Pain and Gain

September Quarter, 2016

A quarterly assessment of realised gross profit and loss
based on dwelling re-sales over the September Quarter of 2016

Contents

Executive Summary

CoreLogic's Pain and Gain Report is a quarterly analysis of residential properties which were resold over the quarter. It compares the most recent sale price to the previous sale price in order to determine whether the property sold at a gross profit or gross loss. It provides a proxy for the performance of each housing market and highlights the magnitude of profit or loss the typical seller of a home makes across those regions analysed.

Nationally, 9.4% of the dwellings resold over the third quarter of 2016 transacted for less than their previous purchase price. The 9.4% of dwellings resold at a loss was moderately higher than the 9.3% over the June 2016 quarter, however compared with the same quarter a year ago, the proportion of loss making sales has shifted 1.3 percentage points higher, continuing the trend towards more loss making sales across the Australian housing market. The proportion of loss making sales reached a recent low point over the three months to November 2016 when 7.9% of all resales were loss making. Since this time the proportion of loss making sales has been gradually drifting higher. The total gross loss realised over the quarter was recorded at $477.9 million with an average gross loss of $71,529 per sale.

More than 9 out of every 10 homes resold for more than their previous purchase price over the September 2016 quarter. Based on these resales there was $17.0 billion in realised profit over the quarter and the average profit across these resales was $262,672.

The data also highlights the fact that ownership of property, whether for investment or owner occupier purposes, should be seen as a long-term investment. Across the country, those homes that resold at a loss had a typical length of ownership of 6.1 years for houses and 6.5 years for units. Across all sales recording a gross profit the typical length of ownership was recorded at 9.1 years for houses and 7.6 years for units.

The capital city housing markets continue to record a lower proportion of loss-making resales than regional areas of the country. The trends in regional areas show that the instances of homes reselling at a loss are continuing to trend lower in the coastal and lifestyle markets while losses continue to climb in most of the regions linked to the resources sector.

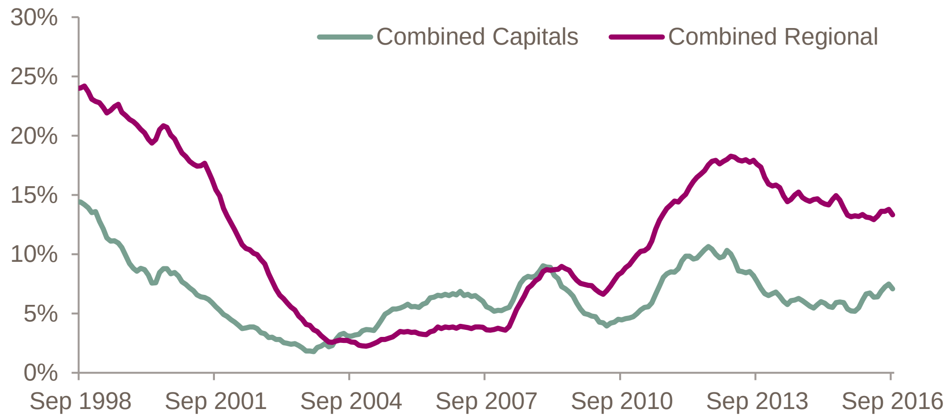
National Overview

Over the September 2016 quarter, 9.4% of resold dwellings (those dwellings which have been sold at least once prior) transacted at a price lower than the previous purchase price. The proportion of resales at a loss was higher than the 8.1% a year earlier as well as being higher than the 9.3% over the previous quarter. Homes reselling at a loss are becoming more regular however, a substantial majority of dwellings resold continue to sell at a price in excess of the price at which they were purchased for.

Dwellings resold across a capital city are much more likely to sell for a profit than those across regional areas of the country. Over the September 2016 quarter, 7.1% of capital city dwellings resold transacted for less than their previous purchase price compared to 13.3% across the combined regional markets. The proportion of resales at a loss increased over the quarter across the capital city markets but fell across regional areas of the country. Both capital cities and regional areas are seeing the instances of dwellings reselling at a loss well below recent peaks, however capital city loss making resales have been gradually drifting higher since late 2015, while regional loss making resales have trended lower since peaking in early 2013.

Historically, regional markets have had a much greater instance of homes reselling at a loss. This is due to the fact that regional areas tend to have smaller populations than the capital cities and also tend to be reliant on single or a handful of industries whereas capital cities usually have much more diversified economies.

Proportion of loss making sales, combined capitals v regional markets



It is intuitive, but homes held for a shorter length of time are more likely to sell for a loss and vice versa. Nationally, houses which had resold at a loss had a median hold period of 6.1 years while units that had sold at a loss had a median hold period of 6.5 years. Houses reselling at a price in excess of their previous price over the quarter had a median hold period of 9.1 years while the median hold period for units was 7.6 years.

Over the September 2016 quarter there was $477.9 million in realised losses form resales compared to $17.0 billion in realised profits. The average loss was recorded at $71,529 while the average profit was significantly higher at $262,672.

The broad trends nationally show that most capital cities and coastal markets linked to the tourism and lifestyle sectors are seeing the proportion of loss-making resales fall. On the other hand, regions linked to the resources sector have generally continued to experience a rise in the proportion of homes reselling at a loss.

National Overview

Houses have virtually always seen a lower proportion of loss-making resales than units. The likely reason for this is that the value of a house is largely derived from the land and its location. Also, typically houses have increased in value at a faster rate than units. Over the September 2016 quarter, 8.0% of houses resold at a loss nationally compared to 12.7% of units.

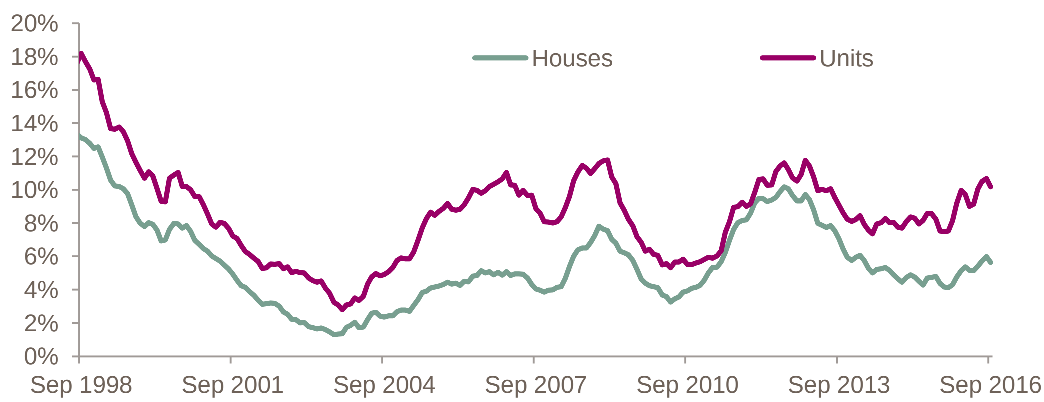
Across the combined capital cities, houses were almost half as likely to be resold at a loss compared to units over the September 2016 quarter, with the figures recorded at 5.6% and 10.2% respectively. Both houses and units have seen the proportion of loss-making resales trend higher over the past year however, units have trended higher at a more rapid pace than units. This data set is available from 1994 and over that period, units have never recorded a lower proportion of loss-making resales than houses.

The 5.6% of capital city house resales at a loss over the September 2016 quarter resulted in $158.5 million in realised losses while the 10.2% of units sold at a loss resulted in $76.1 million in realised losses. While those losses may seem significant, consider that capital city house resales over the quarter realised $10.6 billion in profits and capital city unit resales resulted in $3.0 billion worth of realised profit.

Over the September 2016 quarter, 11.7% of houses and 18.4% of units resold, transacted for less than their previous purchase price throughout non-capital city areas of the country. While the instances of loss on resales has been climbing in capital cities, it has been steady to slightly falling across regional markets.

The 11.7% of regional house resales at a loss over the quarter resulted in $157.2 million in realised losses and the 18.4% of unit resales at a loss resulted in $76.1 million in realised losses. These losses are substantially lower than the $2.8 billion in realised profit for regional houses and $559.7 million in realised profits from resales of units.

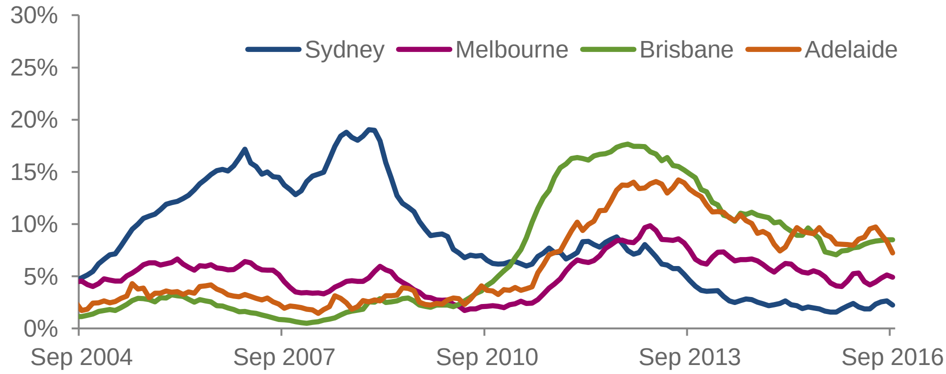
Proportion of loss making resales, combined capital cities, houses v units



National Overview

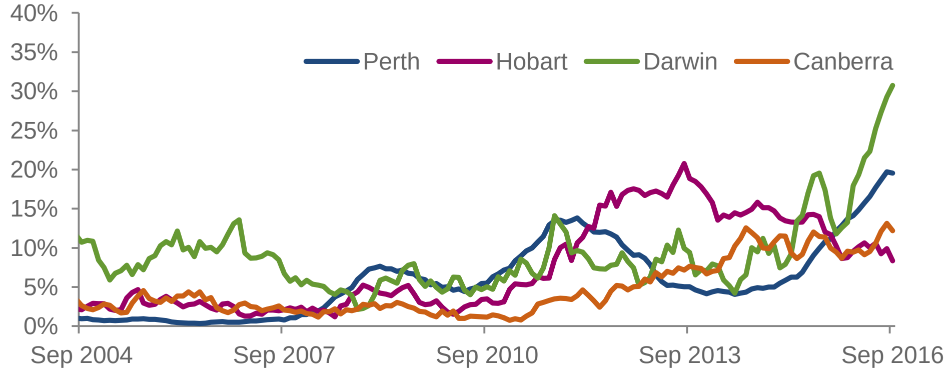
Across the individual capital cities, the proportion of homes reselling at a loss fell over the quarter in Sydney, Adelaide and Hobart but increased elsewhere. Although the occurrence of loss rose over the quarter, in most cites the instances of homes reselling at a loss is low. The exceptions are Perth where almost two out of every five dwellings resold at a loss and Darwin where approximately three out of every 10 resales was at a loss over the quarter.

Proportion of total resales at a loss over time: Sydney vs. Melbourne vs. Brisbane vs. Adelaide



Across the individual capital cities, the proportion of loss-making resales over the September 2016 quarter were recorded at: 2.3% in Sydney, 4.9% in Melbourne, 8.5% in Brisbane, 7.2% in Adelaide, 19.6% in Perth, 8.4% in Hobart, 30.7% in Darwin and 12.2% in Canberra. Comparing these figures to those a year earlier provides insight into the strong and improving housing markets and those which have weakened. Over the September 2015 quarter, the proportion of loss-making resales across the individual capital cities were recorded at: 1.7% in Sydney, 4.9% in Melbourne, 7.3% in Brisbane, 9.0% in Adelaide, 10.8% in Perth, 12.0% in Hobart, 17.4% in Darwin and 11.4% in Canberra. The cities with the dramatic changes over the year have been Perth and Darwin where the instances of loss have almost doubled and Hobart where there have been far fewer dwellings reselling at a loss.

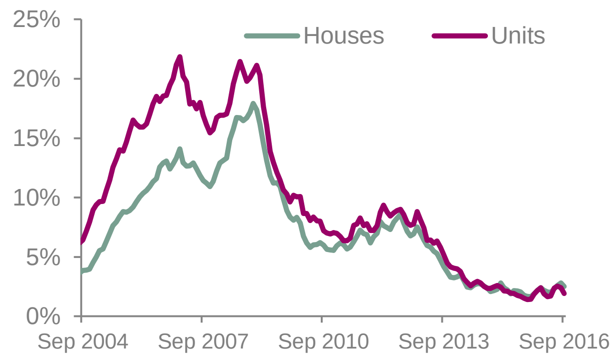
Proportion of total resales at a loss over time: Perth vs. Hobart vs. Darwin vs. Canberra



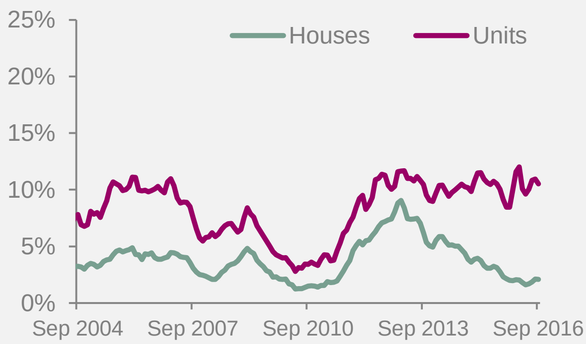
Major capital cities houses vs. units

Looking at the four largest capital cities across the country, the data shows that in three of the four there is a significant disparity between losses being occurred on resales of houses compared to those for units. In Melbourne and Brisbane the proportion of unit stock sold at a loss over the quarter was more than double that of houses and it was close to double in Perth.

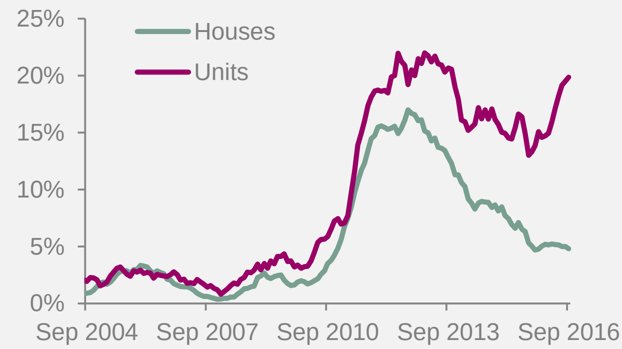
Resales of houses & units - Sydney



Resales of houses & units - Melbourne



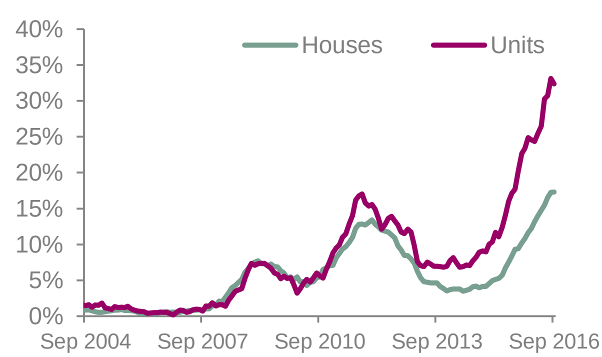
Resales of houses & units - Brisbane



On the other hand, in Sydney, the proportion of resales of units at a loss was lower than houses and has been fairly consistently so over the past two years.

Across these major capital cities. The proportion of houses reselling at a loss over the September 2016 quarter was recorded at 2.5% in Sydney, 2.1% in Melbourne, 4.8% in Brisbane and 17.3% in Perth. By comparison, the proportion of units resold at a loss over the quarter was recorded at 1.9% in Sydney, 10.5% in Melbourne, 4.8% in Brisbane and 17.3% in Melbourne.

Resales of houses & units - Perth



Houses vs units

Nationally, 8.0% of houses and 12.7% of units were resold at a loss over the September 2016 quarter. Splitting this out across the capital cities and regional areas shows that for houses, 5.6% resold at a loss in the capital cities and 11.7% resold at a loss outside of the capital cities. For units, 10.2% resold at a loss in the capital cities compared to 18.4% across regional areas of the country.

Sydney was the only major region nationally in which the proportion of units sold at a loss over the September 2016 quarter was lower than houses. In many of the regions analysed the difference was significant with Melbourne, Brisbane, regional NT and the Australian Capital Territory recording a proportion of loss-making resales for units that was more than double that of houses.

The historical data indicates that it has been extremely rare for resales of houses to record a higher proportion of loss than units. This is reflective of the fact that house values have typically increased at a more rapid pace than units. It is also reflective of the fact that historically houses have recorded high buyer demand against a backdrop of constrained supply. In a market like Sydney where more units have been built than houses over the past two decades and the gap between house and unit prices is substantial, the trends have changed recently with units proving less likely to resell at a loss than houses.

Proportion of total resales at a loss/gain, houses vs. units, Sept 2016 quarter

	Houses		Units	
Region	Pain	Gain	Pain	Gain
Sydney	2.5%	97.5%	1.9%	98.1%
Regional NSW	5.6%	94.4%	10.6%	89.4%
Melbourne	2.1%	97..9%	10.5%	89.5%
Regional Vic	7.8%	92.2%	10.2%	89.8%
Brisbane	4.8%	95.2%	19.9%	80.1%
Regional Qld	16.8%	83.2%	22.3%	77.7%
Adelaide	5.9%	94.1%	11.3%	88.7%
Regional SA	18.4%	81.6%	24.6%	75.4%
Perth	17.3%	82.7%	32.4%	67.6%
Regional WA	29.1%	70.9%	48.9%	51.1%
Hobart	7.6%	92.4%	10.9%	89.1%
Regional Tas	19.6%	80.4%	27.2%	72.8%
Darwin	26.4%	73.6%	41.0%	59.0%
Regional NT	13.5%	86.5%	41.2%	58.8%
Australian Capital Territory	3.4%	96.6%	25.5%	74.5%
National	8.0%	92.0%	12.7%	87.3%
Cap city	5.6%	94.4%	10.2%	89.8%
Regional	11.7%	88.3%	18.4%	81.6%

CoreLogic

Investor vs Owner Occupier Resales

Investors and owner occupiers will at times act very differently when dealing with their residential property assets. Over the September 2016 quarter, 9.2% of owner occupiers resold their homes at a loss compared to 9.8% of investors. Across the major regions of the country, Sydney, Regional Vic and Hobart were the only regions in which owner occupiers were more likely to resell at a loss than investors.

Across the combined capital cities, 6.7% of owner occupiers resold their dwellings at a loss over the quarter compared to 7.9% of investors. In Melbourne and the Australian Capital Territory, investors were twice as likely to resell at a loss as owner occupiers.

Regional markets saw 13.0% of owner occupiers and 14.4% of investors resell their properties at a loss over the quarter. In regional NT, investors were more than twice as likely to resell at a loss as owner occupiers.

Clearly it is more beneficial for an owner occupier or an investor to resell their property at a profit. In a falling market owner occupiers may be more prepared to sell at a loss if they are purchasing their next home at an equivalent or greater discount. Meanwhile, investors, because of taxation rules, would seemingly be more prepared to incur a loss because they (unlike owner occupiers) can offset those loses against future capital gains. This feature of taxation may potentially create risks in the future, particularly considering the heightened level of investment buying activity over recent years. If home values fall in the future, investors (which have been increasingly active) may be more inclined to sell at a loss and offset those losses which in turn could result in much more supply becoming available for purchase at a time in which demand for housing falls because values are declining.

Proportion of total resales at a loss/gain, owner occupied vs. investors, Sept 2016 quarter

	PAIN		GAIN	
Region	Owner Occupied	Investor	Owner Occupied	Investor
Sydney	2.5%	1.8%	97.5%	98.2%
Regional NSW	6.4%	7.0%	93.6%	93.0%
Melbourne	2.9%	8.5%	97.1%	91.5%
Regional Vic	8.2%	8.0%	91.8%	92.0%
Brisbane	7.6%	10.9%	92.4%	89.1%
Regional Qld	18.1%	22.0%	81.9%	78.0%
Adelaide	5.8%	10.6%	94.2%	89.4%
Regional SA	17.6%	24.5%	82.4%	75.5%
Perth	19.0%	22.2%	81.0%	77.8%
Regional WA	29.8%	36.0%	70.2%	64.0%
Hobart	8.7%	7.5%	91.3%	92.5%
Regional Tas	18.9%	27.4%	81.1%	72.6%
Darwin	28.5%	35.8%	71.5%	64.2%
Regional NT	17.2%	36.4%	82.8%	63.6%
Australian Capital Territory	8.1%	23.3%	91.9%	76.7%
National	9.2%	9.8%	90.8%	90.2%
Cap city	6.7%	7.9%	93.3%	92.1%
Regional	13.0%	14.4%	87.0%	85.6%

Hold Periods

Houses resold at a loss over the third quarter of 2016 had typically been held by their owners for 6.1 years while units had been held for 6.5 years. Houses which sold for a price in excess of their previous purchase price had typically been held for 9.1 years while units had been held for 7.6 years.

Across the combined capital cities, properties selling at a loss were typically held for a shorter length of time with medians of 4.9 years for houses and 5.8 years for units. The hold period on homes sold at a profit was similar to the figures nationally and recorded at 9.0 years for houses and 7.4 years for units. In Brisbane and Hobart houses selling at a loss typically had a longer hold period than units, in all other capital cities units had longer hold periods for loss-making resales than houses. The recent strength in value growth in Sydney and Melbourne is evident with homes reselling at a loss typically having lower hold periods and homes reselling at a profit also typically having shorter hold periods.

In non-capital city regions of Australia, houses resold at a loss were typically held for 6.6 years while units had been held for 8.0 years. For units, loss-making resales had typically been held for 9.3 years compared to 8.3 years for units. The weakness in many of the regional areas of the country becomes clear from the table which highlights that the typical length of ownership for homes resold at a profit is typically much longer in regional areas of the states and territories relative to the capital city markets.

Average hold period of resales at a loss/gain, houses vs. units, Sept 2016 quarter

	PAIN		GAIN	
Region	Houses	Units	Houses	Units
Sydney	3.7	4.4	8.7	6.5
Regional NSW	6.3	7.8	8.9	7.4
Melbourne	3.4	5.7	8.8	7.8
Regional Vic	5.5	5.3	8.8	8.1
Brisbane	6.9	6.4	9.1	9.0
Regional Qld	6.8	8.4	9.4	8.7
Adelaide	5.6	6.3	8.8	9.0
Regional SA	6.9	6.9	10.0	10.1
Perth	4.6	4.9	9.8	10.6
Regional WA	7.6	7.0	11.3	12.4
Hobart	6.4	6.0	9.2	8.6
Regional Tas	6.6	6.5	10.8	10.0
Darwin	3.3	5.5	10.7	9.6
Regional NT	5.8	6.0	7.8	8.5
Australian Capital Territory	5.3	5.4	9.5	9.0
National	6.1	6.5	9.1	7.6
Cap city	4.9	5.8	9.0	7.4
Regional	6.6	8.0	9.3	8.3

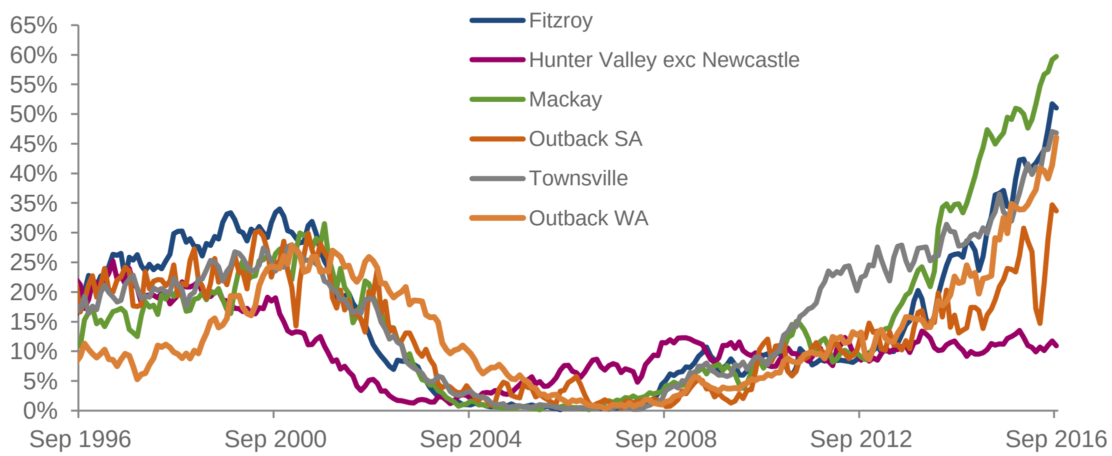
Focus on Regional Markets

Major mining regions

The recent rebound in commodity prices is not yet being reflected in higher rates of profit makes resales. In fact, if anything we are seeing a greater number of owners reselling their properties in these locations at a price lower than that which they purchased them for. Across the regions analysed the proportion of loss-making resales over the September 2016 quarter were recorded at: 51.0% in Fitzroy, 10.9% in the Hunter Valley (excluding Newcastle), 59.7% in Mackay, 33.7% in Outback SA, 46.8% in Townsville and 46.0% in Outback WA. In each region except Hunter Valley (excluding Newcastle) the proportion of resales at a loss is either at a record high or has been over the most recent two months.

Although commodity prices have rallied over the past year it has not translated into any significant improvement in resources related investment. Many of these regions continue to experience soft labour markets, low housing demand and high levels of housing stock available for sale. It is also apparent that plenty of home owners are willing to sell however, there is a lack of willing buyers. Those that are successfully selling their properties are in many instances (a majority in some areas) doing so at a substantial discount from the price at which they originally purchased the homes. Until such time as resources investment lifts or these areas can find ways to diversify their economies we would expect ongoing weakness and heightened instances of home owners selling for less than the original purchase price.

Proportion of total resales at a loss over time: major resource regions



Focus on Regional Markets

Major coastal regions

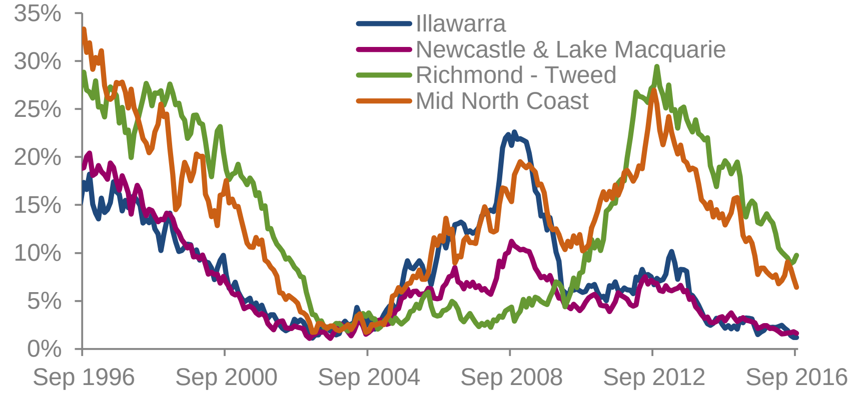
While towns linked to the resources sector are seeing heightened volumes of homes reselling at a loss, coastal lifestyle markets are seeing growing popularity, growth in values and in-turn are seeing fewer properties resell for less than their original purchase price. Over the September 2016 quarter, the proportion of homes resold at a loss across the regions analysed was recorded at: 1.2% in Illawarra, 1.6% in Newcastle Lake Macquarie, 9.8% in Richmond-Tweed, 6.4% in Mid North Coast, 5.6% in Geelong, 22.7% in Bunbury, 22.7% in Cairns, 11.3% in Gold Coast and 9.9% in Sunshine Coast.

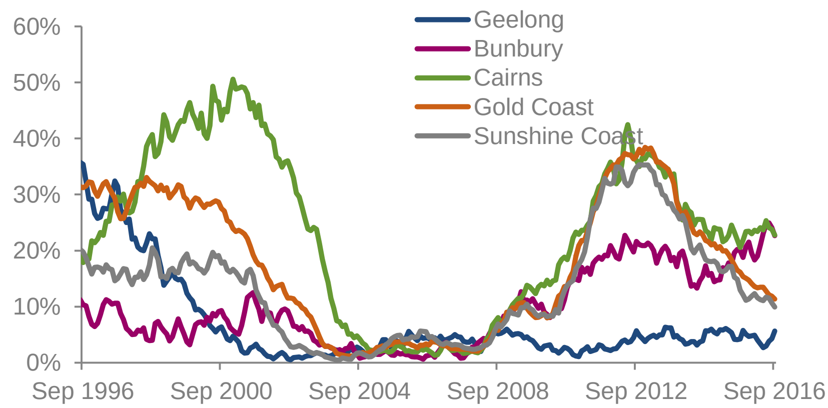
The proportion of homes resold at a loss fell across most of these regions over the past quarter, the exceptions were: Richmond-Tweed and Geelong.

With just 1.2% of homes resold at a loss over the quarter, Illawarra had its lowest proportion of loss-making resales since February 2003. The 6.4% of resales at a loss in Mid North Coast was the lowest proportion since September 2005. In Queensland, the Gold Coast recorded its lowest proportion of loss-making resales since May 2010 throughout the quarter and in the Sunshine Coast, loss-making resales were at their lowest level since June 2010.

Across all of these regions the proportion of loss-making resales is substantially lower than it has been over recent years. It highlights the resurgent confidence in coastal and lifestyle markets which has emerged over the past few years.

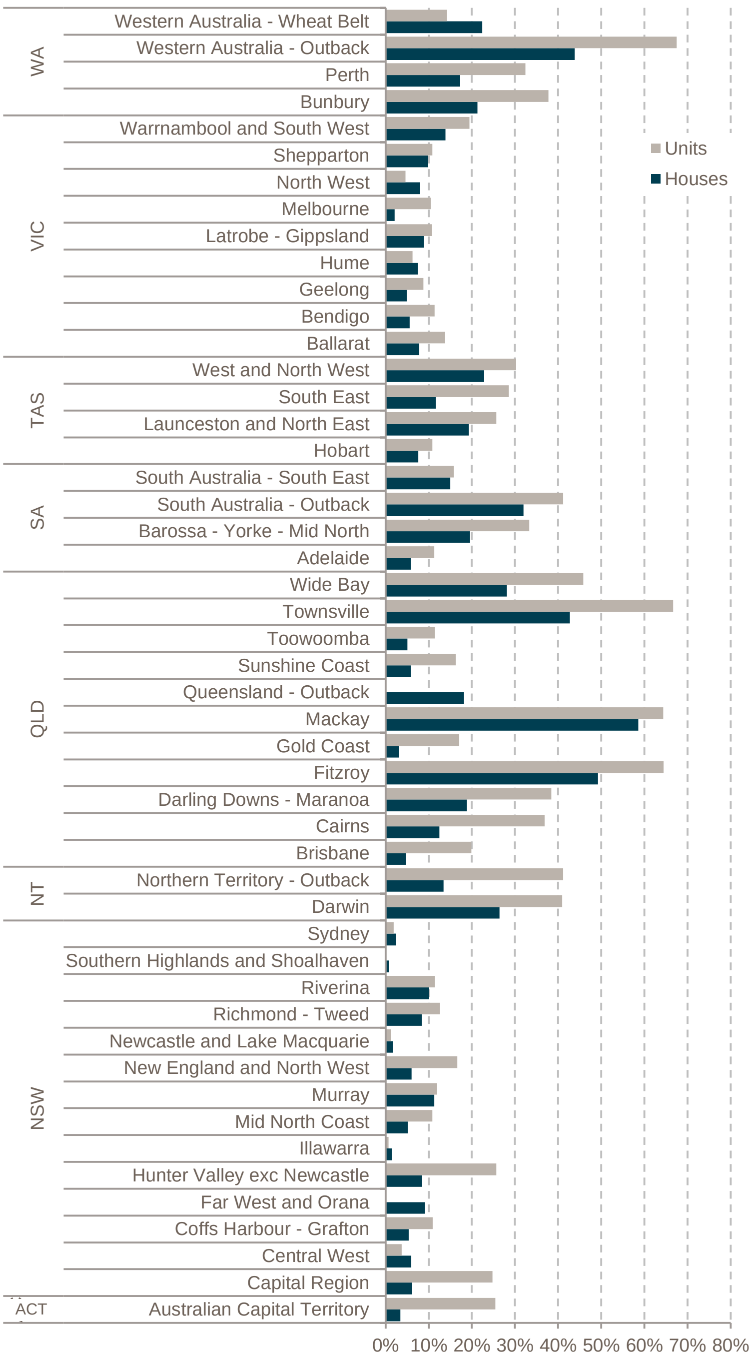
Proportion of total resales at a loss over time: major coastal markets





Units within regional markets are generally showing the largest proportion of loss-making re-sales

Proportion of loss-making re-sales, September Quarter 2016 non-capital city SA4 regions and GCCSA regions, houses and units



From a national perspective the largest proportion of loss-making resales were located in the following regions:

- Mackay (Qld) (59.7%)
- Fitzroy (Qld) (51.0%)
- Townsville (Qld) (46.8%)
- Outback – WA (WA) (46.0%)
- Outback – SA (SA) (33.7%)
- Darwin (NT) (30.7%)
- Wide Bay (Qld) (29.9%)
- West and North West (Tas) (23.5%)
- Cairns (Qld) (22.7%)
- Bunbury (WA) (22.7%)

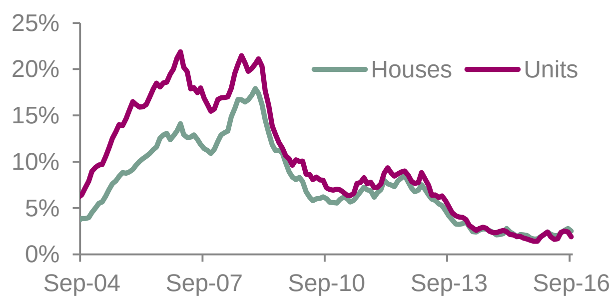
The lowest proportion of loss-making resales were recorded in the following regions:

- Southern Highlands and Shoalhaven (NSW) (0.7%)
- Illawarra (NSW) (1.2%)
- Newcastle and Lake Macquarie (NSW) (1.6%)
- Sydney (NSW) (2.3%)
- Melbourne (Vic) (4.9%)
- Geelong (5.6%)
- Central West (NSW) (5.8%)
- Toowoomba (Qld) (5.9%)
- Bendigo (Vic) (6.3%)
- Mid North Coast (NSW) (6.4%)

Pain & Gain
Sydney council regions

Over the September 2016 quarter, 2.5% of Sydney houses and 1.9% of units resold for less than their previous purchase price, which was close to record lows. Although the instance of resale at a loss is so low, only Botany Bay, Hunters Hill and Waverley council areas had no loss making resales over the quarter. The highest instances of resales at a loss was within the following council areas were: Fairfield (6.6%), Kogarah (4.4%) and Rockdale (3.8%).

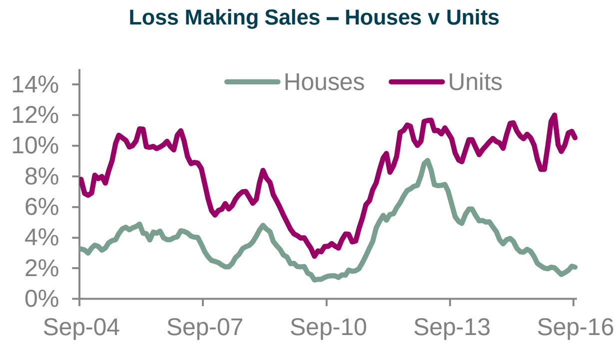
Loss Making Sales – Houses v Units



Region	Gross loss-making sales, Sep-16 qtr				Gross profit-making sales, Sep-16 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
Ashfield	2.9%	6.9	-$167,750	-$335,500	97.1%	7.1	$336,525	$32,929,050
Auburn	0.5%	4.4	-$181,000	-$181,000	99.5%	6.4	$234,400	$61,472,050
Bankstown	3.4%	6.5	-$100,000	-$2,561,166	96.6%	6.9	$304,000	$131,146,480
Blacktown	1.6%	4.7	-$76,000	-$1,265,400	98.4%	7.8	$301,050	$293,671,460
Blue Mountains	2.0%	2.4	-$221,000	-$1,131,000	98.0%	9.0	$260,000	$74,023,015
Botany Bay	0.0%				100.0%	7.2	$347,000	$32,424,055
Burwood	3.2%	2.4	-$627,500	-$1,255,000	96.8%	6.0	$375,000	$40,489,727
Camden	1.0%	2.5	-$124,500	-$249,000	99.0%	6.8	$270,000	$65,803,969
Campbelltown	2.6%	1.4	-$71,000	-$1,266,334	97.4%	7.5	$265,000	$142,214,432
Canada Bay	1.7%	2.3	-$137,500	-$945,000	98.3%	7.0	$450,000	$149,862,538
Canterbury	3.2%	6.8	-$120,000	-$1,713,500	96.8%	7.2	$310,500	$144,324,255
Fairfield	6.6%	7.0	-$220,000	-$3,907,825	93.4%	7.7	$311,000	$111,070,400
Gosford	2.6%	8.8	-$90,000	-$3,841,779	97.4%	7.4	$240,000	$205,494,379
Hawkesbury	1.3%	6.1	-$100,000	-$385,000	98.7%	8.5	$310,000	$91,697,955
Holroyd	3.5%	2.7	-$105,000	-$2,154,951	96.5%	7.2	$270,500	$116,496,646
Hornsby	2.1%	1.9	-$136,250	-$2,087,380	97.9%	9.8	$555,000	$233,327,488
Hunters Hill	0.0%				100.0%	8.9	$785,000	$30,170,650
Hurstville	1.5%	1.4	-$200,000	-$709,000	98.5%	7.8	$366,000	$91,929,408
Kogarah	4.4%	6.1	-$216,667	-$1,362,985	95.6%	7.1	$325,000	$57,565,850
Ku-ring-gai	2.6%	4.9	-$150,000	-$1,179,486	97.4%	6.3	$733,500	$286,690,782
Lane Cove	1.8%	2.2	-$65,000	-$130,000	98.2%	5.6	$360,000	$62,392,324
Leichhardt	1.0%	7.5	-$72,500	-$145,000	99.0%	6.5	$600,000	$137,411,378
Liverpool	2.5%	5.5	-$150,450	-$2,690,734	97.5%	7.6	$280,000	$161,040,401
Manly	2.1%	4.5	-$168,000	-$1,144,000	97.9%	7.4	$636,500	$114,843,179
Marrickville	1.1%	5.2	-$365,500	-$731,000	98.9%	7.5	$463,500	$103,472,506
Mosman	1.3%	6.5	-$810,000	-$810,000	98.7%	6.8	$506,250	$55,578,504
North Sydney	1.9%	3.9	-$155,000	-$954,000	98.1%	7.4	$437,500	$154,769,997
Parramatta	3.1%	1.8	-$85,000	-$2,371,288	96.9%	6.9	$270,000	$167,861,245
Penrith	2.3%	1.9	-$87,000	-$1,911,550	97.7%	8.0	$270,000	$210,532,510
Pittwater	1.1%	15.6	-$30,000	-$60,000	98.9%	7.2	$515,000	$118,422,727
Randwick	2.3%	4.4	-$257,500	-$1,844,000	97.7%	8.2	$532,750	$211,692,426
Rockdale	3.8%	2.1	-$47,500	-$1,404,750	96.2%	6.3	$290,500	$112,698,964
Ryde	2.1%	2.0	-$77,000	-$1,539,000	97.9%	7.2	$330,750	$180,588,668
Strathfield	0.9%	1.0	-$1,000,000	-$1,000,000	99.1%	5.7	$222,500	$50,873,872
Sutherland Shire	1.3%	4.4	-$158,000	-$2,042,000	98.7%	8.1	$400,500	$344,747,704
Sydney	1.4%	5.0	-$105,000	-$2,686,853	98.6%	7.0	$364,000	$420,109,709
The Hills Shire	2.7%	5.1	-$311,500	-$7,980,300	97.3%	8.3	$574,500	$312,557,965
Warringah	1.9%	3.9	-$165,000	-$1,284,000	98.1%	8.5	$556,000	$237,088,428
Waverley	0.0%				100.0%	6.3	$550,000	$125,981,772
Willoughby	0.9%	6.4	-$221,500	-$443,000	99.1%	8.3	$625,000	$193,702,161
Wollondilly	3.5%	1.3	-$362,500	-$1,870,000	96.5%	7.0	$277,500	$40,257,670
Woollahra	2.0%	6.1	-$426,217	-$1,706,933	98.0%	6.6	$670,000	$146,337,202
Wyong	2.8%	6.9	-$58,000	-$1,795,500	97.2%	7.6	$191,000	$166,353,844

Pain & Gain
Melbourne council regions

Melbourne recorded 2.1% of houses and 10.5% of units reselling at a loss over the September 2016 quarter. The gap between losses for houses and units has widened considerably over recent years. The Murrindindi council are was the only region with no resale losses over the quarter with Frankston the only region with less than 1.0% (0.9%). The Melbourne council area recorded the highest instance of resale loss at 21.7% followed by Stonnington (12.7%) and Mitchell (10.5%).



Region	Gross loss-making sales, Sep-16 qtr				Gross profit-making sales, Sep-16 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	4.0%	6.9	-$26,000	-$1,250,001	96.0%	9.4	$340,000	$144,533,311
Bayside	3.2%	5.7	-$53,000	-$612,000	96.8%	9.4	$555,750	$176,291,989
Boroondara	7.6%	4.6	-$35,625	-$2,391,857	92.4%	10.8	$574,750	$283,008,959
Brimbank	2.5%	4.4	-$16,000	-$500,900	97.5%	7.9	$185,000	$105,003,781
Cardinia	2.1%	3.5	-$34,500	-$296,356	97.9%	6.8	$112,500	$34,573,334
Casey	2.1%	3.4	-$10,000	-$470,334	97.9%	7.8	$163,500	$154,248,927
Darebin	2.6%	5.6	-$79,995	-$987,490	97.4%	9.1	$273,000	$122,610,743
Frankston	0.9%	3.1	-$45,000	-$448,001	99.1%	7.6	$168,250	$114,404,487
Glen Eira	6.7%	4.3	-$39,250	-$2,781,350	93.3%	9.2	$353,000	$234,060,845
Greater Dandenong	2.7%	4.6	-$42,500	-$825,958	97.3%	8.2	$200,000	$96,269,058
Hobsons Bay	1.6%	2.4	-$30,000	-$209,500	98.4%	8.7	$286,500	$93,082,346
Hume	3.0%	4.1	-$18,000	-$741,798	97.0%	7.4	$115,000	$72,360,556
Kingston	5.0%	6.2	-$43,250	-$2,505,878	95.0%	9.5	$352,250	$186,797,996
Knox	1.5%	3.6	-$242,500	-$1,684,500	98.5%	9.9	$350,000	$169,669,537
Macedon Ranges	3.8%	3.2	-$27,500	-$55,000	96.2%	9.9	$205,000	$11,935,750
Manningham	2.6%	4.9	-$38,500	-$269,500	97.4%	9.6	$524,000	$155,424,679
Maribyrnong	7.3%	5.5	-$22,750	-$887,400	92.7%	7.4	$275,625	$80,883,013
Maroondah	2.3%	1.4	-$20,500	-$762,000	97.7%	8.9	$310,750	$118,342,213
Melbourne	21.7%	6.1	-$38,000	-$7,661,550	78.3%	9.0	$110,500	$106,329,257
Melton	4.9%	4.9	-$24,000	-$1,348,740	95.1%	6.5	$87,250	$45,110,916
Mitchell	10.5%	4.6	-$30,000	-$268,500	89.5%	6.5	$60,250	$3,042,502
Monash	3.3%	5.4	-$53,000	-$1,773,062	96.7%	9.5	$415,500	$205,522,605
Moonee Valley	7.5%	5.1	-$106,000	-$3,163,750	92.5%	9.5	$394,750	$135,916,862
Moorabool	5.0%	2.4	-$35,000	-$162,000	95.0%	10.1	$128,500	$8,166,048
Moreland	7.6%	5.2	-$38,248	-$3,763,723	92.4%	8.5	$252,500	$149,690,405
Mornington Peninsula	2.8%	4.2	-$115,000	-$3,267,036	97.2%	8.1	$225,000	$214,586,428
Murrindindi	0.0%				100.0%	13.0	$163,000	$763,000
Nillumbik	2.0%	2.3	-$280,000	-$742,000	98.0%	8.5	$204,000	$43,617,905
Port Phillip	8.6%	5.5	-$25,000	-$1,719,461	91.4%	8.3	$233,500	$99,754,882
Stonnington	12.7%	5.4	-$65,300	-$3,848,996	87.3%	9.7	$359,250	$155,763,214
Whitehorse	4.0%	4.6	-$56,250	-$1,402,751	96.0%	11.3	$480,000	$254,223,363
Whittlesea	3.4%	5.7	-$36,448	-$448,245	96.6%	7.5	$147,500	$63,030,844
Wyndham	2.5%	4.0	-$10,189	-$391,377	97.5%	6.8	$127,000	$74,651,390
Yarra	9.3%	5.3	-$32,525	-$1,282,950	90.7%	8.4	$309,500	$115,015,105
Yarra Ranges	2.4%	4.4	-$32,000	-$931,500	97.6%	8.3	$205,500	$112,627,423

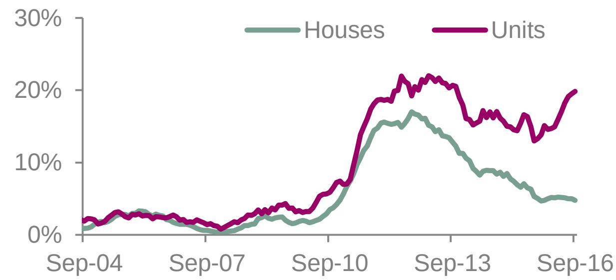
CoreLogic

Pain & Gain

South-East Queensland council regions

Within Brisbane, 4.8% of houses resold in the September 2016 quarter transacted below their previous purchase compared to 19.9% of units. The gap between losses on houses and units has continued to widen. Across the broader South-East Queensland region, the instances of loss were lowest in: Toowoomba (5.3%), Brisbane (6.9%) and Logan (8.6%). The highest instances of resale loss occurred in: Gold Coast (15.7%), Lockyer Valley (14.6%) and Scenic Rim (14.2%).

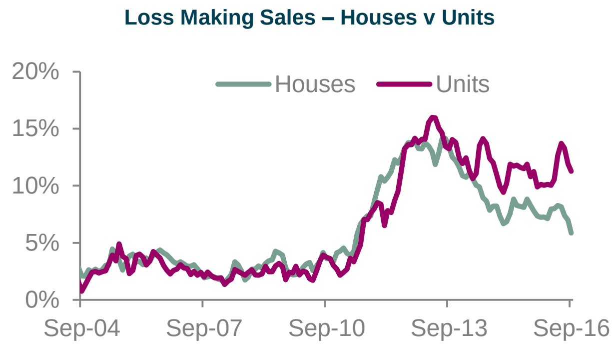
Loss Making Sales – Houses v Units



Region	Gross loss-making sales, Sep-16 qtr				Gross profit-making sales, Sep-16 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	6.9%	5.9	-$23,000	-$11,671,971	93.1%	9.3	$173,250	$917,284,743
Gold Coast	15.7%	8.2	-$40,000	-$27,898,009	84.3%	8.6	$110,000	$524,789,187
Ipswich	11.3%	7.3	-$20,000	-$2,776,021	88.7%	8.8	$67,000	$54,564,082
Lockyer Valley	14.6%	6.6	-$20,000	-$339,500	85.4%	7.5	$49,500	$7,317,337
Logan	8.6%	7.1	-$18,000	-$2,620,681	91.4%	9.2	$94,500	$141,354,686
Moreton Bay	8.7%	6.8	-$23,000	-$4,992,326	91.3%	8.3	$82,000	$169,913,963
Redland	9.2%	6.5	-$24,000	-$3,226,647	90.8%	9.2	$110,000	$98,177,361
Scenic Rim	14.2%	6.1	-$31,250	-$1,419,500	85.8%	8.3	$82,000	$15,556,710
Somerset	12.7%	8.4	-$30,000	-$261,000	87.3%	9.2	$35,000	$3,985,000
Sunshine Coast	9.9%	8.4	-$35,000	-$12,440,562	90.1%	8.9	$98,000	$270,083,678
Toowoomba	5.3%	3.0	-$8,250	-$514,100	94.7%	7.7	$84,500	$56,670,015

Pain & Gain
Adelaide council regions

In Adelaide, 5.9% of houses and 11.3% of units resold over the September 2016, transacted below their previous purchase price. The proportion of loss-making resales trended lower over the quarter for each property type. The council areas with the highest proportion of loss-making resales over the quarter were: Playford (25.0%), Mount Barker (11.6%) and Salisbury (9.5%). The Light, Mallala and Walkerville council regions each had no resales at a loss over the quarter.

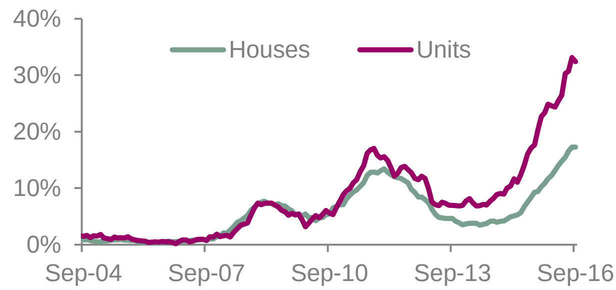


Region	Gross loss-making sales, Sep-16 qtr				Gross profit-making sales, Sep-16 qtr			
	% of all sales	Median hold period	Median loss	Total value of loss	% of all sales	Median hold period	Median profit	Total value of profit
Adelaide	9.1%	6.2	-$13,398	-$104,194	90.9%	8.8	$111,250	$11,003,279
Adelaide Hills	4.3%	2.5	-$200,500	-$775,500	95.7%	9.1	$120,000	$15,407,836
Burnside	4.1%	5.9	-$100,000	-$983,000	95.9%	9.6	$202,500	$34,757,493
Campbelltown	7.0%	5.0	-$26,000	-$628,317	93.0%	9.0	$140,000	$21,010,053
Charles Sturt	3.8%	3.1	-$23,000	-$905,500	96.2%	7.6	$95,000	$36,561,208
Gawler	6.6%	4.3	-$42,500	-$243,000	93.4%	8.0	$38,500	$4,320,350
Holdfast Bay	5.9%	4.5	-$35,000	-$1,469,550	94.1%	9.0	$147,500	$22,617,446
Light	0.0%				100.0%	6.6	$45,000	$911,000
Mallala	0.0%				100.0%	12.6	$258,000	$258,000
Marion	7.0%	5.0	-$16,850	-$630,500	93.0%	8.0	$105,000	$33,595,348
Mitcham	2.1%	3.9	-$84,000	-$326,000	97.9%	9.5	$173,500	$30,565,532
Mount Barker	11.6%	6.4	-$21,087	-$810,673	88.4%	9.1	$77,000	$7,408,350
Norwood Payneham St Peters	5.2%	5.9	-$30,000	-$596,250	94.8%	8.6	$152,250	$22,893,550
Onkaparinga	4.7%	5.9	-$20,500	-$600,500	95.3%	8.6	$77,000	$47,723,268
Playford	25.0%	6.5	-$16,500	-$1,050,150	75.0%	9.2	$46,500	$10,901,891
Port Adelaide Enfield	8.0%	6.0	-$30,000	-$1,157,150	92.0%	8.5	$95,800	$34,137,475
Prospect	5.3%	7.5	-$130,000	-$313,500	94.7%	8.7	$165,350	$11,327,220
Salisbury	9.5%	5.7	-$15,000	-$864,250	90.5%	9.2	$71,000	$25,862,778
Tea Tree Gully	5.9%	5.8	-$27,875	-$661,250	94.1%	9.5	$100,000	$33,379,548
Unley	3.4%	6.5	-$52,000	-$232,500	96.6%	8.3	$175,000	$22,297,388
Walkerville	0.0%				100.0%	13.1	$278,500	$2,114,000
West Torrens	7.3%	7.2	-$20,000	-$397,350	92.7%	8.1	$93,000	$16,083,486

Pain & Gain
Perth council regions

The proportion of dwellings reselling at a loss across Perth has continued to trend higher over the September 2016 quarter. Over the quarter, 17.3% of houses and 32.4% of units resold for less than the previous purchase price. Across the council regions, the areas with the highest proportion of loss-making resales were: Perth (48.1%), Mosman Park (35.3%) and Murray (34.1%). Peppermint Grove had no resales over the quarter (so no resales at a loss) the regions with resales that had the lowest instances of loss were: East Fremantle (8.3%), Canning (11.7%) and Serpentine-Jarrahdale (12.3%).

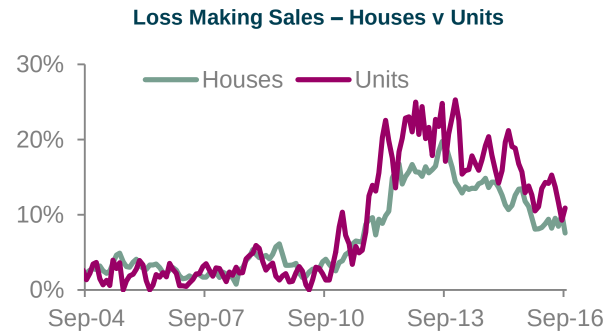
Loss Making Sales – Houses v Units



Region	Gross loss-making sales, Sep-16 qtr				Gross profit-making sales, Sep-16 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	19.9%	3.4	-$29,000	-$2,285,218	80.1%	3.4	-$29,000	$36,987,720
Bassendean	13.2%	1.8	-$47,000	-$448,000	86.8%	1.8	-$47,000	$6,137,000
Bayswater	16.7%	3.6	-$40,000	-$2,629,000	83.3%	3.6	-$40,000	$28,326,601
Belmont	25.7%	6.0	-$47,000	-$2,788,034	74.3%	6.0	-$47,000	$19,128,305
Cambridge	19.7%	3.5	-$30,000	-$1,576,500	80.3%	3.5	-$30,000	$21,969,584
Canning	11.7%	5.1	-$31,000	-$1,670,750	88.3%	5.1	-$31,000	$63,879,519
Claremont	17.9%	3.3	-$46,300	-$228,300	82.1%	3.3	-$46,300	$6,466,000
Cockburn	14.3%	4.1	-$33,167	-$3,208,604	85.7%	4.1	-$33,167	$62,721,151
Cottesloe	26.7%	5.8	-$116,850	-$598,700	73.3%	5.8	-$116,850	$8,417,500
East Fremantle	8.3%	5.3	-$92,500	-$185,000	91.7%	5.3	-$92,500	$5,605,000
Fremantle	12.4%	3.4	-$36,000	-$908,000	87.6%	3.4	-$36,000	$21,617,500
Gosnells	14.0%	3.6	-$33,000	-$2,690,612	86.0%	3.6	-$33,000	$37,577,571
Joondalup	12.5%	4.2	-$42,500	-$3,284,300	87.5%	4.2	-$42,500	$107,197,690
Kalamunda	16.2%	4.6	-$22,000	-$1,422,500	83.8%	4.6	-$22,000	$33,110,556
Kwinana	23.5%	8.3	-$32,250	-$938,245	76.5%	8.3	-$32,250	$14,406,058
Mandurah	31.0%	6.9	-$49,000	-$8,221,646	69.0%	6.9	-$49,000	$44,339,348
Melville	13.8%	3.9	-$50,000	-$3,131,740	86.2%	3.9	-$50,000	$79,918,776
Mosman Park	35.3%	6.1	-$79,000	-$518,000	64.7%	6.1	-$79,000	$5,011,000
Mundaring	22.0%	4.9	-$38,750	-$1,523,000	78.0%	4.9	-$38,750	$19,379,090
Murray	34.1%	4.8	-$44,000	-$1,909,000	65.9%	4.8	-$44,000	$6,296,100
Nedlands	14.8%	6.4	-$93,250	-$778,500	85.2%	6.4	-$93,250	$22,308,500
Peppermint Grove								
Perth	48.1%	4.9	-$62,500	-$5,551,998	51.9%	4.9	-$62,500	$8,913,684
Rockingham	20.6%	6.1	-$34,000	-$4,507,260	79.4%	6.1	-$34,000	$54,948,791
Serpentine-Jarrahdale	12.3%	4.9	-$30,000	-$429,000	87.7%	4.9	-$30,000	$17,100,100
South Perth	26.2%	4.4	-$41,250	-$3,482,000	73.8%	4.4	-$41,250	$26,807,468
Stirling	22.8%	4.4	-$32,000	-$9,378,750	77.2%	4.4	-$32,000	$129,003,476
Subiaco	26.5%	6.1	-$68,500	-$1,535,500	73.5%	6.1	-$68,500	$15,434,398
Swan	14.4%	6.1	-$50,000	-$2,934,000	85.6%	6.1	-$50,000	$58,977,796
Victoria Park	16.5%	3.6	-$22,500	-$1,643,500	83.5%	3.6	-$22,500	$20,226,250
Vincent	24.6%	4.3	-$87,725	-$1,943,200	75.4%	4.3	-$87,725	$13,150,096
Wanneroo	21.6%	3.8	-$34,000	-$7,214,820	78.4%	3.8	-$34,000	$85,153,210

Pain & Gain
Hobart council regions

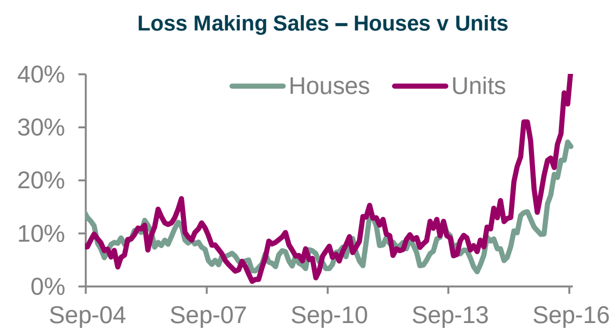
Hobart recorded 7.6% of houses and 10.9% of units reselling at a loss over the September 2016 quarter. The occurrence of resales at a loss has fallen over the quarter for houses and units. The Hobart (5.9%), Clarence (9.1%) and Kingborough (11.0%) council areas had the lowest proportion of loss-making resales over the quarter. The instances of resale loss were much higher in: Brighton (18.2%), Derwent Valley (17.4%) and Sorell (15.0%).



Region	Gross loss-making sales, Sep-16 qtr				Gross profit-making sales, Sep-16 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	18.0%	5.6	-$16,500	-$654,500	82.0%	8.0	$35,000	$3,534,500
Clarence	10.0%	6.5	-$11,500	-$306,299	90.0%	9.4	$87,500	$23,133,510
Derwent Valley	26.3%	4.9	-$18,500	-$63,750	73.7%	8.0	$45,000	$1,017,410
Glenorchy	10.3%	6.5	-$10,500	-$247,300	89.7%	8.9	$55,750	$13,799,085
Hobart	1.4%	5.2	-$100,000	-$200,000	98.6%	9.0	$151,000	$28,728,422
Kingborough	4.0%	3.5	-$7,000	-$173,000	96.0%	9.3	$110,000	$17,699,437
Sorell	7.8%	5.6	-$8,000	-$53,500	92.2%	9.2	$60,000	$6,075,100

Darwin council regions

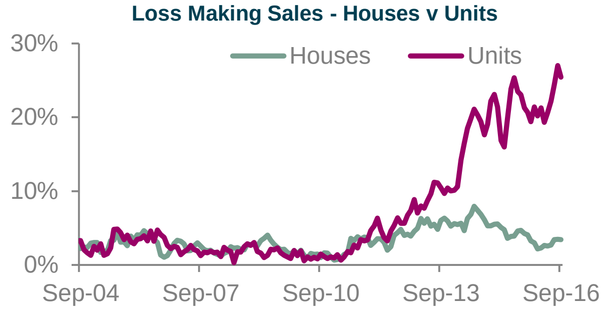
Over the September 2016 quarter, 26.4% of Darwin houses and 41.0% of Darwin units resold for less than their previous purchase price. The instances of loss-making resales have continued to trend higher over the quarter from their previous record-highs. Across the council areas, Litchfield saw the lowest proportion of loss-making resales (17.4%) followed by: Darwin (31.7%) and Palmerston (33.9%).



Region	Gross loss-making sales, Sep-16 qtr				Gross profit-making sales, Sep-16 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	31.7%	4.8	-$60,000	-$3,757,790	68.3%	10.3	$177,500	$17,845,428
Litchfield	17.4%	3.0	-$72,500	-$305,000	82.6%	10.5	$260,000	$5,904,520
Palmerston	33.9%	3.4	-$60,500	-$2,198,410	66.1%	9.6	$206,000	$8,371,850

Pain & Gain
Canberra council regions

The performance of house and unit resales across Canberra has continued to diverge over the past quarter. While only 9.6% of all dwellings resold at a loss over the quarter, this was split by 3.4% of houses and 25.5% of units.



Region	Gross loss-making sales, Sep-16 qtr				Gross profit-making sales, Sep-16 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	12.2%	5.4	-$25,700	-$5,240,229	87.8%	9.3	$170,500	$189,216,296

About CoreLogic

CoreLogic Australia is a wholly owned subsidiary of CoreLogic (NYSE: CLGX), which is the largest property data and analytics company in the world. CoreLogic provides property information, analytics and services across Australia, New Zealand and Asia, and recently expanded its service offering through the purchase of project activity and building cost information provider Cordell. With Australia's most comprehensive property databases, the company's combined data offering is derived from public, contributory and proprietary sources and includes over 500 million decision points spanning over three decades of collection, providing detailed coverage of property and other encumbrances such as tenancy, location, hazard risk and related performance information.

With over 20,000 customers and 150,000 end users, CoreLogic is the leading provider of property data, analytics and related services to consumers, investors, real estate, mortgage, finance, banking, building services, insurance, developers, wealth management and government. CoreLogic delivers value to clients through unique data, analytics, workflow technology, advisory and geo spatial services. Clients rely on CoreLogic to help identify and manage growth opportunities, improve performance and mitigate risk. CoreLogic employs over 650 people across Australia and in New Zealand. For more information call 1300 734 318 or visit www.corelogic.com.au

Granular Data and Analytics Driving Growth in your Business
CoreLogic RP Data produces an advanced suite of housing market analytics that provides key insights for understanding housing market conditions at a granular geographic level. Granular data is often used for portfolio analysis and benchmarking, risk assessments and understanding development feasibility and market sizing. It gives industry professionals valuable modules which provide essential analytics and insights for decision making and strategy formation within the residential property asset class. We can tailor reports to suit your business requirements. **Call us on 1300 734 318 or email us at ask@corelogic.com.au or visit us at www.corelogic.com.au**

Market Scorecard: Monitor and measure performance of an individual office or a Franchise brand month on month through a detailed view of the Real Estate Listing and Sales market share across Australia. With the ability to gather market share statistics within your active market this product is designed to identify the competing brands and independents at a suburb, postcode, user defined territory and State level. Easily locate growth opportunities and market hotspots allowing you to view the performance of the established offices in these new areas of interest.

Market Trends: Detailed housing market indicators down to the suburb level, with data in time series or snapshot delivered monthly. CoreLogic RP Data's Market Trends data is segmented across houses and units. The Market Trends data includes key housing market metrics such as median prices, median values, transaction volumes, rental statistics, vendor metrics such as average selling time and vendor discounting rates.

CoreLogic Indices: The suite of CoreLogic Indices range from simple market measurements such as median prices through to repeat sales indices and our flagship hedonic home value indices. The CoreLogic RP Data Hedonic index has been specifically designed to track the value of a portfolio of properties over time and is relied upon by Australian regulators and industry as the most up to date and accurate measurement of housing market performance.

Economist Pack: A suite of indices and indicators designed specifically for Australian economic commentators who require the most up to date and detailed view of housing market conditions. The economist pack includes the CoreLogic RP Data Hedonic indices for capital cities and 'rest of state' indices, the stratified hedonic index, hedonic total return index, auction clearance rates and median prices.

Investor Concentration Report: Understanding ownership concentrations is an important part of assessing risk. Areas with high investor concentrations are typically allocated higher risk ratings due to the over-representation of a particular segment of the market. Through a series of rules and logic, CoreLogic RP Data has flagged the likely ownership type of every residential property nationally as either owner occupied, investor owned or government owned.

Mortgage Market Trend Report: CoreLogic is in a unique position to monitor mortgage related housing market activity. Transaction volumes, dwelling values and mortgage related valuation events all comprise our Mortgage market trend report which provides an invaluable tool for mortgage industry benchmarking and strategy.

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