CoreLogic

Pain and Gain Report

AUSTRALIA | September 2024

Data for the June 2024 quarter

Contents

Introduction

In the past two years, Australian households have experienced increased financial pressure from high inflation and high interest rates. But there is one area households are seeing higher returns than ever: the profits from selling homes. In the June quarter of 2024, the median nominal gain from resales lifted to $285,000, which is a record high for the series going back to the early 90s.

The high profits from resale are partly the result of ongoing increases in national home values. The national Home Value Index reported by CoreLogic has hit fresh record highs every month since November 2023. This does come at the cost of some uncertainty for household consumption: rising home values potentially make consumers comfortable with a lower savings rate, which may in turn have implications for the inflation and interest rate outlook.

There was also a slowdown in the increase to the profit-making sales rate, which was up 9 basis points in the June quarter, compared to a 32-basis point lift in the March quarter. This may be because the rate of capital growth in national home values is also slowing, with home values rising 1.7% in the June quarter, compared to a 2.0% lift in the three months to March. In the three months to August, growth continued to slow to 1.3%.

Across the capital city markets, Brisbane has claimed top spot as Australia's most profitable market in the June 2024 quarter, with a profit-making sales rate of 99.1%. This was followed by Adelaide at 98.7%, and Perth at 95.4%. The profitability across these cities reflects strong capital growth trends in recent years, which is also contributing to lower hold periods for profit-making sales.

Houses remained the far more profitable property type, with the rate of loss-making sales in the house segment at just 2.8% nationally, compared to 10.6% across the unit sector. The median nominal gain from house sales was also roughly twice the return of units, at $340,000 and $185,000, respectively. Interestingly though, both houses and units saw record high median nominal gains from resale at the national level.

The rate of profit-making sales in the regions (95.7%) remained higher than the capital cities (93.8%) in the June quarter, but there has been some weakness emerging in parts of regional Australia. While resource-based markets generally continue to show an uplift in value and improvement in profitability, the WA Outback North market has seen sellers continue to absorb losses, where values remain 31% lower than the highs of the early 2010s. In the tree-change market of Ballarat, Victoria, 6.5% of resales made a nominal loss in the June quarter, up 250 basis points from the March quarter. Across the combined regional lifestyle markets analysed in this report, the rate of loss-making sales remains low (2.7%), but is rising.

Overall, the rate of profit-making sales is expected to continue rising in the September quarter, in line with home values rising. However, the housing market faces some headwinds to demand in the form of high interest rates (that are 'higher-for-longer'), a high cost of living and constrained affordability. Combined with what is looking like a robust spring selling season, the depth of buyer demand to deliver higher and higher profits may be tested in the coming months.

MEDIAN RETURNS

MEDIAN GAIN	MEDIAN LOSS
$285,000	$40,000

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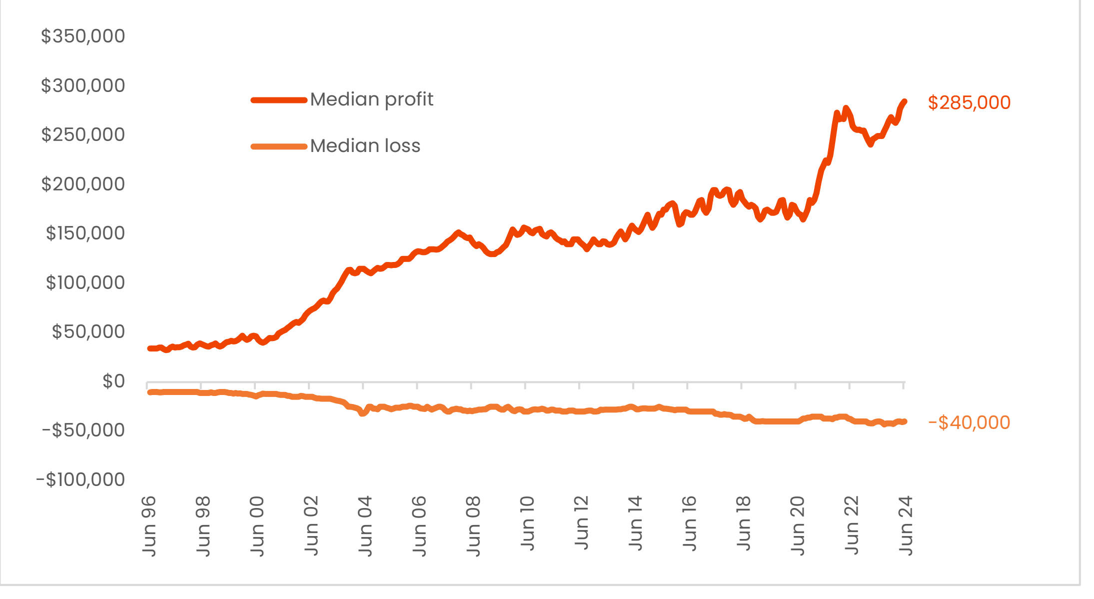
National Overview

Australians make record profit from resale in the June quarter.

CoreLogic analysed approximately 91,000 resales in the June quarter, of which 94.5% made a profit. This is up from 94.4% in the March quarter. This is one of the highest rates of profitability recorded in the Australian housing market since the June quarter of 2010 - though the rate has lowered from 94.52% in the three-months to May 2024. **The median nominal gain from resales in Australia was $285,000, which is a record high for the series going back to the mid-90s.** This is partly a result of national housing values hitting fresh record highs each month since November last year. It could also reflect sellers largely being empowered to time their resale for profit, given relatively stable conditions for mortgage serviceability. Total nominal gains from resale were $31.8 billion in the June quarter, up 7.7% from the March quarter.

Median profit and loss from resale, national, rolling three-month period



The portion of properties making a nominal gain from resale has trended consistently higher since the three months to June 2023. This roughly coincides with a recovery trend in home values from January of that year, after a sharp decline in home values early in the RBA rate hiking cycle.

However, the pace at which profitability is rising has slowed. While the rate of profit jumped 32 basis points in the March quarter, it rose just 9 basis points through the June quarter. This may be partly due to a slowdown in the pace of capital growth in the Australian market, where home values increased 2.0% in the March quarter, and growth slowed to 1.7% in the three months to June.

The rate of loss-making sales in the combined regions was 4.3%, compared to 6.2% across the combined capitals. The incidence of loss-making has been lower in the combined regional markets since June 2020. Regional Australia saw a significant uplift in housing demand through the pandemic period, from June 2020 to May 2022, with home values in the regions rising an extraordinary 48.1% in the period. As well as a rise in net internal migration to regions through the pandemic, commodity based regional markets were also buoyed by increased demand for energy resources, and some non-energy commodities like iron ore and wheat. This contributed to a structural decline in the rate of loss-making regional sales, which averaged 12.1% in the five years prior to June 2020.

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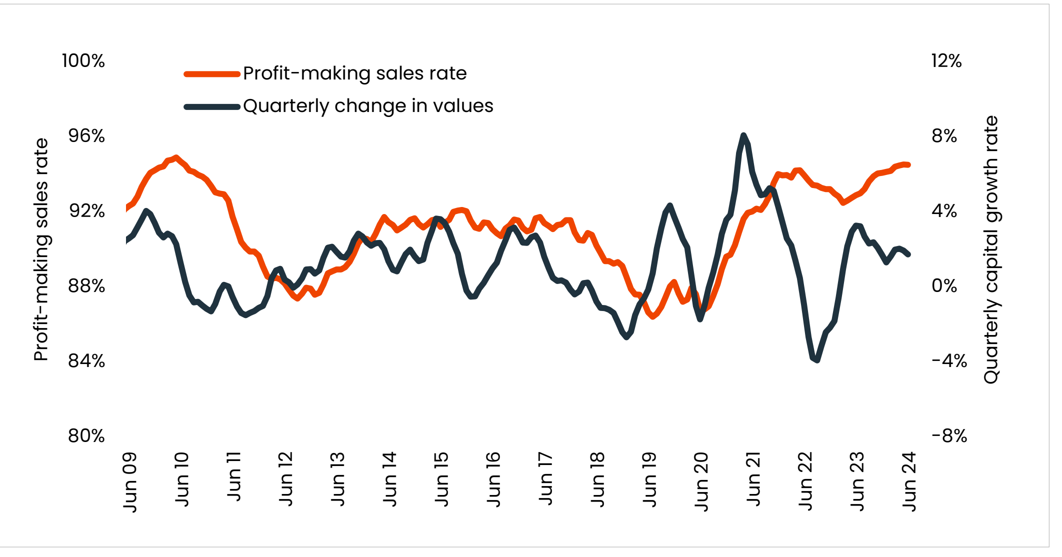
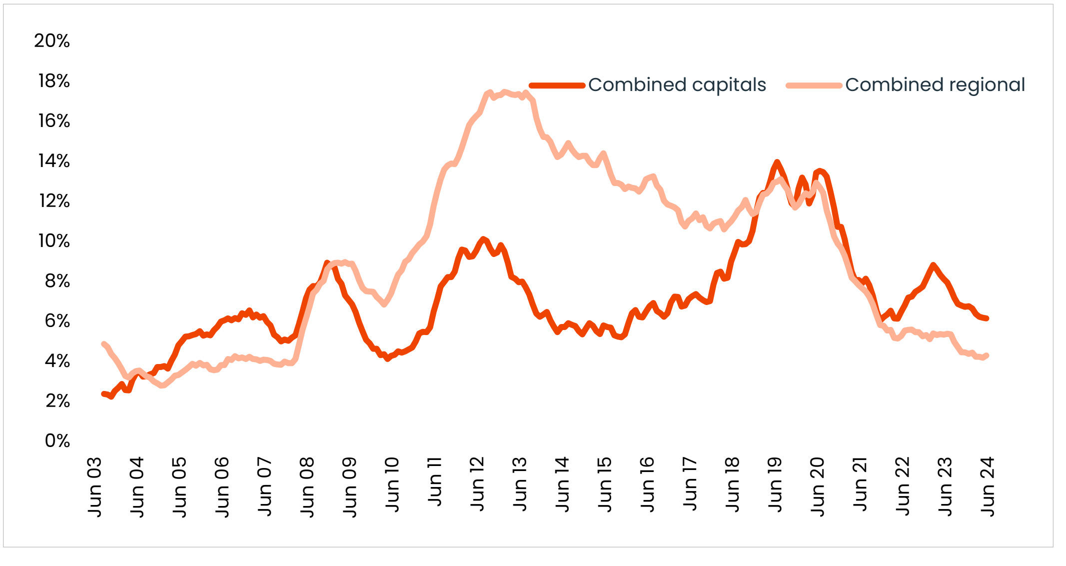
National Overview

Profit-making sales versus rolling quarterly change in Home Value Index (national, dwellings) – rolling quarter



Portion of loss-making sales, capital cities versus regional – rolling quarter



However, as 2024 has progressed, some weakness in housing demand has been observed in parts of regional Australia. The June 2024 quarter did mark the first increase in the rate of loss-making regional sales in a year, with the loss-making sales rate rising 10 basis points on the previous quarter. This emerging weakness in some regional markets is discussed further in the Sea-change, Tree-change section of this report.

National Overview

At the same time, the incidence of loss-making sales declined in the combined capitals by 20 basis points over the quarter. This reflects capital growth trends more broadly, where the capital city markets have had a stronger recovery in value from the initial impact of cash rate rises. Since May 2022, capital city home values have increased 6.4%, compared to a weaker 3.4% lift in regional Australia.

The persistent increase in national home values has mitigated the incidence of loss-making sales to 5.5% of properties resold in the June quarter. However, there was a slight increase in the underlying number of loss-making sales, by 2.1% or an increase of roughly 100 resales. This took total loss-making resales across Australia to just under 5,000 properties.

The combined loss from resales was $282 million, up 2.5% from $275 million in the March quarter. However this is far from the largest combined loss from resales, which was a combined $531 million in the three months to November 2020.

Of the loss-making resales across Australia, the majority were units (66.3%), 70.6% of which were Sydney and Melbourne. In fact, loss-making unit resales in Sydney and Melbourne accounted for almost half of all loss-making sales in the quarter (46.8%). The median of losses from resale across Australia was -$40,000 in the June quarter of 2024, and the median proportional loss observed was -6.8%. Even for loss-making resales with short hold periods and little time to pay down mortgage debt, a -6.8% resale loss is relatively small, and implies low risk of default. This is because most borrowers make home purchases with a deposit of at least 10%. According to APRA data, over 95% of home loans in the four years to June 2024 had a deposit of at least 10% for owner occupiers. The same was true for around 97% of investor mortgage originations.

National Overview

A table showing the rate of loss-making sales across the greater capital city and rest of state markets is below, as well as how the rate has changed through the quarter. Outside of NT, Melbourne had the highest rate of loss-making sales of the capital city markets (at 9.5%, up from 9.2% in the previous quarter). This marks the second consecutive quarter that the loss-making resales rate increased, though there has been a broad decline in profitability since 96.3% of Melbourne homes resold for a profit in the December quarter of 2021. The Melbourne Home Value Index has also seen subdued performance since a high in March 2022. A property market downturn across the city looks entrenched as of August this year, where the city has seen six consecutive months of decline in home values, and points to a further reduction in profit-making resales through the September quarter.

At the other end of the spectrum, Brisbane claimed the top spot as the most profitable city through the quarter. Of the resold homes in the quarter 99.1% made a nominal gain, up from 98.5% in the previous quarter, and 96.5% a year ago. This year is the first time Brisbane has been the most profitable capital city since the three months ending November 2009, when a mining boom and closer trade links to China contributed to strong employment, population growth and housing demand across Queensland.

Darwin and Hobart saw the biggest quarterly increase in the rate of loss-making sales across the capitals. While Darwin has long had an elevated rate of loss, this is an unusual trend for Hobart. The loss-making sales rate across Hobart rose 125 basis points to 5.3% in the quarter. This is in stark contrast to the pre-rate hike environment, where just 0.9% of resales in Hobart made a nominal loss in the three months to April 2022. Hobart home values have declined in the two months to August, and the city is likely to see a further deterioration in profitability in the September quarter.

While there is some variation in the direction of profit-making resales, the share of loss-making resales has diminished nationally. Outside of the NT, each of the capital cities and regional markets has seen a profit-making sales rate above 90%. This has resulted from housing values broadly trending higher, which has also contributed to record median gains from resale. While this is generally good for home sellers, it does create some uncertainty to the inflation outlook. The RBA noted in the latest statement of monetary policy that wealth effects from high capital gains in housing may be contributing to a lower-household savings rate long term. With savings stored in housing, this may make consumers even more confident in spending, and have implications for inflation.

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

	Portion of loss-making sales Jun-24	Portion of loss-making sales Mar-24	Change (percentage point)
Sydney	8.0%	8.3%	0.4
Rest of NSW	3.1%	2.6%	-0.5
Melbourne	9.5%	9.2%	-0.3
Rest of Vic.	3.9%	3.3%	-0.6
Brisbane	0.9%	1.5%	0.6
Rest of Qld	4.5%	5.2%	0.6
Adelaide	1.3%	1.3%	-0.1
Rest of SA	3.1%	3.0%	-0.2
Perth	4.6%	6.1%	1.5
Rest of WA	9.4%	8.3%	-1.1
Hobart	5.3%	4.1%	-1.2
Rest of Tas.	3.5%	3.7%	0.2
Darwin	32.1%	28.7%	-3.3
Rest of NT	17.5%	14.4%	-3.0
ACT	5.6%	4.5%	-1.1

Houses vs Units

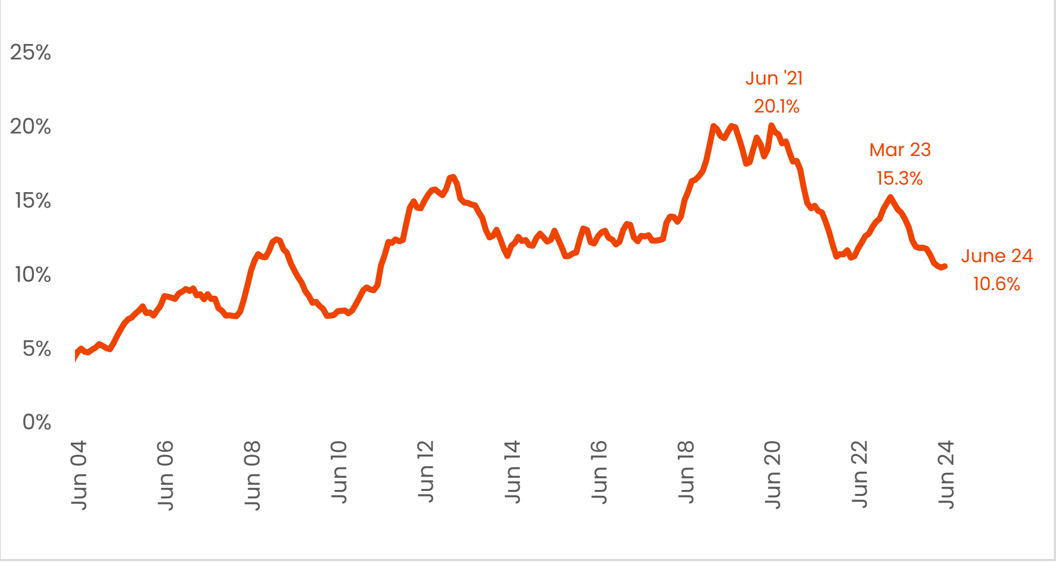
Houses remained far more profitable than units through the June quarter, with a profit-making sales rate of 97.2% nationally, compared to 89.4% in the unit segment. Not only were units around four times more likely to make a loss from resale than houses, but the median nominal gain from house resales was almost twice as large as that of units. The median nominal gain from houses in the June quarter was $340,000, compared to $185,000 in the unit sector. However, both were at record levels in nominal terms.

Just over two thirds of loss-making sales were units in the June quarter (66.3%). This is down from 67.9% of loss-making resales in the March quarter but remains higher than the historic decade average of 48.9%.

The relatively high rate of loss in the unit sector, at 10.6%, has come down from 10.8% in the March quarter, and is down from a recent high of 15.3% in the March quarter of 2023. This represents a further narrowing in the gap between the loss-making sales rate for houses and units, where the rate of loss-making sales rate was steady at 2.8% in the quarter.

The chart below shows the rolling three-month rate of loss-making sales in Australia's unit sector for the past 20 years. Late 2017 to mid-2021 marked a particularly elevated period of loss-making resales in the unit sector. This was partly due to an off-the-plan apartment boom in the mid-to-late 2010s, during which unit completions reached record highs. Investor housing demand, which had played a large part in driving the unit boom, was punctured by temporary lending reforms in 2014 and 2017. This contributed to an extended downturn in the unit sector, where profitability has been slowly recovering, save for a short, sharp upturn in loss-making sales amid rate rises through 2022 and 2023.

Three-month rolling rate of loss-making resales, Australian units



At a high level, unit profitability is expected to improve in the short term. This is based on the capital growth trend, where nationally unit values rose 1.1% in the three months to August. Demand for units may be increase in the coming months, as buyer demand pivots from the relatively expensive detached house sector. This is already evident in the high-growth markets of Perth, Adelaide and Brisbane, where quarterly unit value increases have far outpaced house value increases in the three months to August. The biggest quarterly growth difference through the period was in Brisbane, where house values increased 2.5% against a 5.0% uplift in the unit sector.

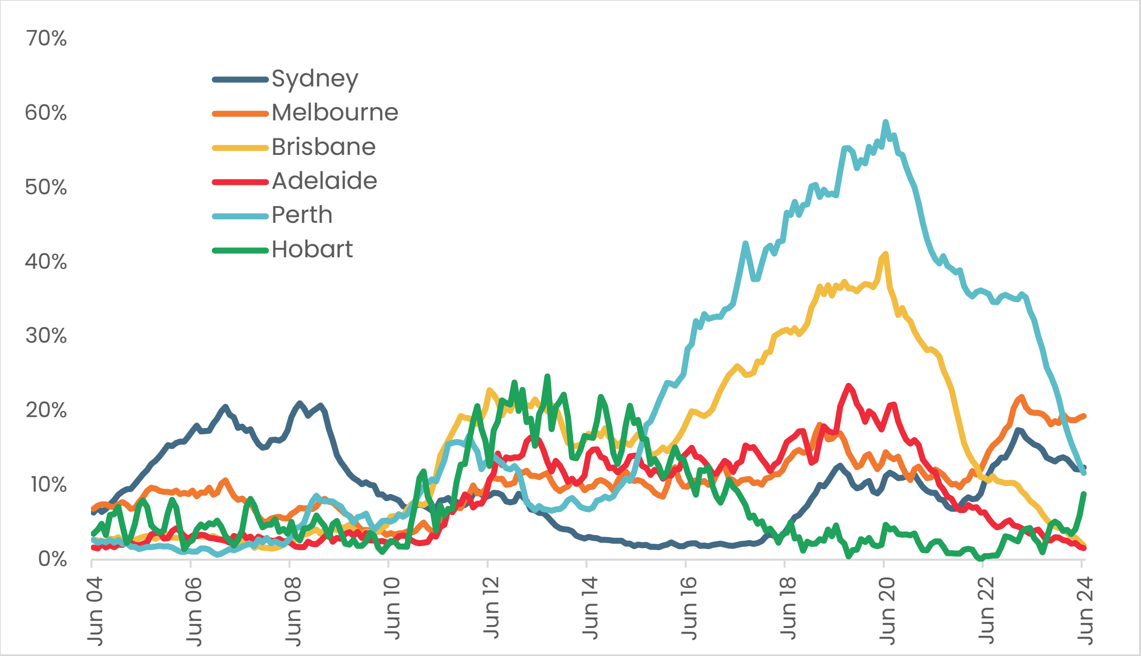
Houses vs Units

Loss-making units

Since a recent high of loss-making unit resales in June 2021, the underlying volume of loss-making unit resales has declined 30.8% through to June 2024. The biggest contributions by far to this decline have been an 83.1% reduction in loss-masking unit sales across Queensland, and a 58.4% reduction in loss-making unit resales in WA. The chart below shows the remarkable turnaround in loss-making unit resales in Brisbane and Perth. In these cities, the turnaround in the unit sector began even earlier, from the June quarter of 2020.

However, offsetting the trend in Queensland and WA, loss-making unit resales rose in Melbourne, Sydney and Hobart over the past few years. While Hobart has seen a jump in the proportion of loss-making units, the underlying number was low through the quarter, at less than 15.

Three-month rolling rate of loss-making sales, state capitals, units



Of the loss-making unit resales in Sydney and Melbourne over the quarter, 10.9% were in the Parramatta LGA. Unit values in Parramatta peaked in June 2017, and as of June 2024 were still -7.6% below peak. Underlying resales data of the Parramatta unit market shows that the average, initial purchase date of loss-making unit resales was September 2016, and had an average build date of 2014. This means that on average, loss-making unit resales in Parramatta may have been associated with the off-the-plan investment boom of the mid-2010s.

In the Melbourne LGA, which accounted for 8.7% of loss-making unit resales across the two cities, values had also peaked in the June 2017 quarter, and as of June 2024 remained -7.2% below peak. Raw resales data suggests the average build date of apartments selling for a loss was 2011, and the average purchase date was in the December quarter of 2013.

Houses vs Units

Both the Melbourne and Parramatta LGA unit markets have seen a slight uptick in value in the three months to August, suggesting there may be a mild improvement in profitability through the September quarter. However, the longer-term history of subdued capital growth may be a deterrent for many new investors, and a substantial turnaround in unit profitability seems unlikely for high density pockets of Sydney and Melbourne in the short term.

Proportion of total resales at a loss/gain, houses vs. units, June 2024 quarter

REGION	HOUSES		UNITS	
	Pain	Gain	Pain	Gain
Sydney	1.6%	98.4%	12.4%	87.6%
Rest of NSW	3.0%	97.0%	3.4%	96.6%
Melbourne	3.0%	97.0%	19.3%	80.7%
Rest of Vic.	3.8%	96.2%	4.7%	95.3%
Brisbane	0.3%	99.7%	1.9%	98.1%
Rest of Qld	3.5%	96.5%	6.9%	93.1%
Adelaide	1.2%	98.8%	1.6%	98.4%
Rest of SA	2.9%	97.1%	6.0%	94.0%
Perth	1.7%	98.3%	11.7%	88.3%
Rest of WA	9.0%	91.0%	12.9%	87.1%
Hobart	4.2%	95.8%	8.8%	91.2%
Rest of Tas.	3.2%	96.8%	5.3%	94.7%
Darwin	19.8%	80.2%	51.4%	48.6%
Rest of NT	16.1%	83.9%	21.2%	78.8%
Australian Capital Territory	5.3%	94.7%	6.1%	93.9%
National	2.8%	97.2%	10.6%	89.4%
Cap city	2.0%	98.0%	12.0%	88.0%
Regional	3.9%	96.1%	5.9%	94.1%

Hold Periods

The median hold period of resales across Australia was 8.8 years in the June quarter, which is steady on the March quarter of 2024. This places the median initial purchase date of resales around the September quarter of 2015. Since September 2015 through to the end of June 2024, national home values increased 56.0%. Of the greater capital city and regional markets of Australia, Darwin was the only market to see a decline in this period, of -1.6%. Profit-making resales had a slightly longer median hold period (8.9 years) than loss-making resales (8.0 years).

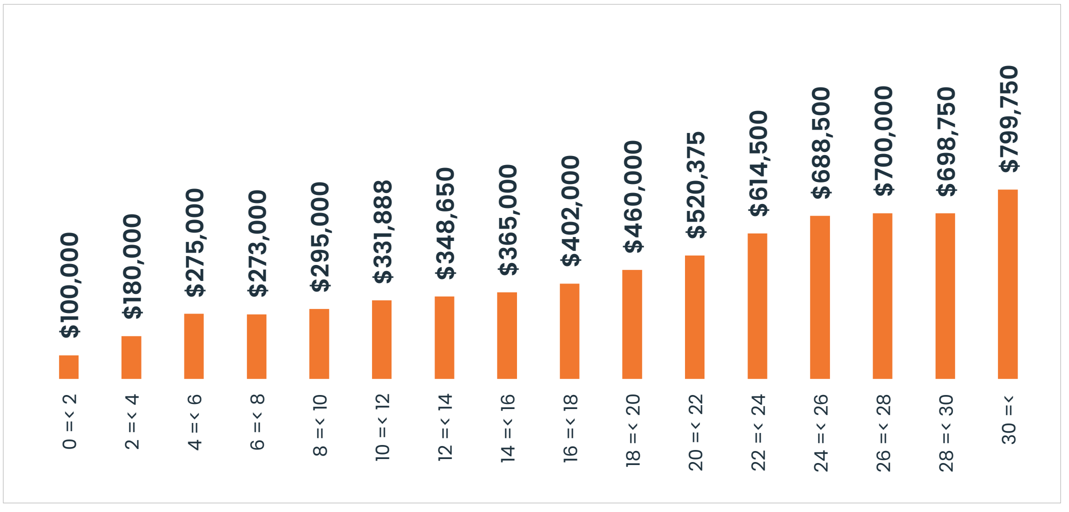
Of the capital city and rest of state markets, the shortest profit-making hold period was 5.2 years across regional Tasmanian units. This places initial purchase dates between February and April 2019. Between April 2019 and June this year, regional Tasmanian unit values have increased an extraordinary 62.7%, or the equivalent of a $145,000 uplift in the median unit value across the region. In recent years however, it is worth noting that there has been some weakness in the Tasmanian dwelling market since interest rates began rising. As of August, regional Tasmanian unit values were down -5.3% from a high in May 2022. This may put some downward pressure on profitability in regional Tasmania in the coming years.

Despite a substantial turnaround in housing market conditions across WA, regional WA units were still associated with the longest hold periods for loss-making resales. This suggests that loss-making unit resales were purchased around a strong growth period across WA associated with a mining boom in the late 2000s. While loss-makings sales were still substantially below the initial purchase price, even in nominal terms, there were a small underlying number of these sales through the quarter (less than 50).

The charts below provide a summary of the median profit/loss result by hold period nationally, as well as the number of transactions by hold period. All hold periods analysed have had a median nominal gain, ranging from $100,000 after a hold period of up to two years, and just under $800,000 for a hold period of over 30 years.

Interestingly, the most common hold period for the quarter was between two and four years, which accounted for 16.1% of resales observed in the period. The median result from this resale was a nominal gain of $180,000. As noted in the next section, homeowners who have held property between two-and-three years have likely seen the biggest 'sticker shock' when it comes to changes in interest payments, which may partially account for resales being concentrated in this hold period.

Median nominal return from resales by hold period (years) – June 2024 quarter



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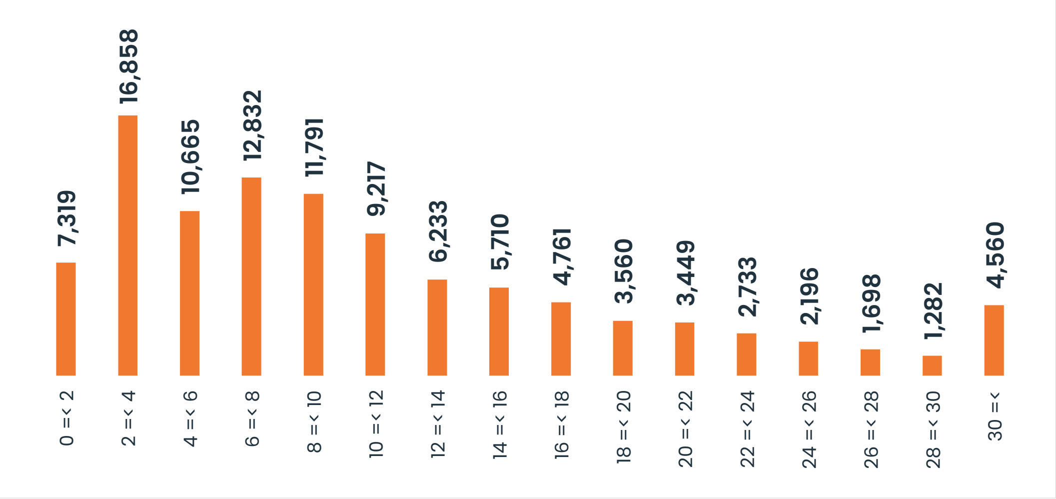
Hold Periods

Number of resales by hold period (years) – June 2024 quarter



Median hold period of profit and loss making sales, June 2024 quarter

REGION	PAIN		GAIN	
	Houses	Units	Houses	Units
Sydney	3.1	7.2	9.8	9.2
Regional NSW	2.8	2.4	8.6	7.6
Melbourne	2.6	8.6	10.1	9.5
Regional Vic	2.1	3.1	8.8	7.7
Brisbane	2.4	9.1	8.1	8.1
Regional Qld	12.5	12.6	7.7	6.5
Adelaide	3.9	11.3	9.4	7.9
Regional SA	12.5	-	8.9	8.1
Perth	10.0	10.6	9.8	9.8
Regional WA	14.3	15.1	9.5	8.4
Hobart	2.6	2.0	8.7	7.1
Regional Tas	2.5	-	8.0	5.2
Darwin	10.3	11.0	10.3	8.0
Regional NT	7.6	-	13.1	8.6
Australian Capital Territory	2.3	2.0	9.8	7.2
National	5.0	8.5	9.1	8.7
Cap city	3.0	8.2	9.5	9.0
Regional	9.1	11.7	8.4	7.1

Short-Term Resales

Resales activity, two years on from the start of cash rate rises

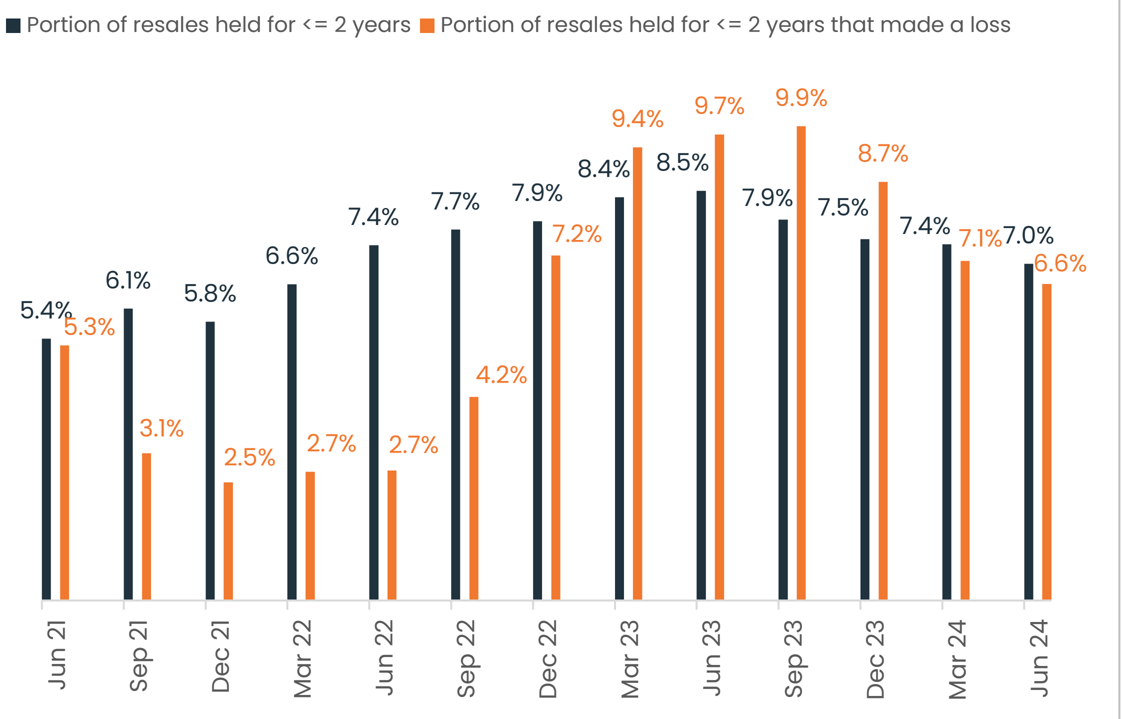
The June quarter of 2024 marks two years since the start of the rate tightening cycle from the RBA in May 2022, and three years since average fixed mortgage rates bottomed out for owner-occupiers. Short-term resales have provided some insight into how households are responding to the rapid rise in mortgage costs. In other words, unusually high short-term resales in the current environment may indicate a willingness to offload property where mortgage costs have become more challenging.

The share of two-year resales is declining, and the share of properties sold within two years that made a nominal loss has also declined. The portion of resales held for less than two years declined to 7.0% of resales analysed. This is down from 7.4% in the March quarter of 2024, and a recent high of 8.5% in the June quarter of 2023. Of the properties resold in the two-year period, only 6.6% made a nominal loss, down from 7.0% in the previous quarter.

The data suggests a peak of selling for very recent buyers has passed. This could be because short-term fixed mortgage rates had already begun shifting higher almost a year before the first hike in the cash rate, and those that bought in mid-2022 would already have been exposed to higher interest rates.

The share of resales held between two and four years has increased. Sales with this hold period encompass the low in average short-term fixed rates, which according to RBA data was in May of 2021 for owner occupiers and February 2022 for investors. Because fixed-term rates bottomed out at a lower level than variable rates through the pandemic, fixed term borrowing became elevated between March 2020 and April 2022, most of which was secured on terms of two to three years. The recent in two-to-four year resales may reflect the expiry of some of these terms.

Portion of resales within a two-year period, and loss-making resales (three months, all dwellings, national)



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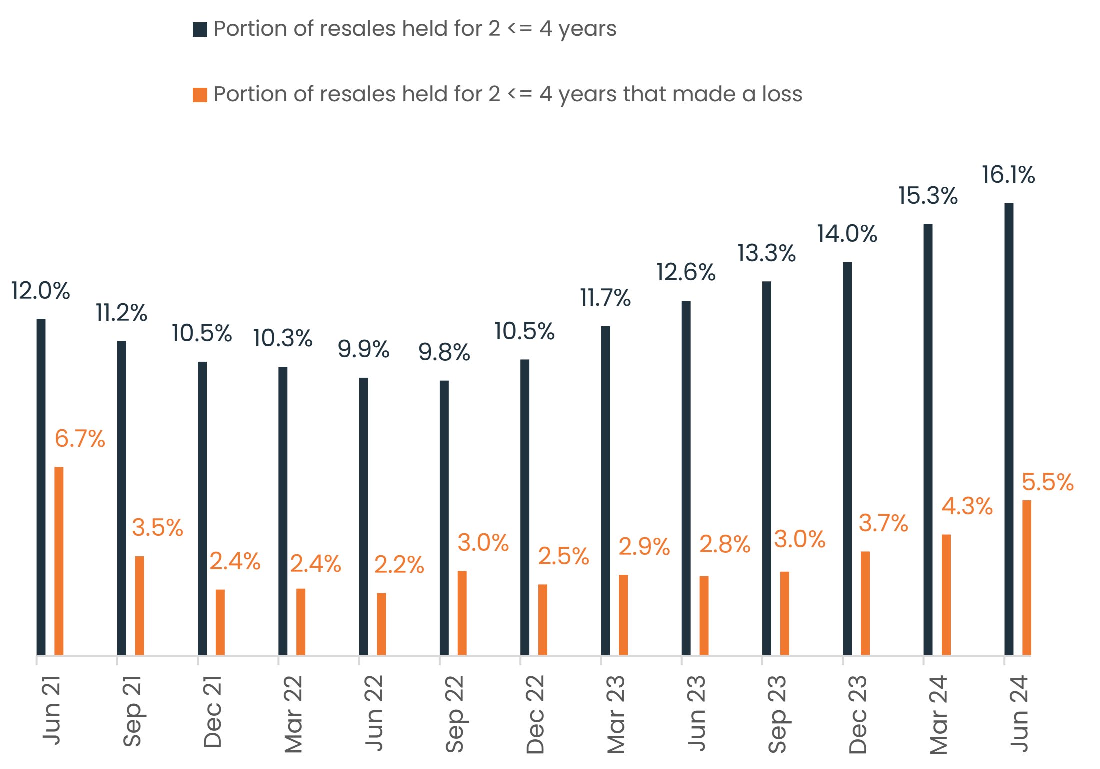
Short-Term Resales

Properties sold between two and four years of the initial purchase date rose to 16.1% of resales in the June quarter. This is up from 15.3% in the previous quarter, and 12.6% a year ago. Ongoing increases in home values nationally means that the rate of loss among these sales is relatively contained. The overall loss-making sales rate for properties in this hold period was 5.5%, which is on par with the national figure. Of the loss-making sales within the hold period of two-to-four years, there was not a substantial concentration in any one area. The highest proportion was in the ACT, accounting for 4.7% of loss-making resales in this hold period. The next highest concentration was in the Central Coast at 3.1%, followed by Blacktown at 2.7%.

Portion of resales within a two-to-four year period, and loss-making resales (three months, all dwellings, national)



Looking ahead, the portion of relatively short-term resales is expected to peak in 2024, in line with the expiry of most fixed terms secured through the low-interest rate period of the pandemic. With national home values still rising, this should continue to mitigate loss-making resales on properties with a relatively short hold period.

Resource-Based Markets

In the June quarter of 2024, loss-making sales across the resource markets analysed represented 11.1% of resales. This is down from 13.2% in the previous quarter and has almost halved from 20.4% a year prior. As noted last quarter, ongoing strength in housing markets across Queensland, Western Australia and South Australia has seen a rapid turnaround in profitability across resource markets, even though the rate of loss-making sales remains higher than the national figure. The rate of loss-making sales in these combined markets reached a series high of 46.1% in the December quarter of 2018.

The decline in the rate of loss-making resales occurred against a 3.5% lift in the overall resales observed on the previous quarter, and a -13.3% reduction in the volume of loss-making resales.

While the reduction in loss-making sales is a positive for sellers, resales data suggests that many sellers across the resource-based markets have held out a long time for relatively low nominal return. The median hold period of resales across the SA4 markets analysed was 10.4 years for profit-making resales, and the median nominal gain from resale was $160,000. Adjusting for inflation over 10 years and one quarter to June 2024, the median real gain is closer to $121,500.

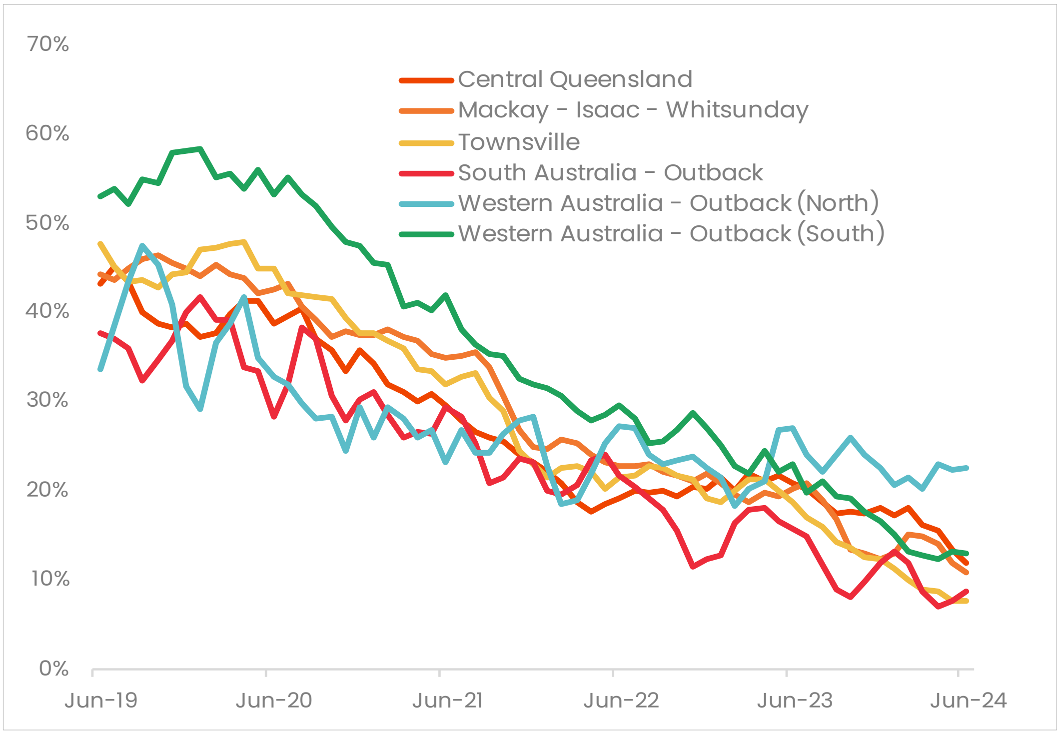
Looking at the individual SA4 markets analysed, the rate of loss-making sales ranged from 22.5% in the Outback North of regional WA, to 7.7% across Townsville. Central Queensland had the biggest quarterly reduction in the rate of loss-making sales, at 430 basis points, to 11.9% through the June quarter.

The WA Outback South, and South Australia Outback market, saw mild, 10-basis point increases in the rate of loss-making sales on the previous quarter. There was a more notable jump in the loss-making sales rate of the Outback North region of WA, by 220 basis points in the quarter. This is unusual, given the capital growth trend across the region has been relatively strong. However, this could be a function of home values remaining so low relative to a historic peak in September 2012. While all other SA4 markets analysed have reached new record highs through the latest upswing, WA Outback North home values remain 30.7% down from the peak. This is also reflected in the median hold period for loss-making sales across the market, which was 14.5 years, and has been trending higher over time.

In the short term it is expected that the resource-based markets of Australia will continue to see an uplift in value, as indicated by further value increases over the three months to August. Across the markets analysed, quarterly value changes in the three months to August averaged 4.6%. However, ABS national accounts data and RBA data has shown a continued easing in commodity prices through 2024, influenced by reduced global demand for coal and iron ore. The impact on mining profits and project expansion may signal an easing in jobs growth and housing demand in the longer term.

Resource-Based Markets

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



Sea Change and Tree Change Destinations

For the June quarter resales analysis, CoreLogic analysed 18 SA4 regional markets that are characterised as either 'tree-change' or 'sea-change' markets. These areas are defined by high amenity, but also pleasant natural surrounds that are popular with those looking to make a lifestyle shift, such as retirees.

Across these 18 markets, there were a combined 18,800 resales analysed in the June quarter, of which 2.7% made a nominal loss. While this is almost half the loss-making sales rate nationally, and far lower than the losses seen across resource-based regional markets, the incidence of loss has increased on the previous quarter. The loss-making sales rate in June was up from 2.3% in the March quarter of 2024, and a recent low of 1.8% in the June quarter of 2022 (coinciding with the first cash rate hike from the RBA).

The biggest quarterly lift in the rate of loss-making sales was in the regional Victorian centre of Ballarat, where 6.5% of resales made a nominal loss in the June quarter, up 250 basis points from the March quarter. Ballarat also had the highest rate of loss-making resales of the 18 regional lifestyle markets analysed.

Each of the major regional Victorian centres analysed (Ballarat, Bendigo, Geelong and Latrobe-Gippsland) have seen a deterioration in the rate of profit from resale in the past two years. Across these regions, the portion of loss-making sales bottomed out in the three months to April 2022, at 0.3%. Since April, the sharp lift in mortgage rates has contributed to value declines across these regions, and the rate of loss-making sales has moved higher. As of the June 2024 quarter, the rate of loss-making sales has lifted to 4.4% in these major regional centres. Regional Victoria has also maintained a relatively high volume of listings heading into spring, with total stock on market sitting almost 40% higher than the historic five year average in the four weeks to September 15th. This will empower buyers in negotiations, and could create a further drag on profitability for sellers.

NSW paints a mixed picture, with the capital growth trend in the combined regional NSW market slowing to 1.0% in the quarter, down from 1.6% growth in the first three months of the year. The Newcastle Lake Macquarie region showed a relatively low and steady rate of loss-making sales of 1.9% in the June quarter.

The Richmond Tweed market had seen a consistent reduction in the rate of loss-making sales from late 2023. However, in the June quarter the rate of loss-making sales lifted again by 130 basis points to 4.9%, suggesting a rocky path to recovery for this region. The capital growth trend in Richmond Tweed has also stalled, with values rising a relatively weak 0.5% in the three months to August.

More rural, regional areas like Capital Region and the Central West market saw a reduction in the rate of loss-making sales, though these two markets did see value falls in the three months to August, which may weigh on profitability in the near term.

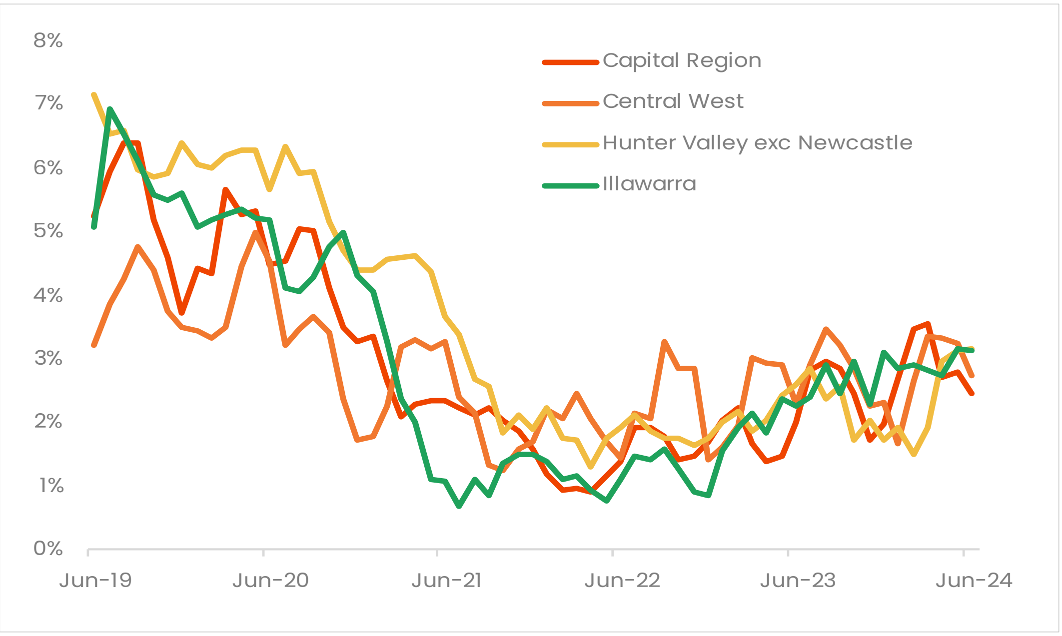
Markets across Queensland, and the WA regional centre of Bunbury continued to show relatively low rates of loss-making resales historically. The rate of loss-making sales in Bunbury has gone from a recent high of 46.9% in the three months to August 2019, to just 3.7% in the June quarter of this year. Between August 2019 and June 2024, Bunbury Home values have increased a stellar 81.5%. Similarly in Cairns, the rate of loss-making sales has fallen from a high of 30.1% in the three months to April 2020, to 2.5% in the June quarter of 2024. During this period, home values in the region have increased 46.0%.

Sea Change and Tree Change Destinations

As 2024 has progressed, regional dwelling growth performance remains varied. However, there has been some loss of momentum in the capital growth trend. The combined regional dwelling market of Australia rose 1.7% in the June quarter of 2024, but this was down from 2.2% in the March quarter. In the three months to August, the three-month capital growth rate in regional lifestyle markets ranged from a 5.6% uplift in Bunbury, to a -4.3% decline in Ballarat.

The broader slowdown in growth across regional Australia may be the result of broader factors related to weaker demand in recent months, including high cost living pressures and interest rates reducing borrowing capacity, and eroding the household savings for a home deposit. However, there are also factors that may specifically be weighing on regional demand, including a slight reduction in remote work arrangements, and lifestyle market purchases being brought forward during the pandemic period. The result is a much more subdued growth cycle in regional Australia since interest rates started to rise. While the incidence of profit-making sales remains high in regional lifestyle markets of Australia broadly, there may be a further reduction in the profit-making resales rate in the September quarter.

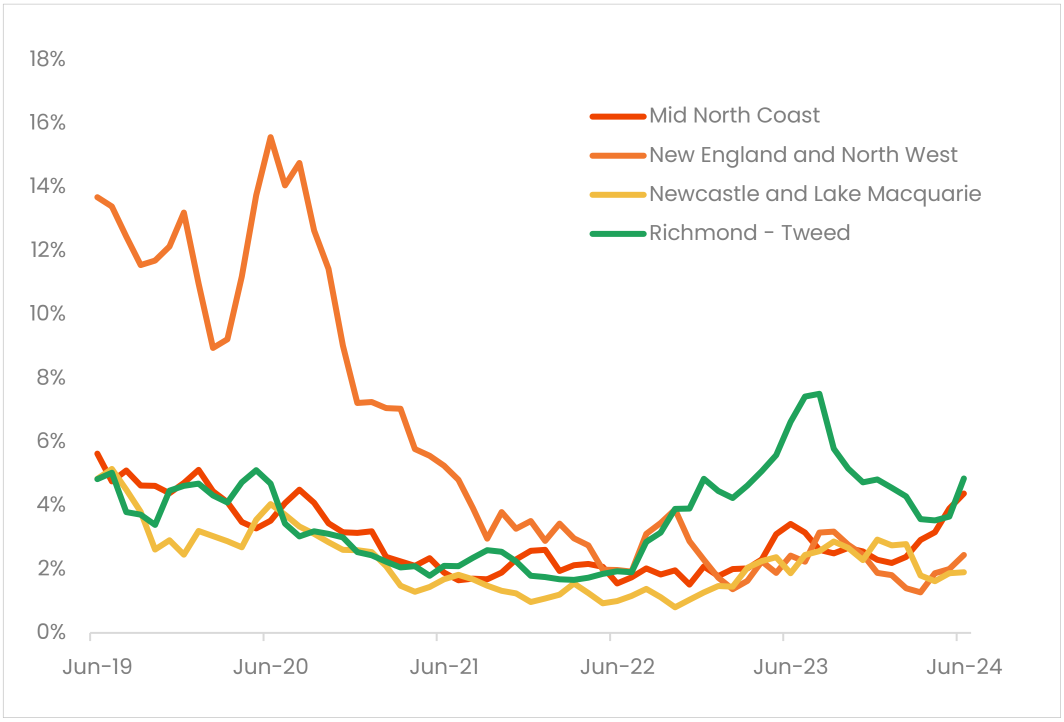
Rate of loss-making sales, select SA4 markets - rolling quarter



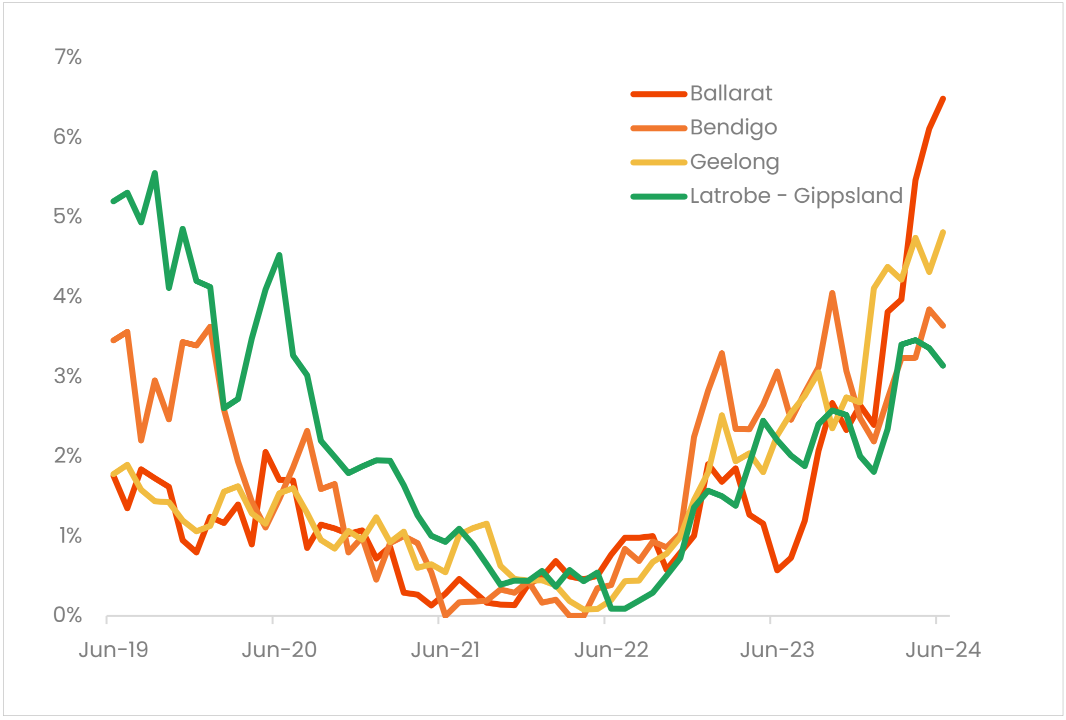
CoreLogic

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



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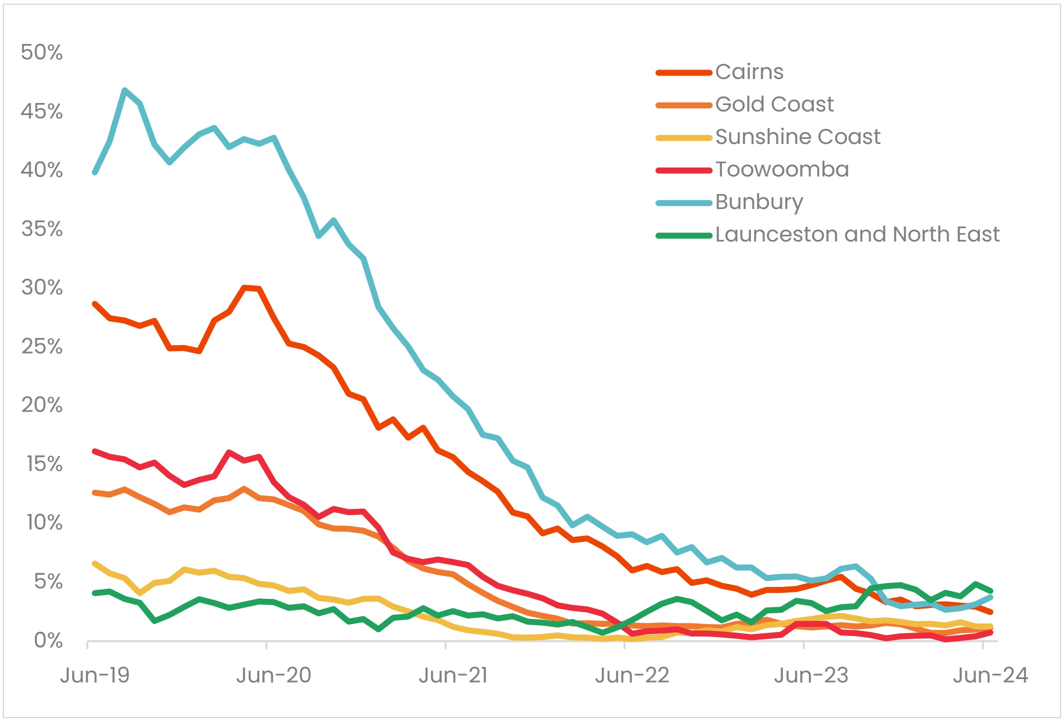
Sea Change and Tree Change Destinations

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

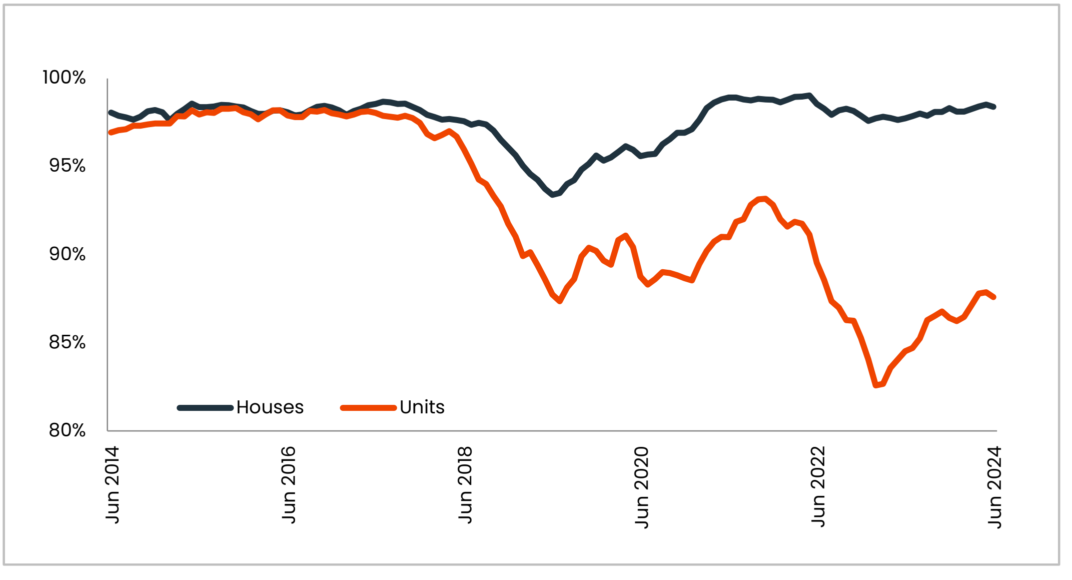


Sydney

The rate of profit-making resales in Sydney rose to 92.0% in the June quarter of 2024, the highest rate in almost two years. Houses continued to have a higher rate of profit-making resales than units, with 98.4% of houses making a nominal gain compared to 87.6% of unit resales. However, the rate of profit-making units increased 50 basis points in the quarter, compared to a 10-basis point rise across the house market. Sydney sellers enjoyed the highest median nominal gains from resale of the capital city markets, at $353,000 across all dwellings, and a substantial $615,000 across houses. Unlike the national trend which has hit record highs, the median nominal gain in Sydney was down slightly from $360,000 in the three months to April and May.

In the three months to August, Sydney home values edged 0.8% higher, though the quarterly pace of growth has slowed from 1.1% in the three months to June, and market conditions remain highly varied across the submarkets of Sydney. The rate of profit-making resales is likely to hold steady in the September quarter but may be tested amid affordability constraints for buyers in the high interest rate, high cost of living environment.

Portion of profit-making sales, rolling quarter



CoreLogic

Sydney

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, JUN-24 QTR				GROSS PROFIT-MAKING SALES, JUN-24 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
Bayside	11.7%	6.6	-$38,000	-$4,092,614	88.3%	9.3	$237,000	$216,031,881
Blacktown	6.9%	6.6	-$29,990	-$4,433,319	93.1%	8.4	$416,111	$583,199,178
Blue Mountains	4.0%	2.9	-$50,000	-$916,748	96.0%	10.4	$458,500	$145,198,761
Burwood	17.9%	6.5	-$45,500	-$911,300	82.1%	10.8	$253,500	$23,756,150
Camden	2.2%			-$561,000	97.8%	7.0	$433,750	$147,434,387
Campbelltown	1.6%			-$380,625	98.4%	8.8	$350,000	$228,061,210
Canada Bay	5.1%	7.6	-$40,000	-$761,860	94.9%	10.2	$345,000	$133,519,598
Canterbury-Bankstown	5.7%	7.2	-$35,000	-$2,721,273	94.3%	9.4	$307,000	$424,186,952
Central Coast	3.0%	2.7	-$40,000	-$2,268,750	97.0%	8.8	$425,000	$601,492,691
Cumberland	14.2%	7.0	-$35,500	-$5,285,338	85.8%	9.5	$223,000	$269,567,885
Fairfield	3.4%	7.3	-$27,250	-$594,500	96.6%	10.8	$400,000	$226,720,236
Georges River	8.6%	8.2	-$35,000	-$2,278,160	91.4%	10.2	$290,000	$181,448,908
Hawkesbury	1.6%			-$255,000	98.4%	10.3	$465,000	$95,947,566
Hornsby	6.7%	7.2	-$25,000	-$1,150,901	93.3%	9.7	$410,000	$231,835,193
Hunters Hill	6.7%			-$20,000	93.3%	11.6	$627,500	$9,468,500
Inner West	4.2%	8.3	-$42,182	-$1,361,677	95.8%	9.9	$460,000	$327,541,115
Ku-ring-gai	10.1%	6.2	-$24,000	-$971,300	89.9%	10.2	$283,500	$86,762,302
Lane Cove	10.9%	6.9	-$42,000	-$981,035	89.1%	7.8	$180,000	$42,776,230
Liverpool	10.0%	7.1	-$32,000	-$2,988,950	90.0%	9.2	$309,000	$267,564,941
Mosman	3.3%			-$250,000	96.7%	8.8	$435,000	$30,034,500
North Sydney	4.3%	6.3	-$42,000	-$736,500	95.7%	10.6	$365,000	$142,144,305
Northern Beaches	2.5%	4.6	-$69,000	-$1,190,995	97.5%	9.9	$550,000	$359,432,129
Parramatta	25.9%	8.1	-$50,000	-$17,629,895	74.1%	9.9	$165,000	$288,741,632
Penrith	2.7%	7.1	-$30,000	-$1,481,600	97.3%	8.8	$327,500	$310,891,405
Randwick	2.8%			-$283,000	97.2%	10.7	$429,000	$144,849,289
Ryde	21.5%	7.6	-$54,000	-$5,979,027	78.5%	8.9	$153,000	$114,884,948
Strathfield	19.2%	7.4	-$48,112	-$2,269,224	80.8%	9.8	$124,000	$41,959,656
Sutherland	1.7%	6.5	-$64,000	-$923,958	98.3%	9.2	$413,000	$381,903,390
Sydney	9.4%	7.6	-$41,000	-$5,214,671	90.6%	10.2	$288,500	$377,375,575
The Hills	7.8%	6.5	-$40,000	-$2,104,208	92.2%	8.0	$627,500	$292,591,428
Waverley	4.1%			-$315,000	95.9%	9.3	$466,500	$82,361,500
Willoughby	5.9%			-$641,000	94.1%	10.9	$435,000	$71,769,773
Wollondilly	1.9%			-$295,500	98.1%	8.0	$450,000	$82,118,412
Woollahra					100.0%	8.6	$480,000	$48,459,462

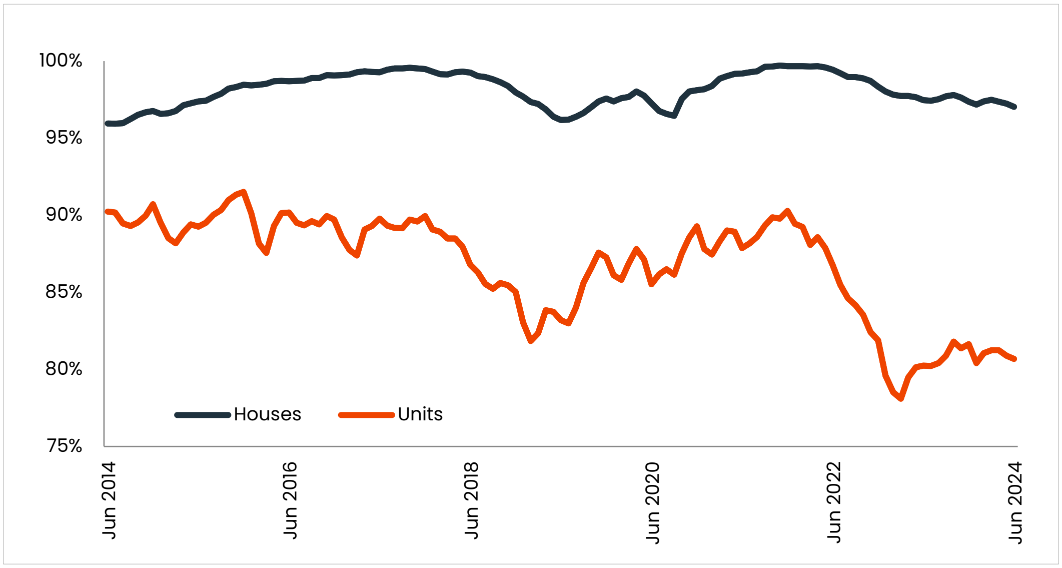
Melbourne

The rate of profit-making resales in Melbourne fell 30 basis points to 90.5% in the quarter, as almost one-in-ten sellers made a nominal loss from resale. This includes almost one-fifth of unit sellers, where the rate of nominal gain for units fell 60 basis points to 80.7%. Outside of Darwin, Melbourne has the highest rate of loss-making sales of the capital city markets (at 9.5%, up from 9.2% in the previous quarter). Despite the relatively high rate of loss, the city delivered the fourth-highest median nominal gain from resales across the cities at $306,000, behind Sydney ($354,000), Adelaide ($335,000) and Brisbane ($333,000).

The rate of loss-making sales in Melbourne was highest in the City of Melbourne LGA. The rate of loss-making sales was 39% in the region, up from 38.8% in the previous quarter. As noted in the house and unit section of this report, stagnant unit values are the main culprit for the high rate of loss-making sales in this market, with unit values sitting below a peak in June 2017. As of August, unit values in the Melbourne LGA remained 6.5% below this peak, having shifted 1% higher over the past three months. However, this market is unlikely to show a substantial turnaround in profitability in the short term.

More broadly, the Melbourne market entered a sixth-consecutive month of decline in August, suggesting a more entrenched downturn in housing market values. This is also likely to increase the rate of loss-making resales in the market.

Portion of profit-making sales, rolling quarter



Melbourne

Summary of profit and loss-making sales by LGA region

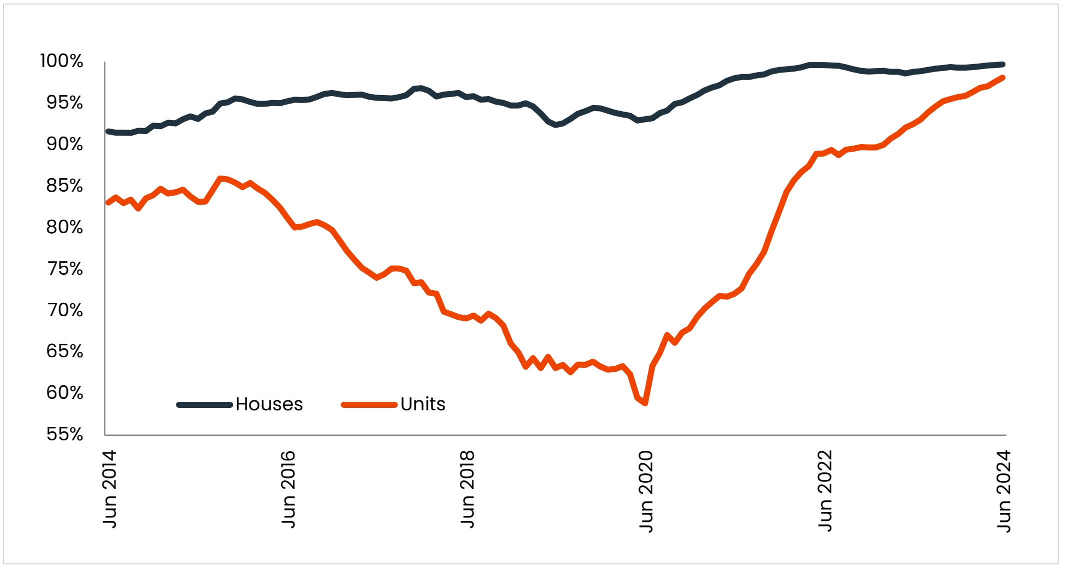
	GROSS LOSS-MAKING SALES, JUN-24 QTR				GROSS PROFIT-MAKING SALES, JUN-24 QTR			
	% of all sales	Median hold period	Median loss	Total value of loss	% of all sales	Median hold period	Median profit	Total value of profit
Banyule	4.5%	4.5	-$20,000	-$668,216	95.5%	10.9	$413,500	$161,500,564
Bayside	10.2%	3.5	-$39,000	-$1,246,000	89.8%	11.7	$585,000	$136,923,852
Boroondara	18.1%	8.9	-$50,250	-$4,147,118	81.9%	11.9	$415,000	$168,459,191
Brimbank	4.9%	3.1	-$14,500	-$815,200	95.1%	11.5	$300,000	$144,943,331
Cardinia	2.0%			-$339,499	98.0%	7.9	$275,000	$102,239,758
Casey	2.7%	2.3	-$30,000	-$1,259,250	97.3%	8.5	$322,750	$301,368,955
Darebin	7.9%	3.1	-$35,000	-$1,470,578	92.1%	11.5	$371,250	$193,428,776
Frankston	4.8%	2.4	-$24,231	-$1,132,412	95.2%	8.8	$304,750	$185,061,641
Glen Eira	12.4%	7.3	-$33,000	-$2,486,773	87.6%	10.4	$277,500	$174,381,596
Greater Dandenong	5.7%	5.0	-$52,450	-$1,313,000	94.3%	10.2	$261,000	$119,727,877
Hobsons Bay	4.4%	4.3	-$42,500	-$517,500	95.6%	9.5	$267,000	$95,617,128
Hume	5.6%	2.5	-$25,000	-$1,022,200	94.4%	8.2	$244,800	$156,779,942
Kingston	7.3%	5.8	-$25,000	-$1,496,980	92.7%	10.3	$384,653	$256,299,346
Knox	4.2%	4.6	-$22,500	-$685,400	95.8%	10.6	$401,500	$188,528,784
Macedon Ranges	0.9%			-$165,000	99.1%	8.9	$362,500	$49,432,000
Manningham	6.9%	7.3	-$48,500	-$1,210,350	93.1%	10.2	$526,000	$204,667,376
Maribyrnong	16.5%	8.2	-$25,000	-$2,222,967	83.5%	9.9	$244,500	$101,891,636
Maroondah	3.9%	4.9	-$22,500	-$439,300	96.1%	9.3	$303,050	$154,870,789
Melbourne	39.0%	9.9	-$64,000	-$15,737,624	61.0%	12.7	$113,000	$88,574,591
Melton	3.2%	2.1	-$15,000	-$495,450	96.8%	7.3	$215,000	$111,804,546
Monash	9.9%	6.5	-$32,500	-$2,606,606	90.1%	10.9	$442,000	$268,879,242
Moonee Valley	16.6%	6.9	-$34,000	-$3,712,336	83.4%	9.6	$280,000	$134,539,221
Moorabool	2.6%			-$73,000	97.4%	8.7	$270,500	$25,212,717
Moreland	12.1%	6.7	-$35,250	-$4,147,625	87.9%	9.2	$208,525	$220,981,802
Mornington Peninsula	2.8%	2.7	-$35,000	-$603,500	97.2%	10.4	$477,000	$290,621,372
Nillumbik	1.3%			-$195,000	98.7%	13.2	$595,000	$91,518,097
Port Phillip	21.6%	8.2	-$37,900	-$5,530,261	78.4%	11.6	$148,000	$122,855,924
Stonnington	25.8%	9.7	-$49,000	-$6,784,922	74.2%	11.1	$175,000	$116,143,211
Whitehorse	9.8%	8.6	-$47,000	-$2,542,488	90.2%	13.5	$560,500	$265,130,286
Whittlesea	5.4%	5.2	-$22,000	-$1,099,804	94.6%	8.7	$276,050	$174,521,303
Wyndham	3.1%	2.3	-$21,000	-$583,500	96.9%	7.5	$223,000	$180,732,952
Yarra	17.5%	8.5	-$50,000	-$4,300,119	82.5%	10.8	$271,400	$137,007,957
Yarra Ranges	2.4%	2.5	-$18,500	-$433,500	97.6%	10.5	$404,170	$216,958,641

CoreLogic

Brisbane

Brisbane had the highest rate of profit-making resales among the capitals through the June quarter, at 99.1%. This is up 60 basis points from the previous quarter when 96.8% of resales made a profit. While the house sector (99.7%) still showed a higher rate of profitability compared to the unit segment (98.1%), the performance gap between the property types continued to narrow, with profitability rising 20 and 120 basis points, respectively, over the quarter. This coincided with a stronger increase in unit values (5.4%) compared to house values (3.5%) over the three months to June. Brisbane is expected to maintain its position as the most profitable city in the September quarter, with values rising a further 2.9% in the three months to August.

Portion of profit-making sales, rolling quarter



Brisbane

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, JUN-24 QTR				GROSS PROFIT-MAKING SALES, JUN-24 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	1.4%	9.0	-$25,341	-$2,770,252	98.6%	8.9	$345,000	$2,345,157,801
Ipswich	0.3%			-$80,500	99.7%	6.8	$290,000	$277,001,281
Lockyer Valley	0.7%			-$147,500	99.3%	6.8	$271,750	$44,971,200
Logan	0.4%			-$323,000	99.6%	7.6	$340,000	$522,569,515
Moreton Bay	0.2%			-$210,000	99.8%	7.1	$332,500	$653,486,318
Redland	0.6%			-$330,500	99.4%	7.5	$388,500	$282,453,194
Scenic Rim	0.7%			-$110,000	99.3%	7.2	$387,500	$61,715,990
Somerset					100.0%	6.8	$263,500	$33,295,332

Adelaide

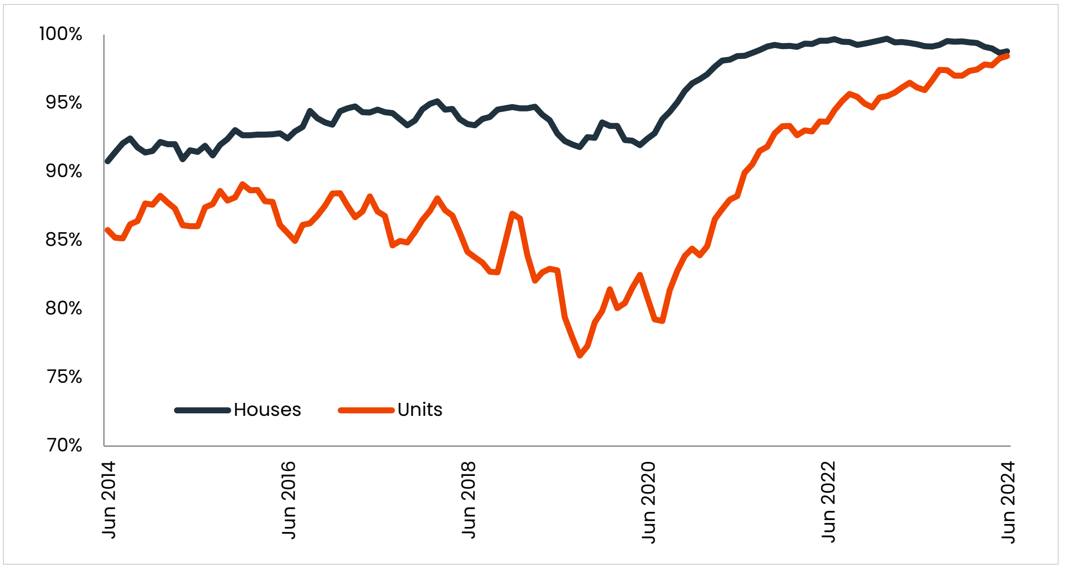
Behind Brisbane, Adelaide had the highest profitability rate among the capitals, with 98.7% of June quarter resales making a profit. This is in line with the March quarter profitability (98.7%) and up substantially from a decade average of 93.6%.

Despite having one of the smallest shares of loss-making sales, Adelaide's median loss was the highest among the capitals at - $72,900, more than double the median losses seen over the March quarter (-$34,500). Adelaide also had the smallest gap in resale profitability between property types, with 98.8% of Houses and 98.4% of units making a profit.

Adelaide LGA continued to record the highest rate of loss-making resales, albeit at a lower rate, at 7.1%, down from 12.4% in March, followed by Adelaide Plains at 3.0%. 100% of resales in the Adelaide Hills, Campbeltown, Unley and Walkerville LGA's made a profit.

While a few capitals have seen an easing in the quarterly growth trend, Adelaide's growth trend has accelerated slightly through the end of August. Adelaide's dwelling values rose 4.0% in the period, up from 2.7% in the March quarter. This is likely to support continued strength in the rate of profitability from resales, particularly in the unit market which rose 5.1% in the period.

Portion of profit-making sales, rolling quarter



Adelaide

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, JUN-24 QTR				GROSS PROFIT-MAKING SALES, JUN-24 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	7.1%	10.6	-$28,750	-$717,850	92.9%	7.9	$111,500	$40,795,478
Adelaide Hills					100.0%	9.4	$436,000	$50,458,433
Adelaide Plains	3.0%			-$100,000	97.0%	12.5	$297,500	$9,917,000
Burnside	0.6%			-$210,000	99.4%	9.5	$560,000	$99,734,627
Campbelltown					100.0%	7.4	$347,250	$60,267,036
Charles Sturt	0.8%			-$168,942	99.2%	8.7	$350,500	$145,477,176
Gawler	1.1%			-$17,500	98.9%	9.9	$265,000	$28,355,808
Holdfast Bay	0.6%			-$93,000	99.4%	8.3	$378,250	$79,359,054
Marion	0.9%			-$347,500	99.1%	8.6	$362,000	$132,471,790
Mitcham	1.1%			-$300,000	98.9%	10.7	$496,250	$107,835,578
Mount Barker	1.5%			-$245,000	98.5%	7.5	$311,800	$51,238,004
Norwood Payneham and St Peters	0.9%			-$150,000	99.1%	9.8	$301,250	$48,376,142
Onkaparinga	1.2%			-$215,900	98.8%	9.0	$359,000	$215,569,346
Playford	0.7%			-$355,114	99.3%	7.6	$281,000	$120,959,112
Port Adelaide Enfield	1.1%			-$390,900	98.9%	8.8	$310,000	$153,056,743
Prospect	1.6%			-$97,500	98.4%	8.0	$330,000	$27,112,200
Salisbury	1.7%			-$757,000	98.3%	10.0	$320,500	$156,389,643
Tea Tree Gully	1.4%			-$695,975	98.6%	11.2	$385,000	$116,729,893
Unley					100.0%	8.6	$416,888	$70,863,743
Walkerville					100.0%	8.0	$307,000	$16,197,598
West Torrens	1.4%			-$280,000	98.6%	8.7	$320,864	$83,556,671

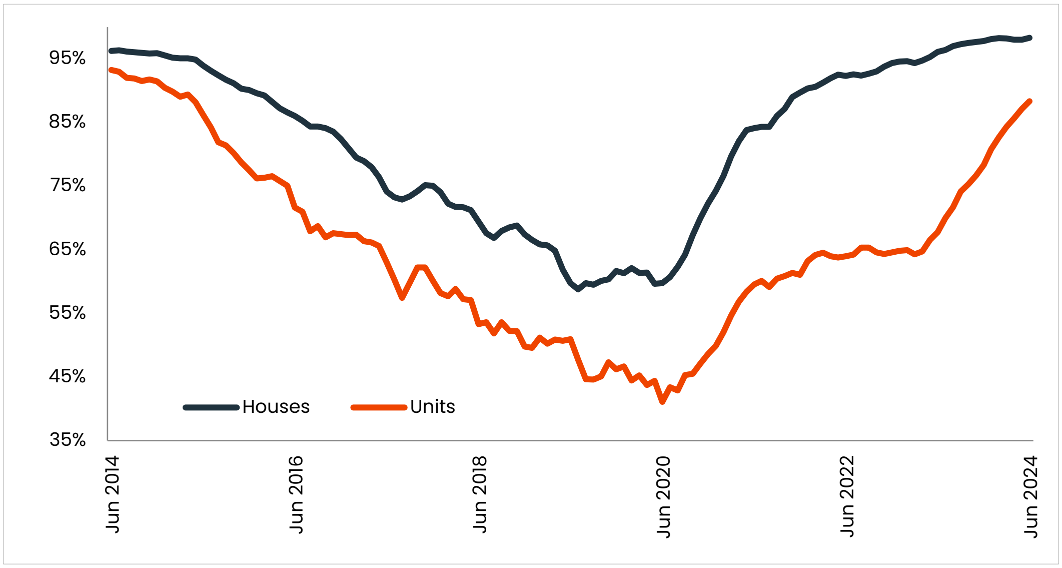
CoreLogic

Perth

In the June quarter, 95.4% of homes resold across Perth made a nominal gain. This is the fifth consecutive financial quarter in which the rate of profit has increased and is the highest rate of profit-making resale since the three months to August 2014, around the height of the iron-ore boom. Across the house market, 98.3% of resales made a nominal gain, up 10 basis points from the previous quarter. A substantially lower 88.3% of units made a nominal gain from resale, though this was up 40 basis points from the previous quarter.

Perth has seen an extraordinary turnaround in the rate of profitability since the start of the pandemic period. More favourable internal migration trends, an upswing in the resources sector and strong subsequent housing demand has seen the rate of loss-making sales dive from 48.3% in the June quarter of 2020 to just 4.6% four years later. Since the start of the pandemic in March 2020 through to August 2024, Perth home values have seen the largest uplift of any of the capital city markets, at 72.5%. The rapid rise in value has led to greater profitability from shorter hold periods, which across profit-making sales have reduced from almost 16 years in the March quarter of 2020, to 9.8 years in the June 2024 quarter. With dwelling values continuing to exhibit strong price gains in the three months to August (5.7%), there is every indication that profitability will continue to lift in the September quarter.

Portion of profit-making sales, rolling quarter



Perth

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, JUN-24 QTR				GROSS PROFIT-MAKING SALES, JUN-24 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	2.0%			-$886,500	98.0%	9.3	$280,000	$133,762,482
Bassendean	5.1%			-$224,000	94.9%	10.3	$246,000	$15,010,310
Bayswater	3.0%			-$599,500	97.0%	10.1	$228,500	$81,687,360
Belmont	13.8%	10.1	-$44,500	-$1,815,400	86.2%	9.3	$156,500	$45,105,712
Cambridge	2.2%			-$46,000	97.8%	9.2	$190,000	$36,171,799
Canning	2.1%			-$337,450	97.9%	11.0	$270,000	$115,765,561
Claremont	2.4%			-$30,000	97.6%	8.8	$267,500	$14,857,373
Cockburn	2.9%	10.5	-$61,725	-$1,061,300	97.1%	9.3	$256,750	$122,991,171
Cottesloe					100.0%	20.3	$763,250	$8,550,000
East Fremantle					100.0%	7.8	$136,500	$7,669,800
Fremantle	5.6%			-$176,114	94.4%	9.3	$321,000	$51,982,903
Gosnells	2.9%	9.0	-$28,250	-$737,000	97.1%	10.2	$266,888	$140,704,684
Joondalup	1.9%	12.6	-$25,000	-$598,000	98.1%	11.4	$377,750	$234,578,566
Kalamunda	2.1%			-$286,612	97.9%	10.1	$310,000	$74,477,404
Kwinana	0.5%			-$158,000	99.5%	7.9	$258,000	$51,605,651
Mandurah	3.4%	8.8	-$67,000	-$1,337,111	96.6%	8.5	$260,000	$153,854,195
Melville	2.3%			-$790,000	97.7%	11.8	$388,000	$172,349,900
Mosman Park	2.3%			-$20,000	97.7%	10.8	$187,500	$16,724,694
Mundaring					100.0%	11.1	$295,000	$49,333,932
Murray	3.9%			-$295,000	96.1%	8.8	$266,500	$24,519,390
Nedlands	2.3%			-$50,000	97.7%	8.0	$490,000	$21,596,130
Perth	33.7%	11.5	-$43,500	-$6,510,834	66.3%	9.8	$66,850	$28,361,112
Rockingham	1.0%			-$412,500	99.0%	8.3	$283,500	$185,215,379
Serpentine-Jarrahdale					100.0%	6.5	$280,000	$32,590,036
South Perth	3.9%			-$309,500	96.1%	10.7	$235,200	$75,519,365
Stirling	2.1%	12.1	-$77,650	-$1,977,795	97.9%	10.3	$241,500	$358,258,282
Subiaco	10.9%	10.6	-$56,400	-$790,000	89.1%	9.0	$152,500	$28,086,003
Swan	4.5%	8.2	-$36,691	-$1,767,241	95.5%	9.1	$265,000	$159,092,111
Victoria Park	9.0%	10.4	-$30,000	-$745,500	91.0%	10.6	$196,500	$43,261,758
Vincent	13.3%	10.2	-$33,000	-$1,360,360	86.7%	10.2	$146,000	$70,611,910
Wanneroo	1.3%			-$1,039,000	98.7%	8.8	$265,000	$208,375,752

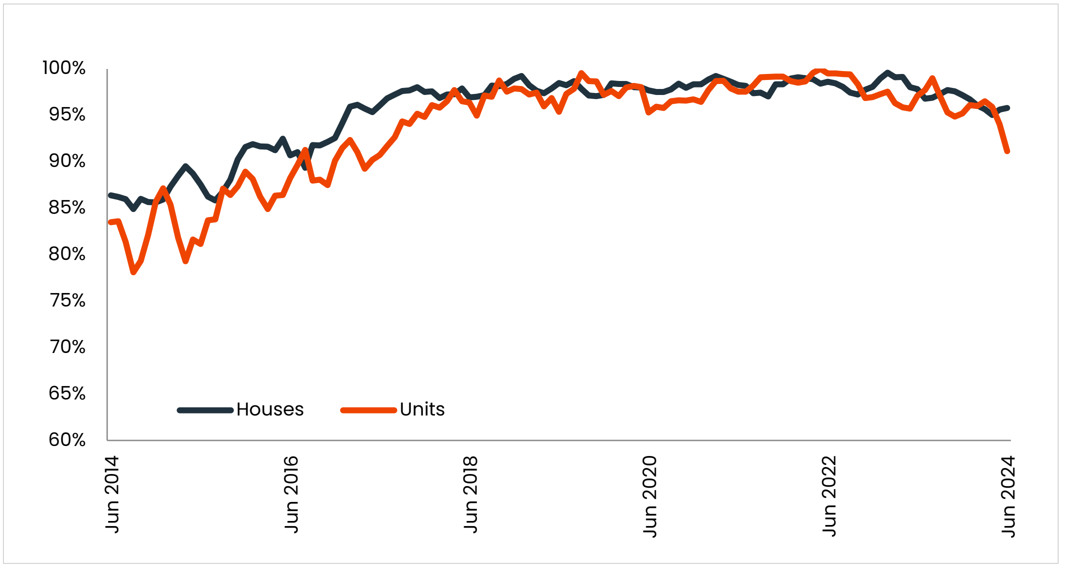
CoreLogic

Hobart

Hobart homes saw a further slip in profitability through the June 2024 quarter, with 5.3% of resales seeing a nominal loss from the previous sale. This is up 1.2 percentage points from 4.1% of loss-making resales recorded in the previous quarter. The increase was predominantly driven by the unit market (8.8%), with the portion of loss-making sales more than doubling compared to last quarter (3.5%). By comparison, the rate of loss-making house resales fell slightly, from 4.3% to 4.2%.

Over the three months to August 24, home values across Hobart fell -0.4%, with a -1.1% decline in house values but a 2.9% rise in unit values. This is relatively in line with the weaker value trend over the past two years, with Hobart dwelling values still -12.2% below the March 2022 peak. Despite this, the majority of resales are recording relatively healthy gains, thanks to the strong growth seen over the previous ten years, with loss-making sales having a relatively short hold time of 2.2 years.

Portion of profit-making sales, rolling quarter



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Hobart

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, JUN-24 QTR				GROSS PROFIT-MAKING SALES, JUN-24 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	11.1%			-$88,000	88.9%	7.2	$247,500	$10,462,400
Clarence	5.2%			-$446,000	94.8%	8.4	$293,500	$51,972,341
Derwent Valley	3.6%			-$37,000	96.4%	6.4	$217,000	$5,732,000
Glenorchy	5.2%			-$392,000	94.8%	7.8	$240,000	$31,243,636
Hobart	4.9%			-$451,000	95.1%	8.4	$316,500	$45,442,162
Kingborough	3.2%			-$168,000	96.8%	8.7	$303,000	$32,126,284
Sorell	5.5%			-$130,000	94.5%	8.1	$332,875	$19,079,838

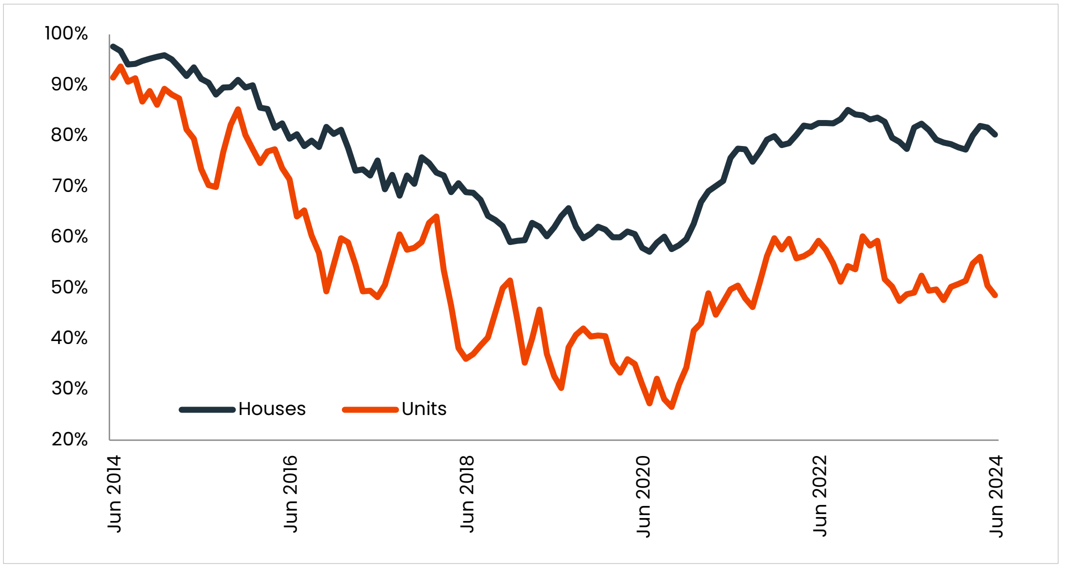
CoreLogic

Darwin

Darwin continued to record the highest rate of loss-making sales among the capital city markets over the June quarter. Loss-making resales rose to 32.1%, up from 28.7% in the March quarter. Darwin also had the biggest gap in house and unit resale results, with 19.8% of house resales making a nominal loss, and 51.4% of units making a loss. This coincided with a 1.2% decline in unit values in the June quarter.

Unlike other resource-based markets through the pandemic and post-pandemic era, the NT has continued to see unfavourable internal migration trends, with net internal migration sitting at a loss of 4,000 people over 2023, and only just being balanced out by an additional 4,300 people being added to the population through net overseas migration. However, most overseas arrivals to Australia are initially renters, so this trend may have done little to boost housing purchasing demand. Home values in Darwin continued to tick -0.2% lower in the three months to August, increasing the risk of nominal loss from resale in the September quarter. This was led by declined in the unit segment, but growth in house values is also softening. It is unlikely profitability will improve in this market in the short term.

Portion of profit-making sales, rolling quarter



Darwin

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, JUN-24 QTR				GROSS PROFIT-MAKING SALES, JUN-24 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	36.2%	10.8	-$61,000	-$8,172,390	63.8%	10.4	$105,500	$33,265,190
Litchfield	12.3%			-$649,700	87.7%	10.6	$233,750	$15,259,350
Palmerston	30.8%	11.0	-$70,000	-$3,599,050	69.2%	8.9	$222,540	$28,877,597

CoreLogic

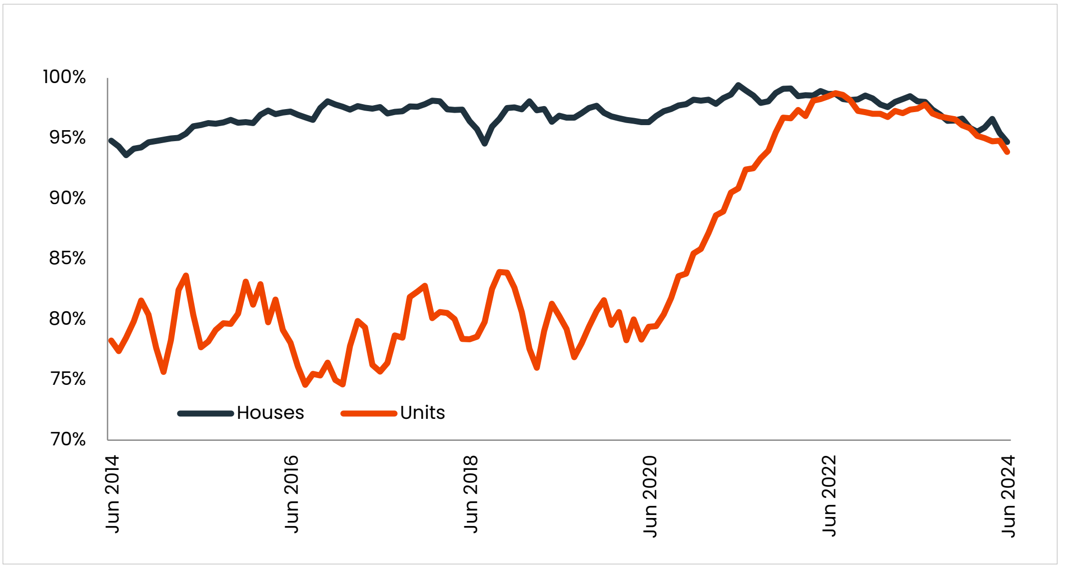
ACT

The rate of loss-making sales across the ACT has taken an unfavourable turn in the past few years, rising from a recent low of 1.3% in the three months to July 2022, to 5.6% in the June quarter of 2024. There was a relatively small gap in the incidence of profit for houses and units in the quarter, with 94.7% of house sales making a nominal gain, compared with 93.9% of unit resales.

The ACT now ranks fifth in terms of profitability across the capital cities, ahead of Darwin, Sydney and Melbourne. The median nominal gain from profit making sales in the ACT did rise however, from $290,000 in the March quarter to $303,000 in the three months to June.

ACT home values were bolstered by pandemic-related stimulus and low interest rate settings, but have seen a strong reaction to the rate hiking cycle. Home values are currently 6.1% below the high in May 2022, which is increasing the risk of loss-making resales, especially for sellers with short hold periods.

Portion of profit-making sales, rolling quarter



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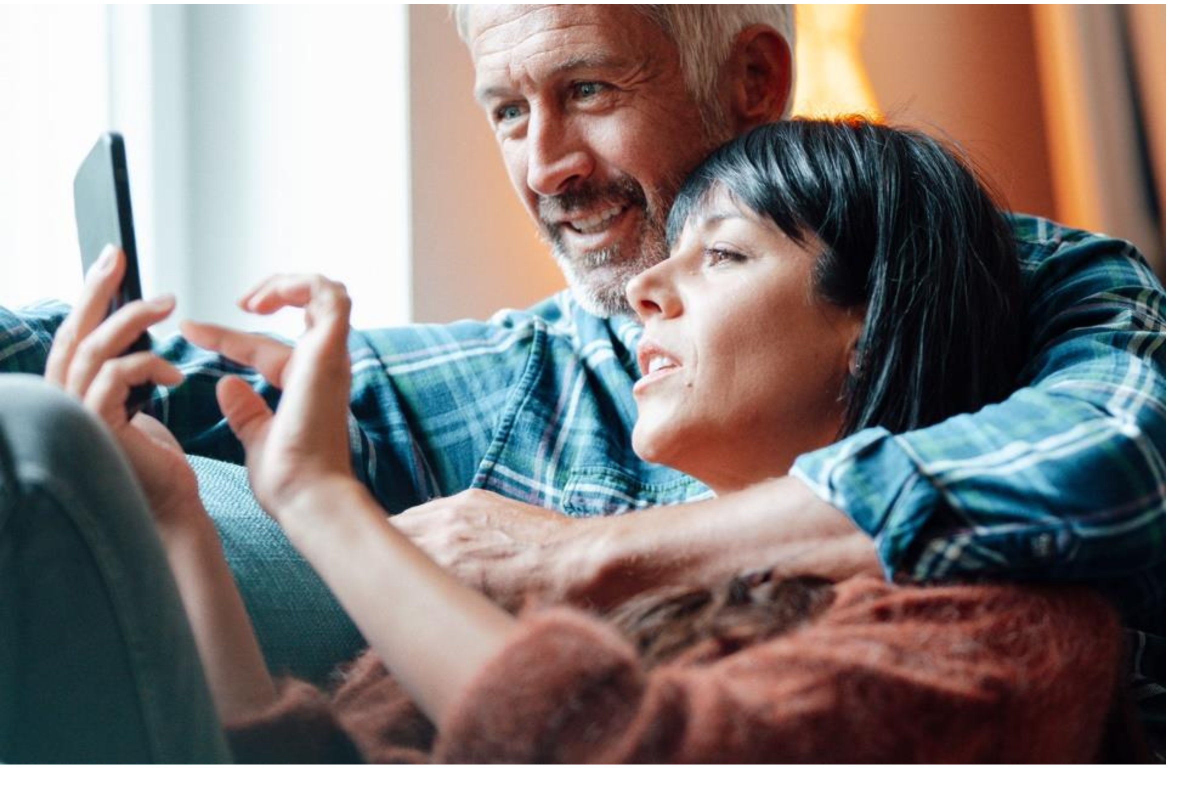
ACT

Summary of profit and loss-making sales by LGA region

	GROSS LOSS-MAKING SALES, JUN-24 QTR				GROSS PROFIT-MAKING SALES, JUN-24 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	5.6%	2.2	-$37,000	-$5,175,261	94.4%	8.3	$303,000	$589,710,035



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