

# Pain and Gain Report

AUSTRALIA | MARCH 2024

Data for the December 2023 Quarter





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# Introduction

This edition of the Pain and Gain report analyses approximately 90,000 resales in the December quarter of 2023. The analysis finds that the rate of profit-making sales has increased to 94.0%, up from 93.6% in the previous quarter, in line with ongoing home value increases through to the end of the year. Ongoing increases in home values also help to reduce the instance of loss for those selling in a relatively short period of time.

Profitability has broadly improved in the Australian housing market since the recovery trend in home values began in the start of 2023. Nationally, the total nominal profit from resales in the December quarter was \$29.9 billion, up from \$28.7 billion in the previous quarter, and a low of \$21.8 billion in the three months to February last year.

Loss-making resales declined to 6.0% of resales in the three months to December, and the volume of loss-making sales also fell by 5.1% on the previous quarter.

Due to the lingering value add of the COVID-boom, regional markets are looking more profitable than capital cities. In the combined capitals, 93.2% of resales made a nominal gain, and regional Australia saw a slightly higher rate of profit-making resales at 95.5%. The increase in profitability through the quarter was also slightly more rapid across the regions, at 50 basis points compared to 40 points across the capitals.

Adelaide was the most profitable of the capital city markets, with over 98% of resales making a nominal gain in the quarter. Thanks to strong growth in the Perth market, the rate of loss-making sales reduced 120 basis points to 8.4%, and this marks the second consecutive quarter where over 90% of Perth resales have made a profit. Based on the resale analysis, Perth is at

its most profitable level since July 2015.

Houses continued to deliver higher rates of profit-making sales than units. Through the December quarter, 97.0% of house resales made a nominal gain, compared to 88.2% of units. The gap in profitability between houses and units was gradually narrowing at the end of 2023, but remains much higher than historic averages. Units represented 34.1% of total resales, but over two thirds of loss-making resales (67.5%).

The median hold period of resales across Australia was 9.0 years through the December quarter, including 8.2 years for loss-making sales and 9.1 years for profit-making resales.

An update of short-term resales analysis shows that the portion of resales within a two-year hold period seems to be levelling out within the two-year hold period, but has continued to shift higher within the three year hold period. This could be because a two-to-three-year hold period represents more loans secured under low, fixed terms throughout 2021. However, of those properties sold within three years in the December quarter, only 6.5% made a nominal loss, which is actually down from 6.6% in the previous quarter. The analysis suggests that ongoing capital growth in the housing market is helping to reduce the instance of loss-making sales.

## MEDIAN RETURNS

MEDIAN GAIN

**\$310,000**

MEDIAN LOSS

**\$40,000**

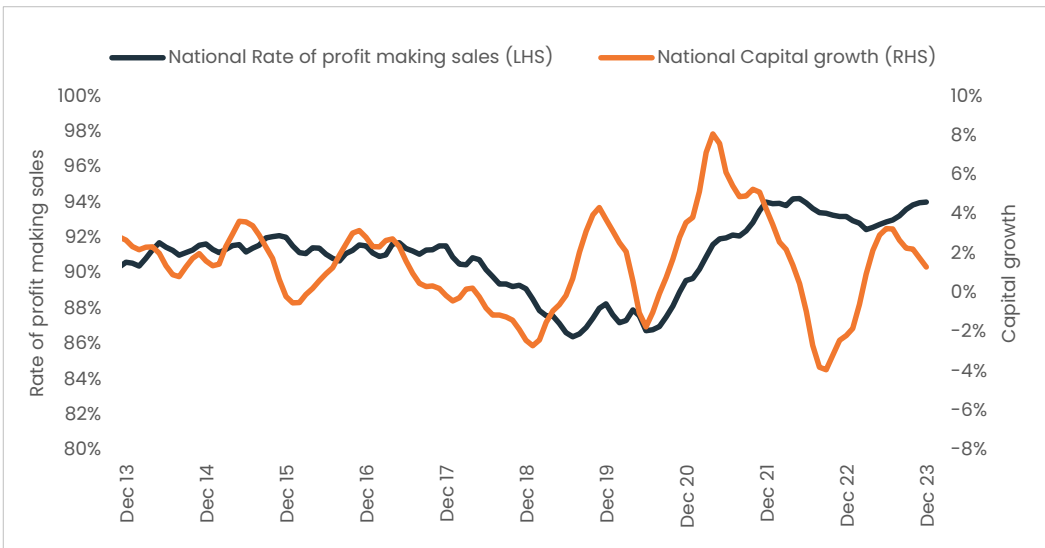


# National Overview

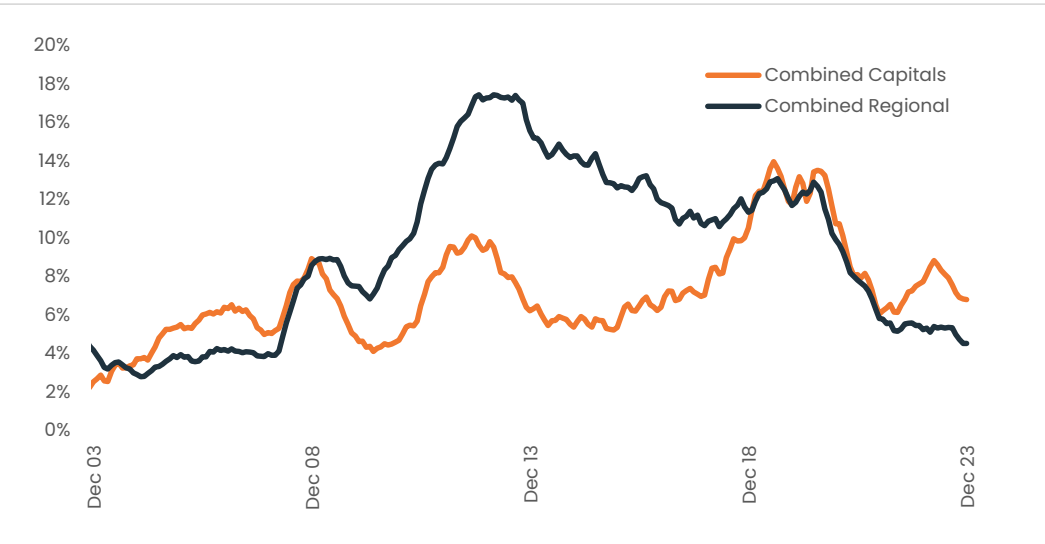
Through the December quarter of 2023, around 90,000 resales of houses and units were analysed. It was found profitability continues to lift across Australian real estate, with 94.0% of homes resold making a nominal gain. This was up from 93.6% in the previous quarter, and a previous decade average of 90.8% profitability.

Of the profit-making resales, the median nominal gain was \$310,000. This is up from \$290,000 in the previous quarter. The median hold period of profit-making sales was 9.1 years. The higher incidence of profitability came amid a 1.3% rise in CoreLogic's national Home Value Index in the December quarter, followed by a further 1.0% rise in housing values through the first two months of 2024, indicating profitability is likely to rise further this year.

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 December quarter is estimated to be \$29.9 billion, up from \$28.7 billion in the previous quarter, and up from a low of \$21.8 billion in the three months to February 2023 (which coincides with the trough in national home values).

Loss-making resales declined to 6.0% of observations in the quarter, and the number of loss-making resales fell 5.1%, to around 5,500. The median resale result of a loss-making sale was -\$40,000, which is steady on the previous quarter. Just over 10% of the volume of loss-making resales were concentrated in the three local government areas of Parramatta, Melbourne and Brisbane (noting Brisbane LGA is large, and the high volume of resales means proportionally loss-making sales were low). The combined nominal loss from resales totalled \$305 million in the quarter, down from \$321 in the September quarter.

Both the combined capital city and regional markets saw an increase in profitability through the December quarter. Across the combined capitals, 93.2% of resales made a nominal gain, and regional Australia saw a slightly higher rate of profit-making resales at 95.5%. The increase in profitability through the quarter was also slightly more rapid across the regional markets, at 50 basis points compared to 40 points across the capitals, mirroring the slightly stronger capital growth in regional Australia through the period. Darwin was the least profitable market by some margin, with a profit-making sales rate of 66.9%.

Looking more closely at the greater capital city and regional markets, Adelaide remained the most profitable capital city market for the fifth consecutive quarter. This follows a 52.1% uplift in home values from the onset of the pandemic in March 2020 through to December 2023, as well as a longer-term period of steady market conditions throughout the 2010's. There was a pocket of loss-making unit resales in the Adelaide city centre, though unit values in the suburb have seen relatively strong growth in the three months to February (3.1%), which may see an easing in the incidence of loss across this market in the March quarter.



# National Overview

The Perth dwelling market saw the biggest reduction in the rate of loss-making sales across the capital cities. The loss-making resale rate in Perth continued to decline alongside high growth in home values, declining from 9.6% in the September quarter to 8.4% in the three months ending December.

Across the combined regional areas, regional Victoria had the highest rate of profit-making sales, at 97.6%. This was up from 97.4% in the previous quarter. The regional NT market had the lowest rate of profitability, at 84%, but this is a notable jump from 78.6% in the previous quarter.

## Summary of loss-making sales rates by greater capital city and regional market, QoQ

|              | Portion of<br>loss-making sales<br>Dec 2023 | Portion of<br>loss-making sales<br>Sep 2023 | Change<br>(percentage point) |
|--------------|---|---|------------------------------|
| Sydney       | 8.1%  | 8.7%  | -0.7%                        |
| Rest of NSW  | 2.7%  | 3.1%  | -0.4%                        |
| Melbourne    | 8.9%  | 8.9%  | 0.0%                         |
| Rest of Vic. | 2.4%  | 2.6%  | -0.1%                        |
| Brisbane     | 2.1%  | 2.6%  | -0.5%                        |
| Rest of Qld  | 5.7%  | 6.1%  | -0.4%                        |
| Adelaide     | 1.5%  | 1.4%  | 0.1%                         |
| Rest of SA   | 3.9%  | 3.1%  | 0.7%                         |
| Perth        | 8.4%  | 9.6%  | -1.2%                        |
| Rest of WA   | 10.4%                                       | 12.5%                                       | -2.1%                        |
| Hobart       | 3.7%  | 2.9%  | 0.9%                         |
| Rest of Tas. | 3.9%  | 3.0%  | 0.9%                         |
| Darwin       | 33.1%                                       | 30.7%                                       | 2.4%                         |
| Rest of NT   | 16.0%                                       | 21.4%                                       | -5.4%                        |
| ACT          | 3.6%  | 3.1%  | 0.5%                         |

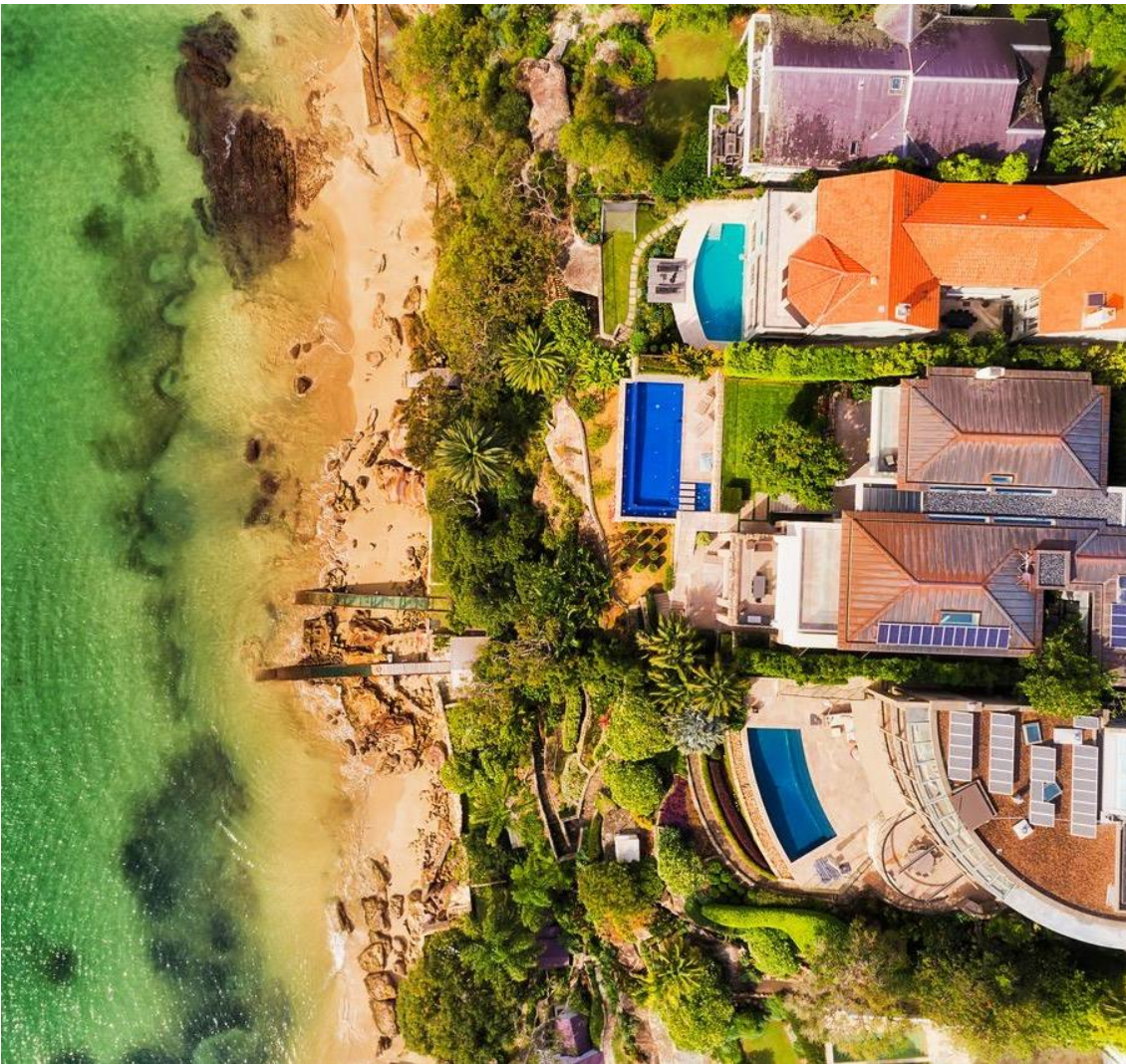
The December data also indicated a slight easing in short-term, loss-making resale conditions. The portion of resales within a two-year hold period reduced from 7.9% in the September quarter to 7.5%. However, there was an uptick of resales with a hold period of between two and four years, from 13.3% in the September quarter to 14.0%. This represents homes acquired over 2020 and 2021, and was the most common hold period of resales in the quarter. While this may include sales prompted by a notable uplift in mortgage rates, only 3.7% of homes sold within this hold period made a nominal loss (almost half the rate of all loss-making resales nationally).

The broad-based increase in profitability and value across the Australian housing market helps to shore up financial stability at a time of stark increases in mortgage costs for some households. In the March Financial Stability Review, the RBA estimated around 5% of variable mortgage rate holders were in a position of household expenses exceeding income. For many households in this position, this could mean running down savings buffers, cutting discretionary spending, or shifting consumption to cheaper goods and services. But for those that do need to sell their home, continued increases in most markets will help to reduce the instance of loan default.



# National Overview

It is worth noting that while Australia's housing market has been through a remarkable upswing in the past 13 months, there is some ongoing risk to capital growth for the outlook in 2024. December quarter GDP data confirmed slowing economic growth and a reduced rate of household saving. Labour force data indicates the tight labour market is slowly unwinding, particularly with respect to the underemployment rate which has lifted 70 basis points over the past year. Affordability also remains a constraint for prospective home buyers, where both mortgage and rental costs have risen substantially. Some of these headwinds have been reflected in a slower rate of quarterly growth at the end of last year, where national home values increased 1.3% (down from 2.3% in the September quarter). The rate of increase in profit-making resales also slowed, up 40 basis points from the previous quarter, compared to the 70 basis point lift through September.



# Houses vs Units

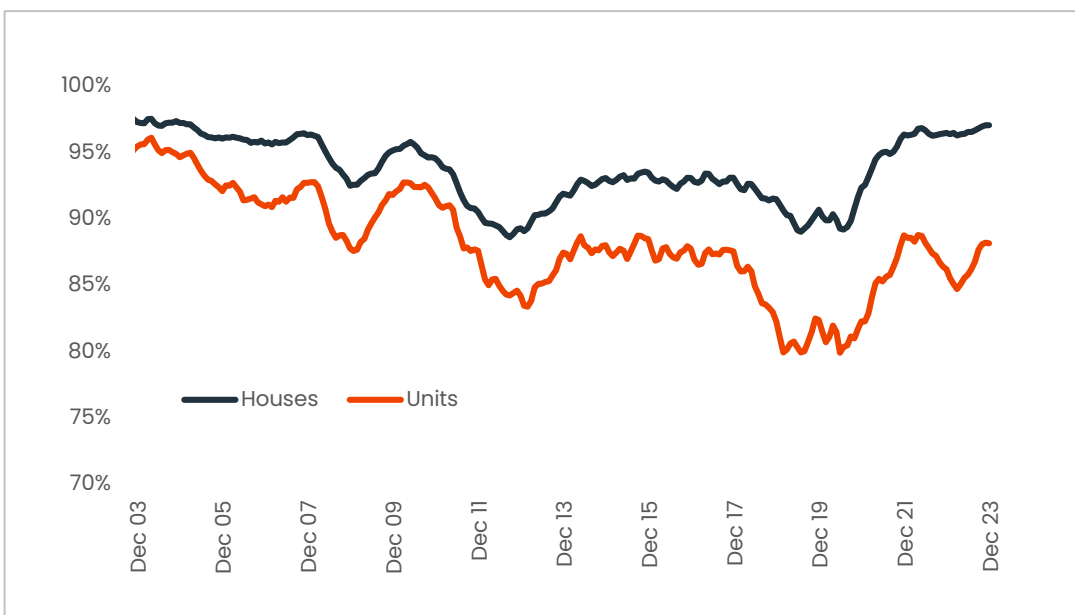
Through the December quarter, 97.0% of house resales made a nominal gain, compared to 88.2% of units. This marks an 8.9 percentage point differential between house and unit profitability, which has narrowed over the past quarter, and from a recent high of 11.6 percentage points in the March quarter of 2023. Prior to 2020, the decade average difference between profitability in houses and units is a far lower 5.3%.

The higher likelihood of profitability in Australian house markets comes back to capital growth trends. The past two upswings in home values have seen a stronger increase in detached house values than units. Between July 2020 and April 2022, the difference was particularly stark. House values increased 38.3%, relative to a 17.1% uplift in unit values. This may be put down to some pandemic-related factors, including higher demand for outer-suburban and regional housing which happens to have a higher portion of house stock, as well as an increase in remote work and hybrid work trends, necessitating more space. This has led to a relatively large premium on house values, where the latest difference in the median house and unit value nationally was recorded at 30.4% in February.

Longer term, the discrepancy in house and unit growth also comes down to factors of supply and demand. Unit supply was particularly elevated in the mid-to-late 2010's, buoyed by a high concentration of investor participation in the housing market and structurally falling interest rates. Temporary changes to lending conditions, falling home values and the onset of the pandemic created a negative shock to investment demand between 2017 and 2020, creating much more subdued demand in high density unit markets. The pandemic period has only exacerbated the premium returns in the detached house market, and detached house and land remains a preference for the more dominant buyer group of owner occupiers.

The chart below shows the rolling three-month rate of profit-making sales across houses and units nationally. Despite a short, sharp decline in both house and unit values nationally between mid-2022 and January 2023, the rate of profitability across house stock barely fell, while profitability plunged in unit resales from 88.8% in the three months to April 2022, to 84.7% in the March quarter of 2023. Profitability across both segments has largely recovered, but units do often seem to incur higher rates of loss during downswing periods.

Portion of profit-making sales, national, houses and units - rolling quarter





# Houses vs Units

In the December quarter, unit resales represented 34.1% of total resales, but over two thirds of loss-making resales (67.5%). There were around 3,700 loss-making unit resales in the quarter, with a median loss of \$41,500. Loss-making unit resales occurred across 193 LGA regions, with the highest concentration in Parramatta (6.4%), followed by Melbourne (6.1%) and Brisbane (4.3%).

Houses not only had a higher instance of profitability, but higher gains from resale. The median nominal gain from profit-making house sales in Australia was \$377,000, while the median gain from a profit-making unit sale was less than half this amount (\$170,000). The biggest profit from house resales was across the greater Sydney market, which had a median nominal gain of \$569,000, compared to a gain of \$195,000 for Sydney units.

Despite recent weakness in the Hobart unit market, it was actually the most profitable unit market of the greater capital cities and regions by nominal return. The median nominal gain of profit-making Hobart unit resales was \$218,250 in the quarter. The highest rate of profitability across unit resales was in regional Victoria, at 98.1%.

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 The Northern Territory, Perth and Melbourne.

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

| REGION                       | HOUSES |       | UNITS |       |
|------------------------------|--------|-------|-------|-------|
|                              | Pain   | Gain  | Pain  | Gain  |
| Sydney                       | 1.8%   | 98.2% | 12.9% | 87.1% |
| Rest of NSW                  | 2.6%   | 97.4% | 2.9%  | 97.1% |
| Melbourne                    | 2.7%   | 97.3% | 18.2% | 81.8% |
| Rest of Vic.                 | 2.5%   | 97.5% | 1.9%  | 98.1% |
| Brisbane                     | 0.7%   | 99.3% | 4.4%  | 95.6% |
| Rest of Qld                  | 4.8%   | 95.2% | 7.8%  | 92.2% |
| Adelaide                     | 0.8%   | 99.2% | 3.2%  | 96.8% |
| Rest of SA                   | 3.5%   | 96.5% | 9.0%  | 91.0% |
| Perth                        | 2.6%   | 97.4% | 22.1% | 77.9% |
| Rest of WA                   | 9.1%   | 90.9% | 20.3% | 79.7% |
| Hobart                       | 3.5%   | 96.5% | 4.5%  | 95.5% |
| Rest of Tas.                 | 4.1%   | 95.9% | 2.7%  | 97.3% |
| Darwin                       | 21.3%  | 78.7% | 51.4% | 48.6% |
| Rest of NT                   | 9.9%   | 90.1% | 33.3% | 66.7% |
| Australian Capital Territory | 3.6%   | 96.4% | 3.6%  | 96.4% |
| National                     | 3.0%   | 97.0% | 11.8% | 88.2% |
| Cap city                     | 2.2%   | 97.8% | 13.5% | 86.5% |
| Regional                     | 4.0%   | 96.0% | 6.4%  | 93.6% |

# Hold Periods

The median hold period of resales across Australia was 9.0 years through the December quarter, up from 8.8 years in the September quarter. The median initial purchase date for resales through the quarter was November 2014. Since that date, national home values have increased 63%.

Broadly speaking, there tends to be an inverse relationship between hold periods and capital growth, so as values have continued to rise through the start of 2024, it is expected the average hold period may move lower once again through the next quarter.

The national hold period for loss-making sales was 8.2 years, or a median initial purchase date for loss-making sales in in late 2015. While most markets have seen a robust lift in home values from September 2015 to December 2023, Darwin home values were still -3.5% lower over this period, and units in regional Western Australia were down -10.9%. There were also east-coast markets which had shown very little growth or price falls through this period, such as units in Parramatta (down -6.5%), Fairfield (-5.0%) and Stonnington (-0.5%).

Of the capital cities and rest of state regions, the lowest median hold period for profit-making sales was across regional Tasmanian units, at 5.8 years. This suggests an initial purchase date in early 2018. Between March 2018 and December 2023, regional Tasmanian unit values have increased over 60% in value. The median profit from unit resales in regional Tasmania was \$154,500.

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

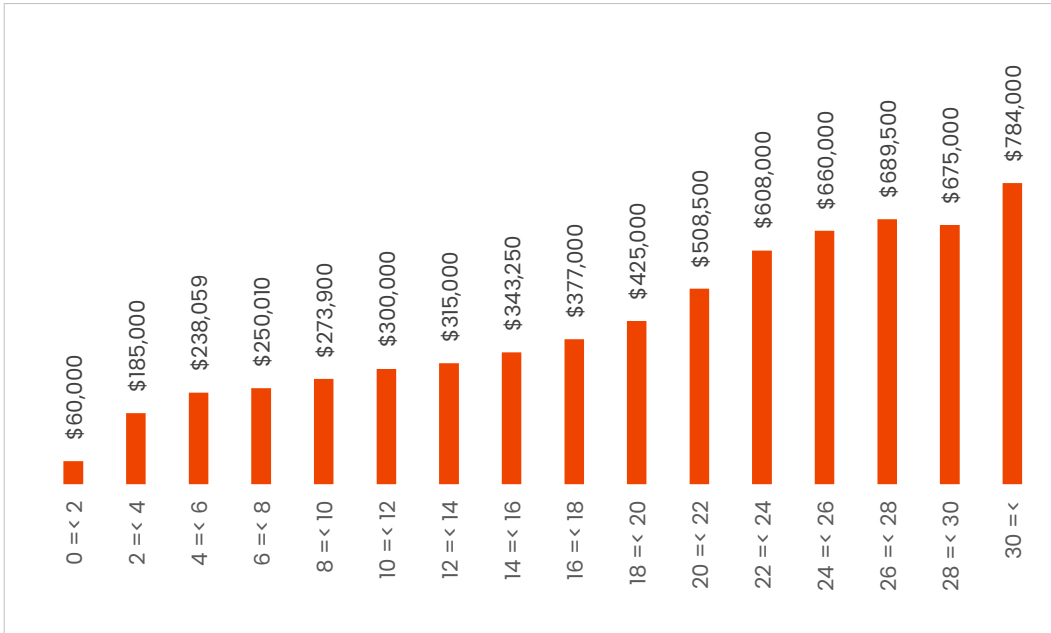
As noted in previous reports, there are now several markets where the incidence of loss-making sales is associated with relatively short hold periods. Of the greater capital city and regional house markets, most see loss-making sales held for a median of less than three years. Unit markets were far more likely to be associated with longer hold periods, due to weaker capital growth performance over time. At the national level, loss-making house sales had a median hold period of 5.9 years, where loss-making unit resales had a median hold period of 8.4 years.

The tables below show the volume of sales and median outcome from various hold periods across Australia in the December 2023 quarter. The median result from a property held for less than 2 years was a nominal gain of \$60,000. This short-term profitability has substantially reduced from a recent high in June 2022, when the median result from a short-term resale was a nominal gain of \$150,000. At the other end of the spectrum, resales after 30 years had a median nominal result of \$784,000. The top 1% of resale gains had a median result of \$2.5 million in gross nominal profit, and was associated with a median hold period of 22 years.

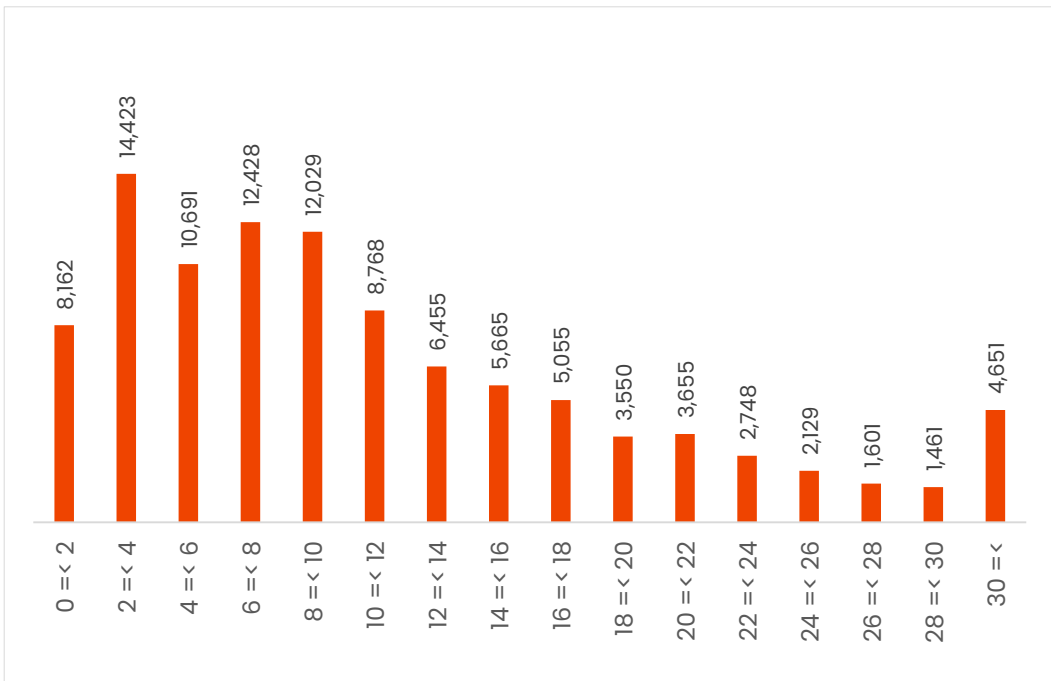


# Hold Periods

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



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



# Hold Periods

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

| REGION                       | PAIN   |       | GAIN   |       |
|------------------------------|--------|-------|--------|-------|
|                              | Houses | Units | Houses | Units |
| Sydney                       | 2.4    | 6.9   | 9.8    | 9.1   |
| Regional NSW                 | 2.4    | 2.0   | 8.2    | 7.2   |
| Melbourne                    | 2.3    | 8.2   | 10.4   | 9.1   |
| Regional Vic                 | 2.0    | 1.7   | 8.6    | 8.1   |
| Brisbane                     | 1.7    | 9.1   | 8.6    | 8.1   |
| Regional Qld                 | 12.4   | 12.5  | 7.8    | 6.8   |
| Adelaide                     | 1.9    | 10.6  | 9.6    | 8.2   |
| Regional SA                  | 12.2   | -     | 9.8    | 7.0   |
| Perth                        | 9.8    | 9.9   | 10.2   | 9.9   |
| Regional WA                  | 13.0   | 12.1  | 9.5    | 7.6   |
| Hobart                       | 2.4    | -     | 9.6    | 7.4   |
| Regional Tas                 | 1.9    | -     | 7.2    | 5.8   |
| Darwin                       | 10.0   | 10.7  | 9.3    | 9.4   |
| Regional NT                  | 9.7    | 9.8   | 10.3   | 7.8   |
| Australian Capital Territory | 2.1    | 1.7   | 10.3   | 8.3   |
| National                     | 5.9    | 8.4   | 9.3    | 8.6   |
| Cap city                     | 2.9    | 8.2   | 9.7    | 8.9   |
| Regional                     | 9.7    | 11.5  | 8.5    | 7.0   |



# Short-term resales

## Short term resales and the 'fixed-rate cliff'

As noted in the previous quarter, short term resales may hold some insight into how home owners are responding to the rapid uplift in interest rates over a short period of time. Special attention has been given to properties resold within a two-or-three-year period from 2021, because this is when average new fixed term rates were at their lowest, and attracted an unusually high portion of new housing borrowers. One way of dealing with an unmanageable increase in interest payments would be to offload the property.

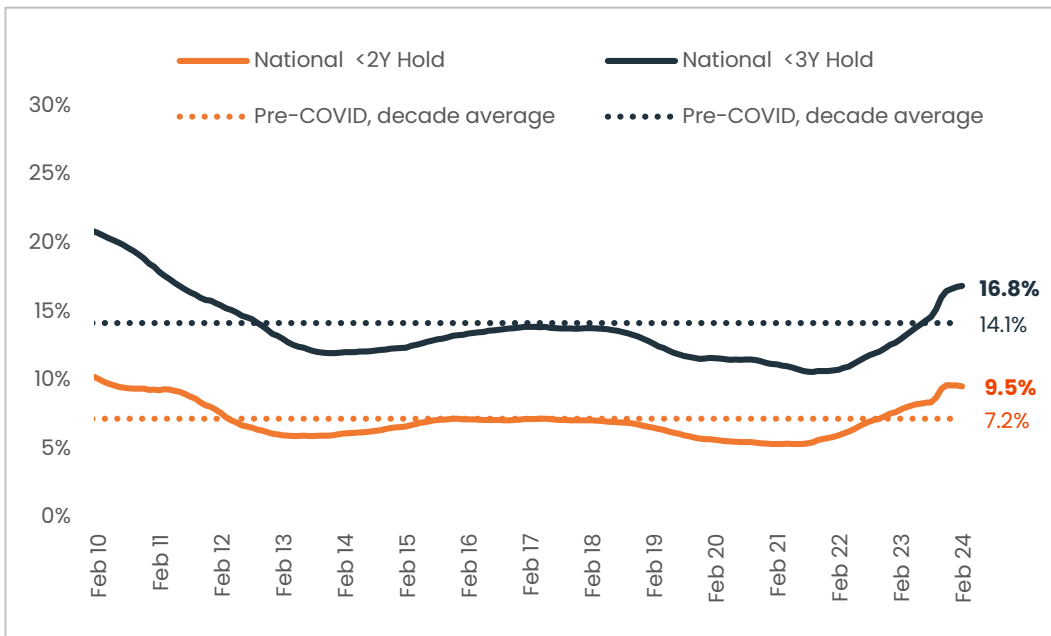
The rise in the underlying cash rate has taken the average new variable mortgage rate of owner occupiers from a low of 2.41% in April 2022, to 6.27% in just under two years. In April 2022, the average new loan secured by new owner occupier borrowers was \$611,154. Assuming a 30-year loan term, the average monthly payment on that loan size using average new variable rates would have increased from \$2,386 to \$3,771. This is an increase of almost \$1,400 on the monthly payment, or \$17,000 per year.

The sticker shock would be even more stark for those committing to two or three-year fixed terms through 2021, when new fixed-term mortgage rates bottomed out below 2.0%. For those who purchased in 2021, the December 2023 quarter marks a hold period of between two and three years, and the expiry of many low rate, fixed term mortgage terms. An RBA Bulletin from March last year noted that 2023 would represent the expiry of 880,000 fixed-term loan facilities, which would lower to 450,000 through 2024.

How are short-term resales tracking?

At the national level, there has been a rise in the portion of resales occurring within two or three years of holding a property. In the 2023 calendar year, 9.6% of homes sold within two years, and 16.6% of homes sold within a three-year period. Data through to the start of 2024 shows this rolling 12-month indicator has continued to rise for the three-year hold period, but is actually starting to move lower for the two-year hold period. This may be because mortgage holders securing a loan in the two years to February are not rolling off fixed terms, and have not had quite as stark a mortgage payment change.

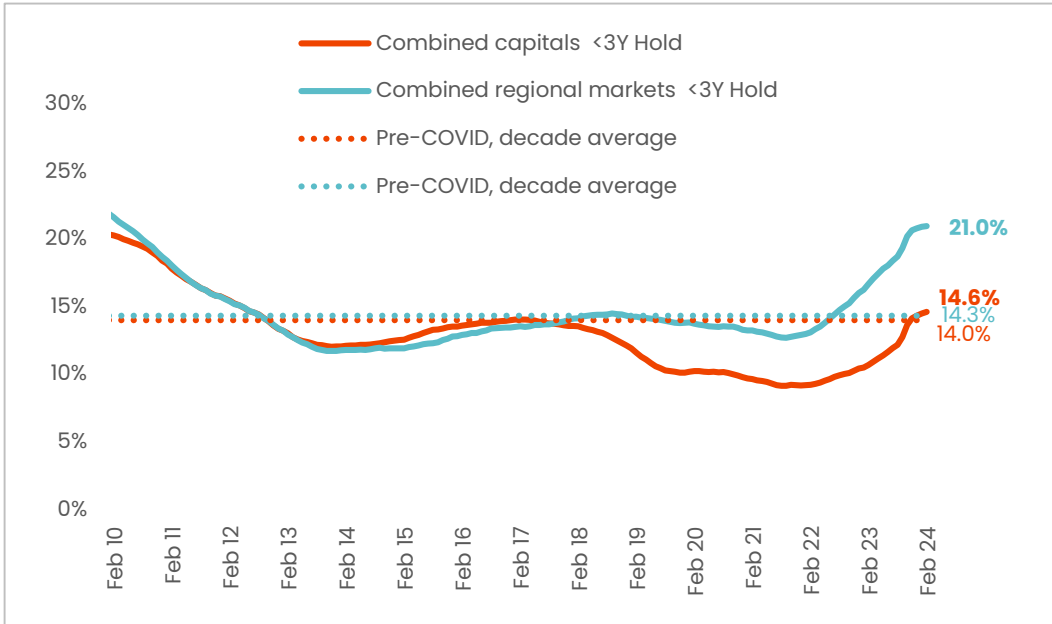
## Short term resales, national, rolling 12 months



# Short-term resales

It is worth noting that these figures are not drastically different to longer term averages. Prior to 2020, the decade average rate of two-year resales was 7.2%, and an average of 14.1% of homes were sold within a three-year hold period. Elevated short-term resales were also evident in the early 2010's, when another steep rate-hiking cycle had occurred between 2009 and 2011. Short-term resales as a portion of total resales are likely nearing a peak as we move through the peak of the current rate-hiking cycle, with the chart above showing a slowdown in the rate of increase.

Short term resales (<=3 years), capital cities and regional areas, rolling 12 months



Breaking up the short-term resale rate by capital city and regional markets reveals regional Australia continues to be at the centre of short-term reselling. Properties held up to three years accounted for over a fifth of regional resales in the year to December, compared to a decade long, pre-COVID average of 14.3%. In the combined capitals, short-term hold periods had actually made up a relatively low portion of resales until the past 12 months.

In 2023, the highest incidence of resales held for three years or less were in the local government areas of Muswellbrook, in the upper Hunter region of NSW (37.1%), followed by Livingstone (31.7%), and South Burnett (30.6%) in Queensland. There may be multiple factors contributing to an uptick in resales in these LGAs that have little to do with rising interest costs. For example, capital gains across each of these dwelling markets in the past three years are above 40%, and just over 50% in South Burnett. This may be prompting resale for dwelling owners, in order to cash in on windfall gains.

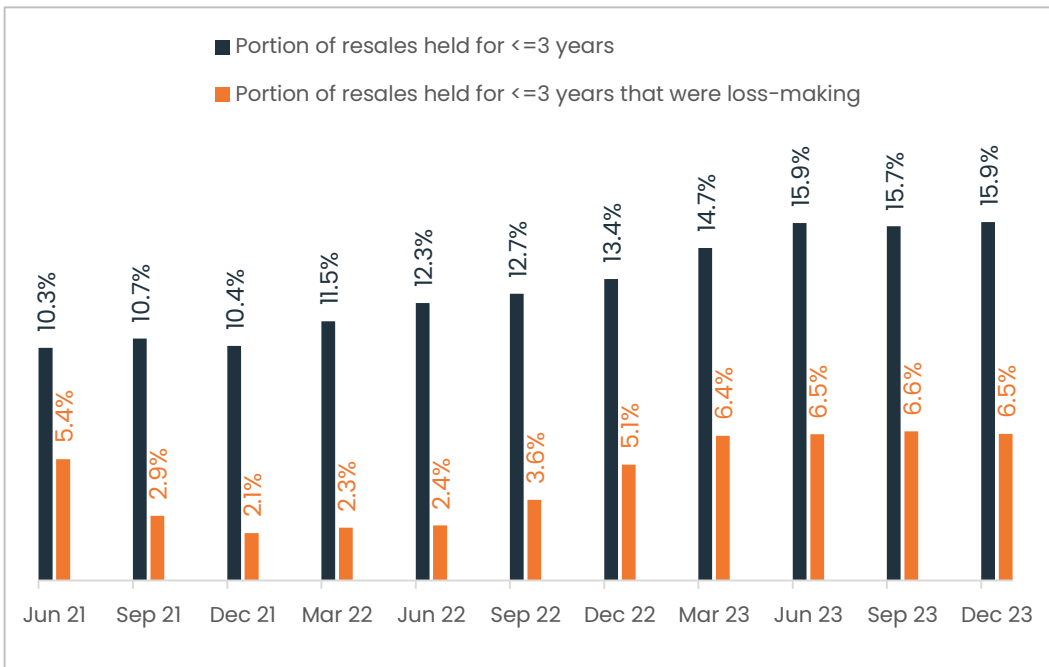
# Short-term resales

## Short-term resales in the December quarter that made a loss

Analysis of raw resales data suggests that 15.9% were held for up to three years in the December quarter, up from 15.7% in the September quarter, and 13.4% in the December quarter of 2022.

While the portion of short-term resales trended higher, the portion of those short-term resales that made a nominal loss was slightly lower from the previous quarter (6.5% of all resales, down from 6.6% in the three months to September). This represented around 1,000 dwelling sales in the quarter, out of over 90,000 in total. The proportional reduction in short-term, loss-making resales may be because capital growth trends continued to strengthen at the end of last year, with national home values hitting a fresh record high by November.

### Short-term resales, national, all dwellings



Of those short-term resales that did make a nominal loss, the median difference between the first and repeat purchase price was -4.1%, or a loss of \$30,000. These short-term, loss-making resales were not concentrated in any specific market. They were spread across 219 different LGA regions of Australia, with ACT having the highest concentration at 4.6%. As capital growth has continued to strengthen into the first few months of 2024, the portion of short-term resales incurring a nominal decline is expected to fall further.

# Resource-Based Markets

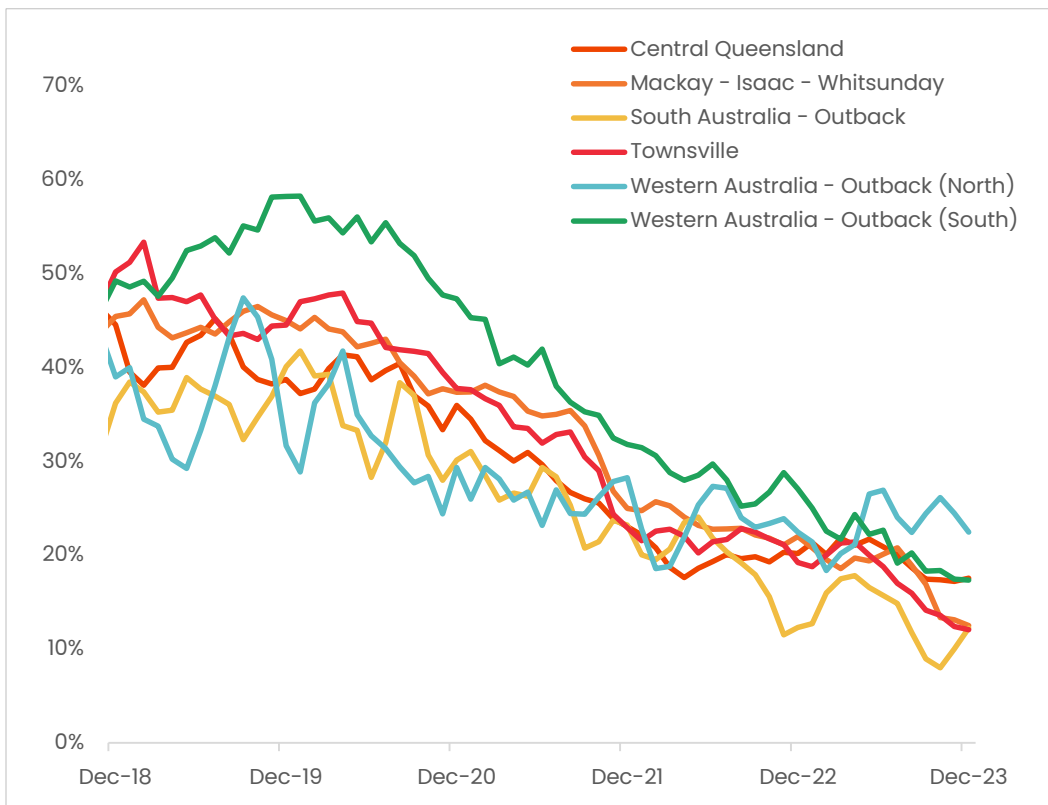
Resource-based dwelling markets have seen broad-based value uplifts through the pandemic period, buoyed by increased demand for commodities amid high economic growth and global demand in 2021-22.

The strength in these markets is reflected in a broad-based decline in the rate of loss-making sales. In the three months to December, the combined rate of loss-making sales across the SA4 markets analysed was 15.0%, down from 16.4% in the previous quarter. While 15.0% is still a relatively high rate of loss-making sales compared to the national rate of 6.0% nationally, it is a vast improvement relative to where the loss-making sale rate was at the onset of the pandemic (44.8% in the March 2020 quarter).

The most profitable resource-based dwelling market was Townsville, where 87.9% of resales made a nominal gain in the quarter, while the WA Outback (North) market had the lowest rate of profitability at 77.5%. Across the board, the median gain from resales across mining markets was relatively low compared with the median nominal gain nationally. The average median nominal gain was \$76,000, ranging from \$9,000 in Townsville, to \$219,000 in WA Outback North. The WA Outback North market also had a relatively low hold period on profit-making sales (6.4 years), reflecting a capitalisation on very recent gains in home value after a long period of decline.

As of February 2024, most of the select resource-based markets analysed were still in upswing, with only the Western Australia Outback (North) market seeing a slight dip of -0.4% in the year to date. As a result, further increases in profitability may be expected for most of these regions in the March quarter. However, there is some uncertainty to the outlook for capital growth in resource-based markets in 2024, namely slowing global economic growth, and transition to renewables in the longer term.

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





# Sea Change and Tree Change Destinations

Regional home values have seen an extraordinary uplift through the pandemic period. Despite a short, sharp drop amid rising interest rates, regional home values remained 46.0% higher than in March 2020 at the end of last year. The result has been a substantial reduction in the rate of loss-making sales, from 12.4% in March 2020, to 4.5% in the three months to December 2023.

Regional Australian dwelling values have broadly transitioned from a boom in values through the pandemic period, to a more 'normalised' housing cycle. Since bottoming out in January 2023, combined regional home values have increased 5.8% through to the end of February, compared to a 10.7% uplift in the combined capital cities market.

In some regions, the recent upswing has been somewhat tentative, and not all markets are back at record highs. A higher interest rate environment has limited growth in some areas, and are holding values well below the pre-rate rise peak. In Ballarat for example, home values remained -10.7% below the record high, which was in March 2022, as of February this year. Values across Ballarat declined -2.2% in the three months ending February 2024. In the Southern Highlands and Shoalhaven and Richmond Tweed, home values were also more than 10% below the record highs reached in early 2022.

These looser market conditions in some regions are reflected in a higher rate of loss-making resales across regional centres of NSW and Victoria in particular. The rate of loss-making sales across the Gold Coast and Sunshine Coast has also drifted higher from lows in 2022, but remained very low overall at 1.6% and 1.8% respectively.

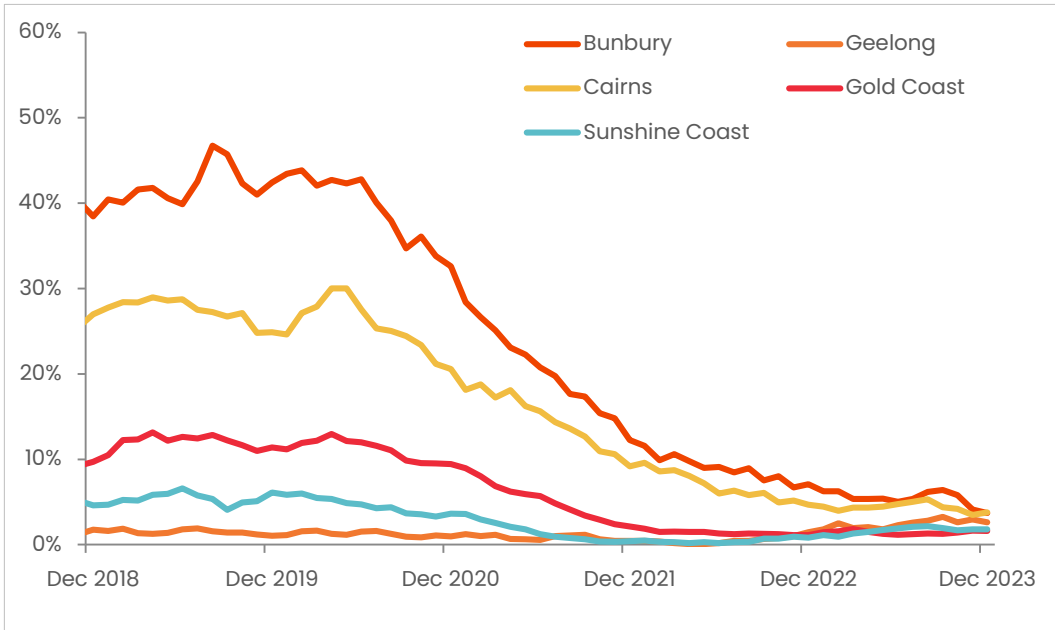
Of the major coastal regional markets analysed, the Bunbury SA4 region bucked this trend, showing a more substantial decline in the rate of loss-making sales on both a quarterly and annual basis. The rate of loss-making resales in Bunbury fell to 3.7% in the December quarter of 2023, which is the lowest rate of loss-making sales since the March quarter of 2008, when WA housing markets were benefitting from a mining boom. Bunbury home values are currently at record highs, and increased a further 5.1% in the three months to February 2024. This market may look increasingly attractive to prospective home buyers in the south-west of WA, as it presents a relatively affordable alternative to the Perth market, where demand pressures remain high.

Another extremely profitable market was the Toowoomba SA4 region, which had the lowest rate of loss-making sales of the major tree-change markets analysed (0.4%). This was a near-record low of loss-making sales for the region, which bottomed out at 0.3% in the three months to November 2023. Similar to Bunbury, the Toowoomba dwelling market may present as a good buying option for those priced out of the highly competitive Brisbane market.

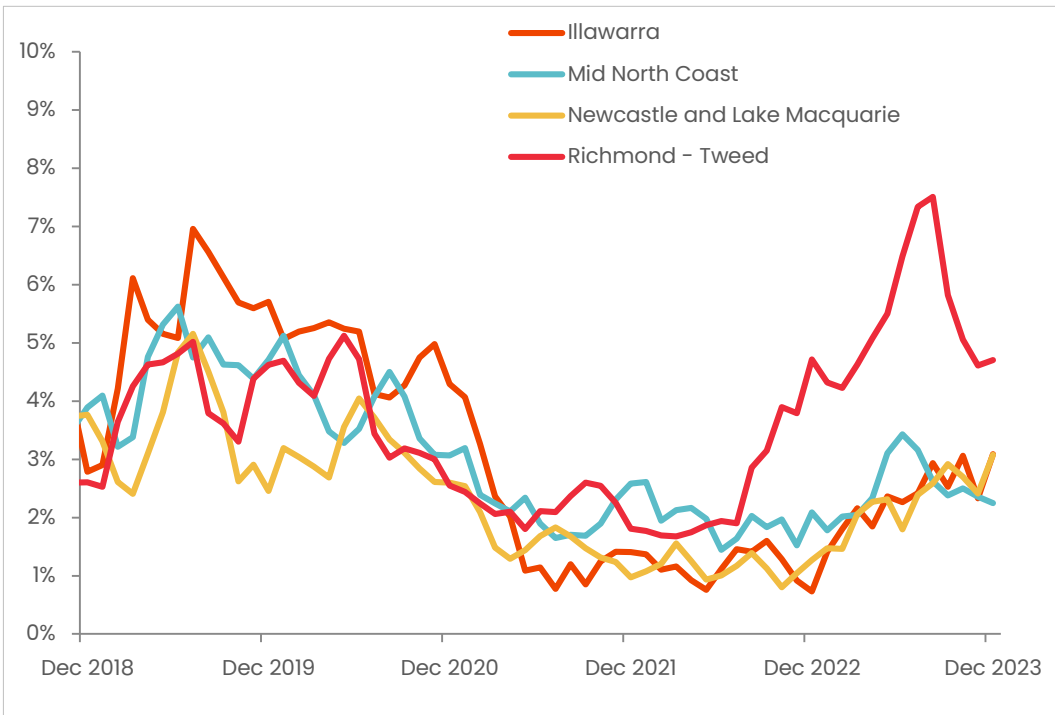


# Sea Change and Tree Change Destinations

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

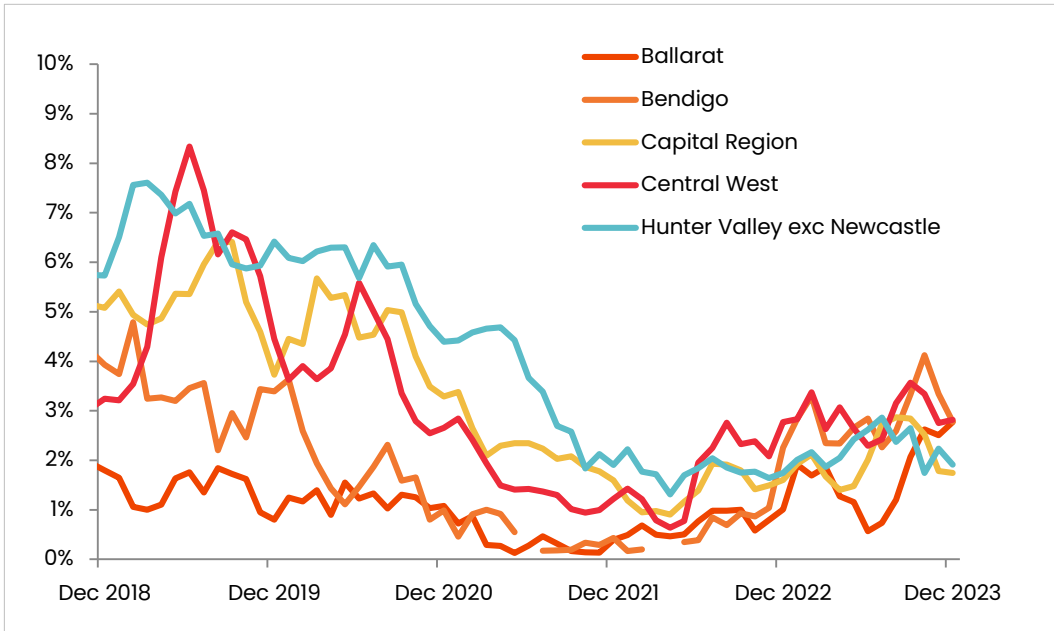


Rate of loss-making sales, select SA4 markets - rolling quarter

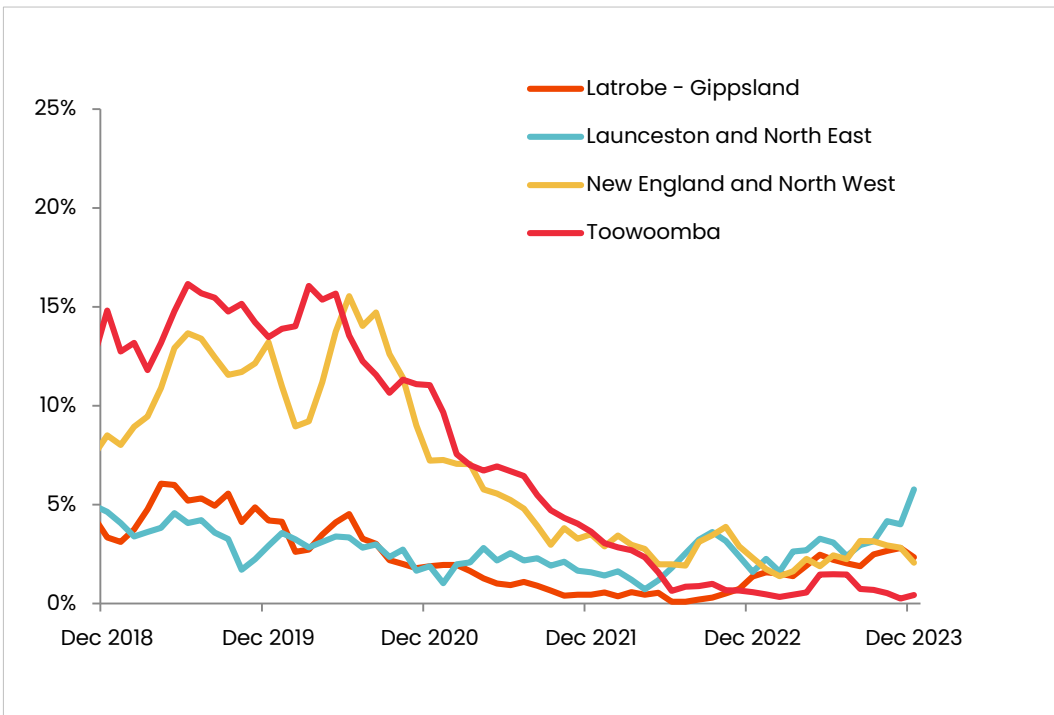


# Sea Change and Tree Change Destinations

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



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



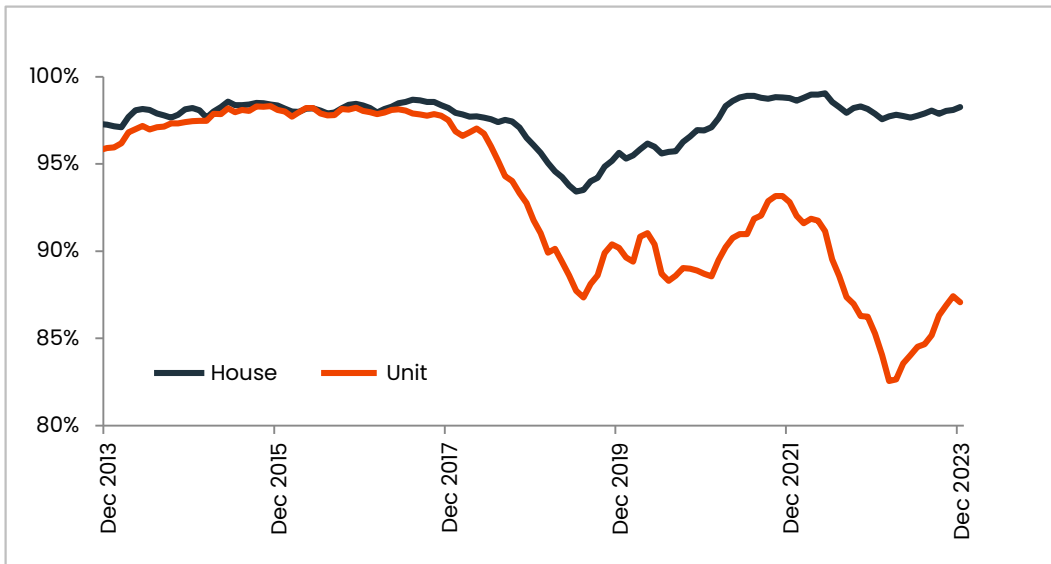
# Sydney

Through the December quarter, 91.9% of Sydney resales made a nominal gain from resale. This increased from 91.3% in the previous quarter, but was below the decade average rate of profit-making sales at 95.3%. Of the house resales in the quarter, 98.2% made a nominal gain, compared with a relatively low 87.1% of unit resales. However, profitability in units did see a more rapid quarterly increase of 80 basis points, compared to 40 basis points across the house market.

The highest incidence of loss-making resales across Sydney were in Strathfield (23.8%), Burwood (23.2%), and Parramatta (22.4%). At the other end of the spectrum, almost 99% of resales made a nominal gain across Mosman (98.6%), Campbelltown (98.5%) and Randwick (98.5%).

As of December, Sydney home values remained -2.5% below the record high in January 2022, creating a slight drag on the rate of profit-making resales. However, profitability is likely to climb for the March quarter, in line with home value increases across the city through January and February.

Portion of profit-making sales, rolling quarter





# Sydney

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

|                          | GROSS LOSS-MAKING SALES, DEC-23 QTR |                    |             |                     | GROSS PROFIT-MAKING SALES, DEC-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)            | 6.7%                                | 6.2                | -\$ 25,000  | -\$3,089,626        | 93.3%                                 | 8.2                | \$ 355,000    | \$473,786,902         |
| Blue Mountains (C)       | 1.7%                                |                    |             | -\$284,000          | 98.3%                                 | 10.3               | \$ 439,500    | \$130,621,149         |
| Botany Bay (C)           | 21.0%                               | 6.6                | -\$ 40,000  | -\$2,707,760        | 79.0%                                 | 8.2                | \$ 125,000    | \$43,032,695          |
| Burwood (A)              | 23.2%                               | 6.9                | -\$ 45,000  | -\$1,118,910        | 76.8%                                 | 11.2               | \$ 235,000    | \$23,428,230          |
| Camden (A)               | 1.9%                                |                    |             | -\$426,900          | 98.1%                                 | 6.3                | \$ 375,000    | \$131,546,764         |
| Campbelltown (C) (NSW)   | 1.5%                                |                    |             | -\$571,500          | 98.5%                                 | 8.4                | \$ 310,399    | \$193,706,829         |
| Canada Bay (A)           | 7.6%                                | 7.4                | -\$ 70,000  | -\$1,683,110        | 92.4%                                 | 10.2               | \$ 328,000    | \$113,432,019         |
| Canterbury-Bankstown (A) | 8.6%                                | 7.3                | -\$ 40,000  | -\$4,536,936        | 91.4%                                 | 9.8                | \$ 270,000    | \$384,432,754         |
| Central Coast (C) (NSW)  | 2.8%                                | 2.1                | -\$ 35,500  | -\$1,778,114        | 97.2%                                 | 8.4                | \$ 407,500    | \$604,492,215         |
| Cumberland (A)           | 14.8%                               | 6.5                | -\$ 48,000  | -\$5,826,634        | 85.2%                                 | 9.4                | \$ 237,000    | \$237,697,229         |
| Fairfield (C)            | 6.3%                                | 6.8                | -\$ 25,000  | -\$1,298,999        | 93.7%                                 | 10.9               | \$ 415,000    | \$214,878,429         |
| Georges River (A)        | 7.0%                                | 6.6                | -\$ 31,000  | -\$1,160,500        | 93.0%                                 | 10.1               | \$ 312,500    | \$148,088,303         |
| Hawkesbury (C)           | 1.9%                                |                    |             | -\$323,000          | 98.1%                                 | 9.4                | \$ 349,500    | \$88,872,314          |
| Hornsby (A)              | 6.9%                                | 6.0                | -\$ 31,000  | -\$1,094,912        | 93.1%                                 | 9.7                | \$ 510,700    | \$243,919,093         |
| Hunters Hill (A)         | 7.1%                                |                    |             | -\$70,000           | 92.9%                                 | 12.0               | \$ 615,000    | \$7,295,850           |
| Inner West (A)           | 3.2%                                | 6.2                | -\$ 18,000  | -\$588,038          | 96.8%                                 | 9.9                | \$ 425,000    | \$290,777,467         |
| Ku-ring-gai (A)          | 8.3%                                | 6.4                | -\$ 41,000  | -\$789,000          | 91.7%                                 | 9.3                | \$ 261,000    | \$72,896,896          |
| Lane Cove (A)            | 11.3%                               | 3.8                | -\$ 45,000  | -\$796,457          | 88.7%                                 | 8.7                | \$ 168,000    | \$32,304,250          |
| Liverpool (C)            | 8.0%                                | 6.3                | -\$ 30,000  | -\$1,877,938        | 92.0%                                 | 9.6                | \$ 334,000    | \$217,751,962         |
| Mosman (A)               | 1.4%                                |                    |             | -\$147,500          | 98.6%                                 | 11.2               | \$ 430,000    | \$40,955,810          |
| North Sydney (A)         | 4.4%                                | 4.0                | -\$ 25,000  | -\$419,999          | 95.6%                                 | 10.7               | \$ 407,000    | \$142,894,676         |
| Northern Beaches (A)     | 2.9%                                | 2.3                | -\$ 58,000  | -\$1,327,500        | 97.1%                                 | 9.4                | \$ 500,000    | \$316,686,658         |
| Parramatta (C)           | 22.4%                               | 7.6                | -\$ 49,500  | -\$14,309,782       | 77.6%                                 | 9.6                | \$ 188,500    | \$304,853,529         |
| Penrith (C)              | 3.3%                                | 6.5                | -\$ 23,000  | -\$1,066,183        | 96.7%                                 | 7.8                | \$ 270,000    | \$276,901,829         |
| Randwick (C)             | 1.5%                                |                    |             | -\$267,500          | 98.5%                                 | 10.8               | \$ 480,000    | \$140,683,667         |
| Rockdale (C)             | 9.3%                                | 6.2                | -\$ 30,000  | -\$1,310,782        | 90.7%                                 | 9.9                | \$ 257,750    | \$126,515,338         |
| Ryde (C)                 | 20.2%                               | 7.2                | -\$ 54,150  | -\$5,701,825        | 79.8%                                 | 9.8                | \$ 225,000    | \$137,836,939         |
| Strathfield (A)          | 23.8%                               | 7.2                | -\$ 36,000  | -\$1,905,442        | 76.2%                                 | 10.3               | \$ 160,000    | \$35,574,899          |
| Sutherland Shire (A)     | 2.9%                                | 6.7                | -\$ 58,250  | -\$1,574,499        | 97.1%                                 | 9.6                | \$ 447,500    | \$404,476,029         |
| Sydney (C)               | 13.6%                               | 7.4                | -\$ 45,000  | -\$7,592,230        | 86.4%                                 | 10.0               | \$ 265,000    | \$293,174,054         |
| The Hills Shire (A)      | 4.9%                                | 7.3                | -\$ 42,000  | -\$919,525          | 95.1%                                 | 8.4                | \$ 722,439    | \$305,841,748         |
| Waverley (A)             | 6.1%                                |                    |             | -\$451,500          | 93.9%                                 | 10.0               | \$ 442,500    | \$67,461,932          |
| Willoughby (C)           | 3.4%                                |                    |             | -\$237,000          | 96.6%                                 | 11.0               | \$ 408,500    | \$65,684,894          |
| Wollondilly (A)          | 3.5%                                |                    |             | -\$305,000          | 96.5%                                 | 7.5                | \$ 445,000    | \$65,540,892          |
| Woollahra (A)            | 3.9%                                |                    |             | -\$83,000           | 96.1%                                 | 8.8                | \$ 481,500    | \$52,565,500          |

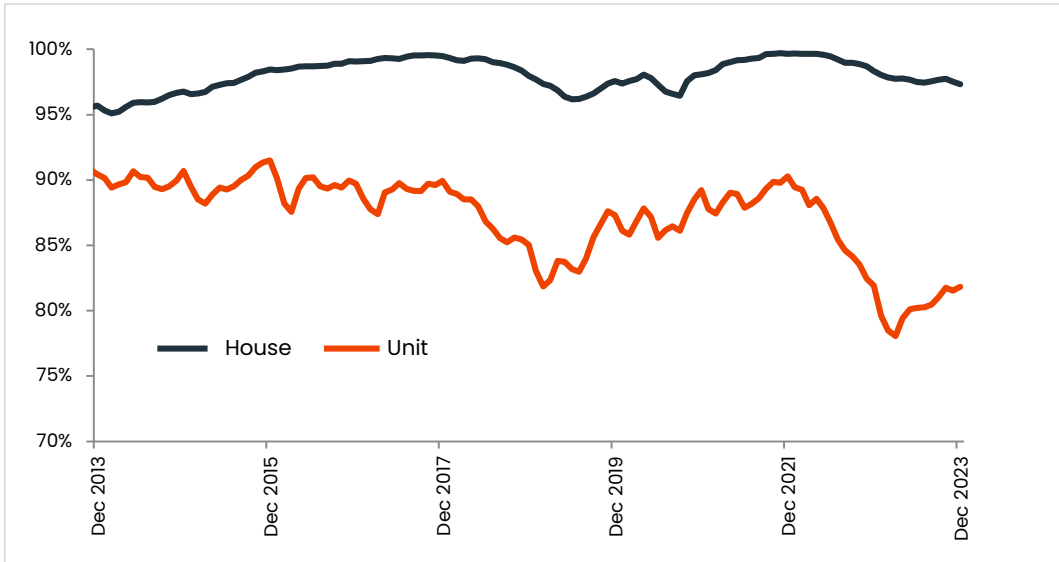
# Melbourne

Melbourne had the second-lowest rate of profit-making resales of the capital city markets in the December quarter, after Darwin. Despite being low on the leagues table, there were still more than nine in 10 resales making a nominal gain (91.1%). The rate of profit-making resales was steady on the previous quarter, and has lifted from a recent low of 90.0% in the three months to March 2023.

Over a third of loss-making resales in the quarter were concentrated in the LGA markets of Melbourne, Port Phillip and Stonnington. The Melbourne LGA region saw the highest rate of loss-making resales at 40.7%, but this has reduced from 44.3% in the previous quarter. Over 98% of loss-making resales in the region were units, and the median hold period of loss-making resales in the Melbourne LGA was a relatively long 9.7 years. In the ten years to December 2023, Melbourne LGA units have remained virtually unchanged in value, rising just 1.2%. However, this market has recently moved into an upswing, rising 3.3% between August 2023 and February 2024. This may help to further reduce the rate of loss-making sales in the market in the coming quarters.

However, the overall prospect for profitability across the Greater Melbourne market is less certain for the March quarter. In the three months to February, Melbourne home values declined -0.6%, and home value declines across other parts of the Melbourne market may counteract the gains seen in inner-city apartments.

Portion of profit-making sales, rolling quarter



# Melbourne

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

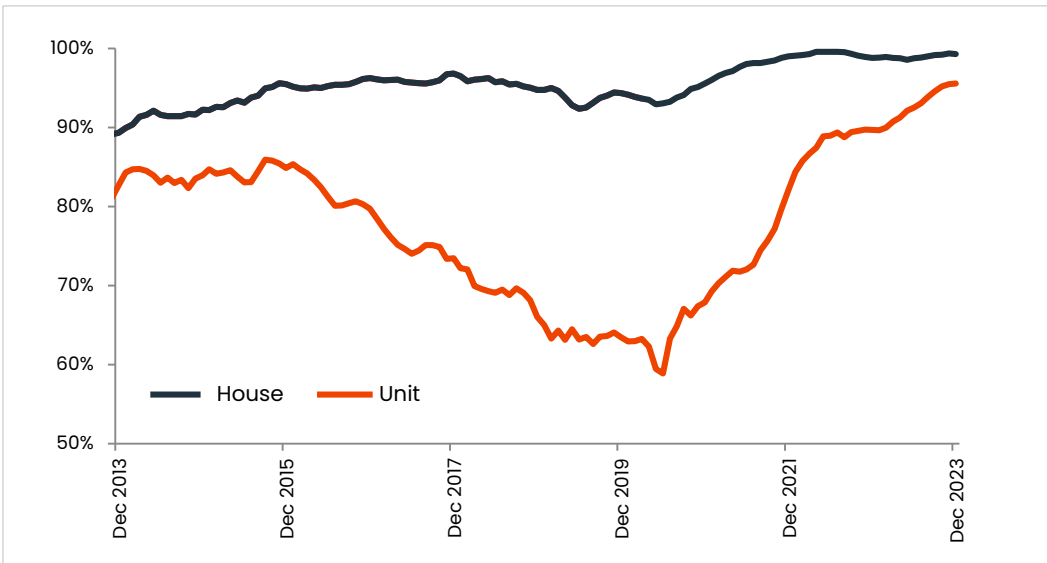
|                          | GROSS LOSS-MAKING SALES, DEC-23 QTR |                    |             |                     | GROSS PROFIT-MAKING SALES, DEC-23 QTR |                    |               |                       |
|--------------------------|-------------------------------------|--------------------|-------------|---------------------|---------------------------------------|--------------------|---------------|-----------------------|
|                          | % 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)              | 4.5%                                | 2.6                | -\$51,500   | -\$1,111,500        | 95.5%                                 | 11.4               | \$453,750     | \$198,461,195         |
| Bayside (C)              | 10.0%                               | 8.8                | -\$30,000   | -\$1,071,700        | 90.0%                                 | 11.3               | \$558,750     | \$120,350,747         |
| Boroondara (C)           | 18.1%                               | 8.4                | -\$58,875   | -\$3,915,758        | 81.9%                                 | 12.1               | \$510,000     | \$178,925,619         |
| Brimbank (C)             | 5.2%                                | 3.4                | -\$27,500   | -\$1,167,800        | 94.8%                                 | 10.7               | \$302,400     | \$134,940,920         |
| Cardinia (S)             | 3.0%                                |                    |             | -\$287,000          | 97.0%                                 | 7.8                | \$257,500     | \$88,475,096          |
| Casey (C)                | 2.0%                                | 1.6                | -\$26,135   | -\$674,270          | 98.0%                                 | 8.0                | \$310,000     | \$287,246,102         |
| Darebin (C)              | 5.8%                                | 6.0                | -\$34,000   | -\$1,275,986        | 94.2%                                 | 10.6               | \$353,250     | \$216,222,708         |
| Frankston (C)            | 2.3%                                | 5.5                | -\$44,000   | -\$637,399          | 97.7%                                 | 8.9                | \$322,000     | \$205,769,227         |
| Glen Eira (C)            | 11.3%                               | 6.7                | -\$47,500   | -\$2,890,450        | 88.7%                                 | 11.2               | \$371,000     | \$203,054,909         |
| Greater Dandenong (C)    | 1.8%                                |                    |             | -\$209,898          | 98.2%                                 | 9.3                | \$261,500     | \$120,984,617         |
| Hobsons Bay (C)          | 5.1%                                | 5.1                | -\$25,000   | -\$589,000          | 94.9%                                 | 10.6               | \$316,250     | \$99,455,810          |
| Hume (C)                 | 5.0%                                | 2.1                | -\$20,000   | -\$901,500          | 95.0%                                 | 8.7                | \$231,500     | \$141,889,158         |
| Kingston (C) (Vic.)      | 5.9%                                | 6.5                | -\$16,375   | -\$957,950          | 94.1%                                 | 10.1               | \$383,000     | \$264,966,176         |
| Knox (C)                 | 4.2%                                | 2.9                | -\$39,500   | -\$1,073,000        | 95.8%                                 | 10.8               | \$412,000     | \$234,693,388         |
| Macedon Ranges (S)       | 2.2%                                |                    |             | -\$220,000          | 97.8%                                 | 9.3                | \$404,000     | \$45,436,248          |
| Manningham (C)           | 9.5%                                | 7.4                | -\$25,160   | -\$1,476,632        | 90.5%                                 | 11.4               | \$568,750     | \$220,505,106         |
| Maribyrnong (C)          | 16.5%                               | 6.8                | -\$30,100   | -\$2,252,508        | 83.5%                                 | 9.4                | \$180,000     | \$91,489,420          |
| Maroondah (C)            | 3.4%                                | 5.5                | -\$20,000   | -\$644,500          | 96.6%                                 | 10.4               | \$348,000     | \$176,877,711         |
| Melbourne (C)            | 40.7%                               | 9.7                | -\$60,000   | -\$14,587,782       | 59.3%                                 | 12.3               | \$125,000     | \$76,393,125          |
| Melton (C)               | 3.3%                                | 2.0                | -\$15,000   | -\$583,950          | 96.7%                                 | 6.7                | \$208,000     | \$104,058,117         |
| Monash (C)               | 6.4%                                | 7.2                | -\$48,694   | -\$2,010,076        | 93.6%                                 | 11.0               | \$519,000     | \$307,946,345         |
| Moonee Valley (C)        | 16.8%                               | 6.6                | -\$50,000   | -\$4,226,137        | 83.2%                                 | 10.0               | \$312,500     | \$144,043,560         |
| Moorabool (S)            | 1.2%                                |                    |             | -\$27,000           | 98.8%                                 | 9.6                | \$307,000     | \$28,553,101          |
| Moreland (C)             | 14.2%                               | 6.3                | -\$44,085   | -\$4,968,099        | 85.8%                                 | 9.0                | \$235,000     | \$205,762,112         |
| Mornington Peninsula (S) | 3.0%                                | 1.8                | -\$53,750   | -\$1,232,700        | 97.0%                                 | 9.9                | \$488,500     | \$325,459,646         |
| Nillumbik (S)            | 1.9%                                |                    |             | -\$78,050           | 98.1%                                 | 12.3               | \$540,000     | \$94,988,597          |
| Port Phillip (C)         | 21.3%                               | 7.7                | -\$40,000   | -\$6,466,231        | 78.7%                                 | 12.3               | \$189,000     | \$162,142,096         |
| Stonnington (C)          | 27.0%                               | 9.2                | -\$65,000   | -\$7,599,477        | 73.0%                                 | 10.6               | \$182,000     | \$104,420,228         |
| Whitehorse (C)           | 6.4%                                | 6.9                | -\$30,000   | -\$1,550,826        | 93.6%                                 | 11.7               | \$515,500     | \$287,926,233         |
| Whittlesea (C)           | 3.1%                                | 5.9                | -\$35,500   | -\$747,750          | 96.9%                                 | 9.0                | \$265,000     | \$173,578,257         |
| Wyndham (C)              | 3.1%                                | 2.2                | -\$14,444   | -\$422,950          | 96.9%                                 | 7.4                | \$230,000     | \$180,744,480         |
| Yarra (C)                | 19.3%                               | 8.3                | -\$41,750   | -\$4,657,152        | 80.7%                                 | 9.7                | \$260,000     | \$144,607,056         |
| Yarra Ranges (S)         | 1.9%                                |                    |             | -\$669,250          | 98.1%                                 | 10.9               | \$400,000     | \$174,520,200         |

# Brisbane

Brisbane dwellings continue to have an extremely high rate of profit-making sales, at 97.9% in the December quarter. The rate of profitability rose from 97.4% in the previous quarter, coinciding with a further 3.7% increase in the Brisbane Home Value Index in the three months to December.

The rate of profitability in Brisbane units was 95.6%, compared to over 99% of house resales. However, the rate of profitability across Brisbane units has increased through the pandemic. In the June quarter of 2020, just 58.9% of Brisbane unit resales made a nominal gain, coinciding with a 40.1% growth in unit values through the period. In the three months to February, Brisbane unit values rose a further 3.6% against a 2.8% rise in Brisbane house values, suggesting the gap in profit-making resale rates across houses and units will narrow further.

Portion of profit-making sales, rolling quarter





# Brisbane

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

|                    | GROSS LOSS-MAKING SALES, DEC-23 QTR |                    |             |                     | GROSS PROFIT-MAKING SALES, DEC-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)       | 3.3%                                | 9.0                | -\$ 30,000  | -\$5,820,576        | 96.7%                                 | 8.9                | \$ 308,825    | \$2,104,957,344       |
| Ipswich (C)        | 0.6%                                |                    |             | -\$241,579          | 99.4%                                 | 6.8                | \$ 243,150    | \$247,010,784         |
| Lockyer Valley (R) | 1.5%                                |                    |             | -\$17,000           | 98.5%                                 | 7.0                | \$ 247,750    | \$36,675,750          |
| Logan (C)          | 0.7%                                |                    |             | -\$349,400          | 99.3%                                 | 8.4                | \$ 276,500    | \$401,938,232         |
| Moreton Bay (R)    | 1.0%                                | 1.8                | -\$ 25,000  | -\$544,703          | 99.0%                                 | 7.4                | \$ 300,000    | \$599,932,095         |
| Redland (C)        | 0.8%                                |                    |             | -\$358,500          | 99.2%                                 | 8.0                | \$ 353,500    | \$258,536,642         |
| Scenic Rim (R)     | 1.4%                                |                    |             | -\$190,000          | 98.6%                                 | 6.3                | \$ 327,000    | \$51,293,850          |
| Somerset (R)       |                                     |                    |             |                     | 100.0%                                | 7.6                | \$ 269,000    | \$22,397,405          |



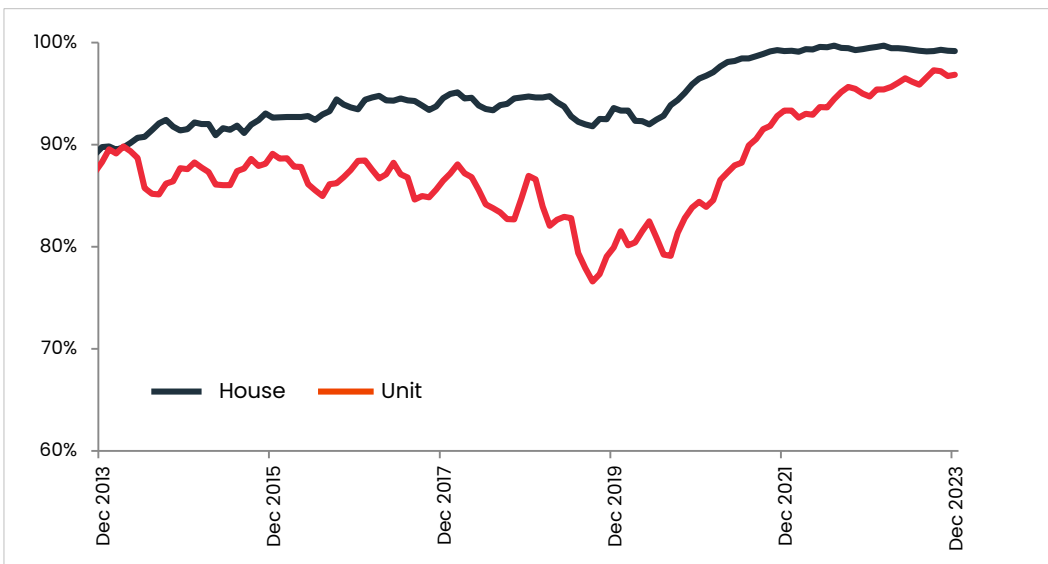
# Adelaide

Adelaide was the most profitable of the capital city markets, with 98.5% of resales making a nominal gain. However, the median nominal gain from resale was \$295,000, slightly below the national result of \$310,000. Additionally, the rate of profit-making sales also saw a marginal decline in the quarter (10 basis points). Over 99% of house resales made a nominal gain, as well as 96.8% of unit resales.

The highest rate of loss-making resales was in the Adelaide LGA, at 12.5%. Each of the loss-making sales were units, with the majority estimated to be investment resales, and the average year built of these apartments was 2013.

The Adelaide market as a whole has continued to show relatively strong capital growth through to the end of February, which will likely contribute to ongoing strength of profitability for the March quarter.

Portion of profit-making sales, rolling quarter



# Adelaide

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

|                                   | GROSS LOSS-MAKING SALES, DEC-23 QTR |                    |             |                     | GROSS PROFIT-MAKING SALES, DEC-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)                      | 12.5%                               | 10.6               | -\$39,000   | -\$1,600,264        | 87.5%                                 | 7.5                | \$88,700      | \$36,396,899          |
| Adelaide Hills (DC)               | 1.8%                                |                    |             | -\$230,000          | 98.2%                                 | 8.4                | \$410,000     | \$50,347,979          |
| Burnside (C)                      | 0.6%                                |                    |             | -\$15,000           | 99.4%                                 | 9.0                | \$495,000     | \$95,012,932          |
| Campbelltown (C)<br>(SA)          |                                     |                    |             |                     | 100.0%                                | 8.5                | \$291,500     | \$54,569,127          |
| Charles Sturt (C)                 | 0.6%                                |                    |             | -\$87,000           | 99.4%                                 | 8.0                | \$304,350     | \$131,273,177         |
| Gawler (T)                        |                                     |                    |             |                     | 100.0%                                | 9.6                | \$227,000     | \$23,488,076          |
| Holdfast Bay (C)                  |                                     |                    |             |                     | 100.0%                                | 10.7               | \$357,500     | \$72,731,132          |
| Mallala (DC)                      | 5.0%                                |                    |             | -\$30,000           | 95.0%                                 | 10.4               | \$345,000     | \$6,816,843           |
| Marion (C)                        | 1.0%                                |                    |             | -\$435,750          | 99.0%                                 | 9.3                | \$312,750     | \$112,201,304         |
| Mitcham (C)                       | 0.5%                                |                    |             | -\$40,000           | 99.5%                                 | 11.6               | \$450,000     | \$106,915,402         |
| Mount Barker (DC)                 |                                     |                    |             |                     | 100.0%                                | 8.2                | \$285,000     | \$41,769,768          |
| Norwood Payneham St<br>Peters (C) | 0.8%                                |                    |             | -\$10,000           | 99.2%                                 | 8.1                | \$293,800     | \$52,579,270          |
| Onkaparinga (C)                   | 0.5%                                |                    |             | -\$335,000          | 99.5%                                 | 9.2                | \$320,000     | \$208,636,920         |
| Playford (C)                      | 0.8%                                |                    |             | -\$149,000          | 99.2%                                 | 8.2                | \$230,050     | \$89,757,066          |
| Port Adelaide Enfield<br>(C)      | 2.0%                                |                    |             | -\$707,600          | 98.0%                                 | 9.3                | \$298,500     | \$130,908,314         |
| Prospect (C)                      | 1.3%                                |                    |             | -\$15,000           | 98.7%                                 | 8.9                | \$246,000     | \$29,537,976          |
| Salisbury (C)                     | 0.7%                                |                    |             | -\$287,500          | 99.3%                                 | 9.4                | \$260,500     | \$113,578,177         |
| Tea Tree Gully (C)                | 0.3%                                |                    |             | -\$143,877          | 99.7%                                 | 10.8               | \$325,000     | \$108,672,153         |
| Unley (C)                         | 0.7%                                |                    |             | -\$20,000           | 99.3%                                 | 8.6                | \$379,834     | \$66,131,119          |
| Walkerville (M)                   | 7.1%                                |                    |             | -\$182,000          | 92.9%                                 | 9.0                | \$193,425     | \$8,730,400           |
| West Torrens (C)                  | 2.0%                                |                    |             | -\$423,500          | 98.0%                                 | 9.6                | \$298,118     | \$72,675,484          |

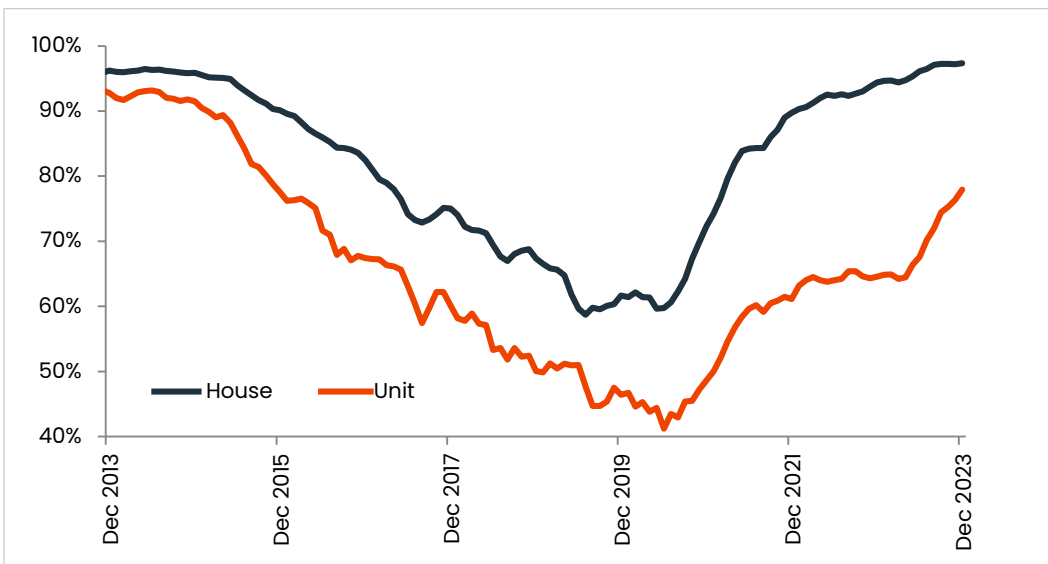
# Perth

Over 90% of resales in Perth made a nominal gain in the December quarter, marking the second consecutive quarter where less than 10% of resales made a loss. It was also the highest rate of profit-making sales since the three-months to July 2015. The rate of loss-making resales continued to decline alongside a 5.1% increase in home values through the quarter.

Perth continued to see markedly different results across the house and unit sector. Over 97% of house resales made a nominal gain in the quarter, compared to just 78% of unit resales. However, the rate of profitability in the unit sector has seen a rapid uplift from 74.4% in the previous quarter, and is up from a decade average of 65.6%. The volume of loss-making unit resales was down 7.1% from the previous quarter, totalling around 600 in the three months to December.

Between December and the end of February, Perth dwelling values rose 3.5%, including a 3.7% uplift in the unit segment. Given the high correlation between growth in the home value index and the rate of profit-making sales, a higher rate of profit making house and unit resales is expected in the March quarter.

Portion of profit-making sales, rolling quarter





## Perth

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

|                           | GROSS LOSS-MAKING SALES, DEC-23 QTR |                    |             |                     | GROSS PROFIT-MAKING SALES, DEC-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)              | 3.0%                                | 9.7                | -\$40,850   | -\$875,500          | 97.0%                                 | 9.6                | \$185,000     | \$85,063,810          |
| Bassendean (T)            | 6.0%                                |                    |             | -\$164,000          | 94.0%                                 | 10.3               | \$183,000     | \$14,410,359          |
| Bayswater (C)             | 8.0%                                | 10.3               | -\$19,000   | -\$1,203,300        | 92.0%                                 | 11.0               | \$160,000     | \$76,583,453          |
| Belmont (C)               | 22.9%                               | 9.5                | -\$47,500   | -\$3,401,476        | 77.1%                                 | 9.9                | \$109,000     | \$35,242,308          |
| Cambridge (T)             | 11.7%                               | 13.7               | -\$25,000   | -\$413,500          | 88.3%                                 | 9.5                | \$405,000     | \$37,276,559          |
| Canning (C)               | 7.3%                                | 9.1                | -\$18,000   | -\$937,600          | 92.7%                                 | 11.7               | \$199,000     | \$105,608,403         |
| Claremont (T)             | 15.3%                               |                    |             | -\$458,750          | 84.7%                                 | 9.7                | \$392,000     | \$21,090,330          |
| Cockburn (C)              | 10.3%                               | 10.2               | -\$31,100   | -\$2,178,645        | 89.7%                                 | 8.8                | \$200,000     | \$109,388,381         |
| Cottesloe (T)             | 7.1%                                |                    |             | -\$140,000          | 92.9%                                 | 10.7               | \$245,000     | \$4,990,326           |
| East Fremantle (T)        | 5.1%                                |                    |             | -\$147,000          | 94.9%                                 | 10.8               | \$230,000     | \$14,003,200          |
| Fremantle (C)             | 7.5%                                | 9.5                | -\$40,000   | -\$684,000          | 92.5%                                 | 9.2                | \$230,000     | \$42,741,973          |
| Gosnells (C)              | 7.1%                                | 9.7                | -\$48,000   | -\$2,470,549        | 92.9%                                 | 10.6               | \$197,000     | \$106,089,274         |
| Joondalup (C)             | 4.8%                                | 11.8               | -\$25,250   | -\$972,208          | 95.2%                                 | 13.4               | \$315,250     | \$224,752,204         |
| Kalamunda (S)             | 2.8%                                |                    |             | -\$427,000          | 97.2%                                 | 11.0               | \$237,000     | \$57,790,046          |
| Kwinana (C)               | 4.0%                                |                    |             | -\$360,500          | 96.0%                                 | 9.3                | \$172,700     | \$44,710,192          |
| Mandurah (C)              | 4.8%                                | 10.9               | -\$70,000   | -\$2,499,800        | 95.2%                                 | 8.7                | \$190,000     | \$127,119,701         |
| Melville (C)              | 2.7%                                | 9.3                | -\$74,500   | -\$814,080          | 97.3%                                 | 9.7                | \$276,500     | \$150,024,688         |
| Mosman Park (T)           | 12.7%                               |                    |             | -\$223,000          | 87.3%                                 | 12.5               | \$190,250     | \$19,727,450          |
| Mundaring (S)             | 2.6%                                |                    |             | -\$216,000          | 97.4%                                 | 11.7               | \$275,500     | \$51,789,811          |
| Murray (S)                | 2.5%                                |                    |             | -\$130,000          | 97.5%                                 | 9.3                | \$198,750     | \$20,196,672          |
| Nedlands (C)              | 4.2%                                |                    |             | -\$203,000          | 95.8%                                 | 9.9                | \$377,500     | \$23,258,060          |
| Peppermint Grove (S)      |                                     |                    |             |                     | 100.0%                                |                    |               | \$470,000             |
| Perth (C)                 | 47.6%                               | 10.3               | -\$60,000   | -\$11,140,200       | 52.4%                                 | 11.7               | \$60,000      | \$16,969,720          |
| Rockingham (C)            | 2.9%                                | 12.3               | -\$53,250   | -\$1,599,770        | 97.1%                                 | 9.8                | \$202,000     | \$155,112,983         |
| Serpentine-Jarrahdale (S) | 2.5%                                |                    |             | -\$95,000           | 97.5%                                 | 9.3                | \$205,000     | \$25,853,336          |
| South Perth (C)           | 11.3%                               | 9.9                | -\$28,000   | -\$1,211,250        | 88.7%                                 | 10.5               | \$188,000     | \$67,114,750          |
| Stirling (C)              | 5.6%                                | 9.6                | -\$32,500   | -\$3,060,442        | 94.4%                                 | 10.6               | \$163,000     | \$292,594,270         |
| Subiaco (C)               | 20.3%                               | 9.7                | -\$55,000   | -\$1,486,000        | 79.7%                                 | 11.8               | \$175,100     | \$37,364,111          |
| Swan (C)                  | 8.1%                                | 10.0               | -\$44,000   | -\$2,671,200        | 91.9%                                 | 9.3                | \$182,000     | \$117,389,066         |
| Victoria Park (T)         | 17.5%                               | 10.3               | -\$32,500   | -\$1,951,021        | 82.5%                                 | 11.4               | \$135,500     | \$40,759,503          |
| Vincent (C)               | 23.1%                               | 10.0               | -\$45,000   | -\$2,711,534        | 76.9%                                 | 11.0               | \$167,500     | \$55,183,037          |
| Wanneroo (C)              | 1.7%                                | 14.9               | -\$78,750   | -\$1,133,855        | 98.3%                                 | 9.2                | \$183,500     | \$147,205,757         |



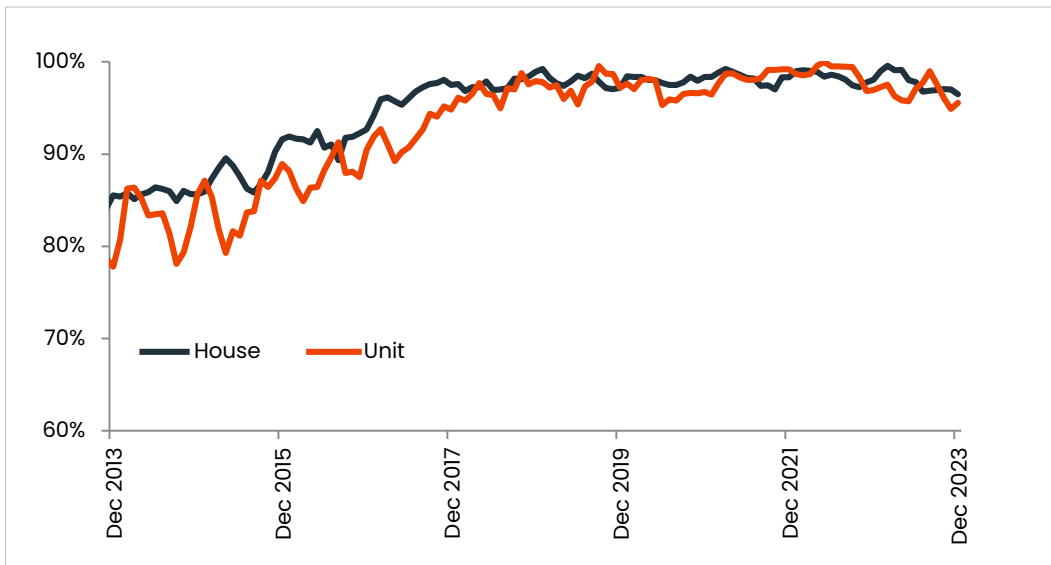
# Hobart

In the December 2023 quarter, the rate of profit-making sales was 96.3%, down from 97.1% in the previous quarter. Despite the higher rate of loss-making sales, Hobart remains at the 'middle of the pack' when it comes to the rate of profit-making sales across the capital cities, sitting above Sydney, Melbourne, Perth and Darwin. However, Hobart has fallen from the position of most profitable capital city in the three months to February 2023.

Profitability has fallen most substantially across Hobart units, which went from 97.6% of unit resales in the September quarter, to 95.5% in the three months to December. In the same period, profit-making house sales saw a milder decline from 96.9% to 96.5%.

The relatively high rate of profit-making sales across Hobart is surprising, given capital growth trends across the city have been weak since April 2022. Home values across the city fell -1.4% in the three months to February, taking home values -12.2% below the record high in March 2022. This is likely due to the nature of the downswing, which can be characterised as relatively short-and-sharp, with largely relatively short-held resales making a nominal loss. However, the capital growth trend points to a further deterioration in the rate of profit-making sales in the March quarter.

## Portion of profit-making sales, rolling quarter



# Hobart

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

|                | GROSS LOSS-MAKING SALES, DEC-23 QTR |                    |             |                     | GROSS PROFIT-MAKING SALES, DEC-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       | 7.9%                                |                    |             | -\$208,000          | 92.1%                                 | 6.7                | \$215,000     | \$8,657,500           |
| Clarence       | 4.2%                                |                    |             | -\$489,567          | 95.8%                                 | 9.0                | \$324,000     | \$62,010,120          |
| Derwent Valley | 6.7%                                |                    |             | -\$55,500           | 93.3%                                 | 6.4                | \$205,000     | \$7,701,536           |
| Glenorchy      | 2.8%                                |                    |             | -\$243,000          | 97.2%                                 | 9.5                | \$270,000     | \$39,188,810          |
| Hobart         | 3.7%                                |                    |             | -\$244,000          | 96.3%                                 | 9.9                | \$395,000     | \$57,494,062          |
| Kingborough    | 4.1%                                |                    |             | -\$205,600          | 95.9%                                 | 8.8                | \$325,250     | \$36,403,486          |
| Sorell         |                                     |                    |             |                     | 100.0%                                | 7.2                | \$290,000     | \$15,268,499          |

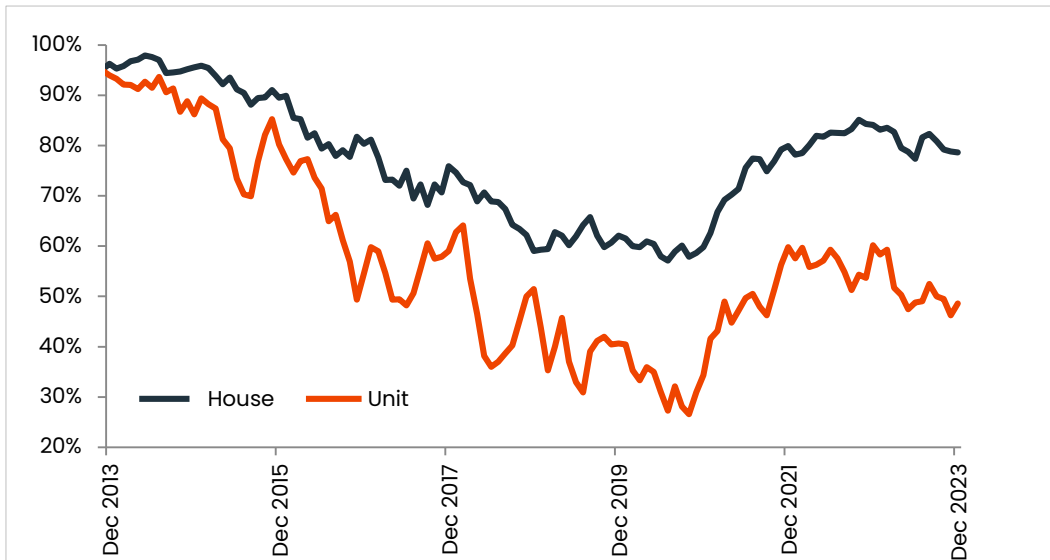


# Darwin

Darwin continued to see the highest incidence of loss-making resales across the capital city markets, at 66.9%. This result follows an extended decline in home values through the mid-to-late 2010's and, despite a strong uplift in values through the pandemic, Darwin dwellings remain -6.6% below the previous record highs in May 2014. Darwin remains the most affordable dwelling market of the capital cities, but may not have the same drawcards as other cheaper, high amenity markets like Perth and Adelaide to sustain growth as interest rates have increased. Darwin also had the highest level of discrepancy between the rate of profit-making sales across houses and units. House resales saw a nominal gain 78.7% of the time in the December quarter, compared to 48.6% of units.

The Darwin market may see a slight pickup in profitability in the near term, signalled by a 1.6% rise in home values in the three months to February.

Portion of profit-making sales, rolling quarter





# Darwin

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

|            | GROSS LOSS-MAKING SALES, DEC-23 QTR |                    |             |                     | GROSS PROFIT-MAKING SALES, DEC-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     | 38.2%                               | 9.9                | -\$ 65,989  | -\$9,027,604        | 61.8%                                 | 9.6                | \$ 97,000     | \$32,986,002          |
| Litchfield | 19.6%                               | 7.7                | -\$ 100,000 | -\$984,600          | 80.4%                                 | 11.0               | \$ 143,000    | \$9,406,650           |
| Palmerston | 29.4%                               | 10.7               | -\$ 55,000  | -\$3,086,500        | 70.6%                                 | 8.9                | \$ 200,000    | \$28,297,256          |

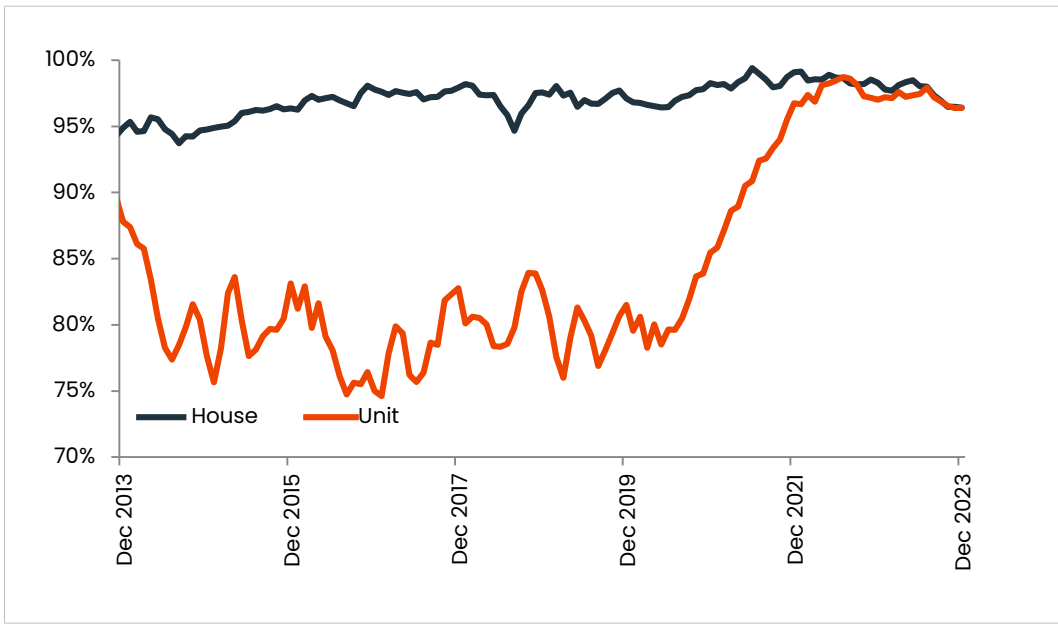


# ACT

The Canberra dwelling market saw a slight decline in the rate of profit-making resales through the December quarter, from 96.9% to 96.4%. However, this is still an exceptionally high rate of profit-making resale. Additionally, the median nominal gains from resale was above the national level, at \$321,165. Canberra was the only capital city where units had the same incidence of profitability as house resales, representing an extraordinary uplift in profit-making unit resales from mid-2020. However, the median gain from profit-making resales is far lower across the unit segment (\$155,000) than houses (\$450,000). Loss-making resales across the city were limited to those with very short hold periods. The median hold period of loss-making unit resales was 1.7 years, and for houses was 2.1 years.

Canberra home values increased 0.9% in the three months to February, which may point to further increases in profitability in the March quarter.

## Portion of profit-making sales, rolling quarter

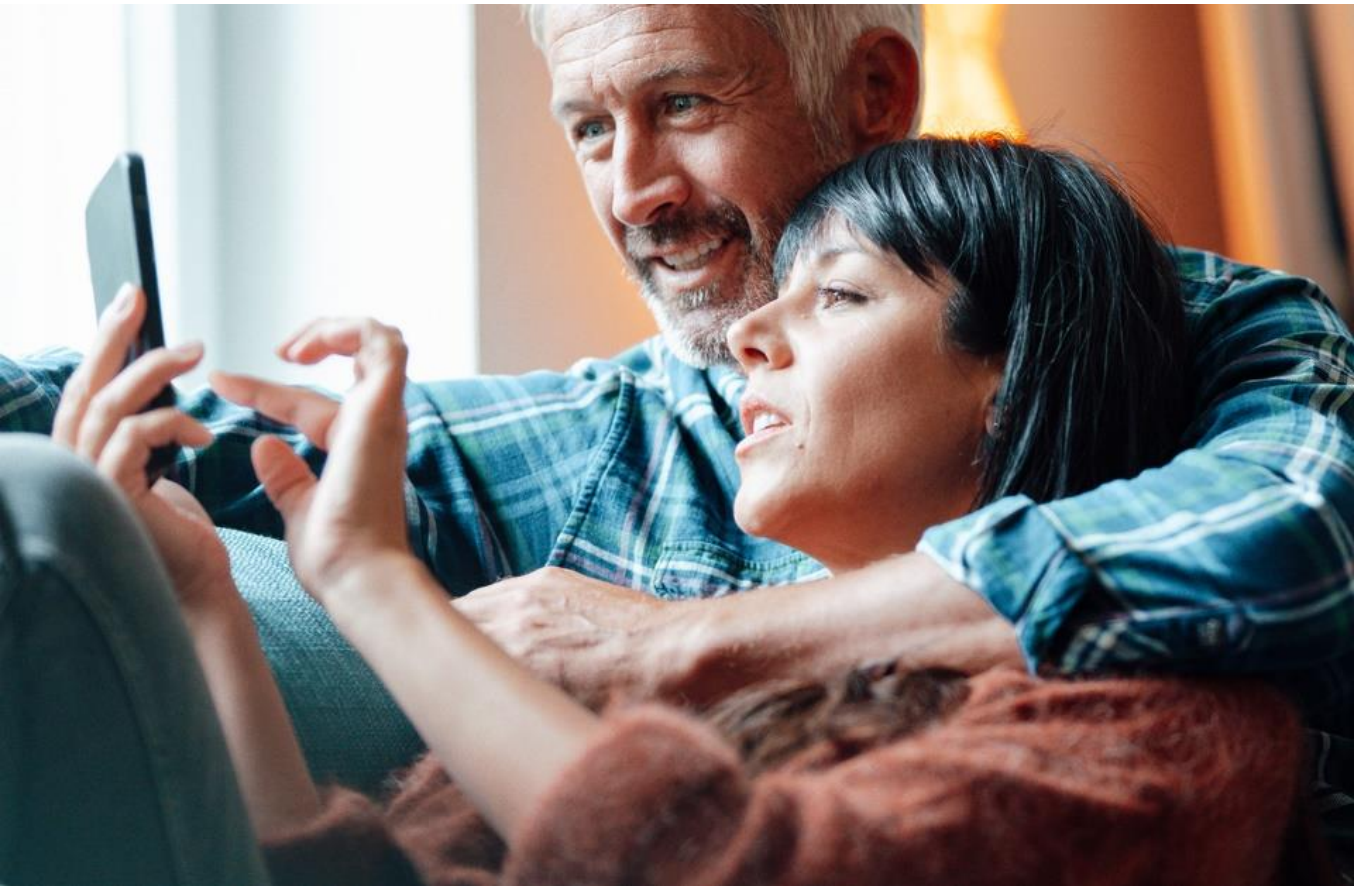




# ACT

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

|     | GROSS LOSS-MAKING SALES, DEC-23 QTR |                    |             |                     | GROSS PROFIT-MAKING SALES, DEC-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 | 3.6%                                | 2.0                | -\$54,000   | -\$4,502,159        | 96.4%                                 | 9.7                | \$321,165     | \$632,674,351         |



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