5.8%	5.7	-$ 41,000	-$1,009,950	94.2%	9.4	$ 770,000	$224,980,474
Waverley (A)	7.0%			-$436,500	93.0%	9.6	$ 445,000	$59,136,800
Willoughby (C)	9.6%	6.2	-$ 33,000	-$561,612	90.4%	12.7	$ 363,000	$46,789,924
Wollondilly (A)	1.8%			-$212,500	98.2%	9.5	$ 427,500	$55,240,230
Woollahra (A)	6.5%			-$155,000	93.5%	10.1	$ 472,500	$42,385,000

Melbourne

Through the March quarter, 89.8% of Melbourne resales made a nominal gain. This is down from 92% in the previous quarter. The reduction of profit-making sales, was driven by the unit sector. The rate of profit-making unit sales fell from 81.9% at the end of last year, to 78.1%. Melbourne City Council region accounted for a sizable 28.1% of loss-making unit resales, while the next highest concentrations were in Stonnington (9.2%) and Port Phillip (8.0%). The house sector also saw a decline in the rate of profit-making sales, but it was a marginal fall from 98.4% in the December 2022 quarter to 97.6%.

The recent recovery trend across housing values has included a 1% lift in Melbourne house and unit values between March 2023 and the end of May. Trends in the daily Home Value Index also point to a positive result for June. This may reduce the incidence of loss-making sales in the June quarter. However, Melbourne has a relatively large share of investment homes, and owner-occupier households with a mortgage. This creates some elevated risk of motivated selling across the city as serviceability becomes more of a challenge, and could lead to more resales through the second half of the year, whether or not sellers can make a nominal gain from the sale.

Portion of profit-making sales, rolling quarter

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, MAR-23 QTR				GROSS PROFIT-MAKING SALES, MAR-23 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)	2.8%			-$261,500	97.2%	13.4	$ 459,000	$129,932,074
Bayside (C)	11.7%	6.6	-$ 32,500	-$695,400	88.3%	12.1	$ 677,250	$92,912,294
Boroondara (C)	25.9%	8.0	-$ 37,000	-$3,338,179	74.1%	12.2	$ 355,000	$100,213,312
Brimbank (C)	3.4%	1.7	-$ 50,000	-$546,916	96.6%	12.5	$ 283,930	$92,071,138
Cardinia (S)	1.9%			-$236,500	98.1%	7.9	$ 279,000	$84,236,695
Casey (C)	1.9%	1.3	-$ 26,750	-$376,650	98.1%	9.3	$ 325,000	$233,164,233
Darebin (C)	7.9%	5.1	-$ 35,000	-$1,004,100	92.1%	11.1	$ 384,750	$119,206,479
Frankston (C)	2.4%	1.3	-$ 22,000	-$344,000	97.6%	9.7	$ 312,000	$161,328,628
Glen Eira (C)	15.3%	7.7	-$ 40,000	-$2,452,283	84.7%	10.9	$ 394,750	$121,701,721
Greater Dandenong (C)	7.5%	6.1	-$ 22,450	-$828,901	92.5%	10.3	$ 295,000	$88,474,866
Hobsons Bay (C)	5.2%	2.7	-$ 32,250	-$385,500	94.8%	9.9	$ 355,000	$77,115,871
Hume (C)	3.5%	1.8	-$ 16,000	-$560,000	96.5%	7.8	$ 234,000	$108,480,681
Kingston (C) (Vic.)	5.4%	5.0	-$ 21,500	-$916,812	94.6%	10.5	$ 366,250	$173,792,761
Knox (C)	4.5%	2.9	-$ 39,000	-$628,600	95.5%	11.9	$ 415,000	$141,472,387
Macedon Ranges (S)					100.0%	8.2	$ 371,250	$35,770,398
Manningham (C)	8.2%	7.3	-$ 48,000	-$996,510	91.8%	10.6	$ 533,500	$125,236,799
Maribyrnong (C)	16.0%	6.9	-$ 33,500	-$1,313,294	84.0%	8.8	$ 200,000	$62,592,860
Maroondah (C)	4.3%	3.1	-$ 15,000	-$508,308	95.7%	9.3	$ 341,250	$133,252,427
Melbourne (C)	46.6%	8.9	-$ 55,000	-$15,960,535	53.4%	12.0	$ 111,500	$63,929,877
Melton (C)	2.6%			-$316,090	97.4%	7.1	$ 240,000	$85,248,500
Monash (C)	11.5%	6.3	-$ 28,400	-$1,611,178	88.5%	9.8	$ 480,000	$167,742,488
Moonee Valley (C)	19.2%	5.3	-$ 45,000	-$2,858,345	80.8%	10.8	$ 341,000	$94,476,501
Moorabool (S)	3.0%			-$138,300	97.0%	7.8	$ 280,000	$21,345,500
Moreland (C)	16.1%	7.4	-$ 50,000	-$3,950,265	83.9%	8.9	$ 230,000	$137,073,659
Mornington Peninsula (S)	2.0%	1.3	-$ 81,500	-$1,050,071	98.0%	9.5	$ 502,500	$333,723,953
Nillumbik (S)					100.0%	10.4	$ 462,775	$48,170,293
Port Phillip (C)	21.1%	8.7	-$ 46,250	-$4,437,840	78.9%	11.5	$ 143,000	$91,323,004
Stonnington (C)	29.2%	8.8	-$ 55,700	-$5,758,275	70.8%	10.3	$ 203,000	$70,591,155
Whitehorse (C)	11.7%	7.5	-$ 42,100	-$2,273,051	88.3%	13.1	$ 562,500	$207,958,284
Whittlesea (C)	5.9%	5.2	-$ 25,000	-$894,000	94.1%	8.7	$ 270,500	$114,846,913
Wyndham (C)	2.3%	4.8	-$ 10,000	-$344,500	97.7%	6.9	$ 227,000	$143,201,724
Yarra (C)	22.3%	7.4	-$ 40,000	-$3,238,200	77.7%	10.0	$ 200,000	$94,888,576
Yarra Ranges (S)	2.3%			-$196,830	97.7%	11.0	$ 395,000	$167,193,473

Brisbane

The rate of profit-making sales across Brisbane increased 20 basis points in the March quarter, despite overall dwelling values trending -1.7% lower in the same period. Profit-making sales made up 95.7% of resales in the quarter, including 98.7% across houses and 90.8% across units. The increase in profitability was driven by unit resales, while the rate of profit-making house sales fell 10 basis points. Due to coming off a relatively low base, Brisbane unit values have not seen much of a decline this cycle as rates have increased. Between July 2022, and January this year, Brisbane unit values saw a peak-to-trough fall of -2.3%, while houses saw a much sharper decline. Brisbane unit values have climbed 21.1% in the past five years, adding to the improved chance of a profit-making sale.

The Brisbane dwelling market has seen a boost in home values since the end of the March quarter, with house values up 1.7% to the end of May, and unit vales lifting 2.0%. This could serve to reduce the incidence of loss-making sales further in the June quarter. Through to the end of last year, Queensland markets more broadly continued to see elevated levels of interstate migration. Coupled with the more recent return of overseas migrants, Queensland markets more broadly should see fairly robust dwelling demand in the coming quarters despite further expected rate hikes.

Portion of profit-making sales, rolling quarter

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, MAR-23 QTR				GROSS PROFIT-MAKING SALES, MAR-23 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)	6.5%	8.4	-$ 34,000	-$13,804,297	93.5%	8.8	$ 240,000	$1,508,129,145
Ipswich (C)	2.3%	14.3	-$ 14,000	-$387,400	97.7%	6.8	$ 195,000	$158,396,911
Lockyer Valley (R)	0.8%			-$25,000	99.2%	7.3	$ 196,830	$30,350,229
Logan (C)	2.7%	9.9	-$ 30,000	-$1,288,901	97.3%	8.4	$ 220,000	$287,259,931
Moreton Bay (R)	1.6%	1.2	-$ 20,125	-$796,000	98.4%	7.6	$ 248,500	$463,912,423
Redland (C)	1.0%			-$219,000	99.0%	8.1	$ 315,000	$201,277,782
Scenic Rim (R)	1.3%			-$131,000	98.7%	8.2	$ 321,000	$57,287,200
Somerset (R)	2.2%			-$235,000	97.8%	7.2	$ 208,000	$20,954,778

Adelaide

The rate of profit-making sales across Adelaide was 98.1% in the March quarter, up from 98.0% in the previous quarter. Adelaide had the second-highest rate of nominal gains from resale alongside Canberra. The portion of resales that made a gain across the house segment was 99.2%, which was steady on the previous quarter. The portion of unit resales that made a median gain was 95.1%, up from 94.7% in the previous quarter.

Across Adelaide, the highest rates of profit-making sales were in Burnside, Mallala and the Norwood Payneham St Peters council, where 100% of resales made a nominal gain. The median gain from resales across the city was $245,000.

Adelaide sellers have benefitted from an enormous upswing in home values through the COVID period, and only a marginal decline in home values since the start of cash rate rises last year. CoreLogic puts dwelling values across the city 43% higher from March 2020 through to the end of May 2023. Given home values across Adelaide continued to lift through April and May, it is expected we will report a similar level of strong profitability in the June quarter.

Portion of profit-making sales, rolling quarter

Summary of profit and loss-making sales by LGA region

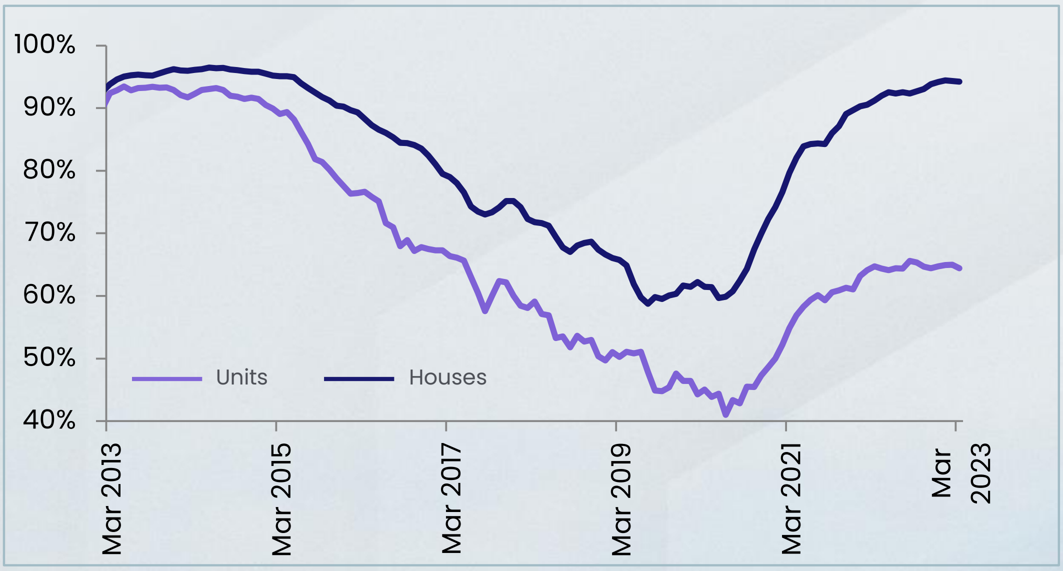
	GROSS LOSS-MAKING SALES, MAR-23 QTR				GROSS PROFIT-MAKING SALES, MAR-23 QTR			
	% of all sales	Median hold period	Median loss	Total value of loss	% of all sales	Media n hold period	Median profit	Total value of profit
Adelaide (C)	18.1%	6.4	-$ 30,000	-$1,209,660	81.9%	7.6	$ 70,000	$19,833,147
Adelaide Hills (DC)	2.0%			-$205,000	98.0%	7.7	$ 399,000	$45,332,857
Burnside (C)					100.0%	10.8	$ 462,000	$75,745,908
Campbelltown (C) (SA)	2.2%			-$227,500	97.8%	9.8	$ 279,500	$46,456,950
Charles Sturt (C)	1.6%			-$333,000	98.4%	8.2	$ 230,000	$91,261,115
Gawler (T)	1.2%			-$40,000	98.8%	10.0	$ 160,025	$17,230,027
Holdfast Bay (C)	0.7%			-$118,000	99.3%	8.7	$ 288,550	$60,319,650
Mallala (DC)					100.0%	10.4	$ 297,500	$9,456,000
Marion (C)	1.6%			-$82,000	98.4%	9.2	$ 265,250	$80,900,683
Mitcham (C)	0.6%			-$65,000	99.4%	9.7	$ 378,000	$77,296,959
Mount Barker (DC)	0.8%			-$155,500	99.2%	8.2	$ 245,000	$43,576,755
Norwood Payneham St Peters (C)					100.0%	8.6	$ 226,000	$45,657,401
Onkaparinga (C)	0.8%			-$196,000	99.2%	9.1	$ 267,500	$153,332,917
Playford (C)	0.7%			-$58,000	99.3%	8.9	$ 180,276	$55,818,710
Port Adelaide Enfield (C)	1.7%			-$310,310	98.3%	9.5	$ 245,000	$96,644,119
Prospect (C)	3.6%			-$102,000	96.4%	9.9	$ 310,000	$22,306,987
Salisbury (C)	1.0%			-$141,500	99.0%	9.5	$ 215,000	$94,010,628
Tea Tree Gully (C)	0.4%			-$7,500	99.6%	8.9	$ 262,500	$69,309,459
Unley (C)	1.0%			-$50,000	99.0%	9.5	$ 332,323	$44,671,398
Walkerville (M)	6.9%			-$25,500	93.1%	6.1	$ 325,000	$9,345,093
West Torrens (C)	1.3%			-$90,000	98.7%	7.8	$ 244,000	$49,012,373

Perth

Perth continued to have the second-lowest rate of profit-making sales across the capital city markets through the March quarter. 86.2% of resales made a nominal gain in the quarter, down slightly from 86.9% in the previous quarter. The rate of profit-making resales was 94.2% across the house segment, and 64.4% across units. This is the second-largest discrepancy in profitability between houses and units, behind Darwin. Through the March quarter, the rate of profit-making sales was steady across houses relative to the final quarter of 2022, but fell 30 basis points across the unit segment.

Perth dwelling values appear to have entered a recovery period, following a brief downturn in values off the back of rate rises between July 2022 and February this year. Values rose 1.9% from the end of March through to the end of May, and will likely contribute to a recovery in the rate of profit-making sales through the June quarter.

Portion of profit-making sales, rolling quarter



Summary of profit and loss-making sales by LGA region

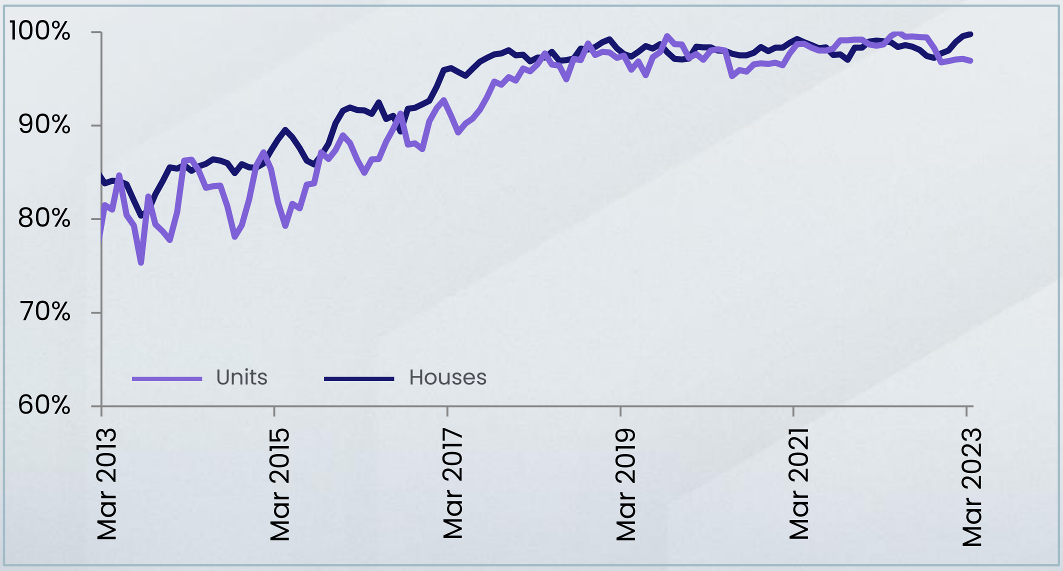
	GROSS LOSS-MAKING SALES, MAR-23 QTR				GROSS PROFIT-MAKING SALES, MAR-23 QTR			
	% of all sales	Median hold period	Median loss	Total value of loss	% of all sales	Median hold period	Median profit	Total value of profit
Armadale (C)	12.4%	8.8	-$ 25,000	-$2,022,900	87.6%	9.7	$ 121,000	$52,414,714
Bassendean (T)	11.3%			-$177,000	88.7%	9.0	$ 134,000	$7,686,958
Bayswater (C)	23.6%	10.2	-$ 35,000	-$2,892,350	76.4%	9.9	$ 127,500	$43,887,799
Belmont (C)	33.6%	9.0	-$ 45,500	-$4,669,865	66.4%	9.9	$ 86,250	$25,381,344
Cambridge (T)	21.8%	9.9	-$ 47,000	-$818,260	78.2%	9.9	$ 250,000	$28,444,074
Canning (C)	13.5%	9.1	-$ 32,000	-$1,744,500	86.5%	11.3	$ 142,000	$63,262,903
Claremont (T)	30.2%	8.9	-$ 40,000	-$646,900	69.8%	9.7	$ 186,000	$9,235,132
Cockburn (C)	12.9%	8.9	-$ 45,000	-$2,526,250	87.1%	9.4	$ 130,000	$79,836,021
Cottesloe (T)	17.4%			-$99,000	82.6%	7.2	$ 110,000	$6,805,000
East Fremantle (T)	18.8%			-$554,000	81.3%	12.4	$ 302,850	$8,830,200
Fremantle (C)	16.7%	9.6	-$ 51,500	-$1,404,177	83.3%	8.9	$ 171,500	$32,395,354
Gosnells (C)	10.7%	8.8	-$ 43,000	-$2,541,899	89.3%	10.7	$ 107,000	$64,435,293
Joondalup (C)	7.2%	11.0	-$ 36,500	-$2,082,116	92.8%	11.9	$ 230,000	$159,049,429
Kalamunda (S)	1.4%			-$211,666	98.6%	11.4	$ 173,500	$54,373,829
Kwinana (C)	9.7%	8.6	-$ 25,500	-$684,800	90.3%	9.0	$ 77,000	$19,206,771
Mandurah (C)	8.2%	14.7	-$ 35,000	-$2,781,600	91.8%	8.9	$ 120,000	$93,330,682
Melville (C)	5.4%	9.0	-$ 30,000	-$784,600	94.6%	10.3	$ 250,000	$110,598,822
Mosman Park (T)	39.3%	9.0	-$ 40,000	-$437,000	60.7%	6.0	$ 140,000	$4,022,000
Mundaring (S)	8.0%			-$506,000	92.0%	10.5	$ 191,000	$27,459,750
Murray (S)	8.4%			-$364,400	91.6%	9.1	$ 150,000	$17,512,334
Nedlands (C)	12.1%			-$232,000	87.9%	6.6	$ 400,000	$13,880,500
Peppermint Grove (S)	50.0%			-$10,000	50.0%			$10,000
Perth (C)	57.6%	10.5	-$ 71,400	-$11,997,882	42.4%	6.0	$ 45,000	$8,470,700
Rockingham (C)	4.9%	8.9	-$ 22,500	-$1,511,782	95.1%	9.8	$ 122,000	$107,075,653
Serpentine-Jarrahdale (S)	3.7%			-$107,000	96.3%	7.3	$ 133,000	$15,922,800
South Perth (C)	17.2%	9.5	-$ 54,500	-$1,714,500	82.8%	12.2	$ 215,000	$45,287,923
Stirling (C)	15.4%	9.0	-$ 25,000	-$6,507,887	84.6%	10.5	$ 115,000	$194,592,215
Subiaco (C)	28.0%	9.8	-$ 69,000	-$2,218,274	72.0%	11.7	$ 185,000	$21,810,310
Swan (C)	12.5%	9.3	-$ 43,000	-$3,730,527	87.5%	9.4	$ 119,000	$76,617,935
Victoria Park (T)	21.1%	10.1	-$ 37,500	-$2,397,000	78.9%	10.9	$ 118,500	$32,014,278
Vincent (C)	24.9%	9.3	-$ 48,000	-$2,618,700	75.1%	9.0	$ 145,375	$40,848,498
Wanneroo (C)	7.0%	8.4	-$ 26,000	-$2,895,983	93.0%	8.7	$ 105,000	$94,679,805

Hobart

Through the March quarter, Hobart regained the title of most profitable capital city market, having been pipped by Canberra resales in the previous quarter. 99.0% of resales made a nominal gain across the city, up from 97.7% in the previous quarter.

This result is surprising given the relatively weak selling conditions across the city in recent months, where home values are currently sitting -12.6% below the record high in May 2022. Total listings stock across the city has also been trending higher through 2023. However, it is likely the longer-term growth, and the relatively short nature of the current downturn, which has kept profit-making sales high. Of the handful of properties that made a nominal loss, it appears the homes were resold within a period of less than two years. The median hold period of profit-making sales across Hobart dwellings was 9.1 years, and the median gain from resale was $342,000.

Portion of profit-making sales, rolling quarter



Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, MAR-23 QTR				GROSS PROFIT-MAKING SALES, MAR-23 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					100.0%	6.1	$ 261,500	$14,825,952
Clarence					100.0%	9.6	$ 371,345	$63,163,590
Derwent Valley	4.5%			-$20,000	95.5%	8.1	$ 255,000	$5,170,373
Glenorchy	1.5%			-$30,000	98.5%	8.3	$ 296,000	$41,974,733
Hobart	0.8%			-$40,000	99.2%	9.2	$ 410,000	$62,357,616
Kingborough	2.6%			-$101,000	97.4%	11.3	$ 393,250	$47,380,423
Sorell					100.0%	6.6	$ 310,000	$12,674,425

Darwin

Darwin had the lowest rate of profitability of the capital city markets in the March quarter. 70.5% of resales made a nominal gain, which included a rate of profitability of 82.8% across houses, and just 50.3% across the unit sector. Alongside having the highest concentration of loss-making sales, Darwin had the highest discrepancy in profitability between houses and units, and the largest median nominal loss from re-sales (-$64,636). The median gain from profit-making resales was $130,000. It is noteworthy that while the rate of profit-making sales is low across Darwin, the number of loss-making sales was relatively low at 144. This was fairly steady on the volume of loss-making sales in the previous quarter, and indeed a longer, five-year average.

Profit-making sales across Darwin had a slightly longer hold period than loss-making sales, at 10.5 years and 9.7 years respectively. This places the average initial purchase date of sales with a gain at around June 2012. Profit-making sales across Darwin were largely owner-occupied (63%), though CoreLogic estimates there were around 130 investment properties which made a nominal gain.

Selling conditions are starting to look weaker across Darwin relative to the recent upswing between August 2020 and September 2022. Since March, dwelling values across the city have dipped -0.8%, and this may lead to a higher incidence of sales making a nominal loss. However, Darwin homes continue to have relatively high rent yields, measured at 6.4% though May. Darwin dwellings continue to present a different kind of investment opportunity to other capital cities, with greater potential for positive cash flow from rental income than long term capital gains.

Portion of profit-making sales, rolling quarter

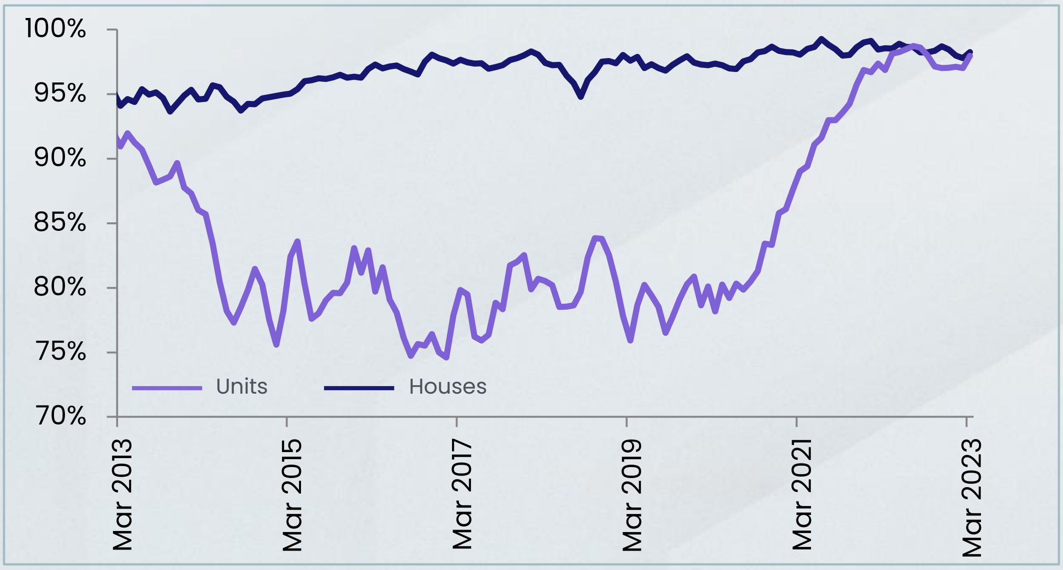
Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, MAR-23 QTR				GROSS PROFIT-MAKING SALES, MAR-23 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	32.1%	9.8	-$ 62,250	-$6,189,901	67.9%	11.0	$ 117,000	$38,199,698
Litchfield	19.4%			-$732,200	80.6%	10.4	$ 135,000	$6,498,500
Palmerston	27.1%	10.0	-$ 68,000	-$2,919,100	72.9%	10.8	$ 151,000	$22,956,927

ACT

Canberra had the second-highest rate of profit-making resales across the capital city markets through the March quarter, at 98.1%. This was the same as the result across Adelaide, and was marginally lower than the rate of profit-making sales across Hobart. Both houses and units had a profit-making resale rate of at least 98% across Canberra, at 98.3% and 98.0% respectively. As with Hobart and Adelaide, sellers are benefitting from a relatively large upswing in home values over a recent period. Despite a sharp downturn which left values -9.1% below the peak in June 2022, Canberra dwelling values are still 34.6% higher over the past five years. This means only very recent buyers, presumably from June last year, would have a high chance of loss from resale.

Portion of profit-making sales, rolling quarter



Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, MAR-23 QTR				GROSS PROFIT-MAKING SALES, MAR-23 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	-$ 35,500	-$1,287,700	98.1%	9.0	$ 310,000	$527,373,861

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