

The millions being made in flipping luxury homes

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 Nila Sweeney

Four out of the top 10 most expensive houses sold last year were held for less than five years, as some sellers doubled their money after cashing in on strong demand for an asset class in short supply, data from CoreLogic shows.

Houses in premium suburbs with the highest number of sales above \$5 million were also held for a relatively short period of just over eight years, compared with the 9.6-year market average. But the most prolific house flippers seemed to be those in the outer fringe and new housing estates, according to CoreLogic.

Bader Naaman, CBRE's NSW head of prestige valuation, said some premium home sellers could be partly motivated by the potential of making strong capital gains in a short timeframe.

"There's a chronic undersupply of premium properties at the moment and there's a lot of buyers in this segment, so properties getting resold within just a few years happens a lot in this space," he said.

"Some recent owners may be getting calls from agents offering them extra millions that are too good to refuse, so they'll just sell up.

"Prestige owners have a different mindset compared to the broader market, where the average buyer is looking to hold for 10 to 15 years. The premium homeowners are constantly looking for something better and are always getting approached to sell."

A five-bedroom house at 4 Fisher Avenue in Vaucluse in Sydney's eastern suburbs was sold for \$37 million in June last year. That's more than double the \$16 million contract price sealed in December 2018. A five-bedroom house at 10 Ginahgulla Road, Bellevue Hill, also in the eastern suburbs, was sold within two years for \$34.75 million in December last year, delivering a \$6.25 million capital gain to the sellers.

Pick and flip

Premium suburbs with the shortest hold periods

Location	Median hold period (years)	Median value (\$)
Manly, NSW	7.1	3,837,329
Paddington, NSW	7.6	3,371,307
South Yarra, Vic	7.8	2,439,365
Woollahra, NSW	8.0	4,918,548
Double Bay, NSW	8.4	6,667,031
Vaucluse, NSW	8.4	9,242,376
Noosaville, Qld	8.4	1,859,995
Rose Bay, NSW	8.5	6,235,136
Mosman, NSW	9.1	5,546,445
Bronte, NSW	9.2	5,418,199

SOURCE: CORELOGIC



This Fisher Avenue, Vaucluse, home was sold for \$37 million in June last year, more than double its December 2018 price. PHOTO: LOUIE DOUVIS

Tim Lawless, CoreLogic's research director, said the inherent scarcity of land in Australia's most prestigious locations underpinned the resilience of the premium market.

"Desirable inner-city areas and waterfront properties have a finite supply, and this scarcity can't be significantly alleviated by new development," he said. "When limited availability means demand consistently outstrips supply, there will be long-term support for high-end housing prices.

"A lack of newly built alternatives means that well-located existing prop-

erties will attract considerable buyer interest."

Sales of properties worth \$5 million and higher have more than doubled between 2019 and last year, according to Westpac's Prestige Property report.

The number of homes sold for more than \$10 million had nearly tripled, and sales of \$20 million properties climbed threefold during that period.

Almost two-thirds of Australia's property sales of \$5 million or higher last year were in Sydney; the Woollahra Local Government Area contributed 22 per cent of these sales. Those suburbs

include Paddington, Double Bay and Rose Bay, where houses were held for no longer than 8.5 years.

But houses in the outer fringe and new housing estates were the most actively traded, according to CoreLogic.

Houses in Nirimba Fields in Sydney's Blacktown region were held for just 1.8 years, the shortest in the country, followed by Claymore in the outer southwest, where owners sold within two years. Property owners in Melonba, Catherine Field and Austral resold within three years, and houses in Airs, Box Hill and Leppington were held for up to 3.6 years.

In Melbourne, houses in Bonnie Brook, Mambourin and Deanside in the west along with Donnybrook in the north-east were resold within 2.6 years, and those in Park Ridge, Ripley and Logan Reserve in Brisbane's Logan area were held for three years or less.

"A lot of these markets are popular with investors who tend to have shorter hold periods and may have more of a speculative mindset," Mr Lawless said. "Many of those suburbs would have seen some growth over the years, so flipping or cashing out of the marketplace makes sense."

Victor Kumar, a buyer's agent with Right Property Group, said sellers could also have been motivated to sell and upgrade after amassing some equity over the past two years.

"These areas are relatively cheap to get in, so buyers are using this as a stepping stone to get to their dream homes," he said.

"But there could be some elements of distress as well, so some people can't hold on because of higher interest rates and have to sell."

Houses in more than half (54) of all suburbs nationwide were held for less than 10 years, CoreLogic data shows.

In Brisbane, houses in two-thirds of all suburbs – the highest in the country – were resold in less than 10 years.