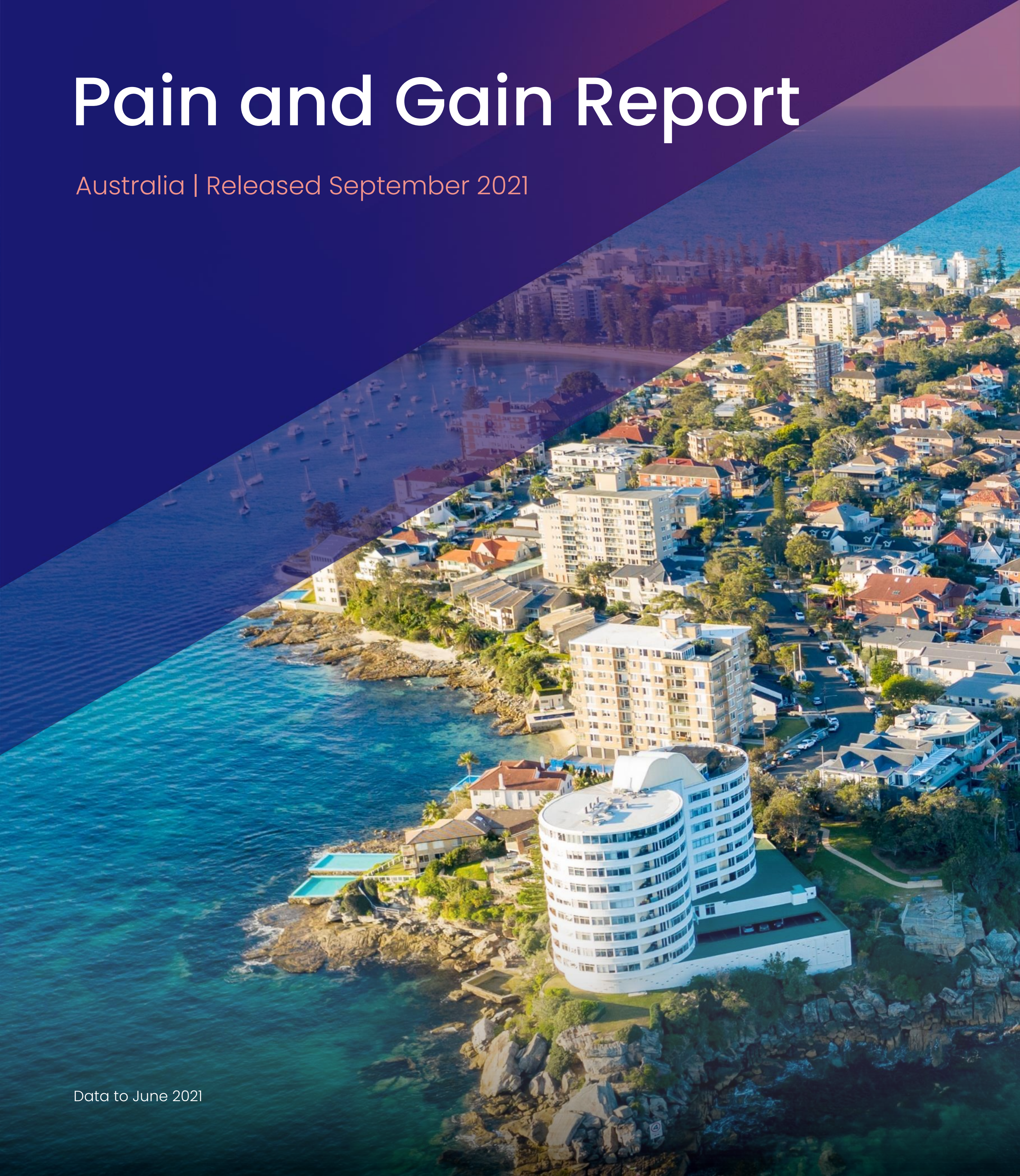
# Pain and Gain Report

Australia | Released September 2021



Data to June 2021

# Contents



**Australia**
Quarter 2, 2021

# Introduction

**The June 2021 Pain and Gain report analyses the portion of housing sales that delivered nominal gains or losses to sellers. Based on around 106,000 resales of dwellings in the June quarter, 91.5% saw a nominal gain from the previous purchase price. This marks the fourth consecutive quarter of an increase in the rate of profit-making sales from residential real estate. It reflects the extraordinary recovery in housing values following a small downswing induced by the initial impact of COVID-19.**

The median hold period of observed resales through the June quarter was 8.8 years. But even resales within just two years have delivered median returns of $123,000 for sellers. For those cashing in after over 30 years of holding a property, the median return was $712,000. Such high levels of profitability may start to increase vendor participation and bring down typical hold periods, especially as major cities navigate a path out of 2021 lockdowns.

The highest instances of profitability, as with recent quarters, have been seen across regional, tree-change dwelling markets, including the Ballarat SA4 region, where 99.7% of sales saw nominal gains. This is a record high level of profitability for the region. In fact, the record high rates of profitability extended to the entire dwelling market of regional Victoria, where 98.7% of resales made a nominal gain.

Impressive returns were not confined to Victoria; through the June 2021 quarter, Sydney houses saw the highest level of profit-making sales since 1982, at 97.6%. Even markets with relatively elevated levels of loss-making sales saw vast improvement through the June quarter, with the rate of loss making sales declining 4.6 percentage points across Perth in the June quarter, and 4.7 percentage points across Darwin.

However, as with the housing markets performance more broadly, there are pockets of risk and high concentrations of nominal loss. Analysis of LGA housing markets saw a high rate of loss-making sales, particularly across inner-city areas such as Perth (63.5%), Darwin (39.3%) and Melbourne (34.8%). Australia-wide, units maintained a higher rate of loss-making sales (15.3%) than houses (5.6%), and investors saw a higher incidence of loss-making sales (12.3%) than owner occupiers (6.1%). Subdued performance across investment unit markets have been amplified since the onset of COVID-19, where closed international borders and constrained economic activity in CBDs has created a demand shock to inner-city rental markets.

While profitability is expected to trend higher across Australia in the coming quarters, it is clear that the rate of profit-making sales mirrors trends in capital growth. As the rate of increase in values slows, so too will the momentum in profitability. Furthermore, there are a number of headwinds that may slow, or even reverse housing market growth in the medium to long term, such as affordability constraints, a tighter credit environment, a resurgence in listings volumes, and some economic factors including a slowdown in the resources sector.

## MEDIAN RETURNS FOR SELLERS

| RESALE WITHIN 2 YEARS | RESALE AFTER 30 YEARS |
|---|---|
| $123,000 | $712,000 |

# National Overview

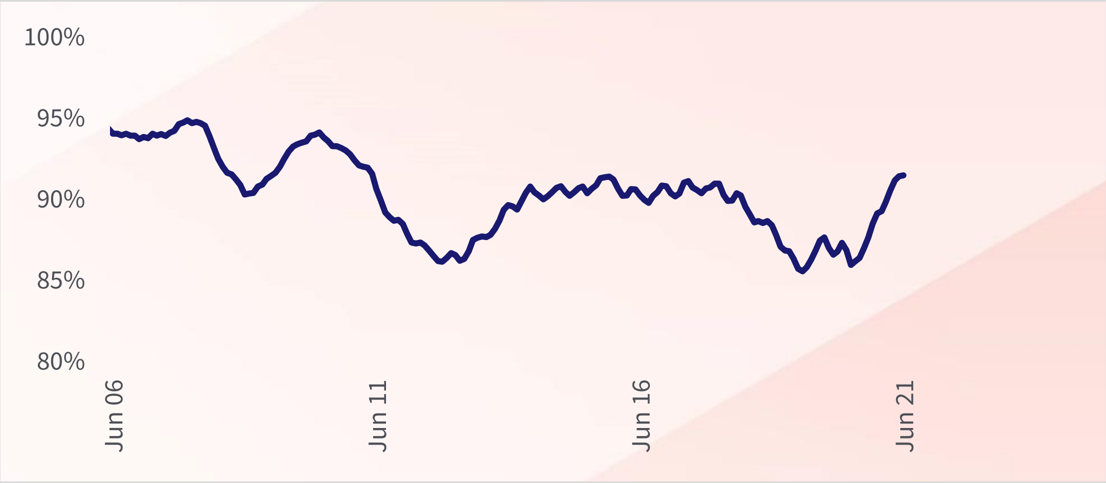
CoreLogic has analysed approximately 106,000 resales of residential real estate nationally, where the latest sale date of the property occurred in the June 2021 quarter. For properties sold over this period, 91.5% of sales resulted in a nominal gain on the previous sale price. This is up from 90.6% in the March quarter, and is the highest level profitability since the three months ending May 2011.

The portion of profit-making sales in the three months to June has risen a further 90 basis points. However, the pace at which profitability is rising across the Australian housing market has started to slow. The 90 basis point increase follows an average rise of 150 basis points in the preceding three quarters. This can also be seen in the chart below, with shows a slight flattening in the trend of profit-making sales.

The increase in the rate of profit-making sales has coincided with a continually strong environment for housing demand, which is also reflected in an uplift in sales volumes. Nationally, the number of resales analysed lifted around 9% in the June quarter compared with the initial count of resales for March. The number of profit-making sales observed for the quarter is approximately 97,000, up around 10% from the previous quarter.

The nominal gains yielded from resales through the June quarter currently sits at $39.4 billion, up 12.6% from the previous quarter. However, the loss on sales totalled $1.1 billion, which also increased on the previous quarter. Typical hold periods on all resales were 8.8 years through the quarter, with median change in the initial and resale value sitting at $236,000 in the period. Nationally, the median profit on resales was $265,000 in the three months to June, while median losses were -$43,000.

## Portion of profit-making sales, national - rolling quarter



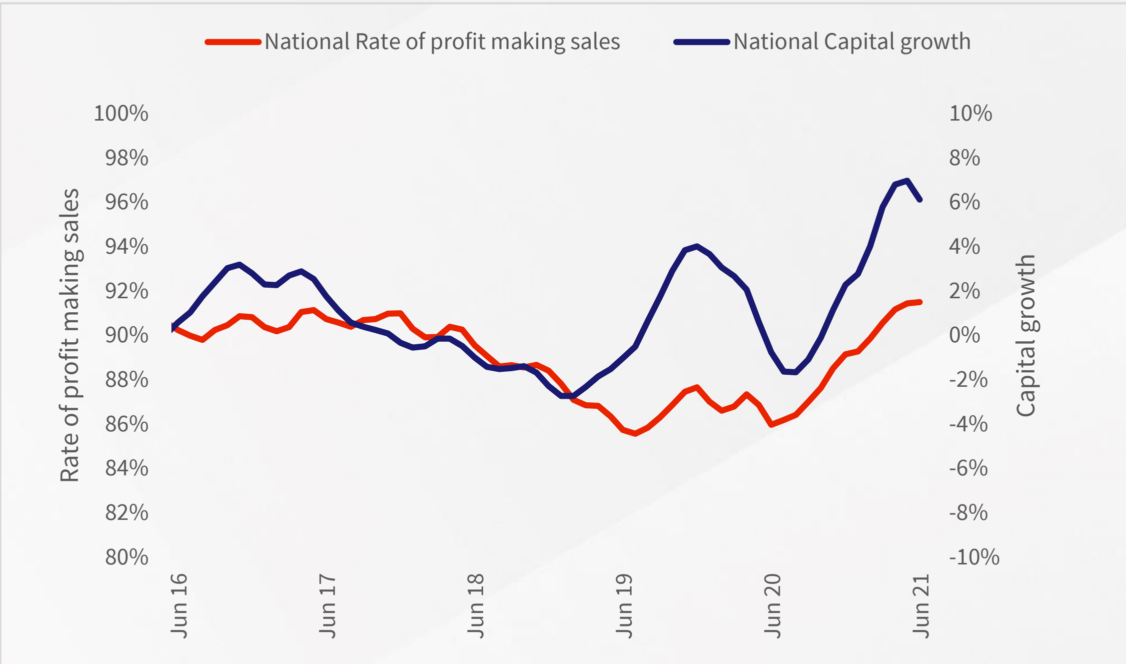
The trend in profitability mirrors the trend in capital growth across Australian dwellings. In the 12 months to June, housing values have risen 13.5%, which is an extraordinary rise off the back of a decade average annual appreciation of 3.2%. However, looking at quarterly growth rates, the pace of value increases has also been slowing. Australian housing values rose 6.1% in the June quarter, down from 7.0% in the three months to May. A comparison of rolling 3 month growth in Australian housing values against the rate of profit-making resales is shown below.

The chart shows an uplift in the incidence of nominal gains rising with increases in the value of housing. Given the pace of quarterly capital growth has slowed further through to the three months to August (at 5.2%), the rate of a profit-making sales will likely also increase more slowly when the September results are analysed.

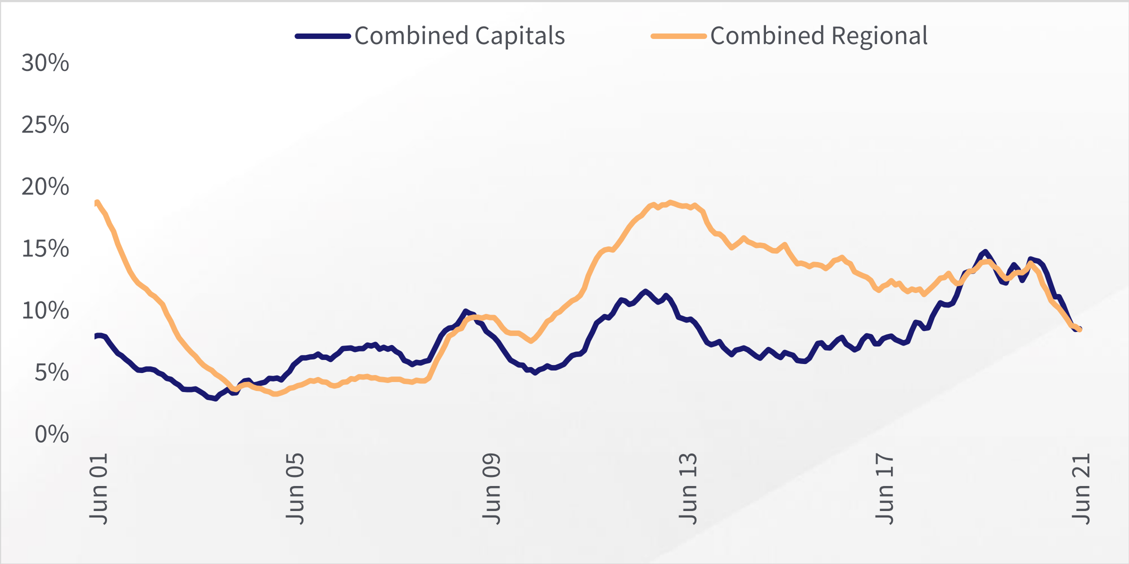
For the fifth consecutive quarter, the rate of profit-making sales across regional Australia was higher than across the combined capital cities. However, the rate of profit-making sales in regional Australia was 91.54%, just seven basis points higher than what was observed across the capital cities (91.47%). This is down from a recent peak of 150 basis points in the September 2020 quarter. It also mirrors capital growth trends, which have seen a narrowing in performance between regional Australian and capital city dwellings on a monthly basis since early 2021.

The rate of profit-making sales in the capital cities rose more sharply through the June quarter, up 103 basis points from 90.4% in the March quarter, compared to an 81 basis point rise from 90.7% across the combined regions.

## Rolling three month rate of profit making sales versus capital growth



## Portion of loss making sales, capital cities versus regional – rolling three months




Across the greater capital cities and 'rest of state' markets, the June quarter saw an increase in profitability across 12 of 15 markets. The rate of loss-making sales increased across Melbourne, Hobart and regional Tasmania in the quarter. A summary of the quarterly change in loss-making sales rates are presented in the table below.

The rate of loss-making sales across Melbourne rose to 5.4% in the June quarter, up from a revised 5.1% in the previous quarter. Despite the increase, Melbourne had the third-lowest rate of loss-making sales of the capital cities, behind Hobart (2.7%) and the ACT (4.6%). Melbourne also had the sixth lowest rank of loss-making sales nationally.

| | Portion of loss making sales – June 2021 | Portion of loss making sales – March 2021 | Change (percentage point) |
|---|---|---|---|
| Sydney | 5.6% | 6.3% | -0.6% |
| Melbourne | 5.4% | 5.1% | 0.3% |
| Brisbane | 9.9% | 10.8% | -0.9% |
| Adelaide | 5.4% | 5.8% | -0.4% |
| Perth | 22.0% | 26.6% | -4.6% |
| Hobart | 2.7% | 1.4% | 1.3% |
| Darwin | 33.9% | 38.6% | -4.7% |
| ACT | 4.6% | 6.3% | -1.7% |
| Rest of NSW | 3.6% | 3.7% | -0.1% |
| Rest of Vic. | 1.3% | 1.6% | -0.3% |
| Rest of Qld | 12.8% | 13.9% | -1.2% |
| Rest of SA | 12.3% | 13.2% | -0.8% |
| Rest of WA | 27.8% | 29.7% | -1.9% |
| Rest of Tas. | 3.7% | 2.8% | 0.9% |
| Rest of NT | 23.6% | 27.8% | -4.2% |

The largest increase in the rate of loss-making sales was across Hobart, where the portion jumped 1.3 percentage points, albeit off a low base of 1.4%. Despite the increase in the portion of loss-making sales across Hobart, it has maintained the lowest rate in loss making sales across the capital city markets since January 2018. However, for the past two quarters, the lowest incidence of loss-making sales nationally has been across regional Victoria.

Across regional Victoria, the proportion of loss-making sales was just 1.3%, down a further 30 basis points on the previous quarter. The rate of loss-making sales in this region was at a record low through the June 2021 quarter.

Notable reductions in the incidence of loss-making sales continued across the resource-based markets of Australia. The rate of loss-making sales fell over 4 percentage points across Perth, Darwin and regional NT in the June quarter.

The biggest drop was across Darwin, where the rate of profit-making sales across all dwelling resales rose to 66.1% in the June quarter. This is the highest rate of profit-making sales seen in the city since February 2018, and is up from a recent low, where only 45.3% of resales achieved nominal gains in the three months to July 2020. Across Perth, the rate of profit-making sales is at its highest level since June 2016. This reflects a continued recovery trend across housing market values in these cities.

The June 2021 quarter marks the fourth consecutive increase in the rate of profit-making sales nationally. This follows the rate hitting a recent low of 86.0%, amid stage 2 restrictions through the June 2020 quarter.

Despite the incidence of COVID-19 lockdown conditions disrupting employment through the second half of 2021, it is also unlikely that this would coincide with an increase in loss making sales. This is because property values continue to rise broadly across Australia, fuelled by resilience in consumer sentiment, ultra-low mortgage rates, subdued levels of available listings, and the reintroduction government household support and loan repayment deferrals.

As with previous periods of lockdowns, sales and listings activity have slowed markedly through the September 2021 quarter. This means the volume of profit-making sales may decline, even as the rate of profitability remains relatively steady. It is expected that the incidence of profit-making sales will decline when housing market performance starts to soften. This would likely occur off the back of a change to lending conditions, whether through increases in the cash rate, or the introduction of macro prudential measures around mortgage lending.



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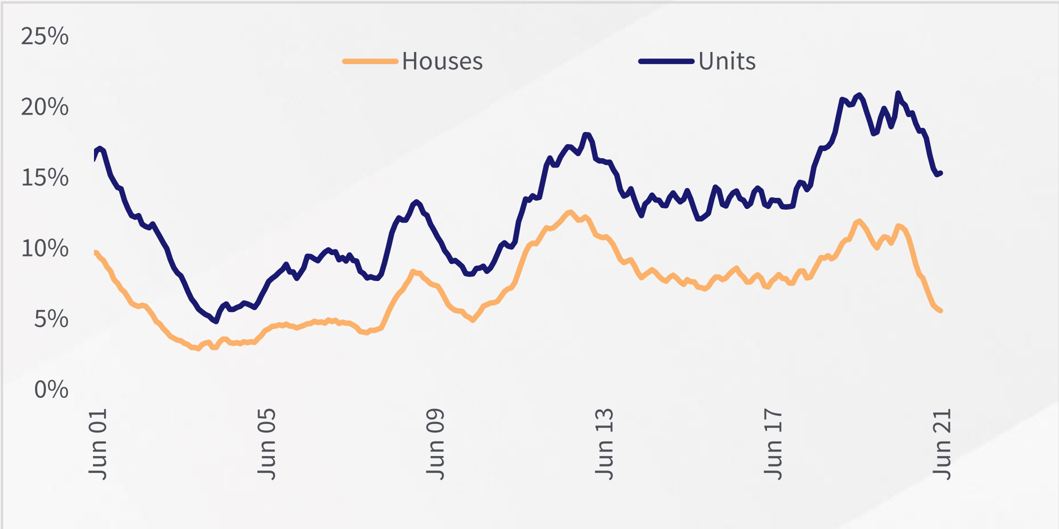
## Houses vs Units

Profitability across both the house and unit market increased through the June 2021 quarter, though the incidence of loss-making sales remained substantially higher across the unit segment. In the three months to June, 15.3% of units sold for a loss, down from 16.6% in the previous quarter, and 21.0% from the same quarter last year. This compares to a loss-making sale rate of 5.6% in the house segment, down from 6.6% in the previous quarter and 11.6% in the June quarter of 2020.

Comparing the rate of loss-making sales nationally with the previous quarter suggests that profitability has improved faster in the house segment over the year, but the unit segment has seen a greater reduction in the portion of loss-making sales over the previous quarter (with the rate of loss making sales falling 127 basis points in the unit segment, compared to 97 basis points in the house segment).

### Portion of loss making sales, houses versus units - national, rolling three months




Despite the relatively rapid improvement in profitability across units, the rate of loss-making sales nationally remains around 2.7 times higher than in the house segment.

The past decade has seen an average differential of 6.3 percentage points in the rate of loss-making sales between houses and units. However, the incidence of loss among unit sales became particularly elevated from early 2018, as shown in the chart above.

In addition to a higher chance of nominal loss in the unit segment, houses have also delivered greater nominal gains than units. At the national level, the median profit from house resales was $310,000, compared to $155,000 across unit resales.

## Differential in loss-making sale rate for units and houses - national, rolling quarter


Weaker profitability in units relative to houses comes off the back of changes to unit demand, coupled with an increase in unit supply in recent years. Changes to unit demand partly stem from macro-prudential regulation in late 2017, which temporarily limited the portion of interest-only mortgage lending for property purchases. Interest-only lending was disproportionately utilised by investors, and investor finance for the purchase of housing declined -23.9% between the 2017 and 2018 calendar years. Because investor demand skews more toward unit purchases, this may have slowed the capital appreciation of some unit markets relative to houses.

Furthermore, demand has been particularly skewed toward houses over units since the onset of COVID-19. This may be the result of more owner-occupier demand, as well as more time spent at home through lockdowns triggering demand for larger, detached residences. This has resulted in an appreciation of house values nationally of 18.5% since March 2020, compared with a lift of just 9.0% in the unit segment over the same period.

Additionally, the fall in investor demand through 2017 and 2018 coincided with an uplift in unit completions. According to ABS building activity data, new unit supply peaked in the December 2016 quarter at around 29,000, but completions have remained at fairly elevated levels for the past five years.

Interestingly, there are early signs that the pace of capital growth in house values is currently slowing faster than in the unit segment. This may be a result of rising housing affordability pressures in the detached house segment, where combined capital city house values were sitting 32.2% higher than units in August. The increased price pressures across the house market may see more buyers pivot to the unit segment in the coming months, and lead to an increased incidence of profit-making sales across units.

## Characteristics of loss-making unit sales

Through the June quarter, there were close to 4,900 loss making-unit sales. Unit sales accounted for 30.1% of resale observations in the June quarter, but a disproportionate 54.1% of all loss-making resales. The typical hold period for loss-making unit sales nationally was 7.3 years, less than the 8 year hold period for profit making unit sales.

Almost a quarter of loss-making unit sales (23.9%), were concentrated in the three LGAs of Brisbane City Council, the Gold Coast City Council and Melbourne City Council through the June quarter.

As a proportion of total sales, loss-making units were actually proportionally lower than the national figure across the Gold Coast (11.2%). The large volume of loss-making unit sales in this region was more a function of high sales volumes overall.

However, Melbourne LGA has seen an uplift in the proportion of loss-making unit sales through the June quarter, at 39.0%. This is up from 38.4% in the previous quarter. The volume of loss-making unit sales reached a peak of 218 in the three months to May 2021, and has eased slightly in the three months to June (203). As discussed in the previous quarter, this highly concentrated investment market has been disproportionately impacted by COVID-19, due to the closure of international borders. From March 2020 through the June 2021, rent values across units in the Melbourne LGA have fallen –21.3%, and overall unit values have increased a relatively subdued 3.3%. Loss making unit sales were broadly confined to the suburbs of Melbourne, Docklands and Southbank.

Loss making unit sales across the Brisbane LGA accounted for 26.0% of total unit resales in the June quarter, though this has fallen from 27.6% in the previous quarter, and 40.3% in the June quarter of 2020. This coincided with a 5.0% rise in Brisbane LGA unit values over the 12 months to June 2021. Across the LGA, the highest count of loss making unit sales were across the suburbs of Brisbane City, Fortitude Valley and South Brisbane.

Despite inner-city regions of Melbourne and Brisbane seeing high volumes of loss-making unit sales, the highest proportion of loss from unit resales in the quarter were actually across Perth LGAs, such as across Cockburn Council, where 69.5% of unit resales made a nominal loss.

As noted in the previous quarter, a lack of international migration continues to weigh on rental markets across Melbourne. The September quarter may show an increase in the proportion of loss-making unit resales across the Melbourne LGA, though volumes could be more subdued due to lockdown conditions during this period. At the national level, the portion of profit-making unit sales is expected to gradually increase, in line with continued property value increases observed through to August.

### Proportion of total resales at a loss/gain, houses vs. units, June 2021 quarter

| | Houses | | Units | |
|---|---|---|---|---|
| | Pain | Gain | Pain | Gain |
| Sydney | 2.4% | 97.6% | 9.8% | 90.2% |
| Rest of NSW | 3.4% | 96.6% | 4.5% | 95.5% |
| Melbourne | 1.1% | 98.9% | 13.2% | 86.8% |
| Rest of Vic. | 1.0% | 99.0% | 3.2% | 96.8% |
| Brisbane | 2.0% | 98.0% | 27.4% | 72.6% |
| Rest of Qld | 10.4% | 89.6% | 17.4% | 82.6% |
| Adelaide | 3.0% | 97.0% | 12.3% | 87.7% |
| Rest of SA | 12.2% | 87.8% | 14.4% | 85.6% |
| Perth | 16.8% | 83.2% | 40.7% | 59.3% |
| Rest of WA | 26.2% | 73.8% | 45.4% | 54.6% |
| Hobart | 2.4% | 97.6% | 3.4% | 96.6% |
| Rest of Tas. | 3.3% | 96.7% | 6.9% | 93.1% |
| Darwin | 24.4% | 75.6% | 52.0% | 48.0% |
| Rest of NT | 24.2% | 75.8% | 22.4% | 77.6% |
| Australian Capital Territory | 1.3% | 98.7% | 8.8% | 91.2% |
| National | 5.6% | 94.4% | 15.3% | 84.7% |
| Cap city | 4.4% | 95.6% | 16.3% | 83.7% |
| Regional | 7.2% | 92.8% | 12.8% | 87.2% |

## Investor vs Owner Occupiers

In the June 2021 quarter, 93.9% of owner-occupied resales made a nominal gain, compared with 87.7% of investor resales.

Despite investors accounting for 28.0% of total resales in the quarter, investor sales made up only 26.6% of profit-making resales, and 44.1% of loss-making resales in the June quarter. Meanwhile, owner-occupier resales accounted for 55.9% of loss-making sales, but 73.4% of total resales in the quarter.

Owner-occupiers had a median nominal gain on resales of $295,000, compared to $200,000 for investors. This may largely be because the higher proportion of house resales are by owner-occupiers, while investors saw a larger volume of unit resales than houses through the June quarter. Houses usually have inherently higher value than units, and in the past decade have seen higher annualised growth rates at the national level (at 5.2%) than units (3.5%).

Additionally, there have been slightly higher hold periods across the owner occupier segment, with a median hold period of 9 years on owner occupied, profit-making resales, compared with 8.6 years for investors.

The highest incidence of loss-making resales for both investors and owner occupiers was across Darwin, though the rate of loss making investor resales (at 48.2%) was around twice that of owner occupiers (24.3%). Resales of investment units across Darwin had an even greater rate of loss, at 55.2% of sales.

There were three broad regions across Australia where investors had a lower incidence of loss-making sales. These were regional NSW, regional Victoria and Hobart. Each of these regions had a very low incidence of nominal loss overall.

In fact, regional Victoria actually had the highest rate of profitability for investors in the June quarter, at 99.2%. This coincided with a 5.6% lift in regional Victorian dwelling values through the June quarter, and a rise of 15.9% in the 12 months to June.

Across regional Victoria, investment resales were highest across the LGAs of Geelong, Ballarat and Bendigo through the June 2021 quarter. Investment resales across regional Victoria had a typical hold period of 8 years, and a median nominal return of $167,000. For owner-occupied resales, the highest incidence of profit-making sales was also across regional Victoria, at 98.9%. The greatest typical gains for investors where across the Byron LGA of NSW, where a median nominal return on resales was $721,500 through the June quarter.

It is commonplace for investors to have a higher incidence of loss-making sales than owner-occupiers, with this being a consistent trend in Pain and Gain analysis. As discussed in the previous section of the report, this may be because the investment segment of the housing market is more commonly concentrated in the unit segment, where there have been particular demand shocks in the past decade, as well as relatively elevated levels of unit supply reducing returns through the second half of the 2010s. Additionally, investors may be more inclined to sell a property at a loss, as it may be offset against future capital gains.

Profitability across both owner-occupier and investor segments of the market are likely to show continued uplifts through the second half of 2021, in line with a broad-based increase in housing values.

## Proportion of total resales at a loss/gain, owner occupiers vs investors, June 2021 quarter

| | Pain | | Gain | |
|---|---|---|---|---|
| | Owner Occupied | Investor | Owner Occupied | Investor |
| **Sydney** | 4.4% | 8.1% | 95.6% | 91.9% |
| **Rest of NSW** | 3.4% | 3.1% | 96.6% | 96.9% |
| **Melbourne** | 2.2% | 11.2% | 97.8% | 88.8% |
| **Rest of Vic.** | 1.1% | 0.8% | 98.9% | 99.2% |
| **Brisbane** | 4.9% | 16.4% | 95.1% | 83.6% |
| **Rest of Qld** | 9.7% | 15.7% | 90.3% | 84.3% |
| **Adelaide** | 3.3% | 8.6% | 96.7% | 91.4% |
| **Rest of SA** | 10.3% | 12.7% | 89.7% | 87.3% |
| **Perth** | 15.1% | 30.0% | 84.9% | 70.0% |
| **Rest of WA** | 22.0% | 34.1% | 78.0% | 65.9% |
| **Hobart** | 2.9% | 2.5% | 97.1% | 97.5% |
| **Rest of Tas.** | 3.4% | 4.5% | 96.6% | 95.5% |
| **Darwin** | 24.3% | 48.2% | 75.7% | 51.8% |
| **Rest of NT** | 24.0% | 23.1% | 76.0% | 76.9% |
| **Australian Capital Territory** | 2.9% | 11.6% | 97.1% | 88.4% |
| **National** | 6.1% | 12.3% | 93.9% | 87.7% |
| **Cap city** | 5.6% | 13.1% | 94.4% | 86.9% |
| **Regional** | 6.8% | 10.3% | 93.2% | 89.7% |

# Hold Periods

Over the June 2021 quarter, the median hold period of resale resale events across Australia was approximately 8.8 years. For profit making sales, the median hold period was 8.9 years, while loss making sales were typically held for 7.9 years.

Nationally, hold periods were higher for houses than units across both profit and loss-making resales. Profit-making house sales had a median hold period of 9.3 years, as opposed to 8.7 years for loss making house sales. Units that sold for a profit nationally were typically held for 8.2 years, compared to a typical hold period of 6.7 years across loss making unit sales.

The chart below shows the median return (out of both profits and loss) by hold period for resales over the June 2021 quarter.

The below chart shows that longer hold periods have generally been associated with higher nominal gains. Within the past 30 years, the highest nominal gains nationally have been made on properties held between 1995 and 1997, or between 24 and 26 years. Successive cash rate increases through 1994 to early 1995 may have contributed to a slight slump in values through this period, allowing greater profits for those who purchased during the period.

As noted in the previous quarter there has also been a remarkable nominal median return for a hold period of less than two years in the current market. This coincides with national housing values increasing around 22% in the 24 months to June, contributing to a typical nominal gain of $123,000 for resales on property held for two years or less. While typical returns on longer held properties are higher in total, a hold period of 1-2 years saw the highest nominal gains per year.

Based on underlying sales data, the highest frequency hold period was 4-6 years, with over 17,000 resales of property purchased between 2015 and 2017. This hold period was associated with a median gain of $163,000, which is $37,000 greater than those who held property for 2-4 years.

Hold periods across the greater capital city and rest of state regions point to Hobart once again showing the quickest market for nominal gains, with a median hold period on profit-making units of 6.1 years. In the house segment however, the lowest median hold period was in regional Tasmania (6.9 years). In the 6.9 years to June, regional Tasmanian house values have increased 64.7%.

## Median return from resales by hold period – June 2021 quarter


Data is based on the median of all returns from resales in the June 2021 quarter, ie of both profit and loss making sales.

The Tasmanian dwelling market has been particularly in demand due to an uplift in overseas migration to Tasmania before the onset of COVID-19, which may have contributed to sustained housing demand through 2020. In addition, Tasmania has proved a popular tree-change and sea-change destination with retirees, with housing decisions from retirees potentially being brought forward through the pandemic. This trend, along with an insufficient supply response, could explain the particularly strong performance across the regional Tasmania house segment.

## Median hold period of profit and loss making sales, June 2021 quarter

| | Pain | | Gain | |
|---|---|---|---|---|
| | Houses | Units | Owner Occupied | Investor |
| **Sydney** | 5.4 | 4.9 | 9.6 | 8.0 |
| **Regional NSW** | 7.1 | 9.1 | 8.6 | 7.2 |
| **Melbourne** | 3.7 | 6.5 | 9.6 | 7.8 |
| **Regional Vic** | 4.8 | 7.3 | 8.8 | 7.7 |
| **Brisbane** | 6.5 | 7.7 | 9.4 | 8.2 |
| **Regional Qld** | 10.7 | 12.1 | 8.9 | 7.2 |
| **Adelaide** | 4.1 | 7.3 | 9.6 | 8.9 |
| **Regional SA** | 11.3 | 9.6 | 10.9 | 9.6 |
| **Perth** | 7.8 | 8.0 | 10.6 | 11.3 |
| **Regional WA** | 10.9 | 12.2 | 10.1 | 10.2 |
| **Hobart** | 4.1 | - | 8.8 | 6.1 |
| **Regional Tas** | 4.2 | 4.8 | 6.9 | 7.1 |
| **Darwin** | 7.8 | 9.4 | 10.2 | 14.2 |
| **Regional NT** | 7.7 | 9.8 | 10.1 | 8.5 |
| **Australian Capital Territory** | 5.3 | 9.0 | 10.1 | 9.2 |
| **National** | 8.7 | 7.3 | 9.3 | 8.0 |
| **Cap city** | 7.5 | 6.7 | 9.5 | 8.2 |
| **Regional** | 10.2 | 11.8 | 9.0 | 7.4 |

## Resource Based Markets

The June quarter saw the continuation in a broad-based uplift in dwelling values across Australia, and a reduction in the rate of loss-making sales across resource-based markets. This is in part because of a recovery in the resources sector, which has been supported by a global environment of low interest rates.

The June national accounts data showed investment from private sector mining rose 1.9% year-on-year at the national level. ABS labour force data shows mining employment increased 18.3% in the year to May 2021, and total employment in the mining sector was up 15.7% on its pre-COVID level.

Anecdotally, COVID-19 has induced a transition from FIFO to resident mining workforces, with more workers needing to stay localised due to international and interstate border restrictions. This is thought to have put immense pressure on rent and purchasing costs of housing.

The improvement in mining conditions from an employment and investment perspective, and the subsequent flow on effects for housing demand, have contributed to an uplift in dwelling values across many resource markets. This may also have contributed to a quarterly decline in the rate of loss-making sales across four of the six resource markets across Australia.

Further to this, five of the six observed resource markets have seen a significant year-on-year decline in the portion of loss-making resales, ranging from a fall of 22.2 percentage points across the Outback (North) region of WA, to a 9.2 percentage point reduction in the rate of loss-making sales across the Mackay – Isaac – Whitsunday region.

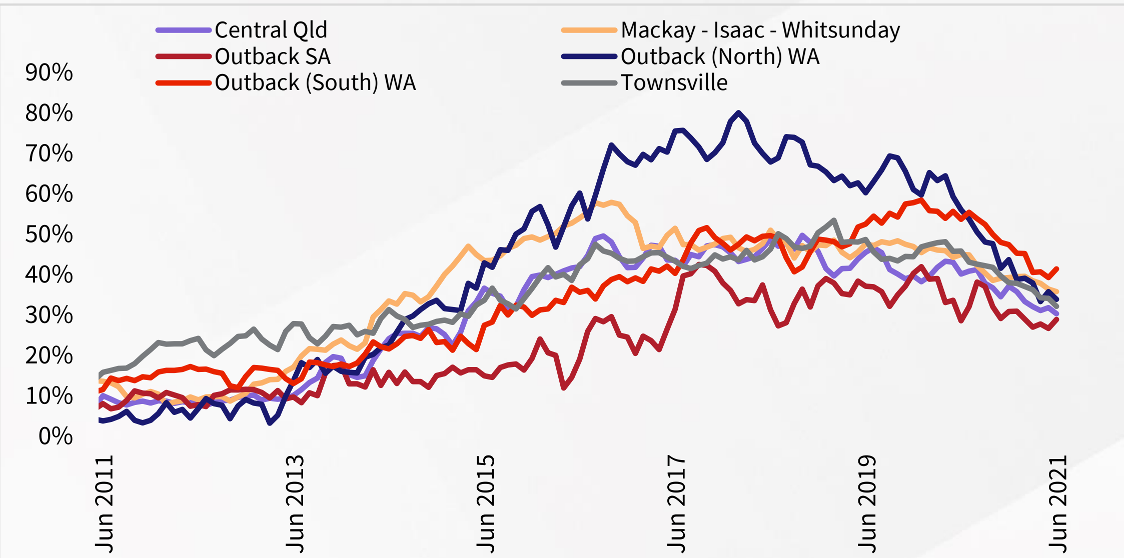
The Outback SA region was the only market to see an increase in the rate off loss making sales over the year to June, and June quarter. This coincides with a slight fall in SA Outback dwelling values in the three months to June, and is based on a relatively low base of less than 300 resales in the quarter. Despite the slight increase in loss-making sale proportions across the Outback SA region, it still has the lowest rate of loss-making sales across the resource markets, at 28.8%.

In line with continued increases in many mining markets of Australia through to August, the incidence of profit-making sales is expected to keep lifting through the second half of 2021.

However, longer term headwinds pose risk to the economic activity for mining regions of Australia, which could have flow-through effects on the housing market. These come in the form of geo-political tensions presenting trade disruption between Australia and China, recent weakness in Chinese economic indicators such as retail sales and car sales, and a broader global trend of commitments to carbon emission reductions. Each of these factors could reduce dependence on Australian iron ore, coal and LNG.

Property market performance across Western Australia, parts of Queensland, the Northern Territory and South Australia have long been tied to performance of the mining sector, which is important for buyers and sellers to consider.

### Portion of loss making sales - resource based SA4 markets, rolling quarter



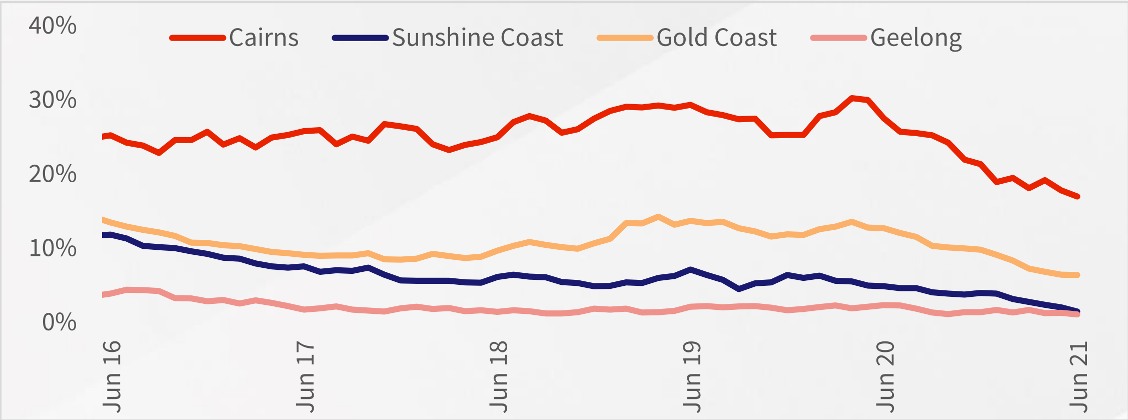
## Sea Change and Tree Change Destinations

Many lifestyle markets of Australia continued to show particularly strong rates of value increase through 2021. In the 12 months to August, some of the top performing housing markets have included the Richmond-Tweed region, where dwellings sit 29.5% higher over the year, the Sunshine Coast, where values rose 27.6%, and the Launceston and North East housing market, where dwelling values are 26.3% higher in the year.

These are broadly examples of 'sea change' or 'tree change' housing markets; high amenity regional markets that are popular for a change in lifestyle. The strong increase in property values across these regions, particularly since the onset of COVID-19, has contributed to relatively low levels of loss-making sales, with most of the areas analysed showing rates well below the national figure of 8.5%.

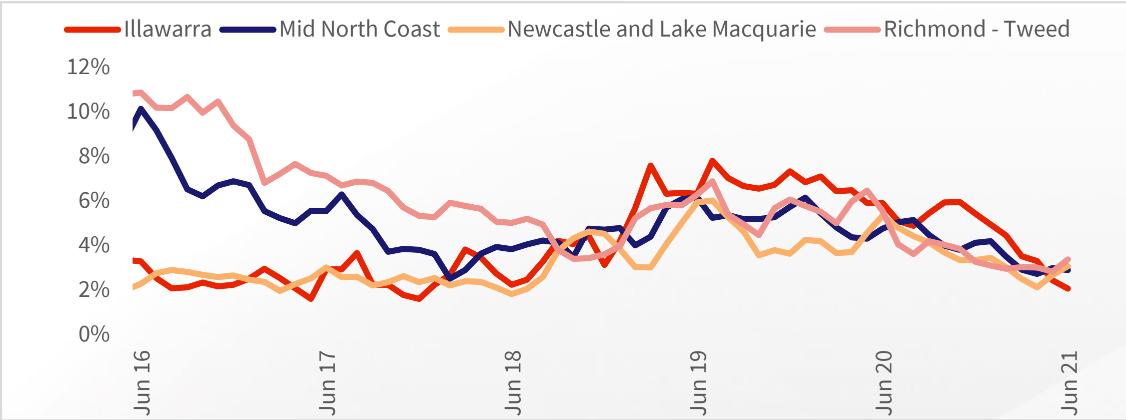
CoreLogic analysed eight regional coastal markets through the June 2021 quarter. Of these, six had seen a quarterly reduction in the rate of loss-making sales. This ranged from a 1.5 percentage point drop across the Illawarra, to a marginal decline of just 1 basis point across the Mid North Coast region of NSW.

### Portion of loss making sales, rolling quarter, select SA4 coastal markets

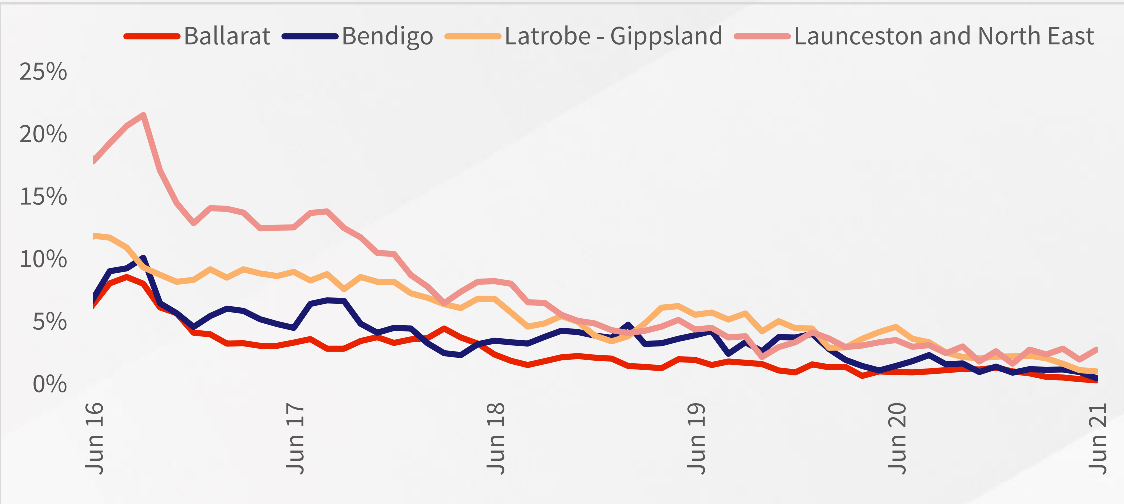



Of the coastal regional markets analysed, Geelong had the lowest portion of loss-making sales, at 1.1% in the June 2021 quarter, down from 1.7% in the previous quarter, and 2.3% in June 2020. The quarterly reduction in loss-making sales coincided with a 6.8% lift in dwelling values through the June quarter, the highest increase of regional Victorian dwelling markets.

### Portion of loss making sales, rolling quarter, select SA4 coastal markets




### Portion of loss making sales, rolling quarter, select SA4 regional markets




Of the 88 SA4 markets analysed across Australia, Geelong had the fourth-lowest incidence of loss-making sales. This sat behind non-coastal regional markets of Victoria, including Ballarat (0.3%), Bendigo (0.5%), and the Latrobe – Gippsland region (1.0%). Ballarat, Bendigo and the Latrobe – Gippsland regional dwelling markets hit record-high rates of profitability through the June 2021 quarter.

Strong capital growth in dwelling values have contributed to a downward trend in loss-making sales over time across many markets of regional Victoria. Demand may have been amplified by COVID-19, with ABS migration trends showing intrastate departures from Melbourne to regional Victoria increased 16.0% in the year to March 2021 on the previous year, which was the 12 month period prior to the start of lockdowns in Australia.

COVID-induced lockdowns had the effect of creating more normalised remote work trends, and this has likely added to the appeal and accessibility of regional markets more broadly.

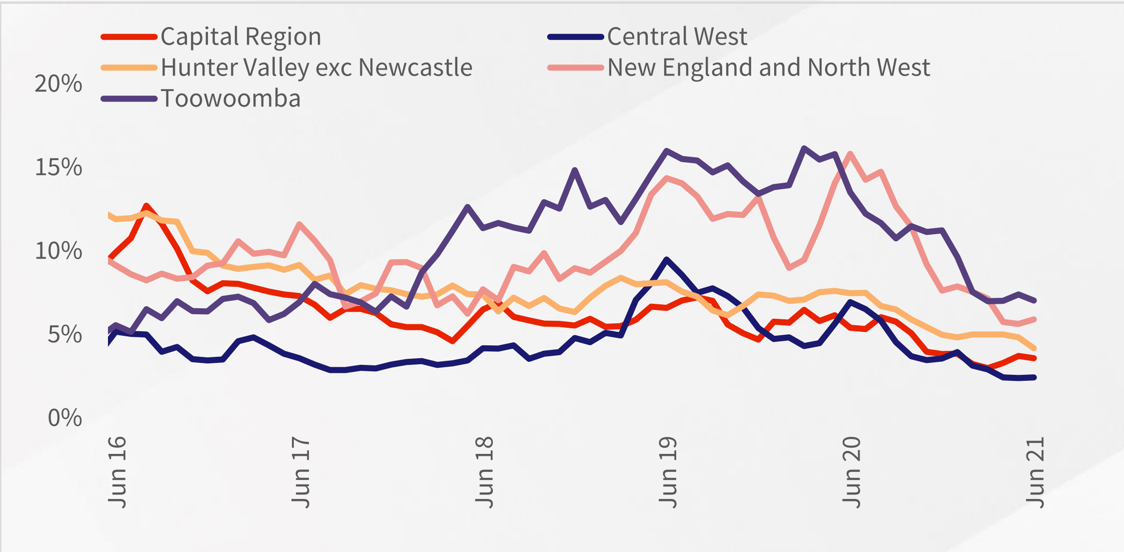
Additionally, ABS migration data shows that the biggest proportional uplift in migration to and from capital cities to regional Australia has been in those ages 65 years and over. Between March 2020 and March 2021, there were an additional 746 people in this cohort that moved from capital cities to regions. This could point to the COVID-19 disruption to the labour force, and inner city lifestyle triggering earlier tree-change and sea-change moves among retirees.

Coupled with a reduction in migration away from regional Australia through this period, there has likely been a rise in housing demand against fairly constrained supply across regional Australia, creating a strong position for real estate sellers.

Although profitability has not been as high in parts of regional Melbourne, in further-afield regions of NSW and Queensland, these areas have also generally seen a reduction in rates of loss-making sales since the onset of COVID-19. Across the New England and North West dwelling market, where dwelling values climbed 15.2% in the year to June, the rate of loss-making sales has fallen almost 10 percentage points in the past 12 months, to 5.9%.

Sellers in regional Australia, particularly tree-change and sea-change destinations, have enjoyed an uplift in values amid low interest rates, constrained supply levels and remote work being more widely embraced. However, as with housing market trends more broadly, improvement in profit-making sales are likely to slow in the coming quarters. Headwinds for these markets include rising affordability constraints, and a path out of lockdowns in major cities potentially mitigating the push from metropolitan lifestyles that was observed through the COVID period.

## Portion of loss making sales, rolling quarter, select SA4 regional markets



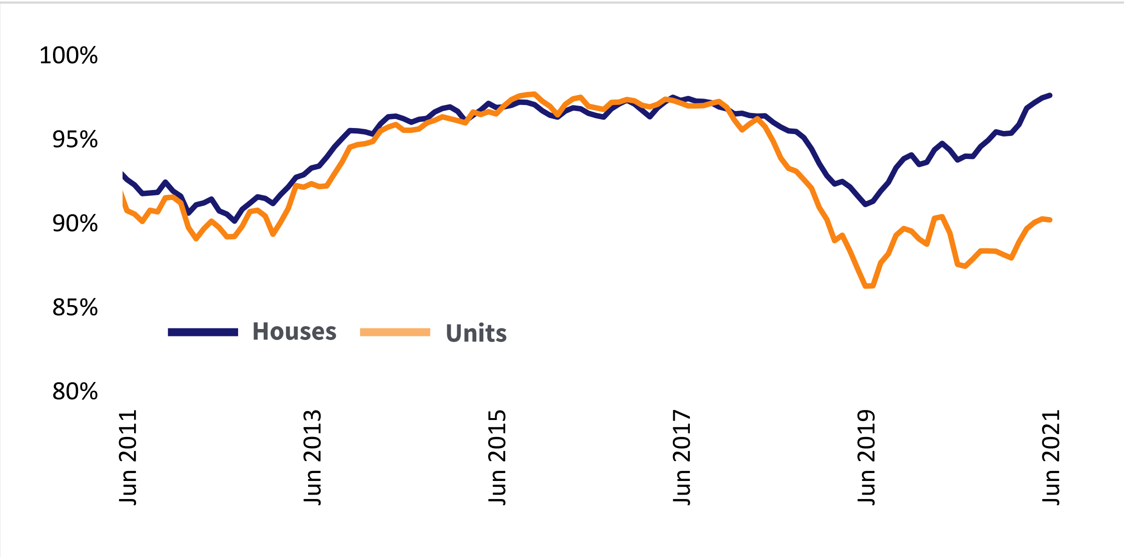
## Sydney

Through the June 2021 quarter, the rate of profit-making sales increased 60 basis points across Sydney, to 94.4%. This coincided with a 2.0% uplift in dwelling values through the quarter.

Both house and unit markets saw an uplift in the rate of profit-making sales. House resales saw a greater uplift in the rate of profitability, increasing 80 basis points in the quarter to 97.6%. This places the rate of profit-making resales across Sydney houses at its highest level since 1982. Unit resales saw a 50 basis point rise in the rate of profit-making sales in the June quarter, to 90.2%, but this is lower that the peak rate of profitability, which was 97.7% in November 2015.

Across the council regions of Sydney, the highest portion of loss-making sales were in Burwood (18.3%), Parramatta (14.6%), and Strathfield (12.7%). The council areas with the highest incidence of profitability in the June 2021 quarter were across the Northern Beaches (97.79%) followed by Camden (97.76%) and Hawkesbury Council (97.71%). Profitability is likely to keep rising across the Sydney market into the September quarter, where dwelling values showed a further 2.2% rise in the three months to August.

### Portion of profit making sales, rolling quarter



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

| | Gross loss-making sales, Jun-21 qtr | | | | Gross profit-making sales, Jun-21 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) | 4.2% | 4.9 | -$47,500 | -$7,368,453 | 95.8% | 7.9 | $374,000 | $552,714,112 |
| Blue Mountains (C) | 2.3% | | | -$2,522,500 | 97.7% | 8.6 | $415,000 | $160,824,833 |
| Botany Bay (C) | 12.4% | 5.4 | -$71,000 | -$2,862,333 | 87.6% | 7.5 | $335,000 | $91,025,046 |
| Burwood (A) | 18.3% | 4.9 | -$70,000 | -$9,236,500 | 81.7% | 9.0 | $530,000 | $69,673,899 |
| Camden (A) | 2.2% | | | -$2,633,854 | 97.8% | 6.5 | $320,000 | $150,868,117 |
| Campbelltown (C) (NSW) | 3.8% | 4.6 | -$24,750 | -$2,209,390 | 96.2% | 7.5 | $275,000 | $193,592,057 |
| Canada Bay (A) | 4.5% | 4.5 | -$83,475 | -$2,415,530 | 95.5% | 8.3 | $456,000 | $305,874,404 |
| Canterbury-Bankstown (A) | 8.5% | 4.8 | -$40,000 | -$18,886,272 | 91.5% | 8.7 | $370,000 | $559,240,041 |
| Central Coast (C) (NSW) | 2.4% | 5.6 | -$140,000 | -$17,253,754 | 97.6% | 8.0 | $412,250 | $925,803,335 |
| Cumberland (A) | 9.6% | 5.2 | -$43,000 | -$10,585,149 | 90.4% | 9.9 | $345,000 | $277,126,518 |
| Fairfield (C) | 9.5% | 4.7 | -$196,667 | -$9,991,601 | 90.5% | 9.3 | $382,500 | $195,040,174 |
| Georges River (A) | 5.2% | 4.7 | -$97,000 | -$7,820,308 | 94.8% | 9.5 | $403,500 | $255,505,965 |
| Hawkesbury (C) | 2.3% | | | -$10,160,308 | 97.7% | 9.6 | $370,750 | $142,342,538 |
| Hornsby (A) | 5.0% | 5.0 | -$72,000 | -$4,882,515 | 95.0% | 11.1 | $777,500 | $481,146,829 |
| Hunters Hill (A) | 10.3% | | | -$3,885,000 | 89.7% | 8.4 | $985,000 | $38,227,500 |
| Inner West (A) | 4.0% | 5.1 | -$58,896 | -$6,627,329 | 96.0% | 9.2 | $583,000 | $652,722,820 |
| Ku-ring-gai (A) | 3.2% | 4.3 | -$75,000 | -$6,685,500 | 96.8% | 8.9 | $1,197,500 | $756,846,543 |
| Lane Cove (A) | 5.8% | 4.4 | -$78,000 | -$3,875,250 | 94.2% | 8.5 | $399,500 | $233,910,868 |
| Liverpool (C) | 8.1% | 5.1 | -$59,900 | -$7,317,684 | 91.9% | 8.6 | $362,000 | $285,612,099 |
| Mosman (A) | 3.5% | | | -$5,180,630 | 96.5% | 7.8 | $1,000,000 | $248,439,230 |
| North Sydney (A) | 3.6% | 4.0 | -$59,000 | -$2,188,500 | 96.4% | 9.4 | $521,000 | $375,299,188 |
| Northern Beaches (A) | 2.2% | 4.6 | -$300,000 | -$17,021,026 | 97.8% | 8.6 | $1,008,750 | $1,589,669,846 |
| Parramatta (C) | 14.6% | 5.7 | -$49,000 | -$10,498,176 | 85.4% | 8.8 | $302,000 | $420,781,172 |
| Penrith (C) | 6.4% | 5.0 | -$28,333 | -$10,475,834 | 93.6% | 8.8 | $350,000 | $354,637,991 |
| Randwick (C) | 3.2% | 6.0 | -$116,625 | -$3,581,621 | 96.8% | 9.3 | $740,000 | $571,332,849 |
| Rockdale (C) | 7.4% | 5.0 | -$120,500 | -$6,575,583 | 92.6% | 9.5 | $344,500 | $200,236,060 |
| Ryde (C) | 11.3% | 5.1 | -$55,000 | -$9,360,611 | 88.7% | 8.1 | $410,000 | $337,661,310 |
| Strathfield (A) | 12.7% | 5.4 | -$47,500 | -$2,831,001 | 87.3% | 9.5 | $300,000 | $122,536,588 |
| Sutherland Shire (A) | 3.7% | 4.6 | -$82,500 | -$8,797,510 | 96.3% | 9.5 | $557,500 | $712,711,117 |
| Sydney (C) | 6.2% | 4.8 | -$95,000 | -$12,279,091 | 93.8% | 9.0 | $397,000 | $701,633,319 |
| The Hills Shire (A) | 4.8% | 4.8 | -$41,500 | -$4,225,380 | 95.2% | 9.2 | $809,250 | $596,630,235 |
| Waverley (A) | 2.3% | | | -$1,687,500 | 97.7% | 8.5 | $780,000 | $473,320,490 |
| Willoughby (C) | 4.1% | 4.9 | -$325,250 | -$8,600,835 | 95.9% | 10.1 | $815,000 | $377,709,327 |
| Wollondilly (A) | 2.7% | | | -$1,341,333 | 97.3% | 8.9 | $442,500 | $101,746,670 |
| Woollahra (A) | 3.1% | 7.5 | -$202,500 | -$6,056,600 | 96.9% | 9.7 | $1,092,500 | $658,617,033 |



CoreLogic

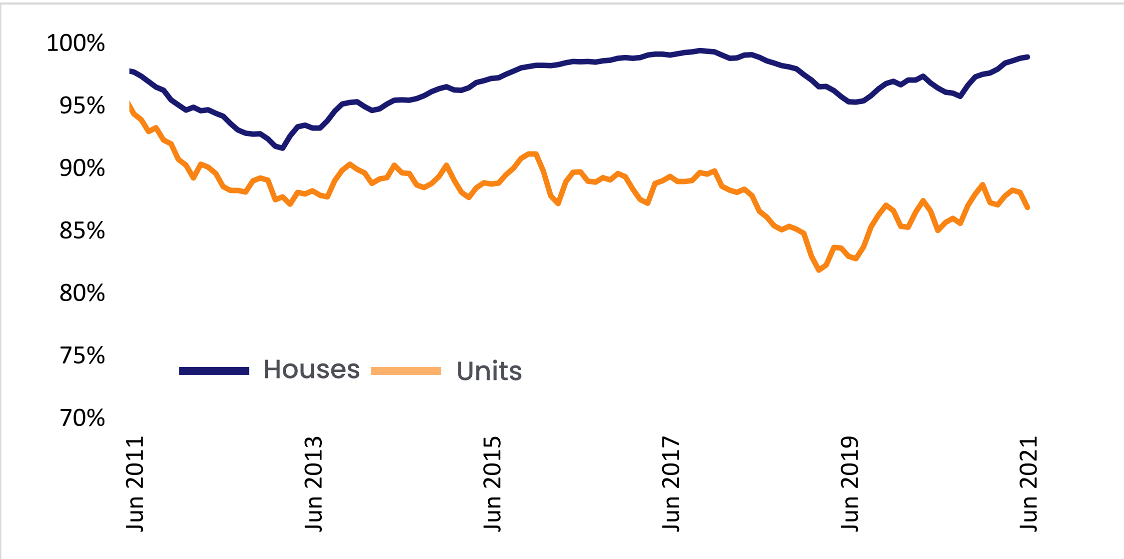
## Melbourne

Melbourne was one of two capital city markets (alongside Hobart) to see an increase in the rate of loss-making sales through the June 2021 quarter, rising 30 basis points to 5.4%.

The increase in the incidence of loss-making sales was driven by the unit sector. The rate of loss-making unit sales rose from 12.2% in the March 2021 quarter to 13.2% in the three months to June, while profitability actually increased across the house segment. Melbourne houses had the highest rate of profit-making sales of the capital cities at 98.9%, up from 98.4% in the previous quarter.

The higher incidence of loss across the unit segment is also reflected in the council regions that had the highest rate of loss-making sales, which was Melbourne City Council. Across this council region, 34.8% of resales saw a loss in the quarter, and 87.1% of these were investor owned units. The median loss on resales was also the largest of Melbourne council regions, at $228,500.

### Portion of profit making sales, rolling quarter



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

| | Gross loss-making sales, Jun-21 qtr | | | | Gross profit-making sales, Jun-21 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) | 2.1% | 5.7 | -$88,750 | -$1,964,500 | 97.9% | 11.1 | $475,000 | $263,044,830 |
| Bayside (C) | 3.4% | 5.6 | -$70,000 | -$4,302,000 | 96.6% | 10.3 | $760,000 | $440,592,063 |
| Boroondara (C) | 9.7% | 6.7 | -$45,000 | -$9,549,133 | 90.3% | 9.5 | $570,000 | $595,459,228 |
| Brimbank (C) | 1.7% | | | -$830,800 | 98.3% | 9.5 | $300,000 | $182,899,286 |
| Cardinia (S) | 1.2% | | | -$3,706,100 | 98.8% | 6.6 | $243,500 | $122,778,810 |
| Casey (C) | 1.0% | 3.4 | -$65,000 | -$5,187,600 | 99.0% | 7.9 | $285,500 | $346,172,426 |
| Darebin (C) | 3.2% | 6.3 | -$30,500 | -$1,859,490 | 96.8% | 10.1 | $403,000 | $278,729,059 |
| Frankston (C) | 1.3% | | | -$460,500 | 98.7% | 8.2 | $340,000 | $251,763,087 |
| Glen Eira (C) | 4.5% | 5.9 | -$29,500 | -$1,978,301 | 95.5% | 10.6 | $495,750 | $359,199,009 |
| Greater Dandenong (C) | 2.9% | 3.5 | -$21,500 | -$8,877,806 | 97.1% | 9.2 | $275,100 | $153,437,078 |
| Hobsons Bay (C) | 1.4% | | | -$1,187,000 | 98.6% | 9.7 | $389,000 | $177,563,073 |
| Hume (C) | 1.4% | | | -$312,501 | 98.6% | 7.7 | $235,000 | $185,015,444 |
| Kingston (C) (Vic.) | 4.2% | 5.4 | -$30,000 | -$2,391,750 | 95.8% | 8.5 | $398,000 | $318,569,732 |
| Knox (C) | 2.3% | 3.0 | -$78,500 | -$4,293,875 | 97.7% | 9.5 | $413,250 | $296,330,237 |
| Macedon Ranges (S) | 0.7% | | | -$322,500 | 99.3% | 11.7 | $442,500 | $83,962,646 |
| Manningham (C) | 5.9% | 6.0 | -$50,000 | -$2,615,101 | 94.1% | 9.6 | $528,750 | $306,432,819 |
| Maribyrnong (C) | 8.3% | 5.8 | -$31,250 | -$2,580,915 | 91.7% | 8.0 | $302,500 | $111,484,825 |
| Maroondah (C) | 2.3% | 4.1 | -$61,500 | -$3,969,735 | 97.7% | 9.1 | $374,000 | $226,245,746 |
| Melbourne (C) | 34.8% | 7.1 | -$50,000 | -$20,467,700 | 65.2% | 10.9 | $185,519 | $126,330,490 |
| Melton (C) | 1.4% | | | -$91,500 | 98.6% | 6.7 | $200,750 | $93,973,699 |
| Monash (C) | 5.9% | 5.0 | -$42,500 | -$13,647,516 | 94.1% | 10.2 | $495,000 | $415,353,065 |
| Moonee Valley (C) | 8.9% | 4.8 | -$70,000 | -$4,669,500 | 91.1% | 9.5 | $405,500 | $219,236,895 |
| Moorabool (S) | | | | | 100.0% | 8.0 | $260,000 | $30,451,332 |
| Moreland (C) | 7.4% | 6.0 | -$26,500 | -$8,448,600 | 92.6% | 8.3 | $296,000 | $276,959,974 |
| Mornington Peninsula (S) | 1.3% | 3.3 | -$228,500 | -$2,971,100 | 98.7% | 8.7 | $544,000 | $658,315,727 |
| Nillumbik (S) | 1.9% | | | -$1,430,000 | 98.1% | 12.5 | $595,000 | $104,399,431 |
| Port Phillip (C) | 13.0% | 7.7 | -$42,000 | -$16,612,612 | 87.0% | 9.6 | $246,800 | $302,111,068 |
| Stonnington (C) | 15.8% | 6.3 | -$51,000 | -$15,846,261 | 84.2% | 9.7 | $342,000 | $383,344,610 |
| Whitehorse (C) | 5.6% | 5.9 | -$58,000 | -$3,568,045 | 94.4% | 9.8 | $523,000 | $381,597,841 |
| Whittlesea (C) | 1.7% | 3.9 | -$26,750 | -$534,000 | 98.3% | 7.9 | $263,375 | $181,432,400 |
| Wyndham (C) | 1.4% | 4.5 | -$33,000 | -$421,700 | 98.6% | 6.3 | $214,000 | $190,696,368 |
| Yarra (C) | 11.9% | 6.5 | -$36,750 | -$5,322,907 | 88.1% | 9.0 | $400,000 | $235,109,519 |
| Yarra Ranges (S) | 2.1% | 3.6 | -$85,000 | -$2,693,050 | 97.9% | 10.1 | $406,574 | $266,664,267 |

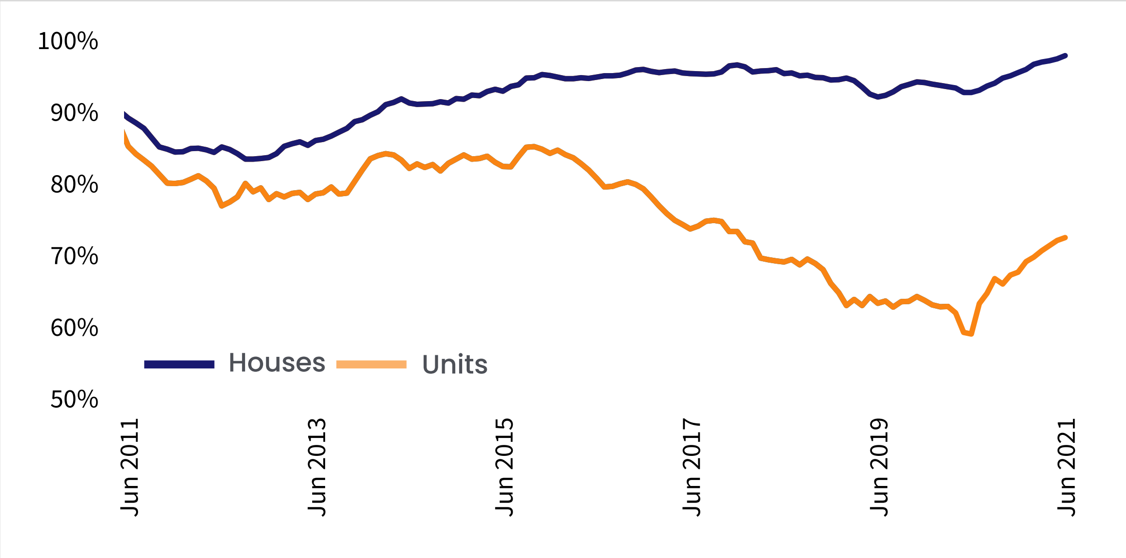
# Brisbane

Profit-making sales across Brisbane increased 90 basis points to 90.1% through the June 2021 quarter. This marks the first time profit-making resales have been above 90% since the three months to January 2018. Higher levels of profit-making sales were driven by a 90 basis point rise in the house segment, and a 180 basis point jump across the unit segment over the quarter.

The rate of profit-making house resales was at 98.0% in the three months to June, though unit profitability remained 25.4 percentage points lower, at 72.6%. Thus, while profitability in the unit market of Brisbane is improving, the gap in profit-making resales is the second highest of the capital city markets (behind Darwin).

The highest rate of loss-making sales in Brisbane was across the Brisbane Council, where 11.9% of resales saw a loss. The median loss across Brisbane Council was $35,000. 64.7% of these were investor owned units. The highest rate of profit-making sales was in the Somerset LGA, where 96.6% of resales made a nominal gain.

## Portion of profit making sales, rolling quarter




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

| | Gross loss-making sales, Jun-21 qtr | | | | Gross profit-making sales, Jun-21 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) | 11.9% | 7.2 | -$35,000 | -$38,112,449 | 88.1% | 9.5 | $240,000 | $1,926,898,390 |
| Ipswich (C) | 8.6% | 10.8 | -$39,000 | -$4,252,815 | 91.4% | 8.7 | $95,000 | $116,423,348 |
| Lockyer Valley (R) | 9.6% | 11.8 | -$20,000 | -$488,000 | 90.4% | 9.2 | $103,250 | $21,969,580 |
| Logan (C) | 9.9% | 8.3 | -$30,000 | -$6,128,994 | 90.1% | 9.6 | $128,000 | $256,166,095 |
| Moreton Bay (R) | 7.9% | 9.2 | -$39,900 | -$10,188,057 | 92.1% | 7.9 | $167,500 | $394,629,644 |
| Redland (C) | 4.0% | 11.6 | -$25,000 | -$2,049,050 | 96.0% | 8.6 | $195,000 | $218,718,256 |
| Scenic Rim (R) | 3.5% | | | -$336,000 | 96.5% | 8.6 | $168,000 | $41,455,359 |
| Somerset (R) | 3.4% | | | -$201,000 | 96.6% | 8.9 | $105,000 | $17,536,500 |

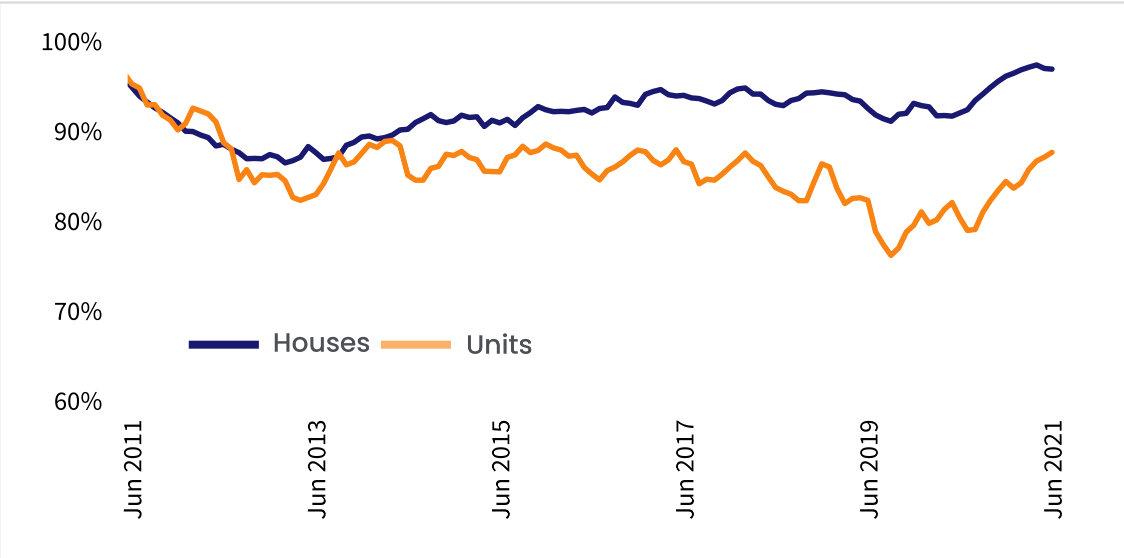
## Adelaide

Greater Adelaide was tied with Melbourne for the third highest rate of profit making sales in the June 2021 quarter, at 94.6%. Unlike Melbourne, Adelaide saw an increase in profitability over the quarter, with the rate of sales making a nominal gain rising 40 basis points. This coincided with a 2.3% rise in dwelling values across the city through the June quarter.

The rate of profit-making sales rose 1.9 percentage points in the unit segment over the June quarter, to 87.7%. Conversely, there was a marginal decline in profitability across the house segment of 20 basis points in the same period. Despite the decline, the rate of profit-making sales across Adelaide houses remained relatively high, at 97.0% through the June quarter.

Across the council regions of Adelaide, the City of Tea Tree Gully had the highest rate of profit-making resales, at 99.1%. This may reflect a surge in popularity across the northern suburbs of Adelaide through the current upswing, which present relatively affordable housing prices, alongside reasonable commutes to beaches and major employment hubs.

### Portion of profit making sales, rolling quarter



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

| | Gross loss-making sales, Jun-21 qtr | | | | Gross profit-making sales, Jun-21 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) | 21.7% | 6.2 | -$43,900 | -$2,106,010 | 78.3% | 9.4 | $115,500 | $28,361,425 |
| Adelaide Hills (DC) | 2.2% | | | -$421,680 | 97.8% | 8.7 | $254,000 | $56,018,173 |
| Burnside (C) | 1.5% | | | -$54,149 | 98.5% | 10.3 | $320,000 | $92,768,743 |
| Campbelltown (C) (SA) | 11.0% | 3.2 | -$35,000 | -$1,628,100 | 89.0% | 8.2 | $152,000 | $31,194,212 |
| Charles Sturt (C) | 6.0% | 5.8 | -$24,950 | -$2,856,287 | 94.0% | 8.5 | $150,000 | $99,799,598 |
| Gawler (T) | 5.3% | | | -$318,850 | 94.7% | 9.7 | $66,000 | $11,678,256 |
| Holdfast Bay (C) | 1.5% | | | -$219,750 | 98.5% | 11.7 | $194,750 | $68,911,510 |
| Mallala (DC) | 8.3% | | | -$264,000 | 91.7% | 11.9 | $115,250 | $3,756,650 |
| Marion (C) | 4.8% | 4.4 | -$30,000 | -$1,586,100 | 95.2% | 9.0 | $155,000 | $66,529,003 |
| Mitcham (C) | 3.4% | | | -$1,252,500 | 96.6% | 10.6 | $263,500 | $78,623,902 |
| Mount Barker (DC) | 2.5% | | | -$110,500 | 97.5% | 8.5 | $134,000 | $23,798,336 |
| Norwood Payneham St Peters (C) | 7.2% | 3.5 | -$28,400 | -$1,034,402 | 92.8% | 9.3 | $172,000 | $54,611,916 |
| Onkaparinga (C) | 2.6% | 4.0 | -$48,250 | -$1,631,000 | 97.4% | 9.3 | $135,000 | $99,468,237 |
| Playford (C) | 7.2% | 10.7 | -$16,000 | -$1,320,550 | 92.8% | 9.1 | $60,000 | $33,437,294 |
| Port Adelaide Enfield (C) | 5.1% | 9.0 | -$23,950 | -$2,952,000 | 94.9% | 9.3 | $136,500 | $76,931,175 |
| Prospect (C) | 8.1% | | | -$70,000 | 91.9% | 10.5 | $213,000 | $18,454,282 |
| Salisbury (C) | 6.2% | 8.8 | -$20,000 | -$1,320,870 | 93.8% | 10.0 | $104,000 | $61,635,962 |
| Tea Tree Gully (C) | 0.9% | | | -$327,950 | 99.1% | 9.5 | $150,000 | $63,200,663 |
| Unley (C) | 4.7% | | | -$311,500 | 95.3% | 9.5 | $300,000 | $60,883,770 |
| Walkerville (M) | 20.0% | | | -$407,546 | 80.0% | 10.1 | $182,500 | $7,448,536 |
| West Torrens (C) | 10.0% | 7.6 | -$19,000 | -$1,255,823 | 90.0% | 9.8 | $170,500 | $44,488,231 |

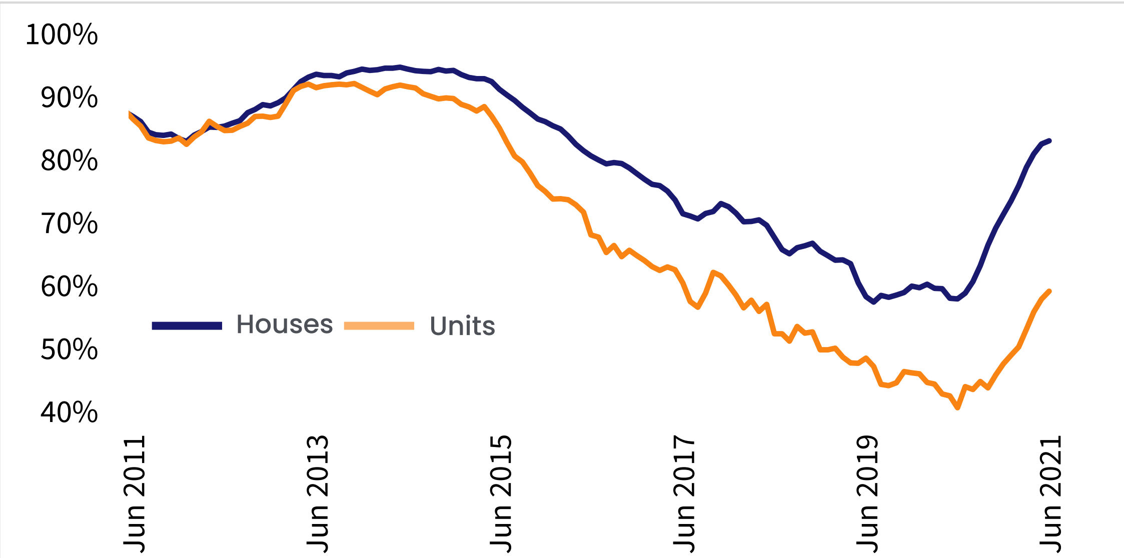
# Perth

The rate of loss-making sales across Perth had averaged 34.0% for the past five years. However, through the current housing market upswing, the market has seen a significant improvement in selling conditions. Through the June 2021 quarter, the rate of loss-making sales dropped a further 4.6 percentage points, to 22.0%.

This was led by the unit segment, where profit making sales rose from 53.2% in the March quarter to 59.3% in the three months to June. In the house segment, profit-making sales rose from 79.0% in the March quarter, to 83.2% in the three months to June. This is the highest level of profit-making sales observed across Perth houses since the March quarter of 2016.

Across the LGA markets of Perth, the highest rate of profit-making sales was across Nedlands, where 95.0% of house resales achieved a nominal gain, followed by the Cottesloe LGA, at 90.6%. The Perth LGA had an elevated level of loss-making sales in the quarter, at 63.5%.

## Portion of profit making sales, rolling quarter



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

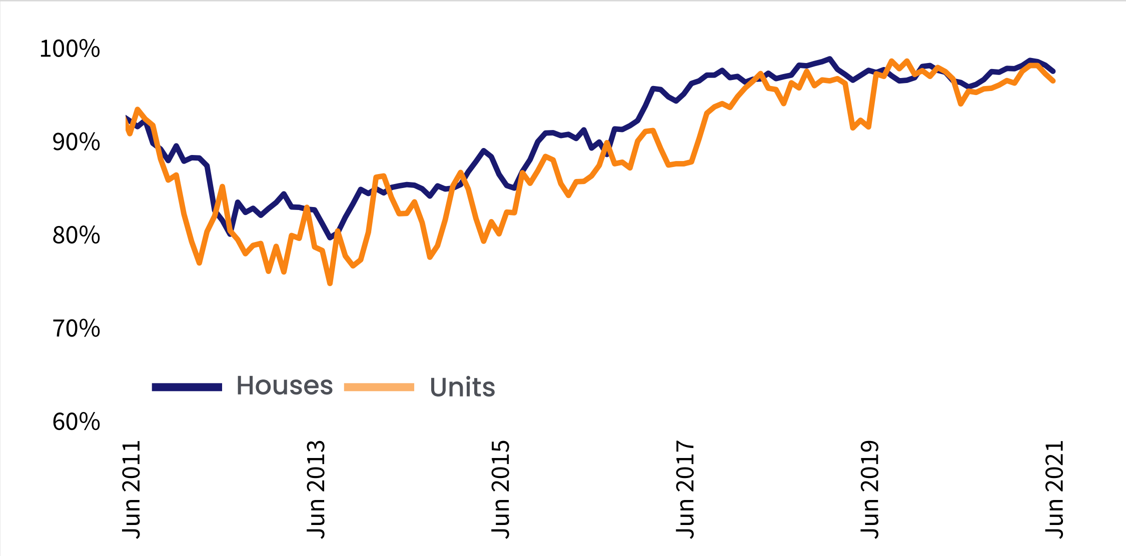
| | Gross loss-making sales, Jun-21 qtr | | | | Gross profit-making sales, Jun-21 qtr | | | |
|---|---|---|---|---|---|---|---|---|
| | % of all sales | Median hold period | Median loss | Total value of loss | % of all sales | Median hold period | Median profit | Total value of profit |
| Armadale (C) | 26.0% | 8.1 | -$35,000 | -$3,588,486 | 74.0% | 9.3 | $77,500 | $35,702,380 |
| Bassendean (T) | 19.7% | 7.9 | -$28,500 | -$899,070 | 80.3% | 10.0 | $100,000 | $9,809,650 |
| Bayswater (C) | 18.4% | 8.0 | -$45,000 | -$3,001,250 | 81.6% | 11.0 | $105,000 | $45,899,275 |
| Belmont (C) | 36.6% | 7.8 | -$49,875 | -$4,535,274 | 63.4% | 10.3 | $78,750 | $16,580,244 |
| Cambridge (T) | 17.6% | 7.0 | -$69,000 | -$1,525,848 | 82.4% | 10.6 | $412,500 | $64,010,878 |
| Canning (C) | 19.6% | 7.4 | -$46,000 | -$5,254,900 | 80.4% | 11.8 | $110,250 | $56,947,343 |
| Claremont (T) | 18.4% | | | -$28,113,820 | 81.6% | 6.6 | $218,000 | $15,690,500 |
| Cockburn (C) | 24.4% | 7.2 | -$52,000 | -$6,993,849 | 75.6% | 10.8 | $92,000 | $57,594,976 |
| Cottesloe (T) | 9.4% | | | -$4,565,000 | 90.6% | 9.1 | $400,000 | $61,435,500 |
| East Fremantle (T) | 28.6% | 9.9 | -$66,000 | -$1,566,000 | 71.4% | 9.5 | $352,500 | $9,653,750 |
| Fremantle (C) | 17.2% | 7.2 | -$64,500 | -$4,469,650 | 82.8% | 7.9 | $125,000 | $27,574,884 |
| Gosnells (C) | 23.8% | 8.0 | -$35,500 | -$6,095,324 | 76.2% | 12.5 | $76,000 | $45,986,212 |
| Joondalup (C) | 11.8% | 7.6 | -$60,000 | -$7,196,074 | 88.2% | 12.0 | $167,942 | $149,752,613 |
| Kalamunda (S) | 12.2% | 8.2 | -$55,000 | -$3,551,695 | 87.8% | 10.1 | $110,000 | $38,037,358 |
| Kwinana (C) | 34.8% | 7.8 | -$30,000 | -$2,326,730 | 65.2% | 9.6 | $50,000 | $11,604,106 |
| Mandurah (C) | 25.7% | 9.5 | -$32,000 | -$9,289,977 | 74.3% | 8.6 | $65,000 | $51,735,969 |
| Melville (C) | 10.8% | 7.6 | -$36,000 | -$6,148,022 | 89.2% | 11.7 | $197,000 | $141,265,133 |
| Mosman Park (T) | 18.9% | 7.1 | -$56,250 | -$1,150,000 | 81.1% | 11.5 | $310,000 | $34,203,947 |
| Mundaring (S) | 11.6% | 8.0 | -$30,000 | -$1,044,500 | 88.4% | 11.8 | $162,500 | $32,631,083 |
| Murray (S) | 17.3% | 8.8 | -$40,000 | -$992,452 | 82.7% | 11.7 | $117,500 | $13,456,900 |
| Nedlands (C) | 5.0% | | | -$537,580 | 95.0% | 9.0 | $490,000 | $66,829,000 |
| Peppermint Grove (S) | 12.5% | | | -$26,500 | 87.5% | | | $18,967,000 |
| Perth (C) | 63.5% | 9.0 | -$85,000 | -$11,838,074 | 36.5% | 11.2 | $63,500 | $10,101,550 |
| Rockingham (C) | 27.6% | 8.4 | -$25,000 | -$7,683,817 | 72.4% | 9.4 | $57,250 | $39,185,367 |
| Serpentine-Jarrahdale (S) | 21.4% | 6.9 | -$30,000 | -$1,428,000 | 78.6% | 9.3 | $110,000 | $16,367,800 |
| South Perth (C) | 15.9% | 8.3 | -$48,000 | -$3,138,787 | 84.1% | 9.6 | $146,000 | $58,440,025 |
| Stirling (C) | 22.3% | 7.9 | -$34,850 | -$12,091,587 | 77.7% | 11.1 | $114,000 | $172,910,208 |
| Subiaco (C) | 25.6% | 8.8 | -$75,000 | -$2,789,940 | 74.4% | 13.6 | $226,500 | $34,722,745 |
| Swan (C) | 25.6% | 7.7 | -$35,000 | -$8,032,740 | 74.4% | 9.5 | $75,000 | $46,489,807 |
| Victoria Park (T) | 25.3% | 7.8 | -$62,000 | -$4,797,500 | 74.7% | 12.1 | $126,000 | $27,128,987 |
| Vincent (C) | 23.9% | 7.7 | -$50,000 | -$3,513,800 | 76.1% | 9.9 | $147,473 | $42,573,825 |
| Wanneroo (C) | 20.4% | 7.6 | -$28,750 | -$6,372,705 | 79.6% | 9.7 | $71,000 | $61,917,188 |

## Hobart

Hobart has had the lowest rate of loss-making sales for 14 consecutive quarters. The rate of loss-making sales through the three months to June was 2.7%, up from a recent low of 1.4% in the previous quarter. Despite the increase in the rate of loss-making sales across Hobart, these properties were a relatively low number, and on average were older homes with a recent purchase date.

Hobart also had the lowest differential between profit-making house and unit sales of any capital city; 97.6% of house resales made a nominal gain in the quarter, compared with 96.6% of unit resales. Across the LGA regions of Hobart, profit-making sales ranged from 100% across the Derwent Valley and Sorell, to 92.2% across the Brighton LGA.

### Portion of profit making sales, rolling quarter




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

| | Gross loss-making sales, Jun-21 qtr | | | | Gross profit-making sales, Jun-21 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 | 7.8% | | | -$371,500 | 92.2% | 5.5 | $185,000 | $9,911,684 |
| Clarence | 2.6% | | | -$983,375 | 97.4% | 8.1 | $310,000 | $56,825,260 |
| Derwent Valley | | | | | 100.0% | 7.1 | $216,000 | $8,555,640 |
| Glenorchy | 0.7% | | | -$210,500 | 99.3% | 8.3 | $251,250 | $37,499,667 |
| Hobart | 4.1% | | | -$5,176,000 | 95.9% | 9.6 | $443,500 | $67,602,180 |
| Kingborough | 3.4% | | | -$1,265,000 | 96.6% | 7.6 | $279,500 | $39,606,641 |
| Sorell | | | | | 100.0% | 5.1 | $231,000 | $16,012,980 |

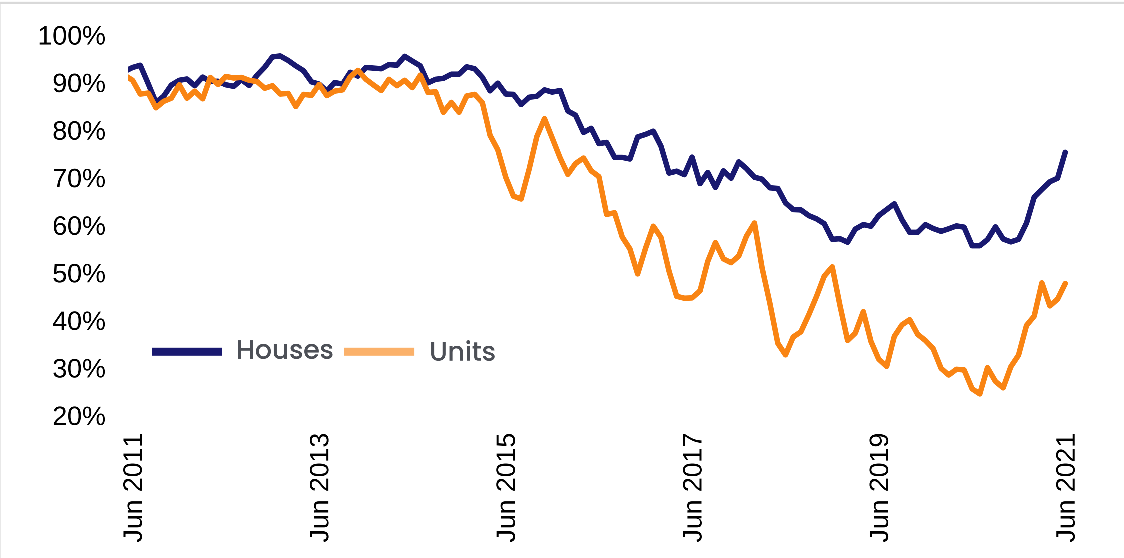
## Darwin

The June 2021 quarter saw the rate of loss-making sales across Darwin fall 4.7 percentage points to 33.9%. June 2021 marked the 22nd consecutive quarter that Darwin has had the highest rate of loss-making sales across the capital cities, but it was also the city with the most significant drop in pain for sellers over the period. This follows a vast improvement in dwelling values across the capital city, where Darwin dwelling values have risen 6.3% through the June quarter, and have seen a cumulative rise of 25.7% in value since the start of an upswing in February 2020 through to August 2021.

The rise in profitability across Darwin was driven by the house segment, where the rate of profit-making sales increased from 67.7% in the March quarter to 75.6% in the three months to June. Across the unit segment, there was a 10 basis point decline in the rate of profit making sales, which fell to 48.0% in the June quarter.

The Darwin dwelling market is likely to continue seeing an increase in housing demand through the rest of 2021. However, as discussed in the resource market section of the report, there are potential headwinds that could disrupt the strong selling conditions, including more subdued resources related activity across the Territory.

### Portion of profit making sales, rolling quarter




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

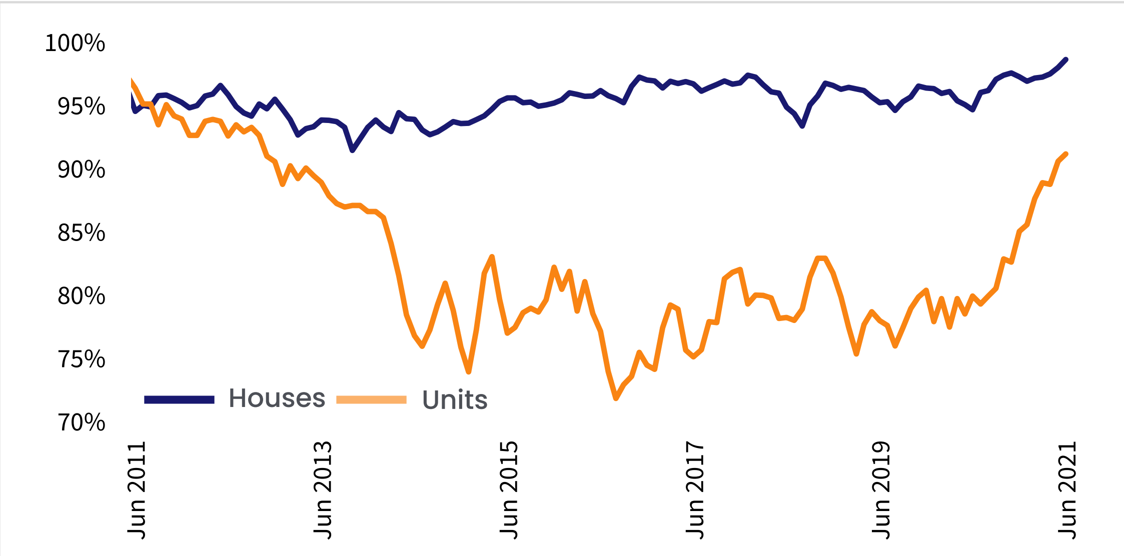
| | Gross loss-making sales, Jun-21 qtr | | | | Gross profit-making sales, Jun-21 qtr | | | |
|---|---|---|---|---|---|---|---|---|
| | % of all sales | Median hold period | Median loss | Total value of loss | % of all sales | Median hold period | Median profit | Total value of profit |
| Darwin | 39.3% | 8.9 | -$75,000 | -$13,767,224 | 60.7% | 10.7 | $102,000 | $34,167,226 |
| Litchfield | 26.2% | 8.5 | -$81,667 | -$2,033,334 | 73.8% | 12.1 | $212,000 | $11,697,000 |
| Palmerston | 24.7% | 7.6 | -$60,000 | -$2,923,199 | 75.3% | 11.9 | $145,675 | $24,706,065 |

# ACT

The ACT continued to see a rise in profitability across both houses and units through the June 2021 quarter. House resales saw nominal gains on 98.7% of properties, up from 97.3% on the previous quarter. The unit segment had an even sharper rise in profitability through the June quarter, up to 91.2% from 89.0% in the three months to June.

The ACT housing market has seen some of the most remarkable uplifts in value through the current upswing. The dwelling market hit a record high value in September of 2019, and with consecutive monthly increases in value, has hit fresh record highs each month since. Since that time, seller positions have been strengthened across the market, with the rate of profit-making sales across combined dwellings increasing from 88.6% in the three months to September 2019, to 95.4% in the three months to June 2021.

## Portion of profit making sales, rolling quarter




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

| | Gross loss-making sales, Jun-21 qtr | | | | Gross profit-making sales, Jun-21 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 |
| Unincorporated ACT | 4.6% | 8.9 | -$29,950 | -$9,453,925 | 95.4% | 9.6 | $295,000 | $569,962,786 |

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