
— Chanticleer

History says these properties still work in a house price crash

Melbourne fund manager LongView faces a tough task raising its second housing investment fund in the current market. But it says data will guide its calls.



Sep 16, 2026

James Hooke may have one of the hardest tasks in Australia right now.

The executive chairman and co-founder of property group LongView Funds Management recently launched the firm's second investment home equity fund, which co-invests with home buyers via a shared equity arrangement.



The housing slump is playing out in line with the history of Australian corrections. David Rowe

And then the house price correction got into full swing.

Hooke works closely with LongView's co-founder and chief executive, Evan Thornley, who is still on the tools as he bravely battles brain cancer.

Hooke says the new fund has already secured \$13 million, and he's confident that this second fund will eventually eclipse the \$47 million that LongView raised for its first fund [<https://www.afr.com/link/follow-20180101-p5kjcjb>], which has so far produced a return of 14.1 per cent a year.

But while it's easy to roll out that old Warren Buffett line of being greedy when others are fearful, the reality of a housing slowdown is hard to escape.

“Everyone buys the theory of that,” says Hooke, who enjoyed a long career at Macquarie. “I think Warren and a smaller subset actually work out how to put it into practice.”

Hooke says what he’s seen so far in the housing downturn hasn’t surprised him.

The size of price falls is on par with previous corrections (none of which have exceeded a 12 per cent peak-to-trough fall in the past century, according to LongView’s data), the pace of falls is within historical norms, and the familiar pattern of the most expensive properties falling first and fastest is also being repeated.

Hooke acknowledges that the blow to transaction volumes will hit the real estate sector hard. “There are very few businesses that operate on the margins that those guys do that can sustain a 25 per cent volume hit and not feel extreme pain,” he says.

But LongView’s investment funds were built on data, not feelings. Having crunched 6.4 million property transactions since 1999, the evidence is clear: just 18 per cent of properties accounted for 58 per cent of the capital growth.

Typically, these are properties with high land value – that is, not apartments or townhouses – and Thornley famously coined the term RODWELL [\[https://www.afr.com/link/follow-20180101-p5mg9b\]](https://www.afr.com/link/follow-20180101-p5mg9b) to describe them: robust older dwellings on well-located land. Most of LongView’s co-investments have a land value of about 80 per cent.

Clearly, not all RODWELLS are created equal: location, the potential for subdivision, street quality, dwelling size and quality and block configuration all matter. But Hooke argues that right now, the price matters even more.

Since the start of the correction, LongView has focused even more tightly on RODWELLS below \$2 million, on the basis that history shows that the most affordable end of the market always holds up better.

One trend Hooke is particularly nervous about in the current market is the race to higher-yielding investment properties – often apartments – after the changes to negative gearing.

But the problem is, these properties often have low land values. “That’s going to end in tears for those people. Higher yielding properties have always been worse returning from a total return perspective,” he says.

Although Hooke is confident that housing’s historic trends will hold, he’s watchful on one variable: if the government’s total migrant intake dips much below 180,000 a year, supply and demand dynamics could shift.

We’ll get more on that from Immigration Minister Tony Burke on Thursday.

James Thomson is senior Chanticleer columnist based in Melbourne. He was the Companies editor and editor of BRW Magazine. Connect with James on [Twitter](#). Email James at j.thomson@afr.com