Pain and Gain Report

Australia | Released September 2023

Data to June 2023

Contents

 © 2023 CoreLogic, Inc. All Rights Reserved.

Introduction

This edition of the Pain and Gain report analyses approximately 83,000 resales in the June quarter of 2023. The analysis finds that the rate of profit-making sales has increased for the first time in a year, to 92.8% of resales. The rate of profit-making sales is up 40 basis points from the previous quarter, and coincides with a 2.8% lift in home values nationally.

Profitability has broadly improved in the Australian housing market since the recovery trend in home values began in March this year. Nationally, the total nominal profit from resales in the June quarter was $25.8 billion, up from $23.7 billion in the previous quarter, and a low of $21.5 billion in the three months to February this year.

However, there are more signs of a negative impact for recent buyers amid rising interest rates, and a housing market where values are yet to fully recover from the recent downswing. Analysis of June quarter data showed another increase in the portion of short term resales, and a higher incidence of loss among these sales. CoreLogic analysis indicates 8.5% of resales, or roughly 8,000 sales, were held for two years or less in the June quarter.

Of the properties sold within 2 years, 9.7% (almost one in 10) made a loss. This was up from 9.4% in the previous quarter, and just 2.7% a year ago. Of the loss-making resales held for up to two years, the median loss was $30,000, compared to a median profit of $75,000 for nominal gains within the same hold period. 66.0% of short term, loss-making resales were houses, and 63.3% were in capital cities. 72.1% of short-held, loss-making sales were by owner occupiers, but this is similar to the overall portion of resales in the June quarter, where 71% of total resales were by owner occupiers.

Another interesting dimension of resales analysis was short term hold periods of regional housing. 11% of regional resales in the quarter had only been held for up to two years, which is an unusual divergence from the decade average of 7.2%.

Outside of short term resales, the high level trends in profit-making sales broadly show an improvement. Both houses and units saw an increase in the level of profit-making sales nationally, though unit sellers incurred a nominal loss from resale around 4 times as much as house sellers. 96.3% of owner occupier resales made a nominal gain compared to 88.3% of investors, making investors around three times more likely to incur a loss from resale.

Loss-making resales in regional Australia were steady in the quarter at 5.4%, belied by a mixed bag of market performance. Many tree change and sea change destinations are seeing a deterioration in profitability, albeit off extraordinarily low levels of loss-making sales in recent years.

Overall, the rate of profit-making sales tends to follow capital growth trends. With home values continuing to rise through July and August, we estimate the level of profitability from resales will also move higher through the September quarter.

MEDIAN RETURNS

MEDIAN GAIN

$290,000

MEDIAN LOSS

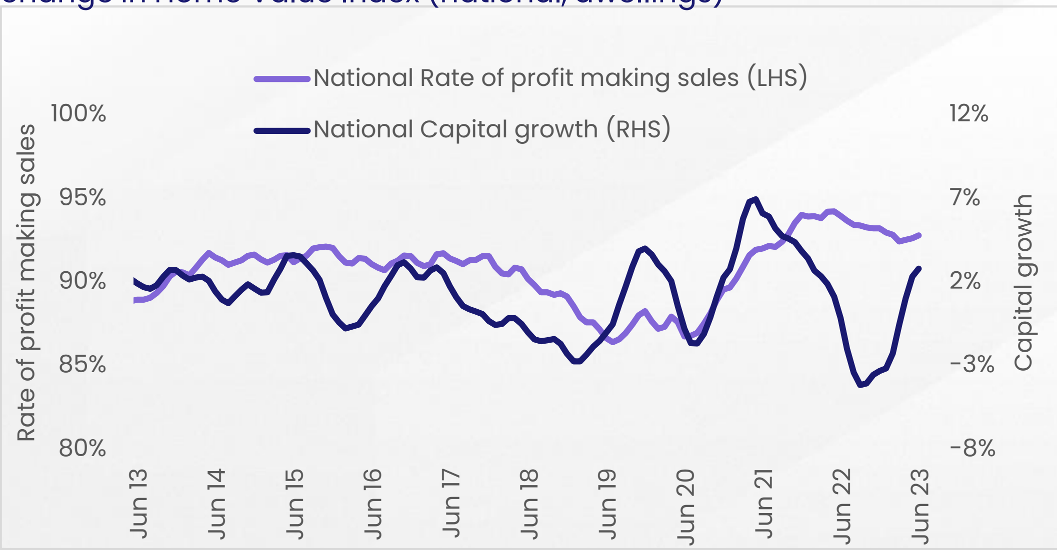
$39,982

National Overview

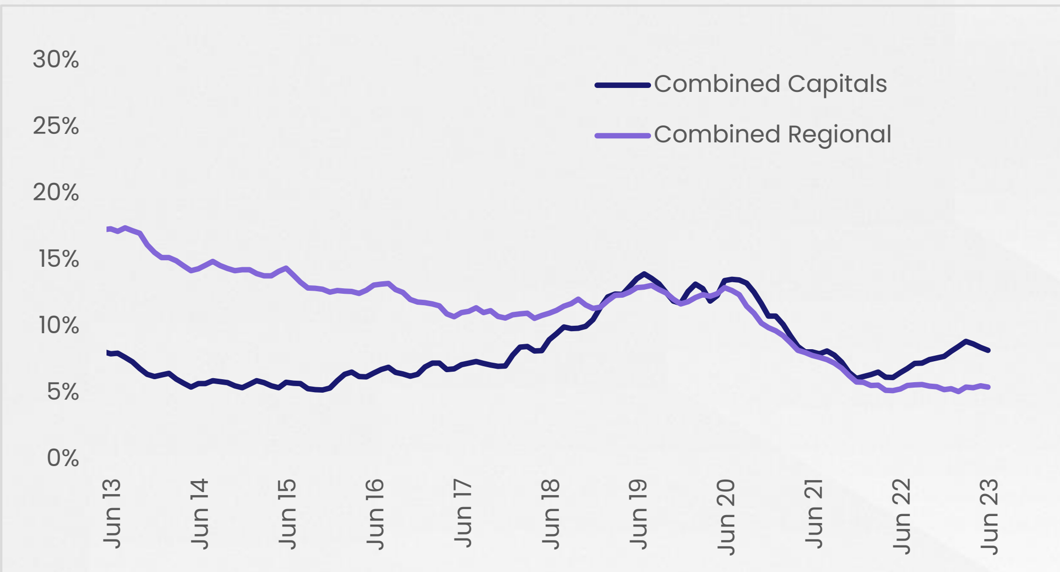
There were approximately 83,000 resales observed by CoreLogic through the June 2023 quarter, showing profitability from resales is once again on the rise amid a rebound in home values. The rate of profit-making resales in the June 2023 quarter increased to 92.8%, up from 92.4% in the previous quarter, and coinciding with a 2.8% rise in values nationally.

The chart below reinforces the positive relationship between capital growth trends and the instance of nominal gains made by home sellers. June 2023 was the first quarter that profitability has increased in residential resales since June last year. Profitability is likely to continue increasing, with home values rising a further 1.4% between the end of June and August.

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 total nominal profit from resales in the June quarter is estimated to be $25.8 billion, up from $23.7 billion in the previous quarter, and up from a low of $21.5 billion in the three months to February this year (which coincides with the trough in national home values).

Nominal losses from resales were $323 million in the quarter, down from $327 million in the previous quarter. This puts net profit from residential resales at $25.5 billion in the June quarter. Of the sellers that made a nominal gain, the median profit from resale was $290,000.

The chart above shows the rolling three-month rate of loss-making sales across the capital cities versus regions of Australia. Across the combined capital city market, profitability was more impacted by rate rises and a stronger market downturn, but is now rebounding quickly. The portion of resales making a loss bottomed out in the rolling quarter to April 2022, at 6.2%, and shot up to a high of 8.9% in the three months to March this year. The rate of loss-making sales has eased 70 basis points, to 8.2%, in the June quarter.

In the combined regional market, the rate of loss-making resales has remained steadier. Loss-making resales reached a low of 5.2% in the three months to April 2022, had a recent peak of 5.6% in the December quarter of last year, and the rate has now eased back to 5.4% through the June quarter. While profitability has not yet returned to recent highs seen in April last year, the rate of loss-making sales seems to have shifted structurally lower, driven by acute demand increases in coastal regional markets over the past few years, and a broad recovery in resource-based regional markets.

A table showing the rate of loss-making sales across the greater capital city and rest of state markets is below. NT had the highest rate of loss-making sales, with 34.4% loss-making sales in Darwin, and 14.7% across the rest of the Territory. This was off a relatively low volume of resale observations (747), but home values across the NT remain -8.6% below the peak in May 2014. Despite the relatively low instance of capital gains across the Territory, gross rent yields remain the highest of any other state or territory at 6.6%.

Perth retained the second-highest rate of loss-making sales among the capital city markets, at 12.3%. However, a strong capital growth trend has supported a reduction in the rate of loss-making sales, from 13.8% in the previous quarter. This also happened to be the strongest reduction in the rate of loss-making sales, or, the fastest increase in the rate of profitability.

The most profitable market of all the regions and capital cities was Adelaide, where loss-making sales represented just 1.8% of resales in the June quarter. This was closely followed by the ACT, where 2.0% of resales made a nominal loss. Only 2.1% of resales made a nominal loss across Hobart, but it is now firmly the third-most profitable of the capital city markets, having held the top spot for most of the past five years.

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

	Portion of loss-making sales June 2023	Portion of loss-making sales Mar 2023	Change (percentage point)
Sydney	9.9%	10.6%	-0.7%
Rest of NSW	2.9%	2.6%	0.3%
Melbourne	9.0%	10.0%	-1.0%
Rest of Vic.	2.2%	1.6%	0.7%
Brisbane	3.7%	4.3%	-0.6%
Rest of Qld	7.3%	7.6%	-0.3%
Adelaide	1.8%	1.8%	0.0%
Rest of SA	5.1%	5.4%	-0.3%
Perth	12.3%	13.8%	-1.5%
Rest of WA	13.3%	13.3%	0.0%
Hobart	2.1%	1.7%	0.4%
Rest of Tas.	3.6%	2.2%	1.4%
Darwin	34.4%	28.9%	5.5%
Rest of NT	14.7%	12.2%	2.5%
ACT	2.0%	1.9%	0.0%

Overall, profitability is expected to continue in line with capital growth trends. As values remain flat, or falling, across smaller markets like Hobart and Darwin, the rate of loss-making sales may continue to rise. Where housing is most in demand, such as across Perth and Adelaide, the rate of profit-making sales is likely to be driven higher.

Last quarter, it was noted that the instance of loss-making sales could continue to rise even as home values increased, due to the potential for short-term resales amid rapidly rising interest rates, at a time when home values have not fully recovered from the preceding downswing.

While the overall rate of profit-making sales has risen nationally, a subset of resales data also shows a slight uptick in the portion of sales made within just two years (to 8.5% of resales). Among these resales which have happened over a short time frame, there was also an uptick in loss-making sales (to 9.7%). A summary of these trends is provided in the next section of this report.

Short term resales

Understanding the performance of residential resales is particularly important post pandemic, because it allows us to understand the outcome of certain housing trends.

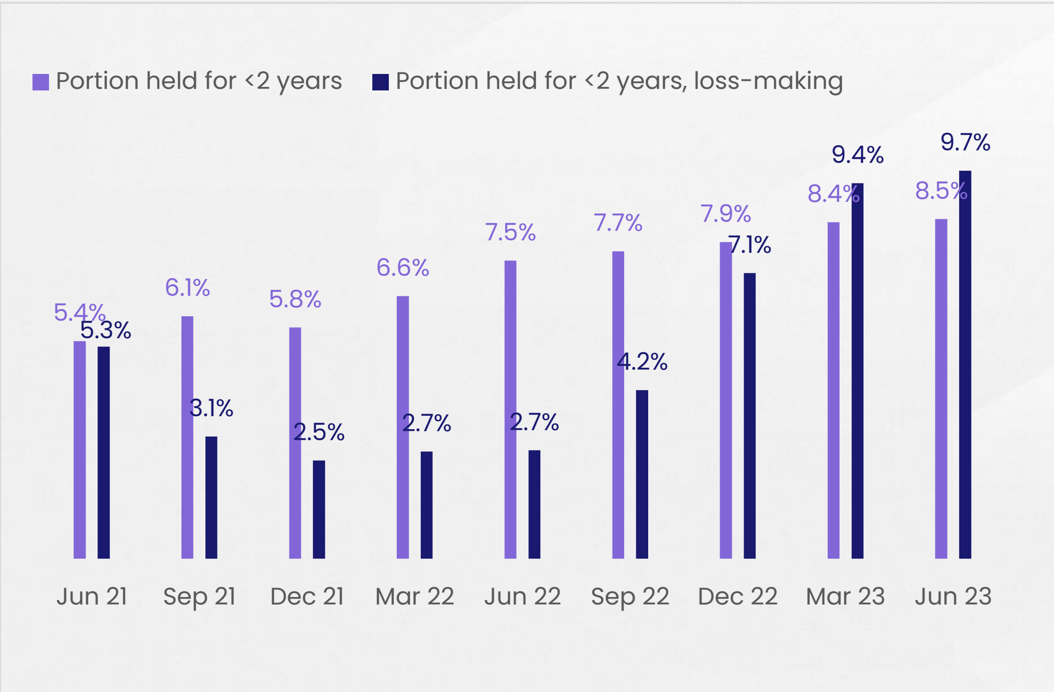
The first of these is the impact of rapidly rising interest rates, and the risk this may carry for mortgage holders transitioning from fixed-term rates. ABS data suggests fixed-term borrowing ballooned to as much as 46% of total housing loan values through July and August of 2021, when average new fixed mortgage rates averaged between one and three percent.

Two years on, the bulk of the value of credit on fixed terms have expired, and mortgage holders are now facing far higher interest costs on large loans. For example, the average mortgage rate on a $500,000 loan in July 2021 was just 1.98% for an owner occupier mortgage (with a fixed term of three years or less). Assuming no other fees, this would equate to a mortgage payment of around $1,840 per month. With owner occupier mortgage rates now averaging 5.42% for all existing borrowers, the monthly payment goes up to approximately $2,810. Such a swift uplift in mortgage payments may have more home owners selling within a relatively short period of time, which is reflected in CoreLogic resales data.

In the June quarter, CoreLogic resales analysis indicates 8.5% of resales, or roughly 8,000 sales, were held for two years or less. This is a relatively high number, and portion of quarterly resales.

Of the properties sold within 2 years, 9.7% (almost one in 10) made a loss – again, a relatively high figure. The chart below shows recent quarters of resale analysis, showcasing the portion that were held for two years or less, and the portion of those short-term resales that made a loss. Both have trended higher over the past two years.

Quarterly short-term resales, national



The trend above is unusual, because typically property owners try to sell for a profit and generally hold the property for a longer period of time. The implication of a loss-making resale within such a short period of time could be that the owner is willing to make a loss, and is selling for a reason other than capital gains. In the context of rapidly rising interest rates together with high cost of living pressures, the challenge of servicing a mortgage may be one such motivation.

What do we know about short-term, loss-making resales?

At a high level, there is nothing particularly distinguishing about the short-term resales that made a loss from the rest of the resales observed. Of the loss-making resales held for up to two years, the median loss was $30,000, compared to a median profit of $75,000 for nominal gains within the same hold period. 66.0% of short-term, loss-making resales were houses, and 63.3% were in capital cities. This is not too dissimilar to the composition of overall resales in the year to June.

Loss-making, short term resales occurred across 195 different council regions of Australia, with the highest volume being in the Gold Coast, Sunshine Coast and Brisbane, followed by the Central Coast of NSW and Blacktown council in Sydney. Between these five councils, CoreLogic observed just over 100 resales that made a loss within two years. Blacktown and the Central Coast have also been on the 'risk-radar', having shown an unusual seasonal uplift in new listings over the past few months, and Blacktown in particular is a relatively heavily mortgaged part of Sydney.

Another interesting dimension of short-term resales is owner occupier versus investor resales. It seems owner occupiers have incurred the most short-term nominal losses, accounting for 72.1% of short-held, loss-making sales, as opposed to 27.9% of these resales being made by investors. Again, this is similar to the portion of overall resales in the June quarter made by owner occupiers, at 71.0%.

This suggests that while short-term resales have been on the rise, there are many different locations, property types and tenure types that have accounted for short-term, loss-making sales.

Short-term resales rise in regional Australia

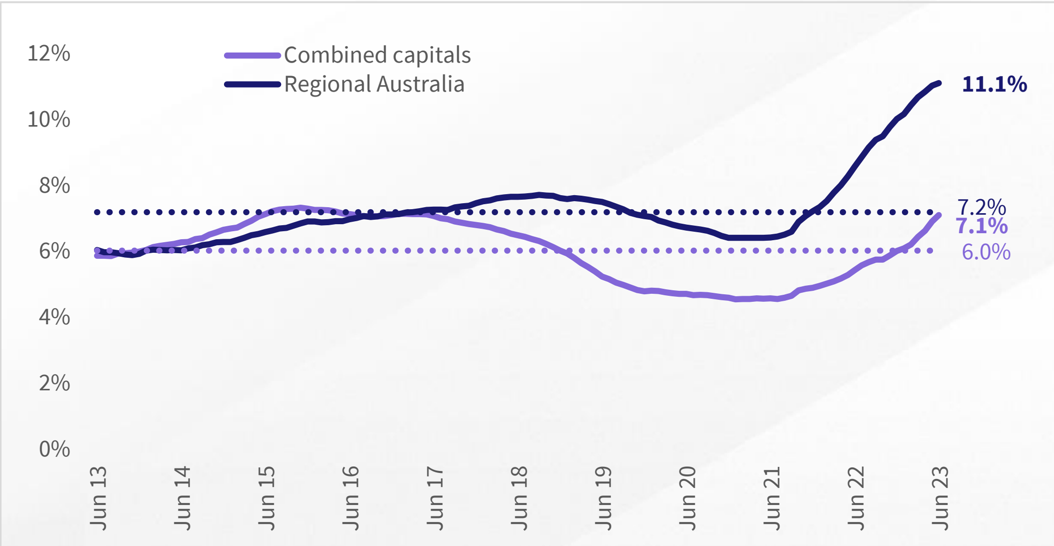
Another facet of short-term resales is changing housing preferences through COVID-19, specifically the slight reversal in the popularity of regional Australia.

CoreLogic sales data suggests that a record portion of sales took place across regional Australia in the 12 months to April 2021. At this time, 39.7% of national home sales occurred in the regions, up from a previous decade average of 34%. In the year to June, it is estimated the portion of properties purchased in the regions is still above pre-COVID levels, but the portion has eased to 35.9% in the past 12 months.

Short-term resales analysis suggests that an unusually high portion of short-held regional properties were sold in the year to June 2023. In the 12 months to June, resales with hold periods of up to two years made up 11.1% of overall regional resales, compared to a decade average of 7.2% per year. This means around one in ten regional Australian property sales were held for only up to two years. This is also lower than the portion observed across the combined capitals, which was 7.1% in the 12 months to June.

A further breakdown of this data by SA4 regions shows the highest portion of short-held resales in the past year was in Wide Bay (17.3% of sales in the year to June), the West and North West of Tasmania (15.5%) and the Gold Coast (15.2%). The smallest portion of short-held resales were ironically in investment markets that might have been associated higher churn amid rising interest rates, including the Melbourne – Inner market (4.1%), and Sydney's City and Inner South market (4.2%).

Portion of resales within a two-year hold period (based on rolling 12 month resales) - Australia



TOP 10 - Highest portion of resales held for up to 2 years - 12 months of resales to June 2023, SA4 markets

Greater capital city or region	SA4 Name	Portion of resales
Rest of Qld	Wide Bay	17.3%
Rest of Tas.	West and North West	15.5%
Rest of Qld	Gold Coast	15.2%
Rest of Qld	Darling Downs - Maranoa	14.4%
Rest of Tas.	South East	13.6%
Rest of Qld	Cairns	13.6%
Greater Brisbane	Moreton Bay - North	13.1%
Rest of Qld	Sunshine Coast	13.0%
Rest of Qld	Toowoomba	12.9%
Greater Brisbane	Ipswich	12.9%

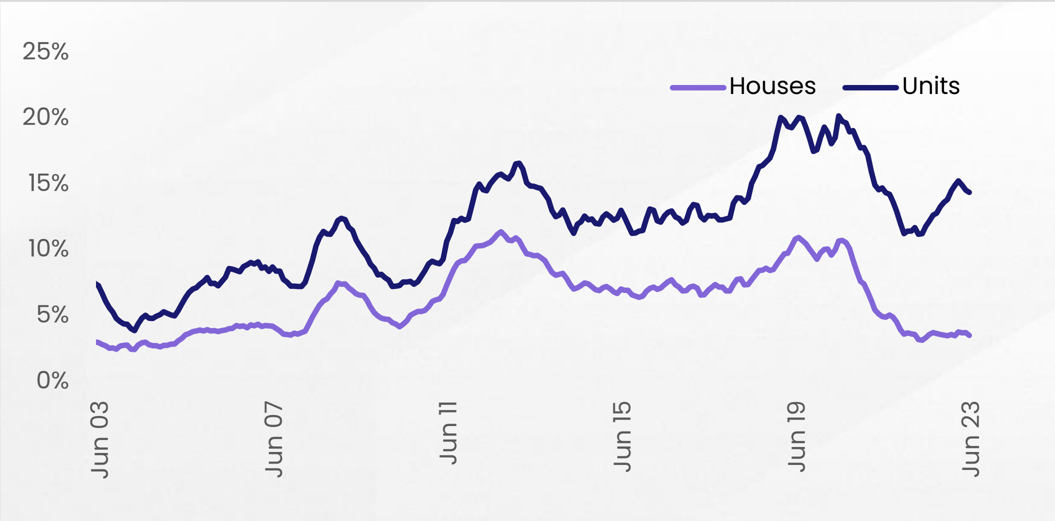
Despite a relatively short hold period for a high portion of resales, the regions remained profitable for sellers. In the June quarter, 91.9% of homes held for up to two years made a nominal gain from resale, which is higher than the overall profitability of these resales nationally (90.3%). The CoreLogic home value index rose 12.1% across the regions in the two years to June, against a much weaker growth rate in the combined capitals over the same period (3.4%). The strong capital gains in the regions may help to explain the relatively quick resale of property.

Houses vs Units

In the June quarter, only 3.5% of house sales made a nominal loss, down from 3.8% in the previous quarter. The rate of loss-making house sales has remained fairly low and steady since the December quarter of 2021, remaining below 4.0% since this time.

The unit sector has seen a lot more weakness in profitability through the recent housing downturn, with 14.4% of unit resales making a nominal loss. This makes the loss from unit resales around 4.1 times more likely than house resales. However, the rate of loss-making resales did decline 90 basis points from the previous quarter. As can be seen in the chart below, this has served to narrow the gap in the rate of loss-making sales between houses and units, which had hit a record high in the series last quarter.

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



While unit value increases may have contributed to the rise in profitability over the quarter, it is worth noting that the underlying *number* of loss-making unit resales did rise in the three months to June. Loss-making unit resales increased 2.8% on the March quarter, or around 110 resales nationally, with the increase largely driven by Sydney. However, this was accompanied by a 9.1% rise in total unit resales, driving down the proportion of loss.

Houses have not only had a much higher incidence of profit from resale, but the median profit from house sales has also been higher. In the June quarter, the median nominal gain from profit-making house sales in Australia was $350,000, while the median gain from a profit-making unit sale was less than half this amount ($160,000). The biggest profit from house resales was across the greater Sydney market, which had a median nominal gain of $560,000, compared to a gain of $205,000 for Sydney units.

The table below 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 the ACT, Regional Vic and Regional NSW.

CoreLogic

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

REGION	HOUSES		UNITS	
	Pain	Gain	Pain	Gain
Sydney	2.2%	97.8%	15.6%	84.4%
Rest of NSW	2.9%	97.1%	2.9%	97.1%
Melbourne	2.5%	97.5%	19.2%	80.8%
Rest of Vic.	2.2%	97.8%	2.3%	97.7%
Brisbane	1.2%	98.8%	8.0%	92.0%
Rest of Qld	6.1%	93.9%	10.0%	90.0%
Adelaide	1.0%	99.0%	4.2%	95.8%
Rest of SA	5.2%	94.8%	3.7%	96.3%
Perth	4.2%	95.8%	31.9%	68.1%
Rest of WA	12.1%	87.9%	23.5%	76.5%
Hobart	1.3%	98.7%	3.9%	96.1%
Rest of Tas.	3.4%	96.6%	4.5%	95.5%
Darwin	22.1%	77.9%	51.4%	48.6%
Rest of NT	11.3%	88.7%	30.4%	69.6%
Australian Capital Territory	1.9%	98.1%	2.1%	97.9%
National	3.5%	96.5%	14.4%	85.6%
Cap city	2.5%	97.5%	16.4%	83.6%
Regional	4.8%	95.2%	7.7%	92.3%

Investor vs Owner Occupiers*

As with previous quarters, owner-occupiers continued to see a far greater rate of profitability than investors through the June quarter of 2023. 96.3% of owner occupier resales made a nominal gain compared to 88.3% of investors, making investors around three times more likely to incur a loss from resale. Relative to the preliminary results observed in the March quarter, the rate of profitability has increased around 30 basis points for owner occupiers, and around 90 basis points for investors.

Looking at total resales through the June quarter, investors comprised 29.0% of observed resales overall, but 56.6% of loss-making resales. Owner occupiers accounted for 71.0% of total resales, but only 43.4% of loss-making sales.

Owner occupiers not only had a higher incidence of profit from resale, but the extent of profit and loss also showed a better outcome for owner occupiers at the national level. The median profit from resale for owner occupiers was $328,000, compared to $205,000 for investors. The median loss for owner occupier resales was -$37,000, compared to -$40,000 for investors.

Despite the marked difference in outcome for owner occupier and investment resales, there was no notable difference in hold periods at the aggregate level. Hold periods for owner occupier resales were 8.7 years, compared to 8.8 years across investment resales.

The high portion of loss-making resales comes back to compositional factors. Investment resales accounted for 57.5% of all unit resales, despite accounting for just 29.0% of resales overall. Units were around 4 times more likely to make a loss from resale than houses. Investors are also over-represented in markets that have higher levels of loss-making sales. Investment home sales as a portion of all resales were most concentrated in Darwin (42.5%), followed by Sydney (38.6%) and Melbourne (32.5%).

The table below shows the rate of profit and loss-making sales by greater capital city and regional area through the June 2023 quarter. Regional NSW was the only region where investors had a higher rate of profit-making sales than owner occupier sellers, and even this difference was marginal. The highest overall rate of profit-making sales was in Hobart, where 98.5% of resales made a nominal gain. The most profitable market for investors in terms of median nominal gain was also Hobart ($285,000), followed by Sydney ($255,000), and regional NSW ($255,000).

Long term, the composition of investment resales being skewed to the unit segment means that they will almost always achieve lower nominal gains than for owner occupiers. Lower capital growth results in units over the long term also makes the rate of profit-making sales lower for units over time. However, in the near-term the rate of profit-making sales for investors may continue to steadily rise. This is because investor interest in housing has increased, potentially because of signs of stability in the cash rate, and average new investor mortgage rates also flattened out between June and July. ABS housing finance data points to a 7.8% uplift in lending for investment property purchases in the three months to July, outpacing new credit growth for owner occupiers.

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

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

REGION	PAIN		GAIN	
	Owner Occupied	Investor	Owner Occupied	Investor
Sydney	5.9%	13.4%	94.1%	86.6%
Regional NSW	2.6%	2.3%	97.4%	97.7%
Melbourne	3.1%	17.9%	96.9%	82.1%
Regional Vic	1.2%	2.0%	98.8%	98.0%
Brisbane	2.5%	4.6%	97.5%	95.4%
Regional Qld	3.8%	7.4%	96.2%	92.6%
Adelaide	0.5%	2.1%	99.5%	97.9%
Regional SA	2.3%	2.6%	97.7%	97.4%
Perth	4.7%	21.6%	95.3%	78.4%
Regional WA	9.7%	16.3%	90.3%	83.7%
Hobart	1.2%	1.5%	98.8%	98.5%
Regional Tas	1.9%	3.6%	98.1%	96.4%
Darwin	26.5%	44.2%	73.5%	55.8%
Regional NT	11.5%	31.8%	88.5%	68.2%
Australian Capital Territory	1.5%	1.7%	98.5%	98.3%
National	3.7%	11.7%	96.3%	88.3%
Cap city	3.8%	13.7%	96.2%	86.3%
Regional	3.4%	5.8%	96.6%	94.2%

Hold Periods

The median hold period of resales across Australia was 8.7 years through the June quarter, down from 8.9 years in the march quarter, and almost 10 years in the final quarter of 2022. Median hold periods have generally moved lower during home value upswings, as the incidence of a profit-making sale within a shorter time period increases. The latest median hold period placed the median initial purchase date of resales at August 2014, over which time national home values increased around 45% to the end of June.

The national hold period for loss-making sales was 8.1 years, or a median initial purchase date for loss-making sales in early 2015. While most markets have seen a robust lift in home values from March 2015 to June 2023, Darwin home values were still -8.8% lower over this period, and Perth units were down -8.3%. Looking more granularly at local government areas across Australia, there are also unit markets which have seen flat or falling values since March 2015 through to the end of June on the eastern seaboard, including Boroondara units in Melbourne, and Cumberland units in Sydney.

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 early 2017. Between March 2017 and June 2023, regional Tasmanian unit values have increased over 70% in value. The median profit from unit resales in regional Tasmania was $176,500.

The maximum median hold period for properties still making a nominal loss from resale were across regional WA houses. The median hold period for loss-making homes across this market was 13.5 years, with the median nominal decline sitting at $40,000.

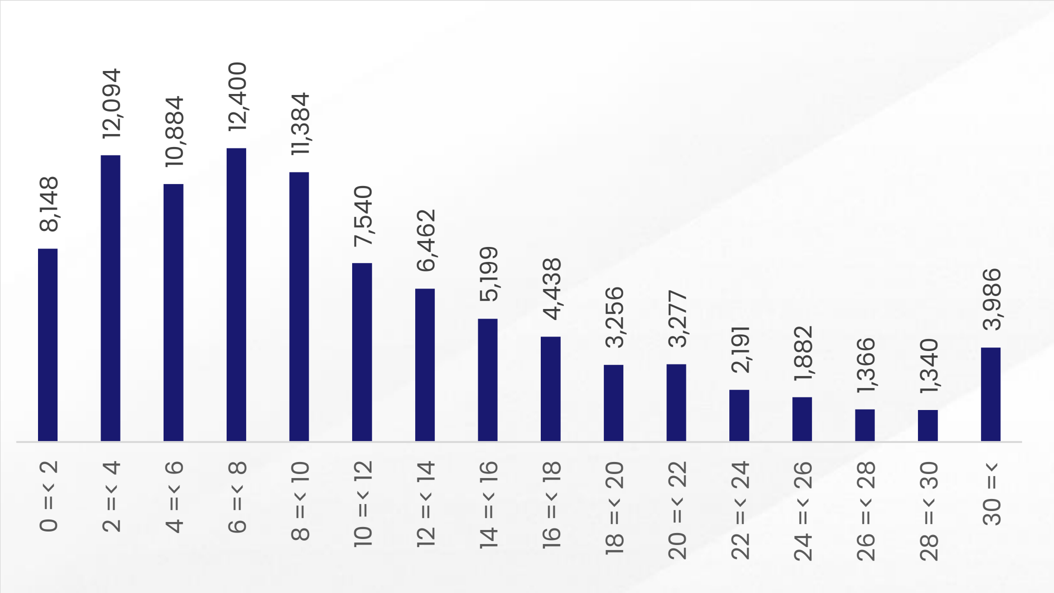
Interestingly, the table shows there are now several markets where the incidence of loss-making sales is associated with relatively short hold periods. These include houses across Melbourne, regional Victoria, Canberra and Brisbane, which each have a median hold period of loss-making house sales of less than two years. Sydney houses that made a nominal loss from resale had a median hold period of 2.1 years.

The tables below show the volume of sales and median outcome from various hold periods across Australia in the June 2023 quarter. Despite the short-and-sharp downturn in home values that occurred amid recent rate rises, the median result from a property held for less than 2 years was a nominal gain of $65,000. However, this short-term profitability has substantially reduced from a year ago, when the median result from a short-term resale was a nominal gain of $150,000.

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

HOLD PERIODS

Number of resales by hold period (years) – June 2023 quarter



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

REGION	PAIN		GAIN	
	Houses	Units	Houses	Units
Sydney	2.1	6.4	9.6	9.0
Regional NSW	4.4	4.4	8.6	7.3
Melbourne	1.7	8.2	9.8	9.0
Regional Vic	1.5	1.6	7.9	8.4
Brisbane	1.3	9.1	8.4	7.8
Regional Qld	11.6	13.3	7.9	6.8
Adelaide	3.4	9.7	9.2	8.0
Regional SA	13.2	-	9.5	9.7
Perth	9.1	9.7	9.9	9.3
Regional WA	13.5	11.4	9.6	6.6
Hobart	-	-	8.7	7.9
Regional Tas	4.8	-	7.5	6.1
Darwin	9.6	9.9	9.5	14.2
Regional NT	11.6	-	9.8	12.1
Australian Capital Territory	1.2	2.0	10.0	8.5
National	8.2	8.1	9.1	8.3
Cap city	5.2	7.9	9.3	8.6
Regional	10.5	12.1	8.5	7.1

Resource-Based Markets

The rate of loss-making sales across Australia's resource-based markets continued to decline in the June quarter, from 22.6% in March to 22.3%. The broad decline had led to overall improvement in profitability in regional Australia, which has remained fairly low and stable even as interest rates began to rise. However, the rate of decline in loss-making sales slowed from the 220 basis point drop in the March quarter. The slowdown in profit came amid a mixed-bag of resales outcomes across the major resource-based markets.

The rate of loss-making sales fell most substantially across the South Australia – Outback market over the quarter, falling 210 basis points to 16.0% of resales. Outback South Australia actually had the lowest instance of loss-making sales of the regional resource-based market analysed.

However, the reduction in the rate of loss-making sales follows a recent jump in the rate. The portion of loss-making resales has risen off a low of 11.5% in the three months to November 2022. Market conditions are hard to measure across the region due to a relatively low sales volume, but seem to be easing. The Outback South Australia region has seen a slowdown in dwelling sales volumes from 1,944 in the year to June 2022, to 1,764 in the past 12 months, as buyer interest eases. Recent listings data suggest that sellers have responded in kind, with new listings slowing below the decade average of 120, to 86 in the past month. This slowdown in new supply to the market will likely help to stabilise values, and potentially stem the incidence of loss across the region.

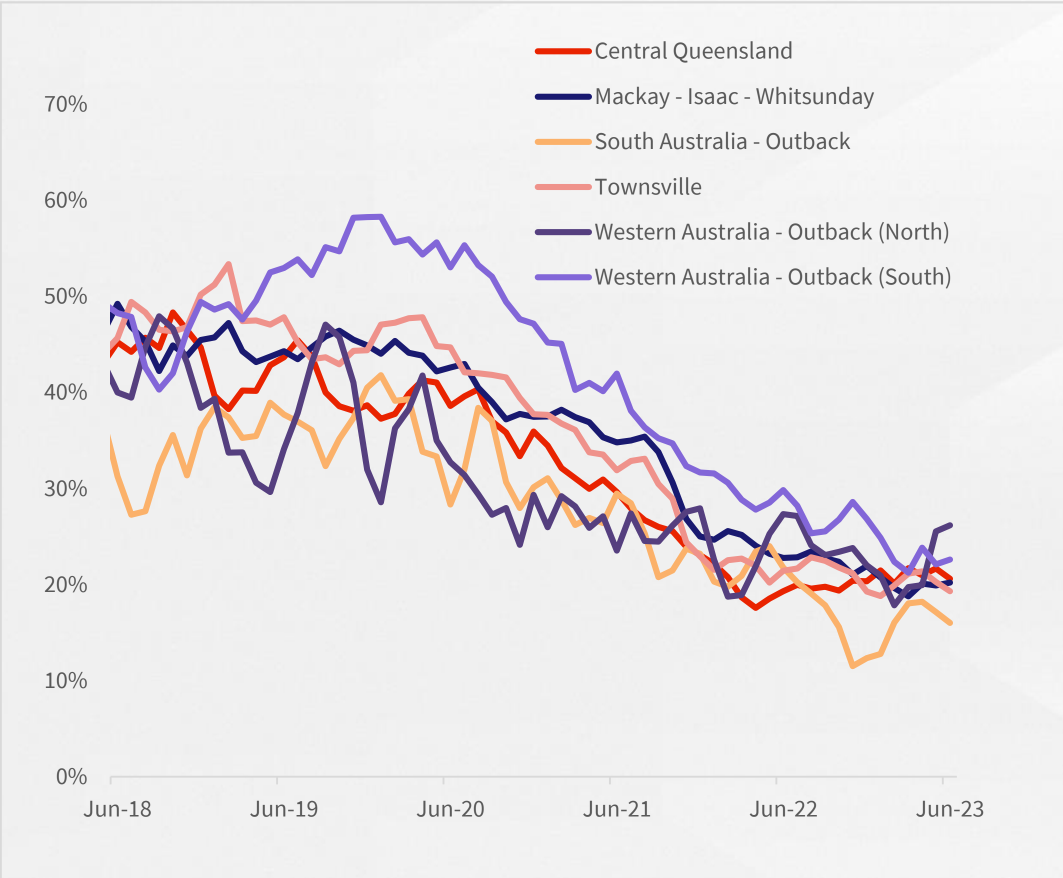
RESOURCE-BASED MARKETS

At the other end of the spectrum, the Western Australia – Outback North dwelling market has seen a jump in the rate of loss-making sales, to the highest of the resource-based markets analysed for June (26.2%). While this is far from the peak rate of loss-making sales in the region (which was at 56.5% in the 3 months to February 2018), the rate has jumped a substantial 640 basis points quarter-on-quarter. The jump in loss-making resales comes from a reduction in overall resales, against an increase in loss-making resales. The median nominal loss on resales in the region was $115,000 through the quarter.

Across the Western Australia – Outback North region, dwelling values have eased slightly in the past three months to August (down -0.2%), and were flat year-on-year, albeit off the back of a 33% upswing in values through the pandemic period. The recent softness in home values may further increase the incidence of loss-making sales. However, it may also have the impact of reducing selling activity. The volume of listings has trended slightly lower in recent months, and tight rental market conditions may be sufficient to keep investors in the market for longer.

Overall, the resources markets remain a mixed bag. Average capital growth performance between June and August this year was just 0.2% across the markets analysed, but this included a decline in values across the Western Australia Outback dwelling markets. These markets may drag on profitability in the coming quarters.

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



Sea Change and Tree Change Destinations

Housing preferences for sea change and tree change destinations (which are picturesque, high amenity regional centres), have shifted since interest rates started to rise, and pandemic lockdowns ended. This is reflected in weaker capital growth outcomes over the past year across what were some of the most popular lifestyle markets through COVID. Over the 12 months to August for example, the weakest capital growth performance across SA4 dwelling markets were in Richmond Tweed (-16.1%), the Southern Highlands and Shoalhaven (-13.8%) and Ballarat (-10.3%).

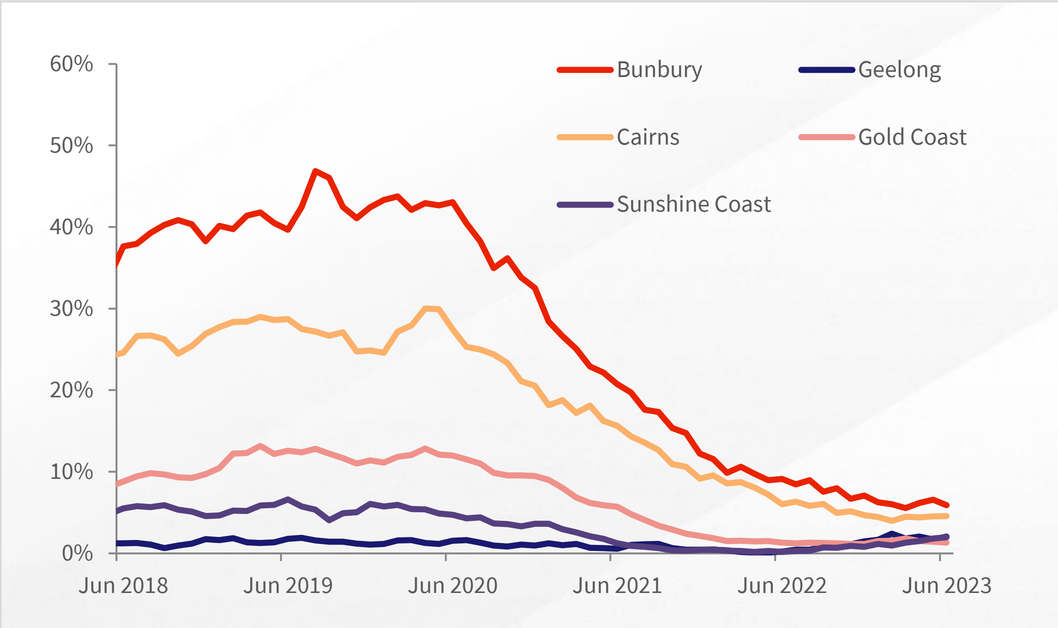
Australia's sea-change and tree-change markets are adjusting to changing demand from higher interest rates, affordability constraints, *and* migration flows. While capital city markets attract the vast majority of overseas migration, ABS data on net internal, regional migration shows an easing from COVID highs over 2022. In the March quarter of 2023, net internal regional migration eased a further 11.2% from the previous quarter.

This shift in popularity from tree change and sea change markets is also now being reflected in a higher incidence of loss-making sales. Richmond Tweed stands out among the sea-change markets as having a 450-basis point increase in the rate of loss-making sales over the past year. Loss-making sales represented 6.5% of resales across this region in the June quarter, up from a low of 1.7% in the three months to March 2022.

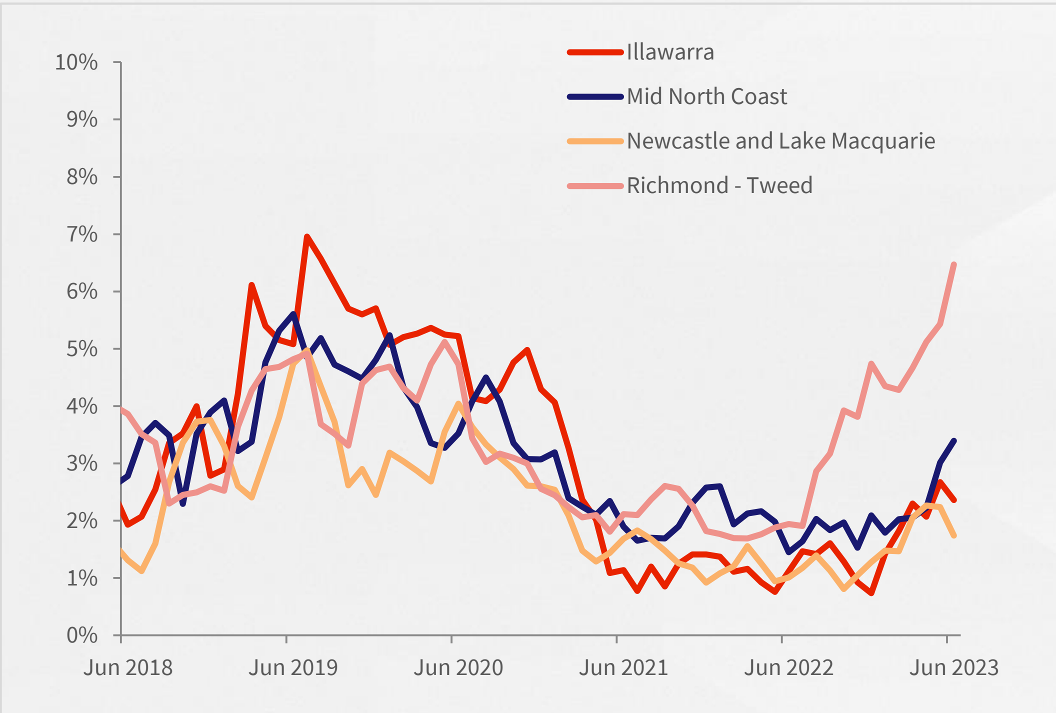
Of the 18 coastal and non-coastal regions analysed, only four markets saw an increase in the rate of profit-making sales through the June quarter. This included Ballarat, which despite a recent sharp decline in values, saw over 99% of resales make a nominal gain in the June quarter. The other regions to see an increase in profit-making sales were the Gold Coast and the Newcastle and Lake Macquarie region, both of which saw a recent recovery trend in home values through the June quarter. Across these two regions, over 98% of resales continued to make a nominal gain. The other market to see an improvement in profitability was the Central West. Across this market, only 2.3% of home sales made a nominal loss, down from 2.6% in the previous quarter.

Looking forward, it is possible that sea-change and tree-change markets of Australia will start to see a stabilising in the overall rate of loss-making sales, as the market makes a broad-based recovery in home values. Regional Australia has been slower to recover from interest rate rises amid the shift in migration trends. However, as affordability constraints start to re-emerge across the capital cities, this could once again start to drive demand to major regional centres.

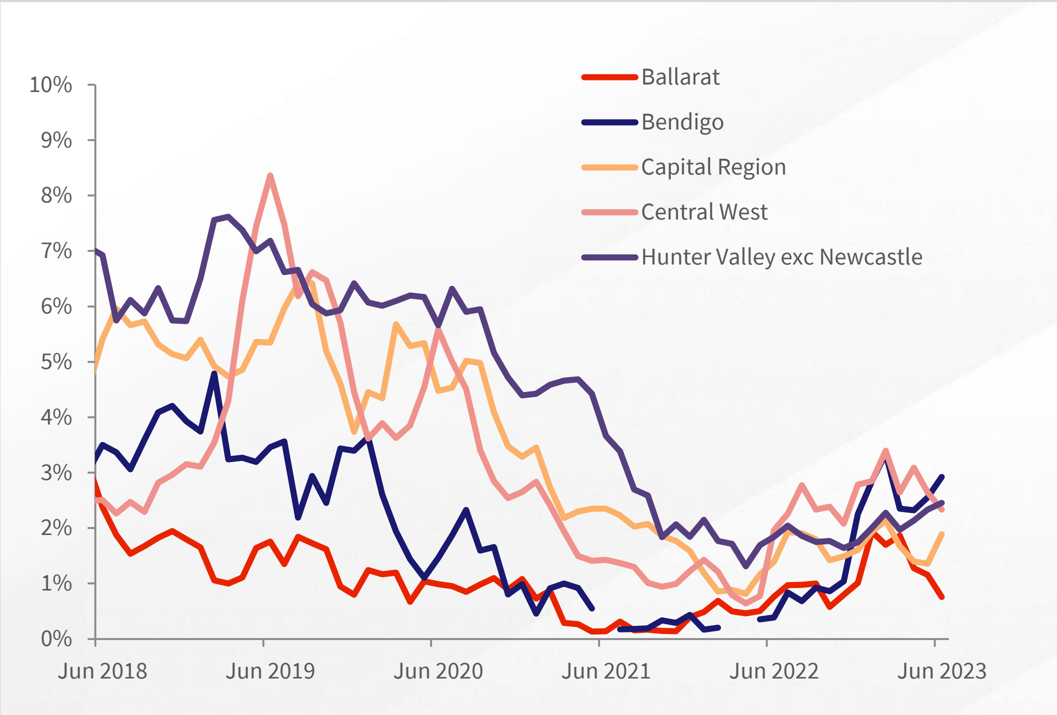
Rate of loss-making sales, select SA4 markets - rolling quarter



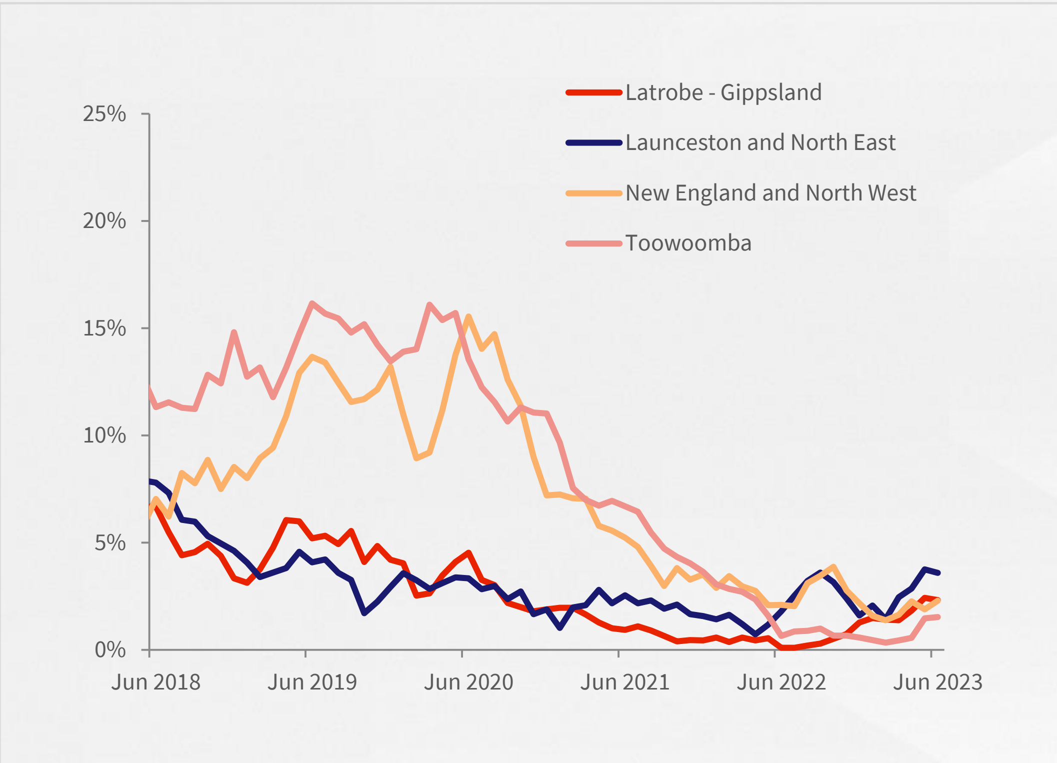
Rate of loss-making sales, select SA4 markets - rolling quarter



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



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

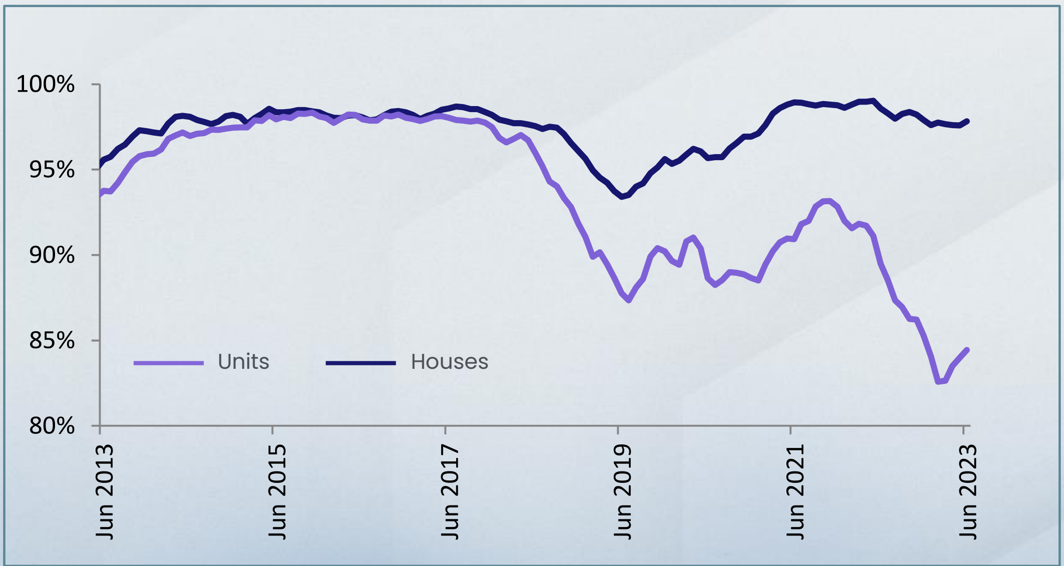


Sydney

In Sydney, the incidence of loss-making sales eased from 10.6% in the March quarter, to 9.9% through June. This coincided with a 4.9% lift in home values through the June quarter. Across the unit sector, 84.4% of unit resales made a nominal gain, up from a recent low of 82.6% in the three months to February 2023. While the rate of profitability has improved markedly across the unit sector in the space of a quarter, it remains well below the recent high of 93.2% in the three months to November 2021. This has driven a relatively large gap in the rate of profit-making sales across Sydney houses and units, where 97.8% of house resales made a nominal gain in the June quarter.

Across Sydney, the highest concentrations of loss-making resales have occurred across Strathfield (29.9%), Parramatta (27.4%) and Ryde (25.8%). The volume of loss-making resales increased 25.4% across these LGA markets in the quarter, and over 98% of the resales were units. Despite these high concentrations of loss-making sales in parts of Sydney, the market overall is poised for a higher rate of profit-making resales. Between June and August, Sydney home values increased a further 2.0%, suggesting a higher chance of nominal gains in the coming quarter.

Portion of profit-making sales, rolling quarter



PAIN AND GAIN - SYDNEY

Summary of profit and loss-making sales by LGA region

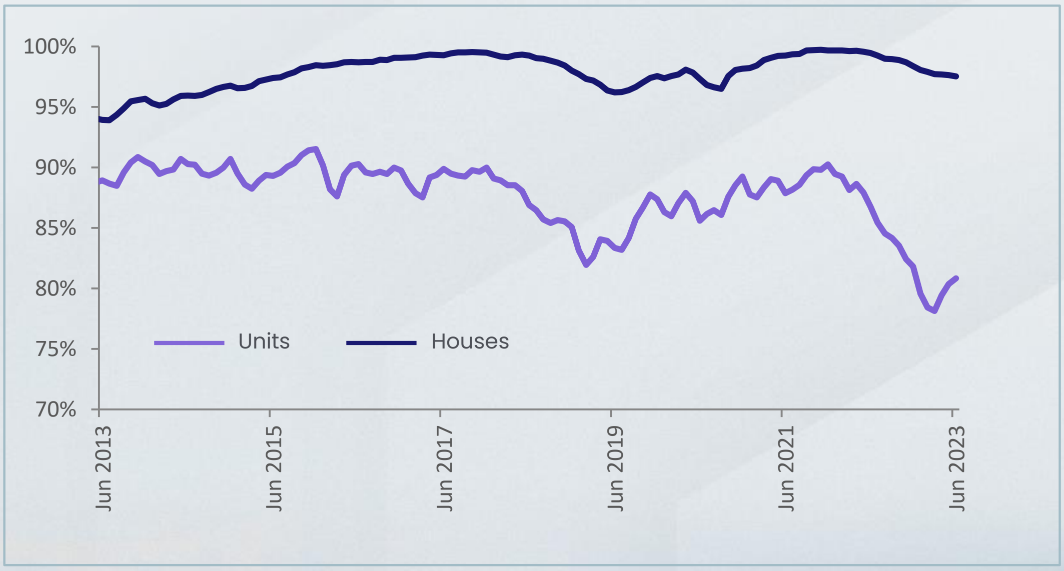
	GROSS LOSS-MAKING SALES, JUN-23 QTR				GROSS PROFIT-MAKING SALES, JUN-23 QTR			
	% of all sales	Median hold period	Median loss	Total value of loss	% of all sales	Median hold period	Median profit	Total value of profit
Blacktown (C)	6.9%	5.9	-$ 37,500	-$3,267,348	93.1%	8.2	$372,000	$447,581,268
Blue Mountains (C)	2.0%			-$691,150	98.0%	11.0	$446,000	$120,014,197
Botany Bay (C)	17.4%	6.3	-$ 50,000	-$2,254,600	82.6%	8.3	$200,000	$45,917,792
Burwood (A)	16.7%	6.3	-$ 52,000	-$1,082,300	83.3%	9.8	$273,500	$34,881,250
Camden (A)	1.8%			-$264,433	98.2%	5.7	$384,500	$117,727,799
Campbelltown (C) (NSW)	2.5%	2.8	-$25,000	-$473,000	97.5%	8.7	$300,000	$162,525,498
Canada Bay (A)	7.2%	6.7	-$41,000	-$854,300	92.8%	9.5	$304,000	$102,186,525
Canterbury-Bankstown (A)	14.7%	6.2	-$34,500	-$5,470,837	85.3%	9.4	$322,250	$348,112,139
Central Coast (C) (NSW)	2.3%	1.5	-$60,000	-$1,877,500	97.7%	8.9	$404,740	$522,243,536
Cumberland (A)	15.6%	6.1	-$40,000	-$4,770,679	84.4%	10.0	$230,000	$195,133,959
Fairfield (C)	8.2%	5.9	-$30,000	-$1,391,500	91.8%	11.6	$405,500	$160,937,977
Georges River (A)	8.8%	6.4	-$30,000	-$1,134,200	91.2%	10.3	$288,500	$140,324,401
Hawkesbury (C)	2.3%			-$486,334	97.7%	9.6	$415,000	$87,924,358
Hornsby (A)	9.2%	6.5	-$30,000	-$1,478,684	90.8%	9.8	$499,250	$215,842,120
Hunters Hill (A)					100.0%	7.6	$260,750	$6,225,000
Inner West (A)	6.6%	6.9	-$44,500	-$1,770,035	93.4%	9.3	$391,000	$232,227,424
Ku-ring-gai (A)	7.8%	5.9	-$ 30,000	-$706,000	92.2%	9.3	$292,500	$86,982,774
Lane Cove (A)	14.3%	7.1	-$70,000	-$1,022,514	85.7%	8.0	$187,500	$29,585,056
Liverpool (C)	14.9%	6.3	-$30,000	-$3,280,123	85.1%	8.5	$311,000	$196,907,242
Mosman (A)	5.6%			-$170,000	94.4%	10.9	$495,000	$27,779,490
North Sydney (A)	7.3%	3.3	-$35,000	-$857,500	92.7%	9.3	$350,000	$115,610,629
Northern Beaches (A)	2.3%	2.0	-$23,500	-$447,000	97.7%	9.1	$473,250	$289,420,082
Parramatta (C)	27.4%	7.1	-$53,000	-$15,794,948	72.6%	9.7	$208,500	$253,630,076
Penrith (C)	4.9%	5.2	-$20,000	-$912,903	95.1%	8.5	$306,000	$219,155,356
Randwick (C)	3.6%	6.5	-$ 27,500	-$619,400	96.4%	10.4	$409,000	$132,397,709
Rockdale (C)	14.5%	5.4	-$35,000	-$2,300,100	85.5%	9.7	$248,000	$97,630,132
Ryde (C)	25.8%	7.0	-$55,000	-$7,628,598	74.2%	8.8	$169,400	$109,853,583
Strathfield (A)	29.9%	6.5	-$65,000	-$3,001,310	70.1%	9.5	$135,050	$23,672,128
Sutherland Shire (A)	4.6%	5.3	-$28,750	-$1,403,612	95.4%	8.7	$401,250	$312,210,466
Sydney (C)	11.2%	6.7	-$47,000	-$6,776,021	88.8%	9.8	$295,000	$333,603,878
The Hills Shire (A)	5.9%	5.9	-$23,500	-$1,057,860	94.1%	8.3	$685,000	$279,695,728
Waverley (A)	4.1%			-$361,000	95.9%	9.8	$450,000	$79,230,902
Willoughby (C)	8.1%	6.1	-$33,500	-$480,920	91.9%	10.6	$381,500	$64,803,139
Wollondilly (A)	1.5%			-$170,000	98.5%	8.2	$495,000	$69,484,563
Woollahra (A)	1.2%			-$40,000	98.8%	9.4	$439,000	$43,860,000

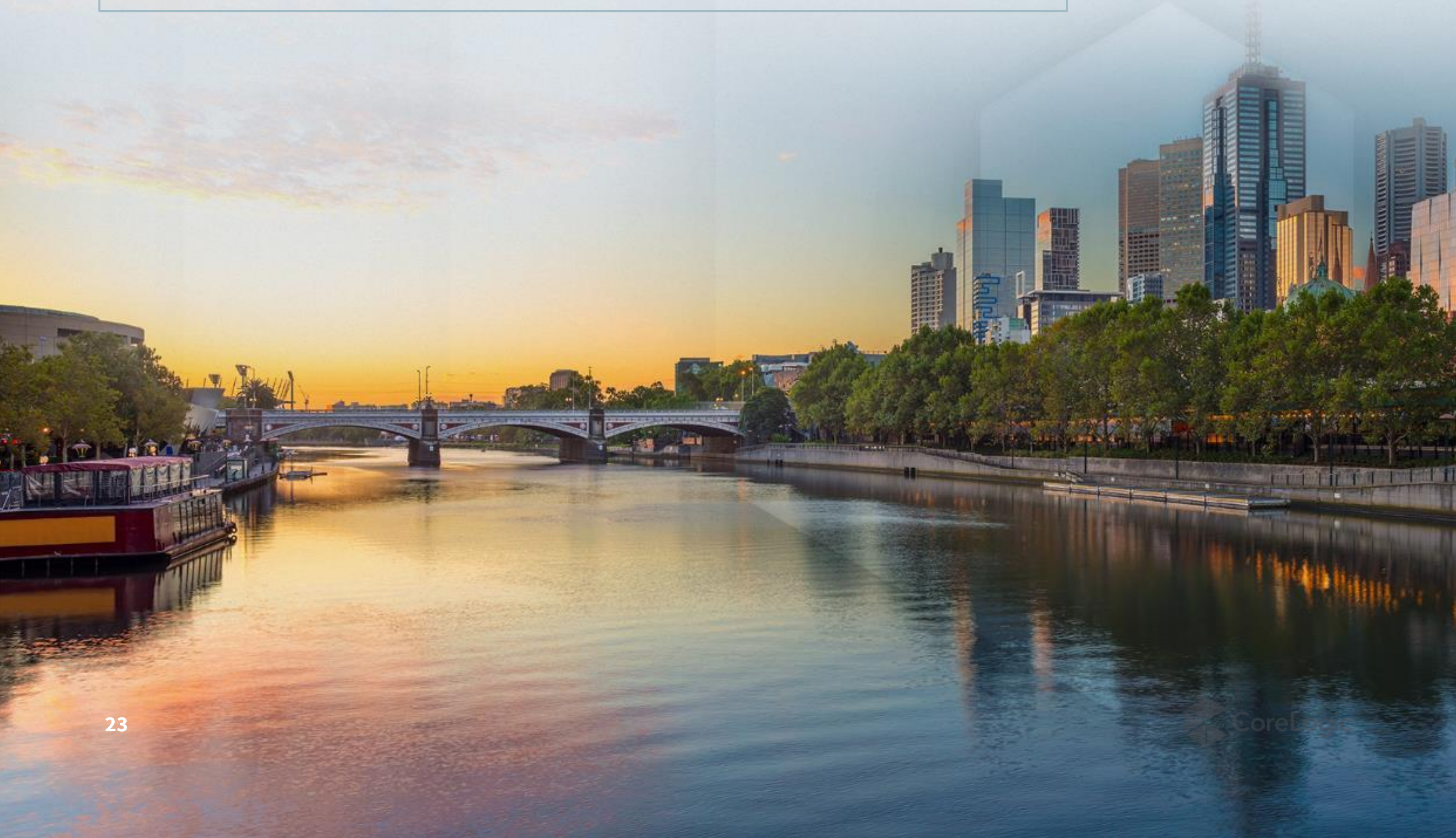
Melbourne

Through the June quarter, 91.0% of Melbourne resales made a nominal gain, up from a revised 90% of resales in the three months to March. The increase in profit-making sales was driven by the unit sector. The rate of profit-making unit sales increased from 78.1% in the March quarter, to 80.8%. Similar to Sydney, profitability in Melbourne units dropped off substantially through the recent downswing, and remain well below the recent high of 90.3% of resales in the three months to December. Meanwhile, profit-making sales made up 97.5% of house resales in the June quarter, which is down a marginal 20 basis points from the three months to March.

Growth in home values across Melbourne has been steady for the past six months ending August, with home values rising an average of 0.5% per month. This will likely add to the instance of profit-making sales in the near term, as housing demand continues to be supported by a strong net overseas migration position. Melbourne in particular has had a historically high exposure to overseas migration as a source of population growth, accounting for around 30% of Australian net overseas migration.

Portion of profit-making sales, rolling quarter





Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, JUN-23 QTR				GROSS PROFIT-MAKING SALES, JUN-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)	2.4%			-$319,500	97.6%	11.2	$422,000	$159,207,040
Bayside (C)	6.6%	5.1	-$ 43,525	-$674,026	93.4%	11.7	$519,500	$127,902,230
Boroondara (C)	19.1%	8.5	-$ 55,000	-$3,879,586	80.9%	11.4	$371,000	$131,876,302
Brimbank (C)	3.7%	2.7	-$ 21,000	-$555,000	96.3%	9.2	$251,000	$115,162,013
Cardinia (S)	2.4%			-$398,500	97.6%	7.1	$234,500	$81,966,528
Casey (C)	2.0%	1.3	-$ 20,000	-$554,000	98.0%	8.4	$312,000	$282,031,346
Darebin (C)	5.1%	5.5	-$ 32,000	-$926,990	94.9%	10.3	$285,000	$149,126,670
Frankston (C)	2.6%	3.0	-$ 20,000	-$381,400	97.4%	9.3	$ 310,000	$184,613,245
Glen Eira (C)	13.5%	8.1	-$ 45,000	-$2,479,427	86.5%	11.3	$385,000	$181,230,256
Greater Dandenong (C)	2.9%			-$305,000	97.1%	9.2	$283,500	$109,997,984
Hobsons Bay (C)	2.7%			-$355,500	97.3%	9.6	$330,000	$101,549,783
Hume (C)	4.5%	1.9	-$ 25,000	-$1,244,233	95.5%	8.3	$240,000	$133,543,514
Kingston (C) (Vic.)	8.5%	5.2	-$22,000	-$1,309,533	91.5%	10.3	$388,500	$211,668,228
Knox (C)	3.2%	7.7	-$ 35,000	-$746,500	96.8%	11.0	$420,000	$188,340,830
Macedon Ranges (S)	1.8%			-$120,000	98.2%	8.9	$440,000	$56,253,729
Manningham (C)	10.3%	6.8	-$ 29,500	-$1,409,202	89.7%	9.4	$465,000	$173,983,011
Maribyrnong (C)	12.7%	7.6	-$ 29,000	-$1,462,464	87.3%	9.6	$ 210,000	$80,036,647
Maroondah (C)	3.0%	3.4	-$ 27,200	-$499,200	97.0%	10.0	$375,500	$148,427,571
Melbourne (C)	41.7%	9.1	-$ 47,500	-$15,322,332	58.3%	11.4	$ 112,601	$81,202,675
Melton (C)	3.3%	1.5	-$17,500	-$355,150	96.7%	6.9	$205,000	$96,780,974
Monash (C)	7.7%	7.0	-$26,000	-$1,152,261	92.3%	10.2	$508,850	$244,897,168
Moonee Valley (C)	16.8%	7.5	-$ 54,000	-$4,128,435	83.2%	9.6	$ 280,500	$134,366,415
Moorabool (S)	2.8%			-$185,000	97.2%	7.2	$ 280,500	$21,369,200
Moreland (C)	15.0%	7.5	-$50,000	-$4,880,238	85.0%	9.5	$233,000	$168,167,534
Mornington Peninsula (S)	1.6%	1.7	-$43,000	-$567,500	98.4%	9.5	$485,000	$335,525,659
Nillumbik (S)	2.2%			-$193,600	97.8%	10.7	$490,000	$74,688,950
Port Phillip (C)	20.1%	8.3	-$ 45,000	-$5,108,217	79.9%	10.7	$ 139,650	$113,741,537
Stonnington (C)	27.5%	8.5	-$ 48,263	-$5,436,765	72.5%	10.9	$245,000	$95,584,792
Whitehorse (C)	6.8%	9.8	-$47,000	-$1,509,050	93.2%	11.5	$530,750	$241,997,085
Whittlesea (C)	4.8%	5.1	-$18,001	-$574,901	95.2%	8.3	$246,550	$140,317,545
Wyndham (C)	2.5%	3.3	-$20,000	-$533,680	97.5%	6.8	$210,000	$166,146,967
Yarra (C)	22.5%	7.7	-$32,500	-$3,574,101	77.5%	9.0	$215,000	$97,047,169
Yarra Ranges (S)	2.7%	1.6	-$20,500	-$577,000	97.3%	10.2	$ 380,000	$181,050,983

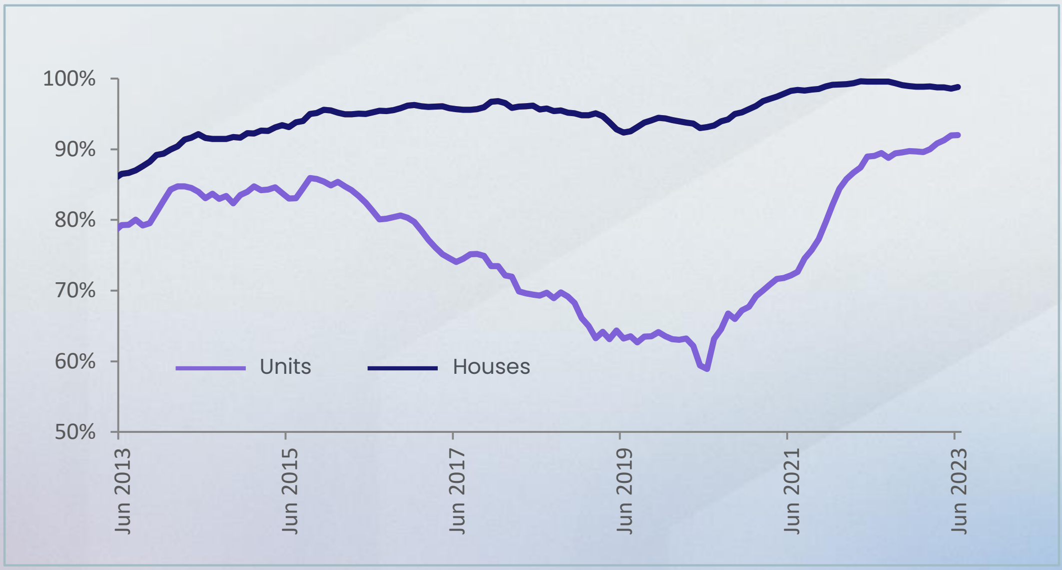
CoreLogic

Brisbane

Over the June quarter, 96.3% of resales across Brisbane made a nominal gain, up from 95.7% in the previous quarter, and well above the decade average of 90%. Profit-making sales comprised 98.8% of house resales, and 92.0% of unit resales. Behind Adelaide, Brisbane now has the second-highest incidence of profit-making house resales of the capital cities. Each of the LGA markets analysed across Brisbane had a profit-making resale rate of 90%, and median profits ranged from $195,000 in Lockyer Valley, to $299,000 in Redland. Loss-making resales had the highest concentration in Brisbane City council, but the number of loss-making transactions in the region fell -8.6% in the quarter.

Through to the end of August, the Brisbane dwelling market has actually seen the highest level of value growth of the greater capital city markets, at 2.9%. This is likely to support a strong jump in the rate of profitability from resales, as well as an increase in median profits.

Portion of profit-making sales, rolling quarter



Summary of profit and loss-making sales by LGA region

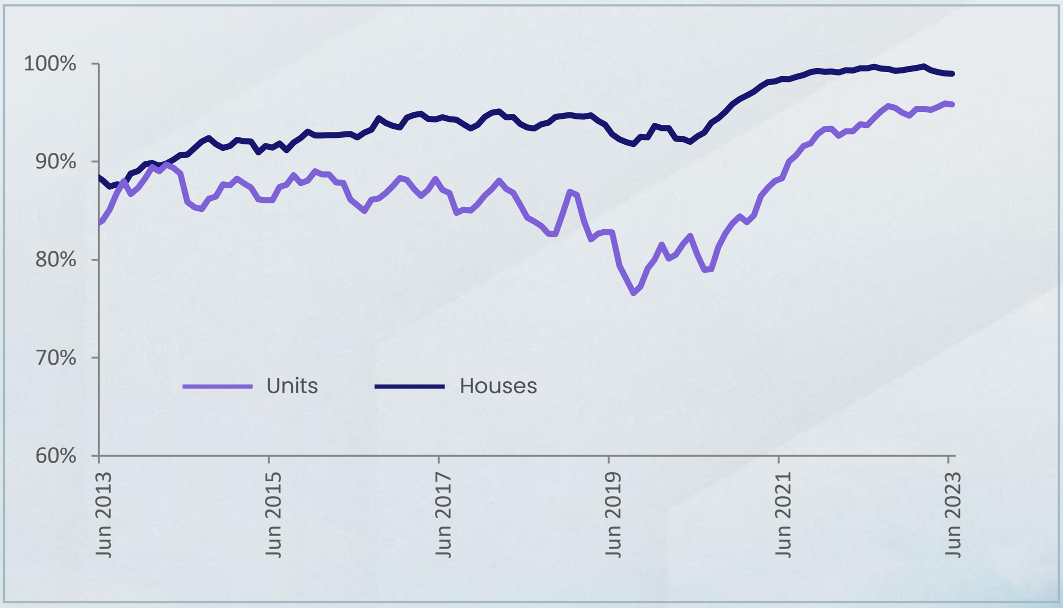
	GROSS LOSS-MAKING SALES, JUN-23 QTR				GROSS PROFIT-MAKING SALES, JUN-23 QTR			
	% of all sales	Median hold period	Median loss	Total value of loss	% of all sales	Median hold period	Median profit	Total value of profit
Brisbane (C)	6.0%	8.9	-$34,500	-$12,483,824	94.0%	8.6	$251,000	$1,637,235,124
Ipswich (C)	1.2%	1.6	-$20,000	-$262,000	98.8%	7.3	$200,000	$194,042,857
Lockyer Valley (R)	1.5%			-$35,000	98.5%	5.2	$ 195,500	$31,845,231
Logan (C)	1.7%	7.0	-$17,000	-$532,350	98.3%	8.4	$ 240,000	$346,322,396
Moreton Bay (R)	1.4%	1.3	-$29,000	-$887,602	98.6%	7.5	$ 257,500	$485,079,567
Redland (C)	0.3%			-$40,500	99.7%	7.0	$299,000	$199,017,467
Scenic Rim (R)	1.3%			-$20,000	98.7%	7.0	$ 258,500	$48,851,317
Somerset (R)	1.1%			-$13,000	98.9%	7.3	$ 256,500	$26,890,750

Adelaide

The rate of profit-making sales across Adelaide was 98.2% in the June quarter, which was steady on the previous quarter and above the decade average of 92.4%. Adelaide had the highest rate of nominal gains from resale of the capital city markets, following an extraordinary upswing in home values for the past three years, with little impact to prices from rising interest rates. Given home values across Adelaide continued to lift through July and August, it is expected we will report a similar level of strong profitability in the September quarter. The portion of resales that made a gain across the house segment was 99.0%, which was slightly lower than the previous quarter (99.3%). The portion of unit resales that made a median gain was 95.8%, up from 95.3% in the previous quarter.

Across Adelaide, the highest rates of profit-making sales were in Burnside, Mallala, Marion, Prospect and Unley where 100% of resales made a nominal gain. The median gain from resales across the city was $260,000, up from a revised $241,000 in the previous quarter.

Portion of profit-making sales, rolling quarter



Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, JUN-23 QTR				GROSS PROFIT-MAKING SALES, JUN-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
Adelaide (C)	18.2%	10.8	-$28,050	-$1,275,500	81.8%	7.2	$67,000	$19,862,070
Adelaide Hills (DC)	2.1%			-$83,000	97.9%	8.2	$394,000	$39,934,971
Burnside (C)					100.0%	10.2	$467,444	$69,428,613
Campbelltown (C) (SA)	1.4%			-$66,000	98.6%	7.5	$270,000	$44,812,834
Charles Sturt (C)	1.7%			-$803,178	98.3%	7.8	$259,000	$119,120,112
Gawler (T)	1.0%			-$11,667	99.0%	8.2	$179,250	$19,393,000
Holdfast Bay (C)	0.7%			-$90,667	99.3%	9.5	$320,500	$55,277,545
Mallala (DC)					100.0%	10.8	$234,750	$10,341,800
Marion (C)					100.0%	9.0	$297,500	$107,156,335
Mitcham (C)	1.6%			-$212,000	98.4%	9.5	$384,500	$83,639,567
Mount Barker (DC)	1.6%			-$43,000	98.4%	7.2	$265,000	$42,539,386
Norwood Payneham St Peters (C)	0.7%			-$130,000	99.3%	8.3	$259,500	$51,714,365
Onkaparinga (C)	1.0%			-$421,000	99.0%	9.2	$284,750	$159,869,444
Playford (C)	0.3%			-$140,000	99.7%	8.3	$190,000	$81,907,519
Port Adelaide Enfield (C)	2.6%	14.2	-$34,300	-$616,100	97.4%	9.2	$265,000	$111,305,052
Prospect (C)					100.0%	8.3	$312,950	$23,595,999
Salisbury (C)	1.0%			-$96,500	99.0%	9.0	$225,000	$97,657,880
Tea Tree Gully (C)	0.7%			-$190,000	99.3%	10.4	$285,500	$87,789,795
Unley (C)					100.0%	10.5	$374,000	$57,563,957
Walkerville (M)	18.5%			-$33,500	81.5%	8.8	$370,388	$9,190,913
West Torrens (C)	1.9%			-$393,605	98.1%	8.8	$262,000	$68,742,635

Perth

Perth continued to record the second-lowest rate of profit-making sales across the capital city markets through the June quarter behind Darwin. The relatively high portion of loss making sales is a legacy of the long running downturn, where dwelling values fell by 20% between 2014 and 2019. However, the city had the fastest uplift in the rate of profit-making sales. Profit-making resales jumped from 86.2% in the March quarter, to 87.7% in the three months to June. The rate of profit-making resales was 95.8% across the house segment, and 68.1% across units. There is a relatively large discrepancy in profitability between houses and units, but the rate of profit-making unit resales jumped an extraordinary 3.7 percentage points in the quarter.

Perth dwelling values are now six months into an upswing following a relatively mild downturn through 2022. Perth home values have increased 5.3% from a low in January this year. This new phase of growth will likely contribute to a further recovery in the rate of profit-making sales through the September quarter.

Portion of profit-making sales, rolling quarter

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, JUN-23 QTR				GROSS PROFIT-MAKING SALES, JUN-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)	6.6%	9.0	-$28,000	-$1,419,500	93.4%	8.8	$105,500	$54,411,773
Bassendean (T)	8.5%			-$90,378	91.5%	9.6	$151,500	$11,358,767
Bayswater (C)	18.0%	9.4	-$34,000	-$2,910,021	82.0%	11.0	$130,000	$51,803,832
Belmont (C)	26.4%	9.0	-$54,000	-$4,317,758	73.6%	9.3	$90,000	$31,212,685
Cambridge (T)	18.8%	8.8	-$25,000	-$486,000	81.2%	11.3	$320,000	$27,821,900
Canning (C)	11.3%	8.8	-$25,500	-$1,266,362	88.7%	11.5	$133,000	$69,522,732
Claremont (T)	10.6%			-$433,000	89.4%	9.8	$208,000	$11,954,500
Cockburn (C)	14.6%	9.3	-$ 40,000	-$3,058,600	85.4%	9.9	$144,000	$70,686,862
Cottesloe (T)	12.5%			-$175,500	87.5%	13.5	$444,500	$7,186,500
East Fremantle (T)	10.0%			-$259,500	90.0%	13.5	$485,000	$13,424,800
Fremantle (C)	13.9%	9.5	-$36,000	-$743,500	86.1%	7.4	$202,500	$31,475,025
Gosnells (C)	8.9%	9.2	-$35,000	-$2,143,400	91.1%	10.4	$128,633	$72,738,101
Joondalup (C)	5.5%	10.6	-$46,000	-$1,602,478	94.5%	10.7	$240,000	$174,239,181
Kalamunda (S)	1.0%			-$151,000	99.0%	10.8	$167,500	$49,929,800
Kwinana (C)	5.8%	9.7	-$ 34,500	-$809,500	94.2%	8.7	$110,000	$30,435,686
Mandurah (C)	6.8%	13.5	-$ 45,000	-$2,255,800	93.2%	8.1	$135,000	$81,555,303
Melville (C)	4.6%	8.9	-$ 35,000	-$907,500	95.4%	10.2	$250,000	$120,473,079
Mosman Park (T)	22.6%			-$182,000	77.4%	11.7	$327,000	$10,639,900
Mundaring (S)	1.4%			-$50,000	98.6%	10.3	$161,000	$36,395,862
Murray (S)	4.4%			-$119,100	95.6%	9.6	$115,000	$17,067,217
Nedlands (C)	12.1%			-$240,000	87.9%	7.1	$240,000	$12,386,550
Peppermint Grove (S)					100.0%			$35,000
Perth (C)	55.2%		-$70,250	-$12,496,025	44.8%	7.1	$41,000	$13,146,391
Rockingham (C)	5.9%	9.3	-$40,000	-$2,463,854	94.1%	9.3	$150,000	$117,392,722
Serpentine-Jarrahdale (S)	4.1%			-$205,500	95.9%	8.1	$188,000	$20,320,500
South Perth (C)	18.5%	9.3	-$40,000	-$1,797,000	81.5%	12.1	$177,500	$52,017,985
Stirling (C)	13.6%	9.2	-$27,625	-$6,265,946	86.4%	10.3	$127,000	$221,155,721
Subiaco (C)	31.1%	9.5	-$43,000	-$1,988,200	68.9%	12.7	$240,000	$23,714,350
Swan (C)	11.0%	9.6	-$55,000	-$3,522,500	89.0%	9.7	$121,000	$77,917,171
Victoria Park (T)	19.6%	10.7	-$40,000	-$2,136,000	80.4%	10.6	$133,500	$32,187,551
Vincent (C)	28.6%	9.6	-$42,500	-$3,836,882	71.4%	11.0	$181,000	$45,514,334
Wanneroo (C)	4.8%	9.5	-$35,000	-$1,475,070	95.2%	9.2	$125,000	$102,864,975

Hobart

Hobart slipped down the rankings to the third-most profitable capital city in the June quarter. In the three months to June, 97.9% of resales made a nominal gain in the June quarter, down from 98.3% in the three months to March. Hobart was the only capital city other than Darwin to see a notable increase in the rate of loss-making sales, up 40 basis points in the quarter.

Despite the increase in the rate of loss-making sales across Hobart, both houses and units remain highly profitable. The unit sector saw a nominal gain across 96.1% of units in the quarter, and 98.7% of houses. However, Hobart home values have not seen a notable recovery in values like other capital cities. Between June and August, home values declined -0.1% across the city. This under-performance in capital growth will eventually drag more on the rate of profit-making sales. The median profit from resale has already trended lower, to $305,000 in the June quarter, down from $319,438 in March. However, Hobart still had the third-highest median profit from resales of the capital cities, behind Sydney ($343,000), and Melbourne ($310,000).

Portion of profit-making sales, rolling quarter

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, JUN-23 QTR				GROSS PROFIT-MAKING SALES, JUN-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	7.0%			-$310,436	93.0%	6.6	$256,000	$11,579,296
Clarence	1.2%			-$175,000	98.8%	8.3	$351,000	$61,703,078
Derwent Valley					100.0%	6.6	$259,000	$8,605,501
Glenorchy	0.7%			-$22,000	99.3%	9.2	$269,750	$39,470,068
Hobart	2.6%			-$261,500	97.4%	11.0	$385,000	$70,114,934
Kingborough	4.3%			-$97,000	95.7%	7.8	$287,500	$31,036,750
Sorell					100.0%	5.8	$217,500	$13,756,549

Darwin

Darwin recorded the lowest rate of profitability of the capital city markets in the June quarter. 65.6% of resales made a nominal gain, down from 71.1% in the three months to March. This coincided with a slight decline in home values through the June quarter, at -0.3%. The greater dwelling market value is yet to make a full nominal recovery from the high in May 2014, making the incidence of loss-making sales relatively high, even for those that have held property in the region for the better part of a decade. Darwin also has a particularly high concentration of loss-making unit sales (51.4%) compared with house sales (22.1%).

Darwin has seen more positive capital growth trends over July and August, but as noted in previous quarters, the city has more to offer investors than capital growth. With a relatively low median dwelling value of $496,000, and strong demand for rentals, Darwin has the highest gross rental yield of 6.6% as of August, including a 7.5% yield across the unit segment.

Portion of profit-making sales, rolling quarter

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, JUN-23 QTR				GROSS PROFIT-MAKING SALES, JUN-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	38.6%	9.6	-$65,000	-$7,914,527	61.4%	11.2	$113,250	$32,362,492
Litchfield	26.3%	7.8	-$38,500	-$757,000	73.7%	9.7	$190,000	$5,994,000
Palmerston	27.8%	10.6	-$47,000	-$2,520,000	72.2%	10.2	$197,500	$28,081,010

ACT

Canberra had the second-highest rate of profit-making resales across the capital city markets through the June quarter, at 98.0%. This was marginally lower than the rate of profit-making sales in the March quarter, at 98.1%, and coincides with a relatively subdued quarterly growth movement of 0.8% in the same period.

Both houses and units had a high incidence of profit-making resales, at 98.1% and 97.9% respectively. While many sellers are benefitting from a relatively large upswing in home values between 2019 and 2022, dwelling values are estimated to be -8.6% below the recent peak in June 2022. This places more recent buyers at a greater risk of nominal loss from resales. Home values were relatively flat in Canberra through July and August, suggesting the rate of loss-making resales could increase marginally across the city in the September quarter.

Portion of profit-making sales, rolling quarter

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, JUN-23 QTR				GROSS PROFIT-MAKING SALES, JUN-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	2.0%	1.4	-$67,000	-$2,126,364	98.0%	9.3	$304,000	$542,168,360

Disclaimers

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

Queensland Data

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

South Australian Data

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

New South Wales Data

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

Victorian Data

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

Western Australian Data

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

Australian Capital Territory Data

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

Tasmanian Data

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

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

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

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

© 2023 CoreLogic No unauthorized use or disclosure. All rights reserved.
CORELOGIC and the CoreLogic logo are New Zealand and Australian trademarks of CoreLogic, Inc. and/or its subsidiaries.

corelogic.com.au

© 2023 RP Data Pty Ltd t/as CoreLogic Asia Pacific. Proprietary and confidential. This material may not be reproduced in any form without express written permission.