



A 20 unit and townhouse development in Jones Street

MARKET INDICATORS

Change from Last	Year	Half Year
HOUSE SALES	↑	↓
HOUSE MEDIAN	↑	↑
HOUSE RENTS	↑	↑
UNIT SALES	↑	↑
UNIT MEDIAN	↑	↔
UNIT RENTS	↑	↑

The indicators depicted above are based on the year ending June 2013.

KEY HIGHLIGHTS

- Despite a build-up of momentum in the suburbs surrounding Penrith several large scale developments have failed to materialise, putting pressure on existing stock.
- The sale of units, villas and townhouses exceeded house sales in all but three six-month periods since 1999.
- The suburb proved to be a superior option for investors, offering strong returns at sub-\$400,000 price brackets.

MARKET OVERVIEW

This report examines the residential property market within the suburb of Kingswood, located in the Penrith local council area.

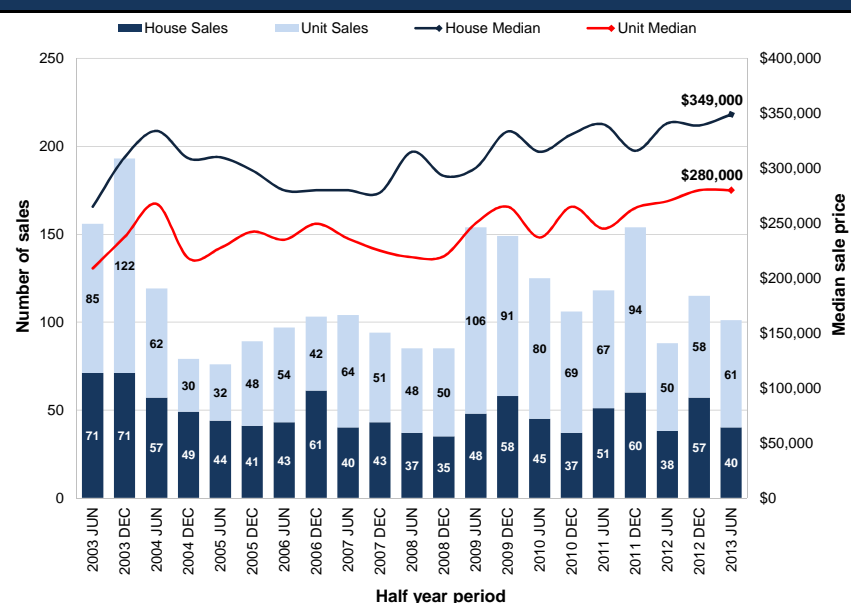
Despite a build-up of momentum in the suburbs surrounding Penrith several large scale developments have failed to materialise, putting pressure on existing stock. In Kingswood the level of stock-on-the-market remained low, amid high demand from investors and second home buyers. Demand for smaller developments (normally six to eight townhouses) was strong in the first half of 2013, resulting in very short selling periods. New townhouses often sold off-the-plan at full price while an increasing number of existing units and townhouses are now sold by the way of auction.

The median house price closed the June period at \$349,000, representing a 2.3 per cent increase from June 2012. For the same 12-month period the median price of a unit (including villas and townhouses) increased by 3.7 per cent, but remained unchanged at \$280,000 in the first half of 2013.

The sale of medium density dwellings exceeded house sales in all but three six-month periods since 1999. Demand for medium density product led to a growth in subdivision activity over the past decade, marked by the consolidation of lots and the construction of up to eight townhouses. Currently large developments offering up to 20 apartments and townhouses are rare.

Activity increased markedly in the first half of the year compared to the corresponding period in 2012. The number of house transactions increased by two transactions, and the number of unit sales grew by 11 transactions.

KINGSWOOD HOUSE AND UNIT SALES CYCLE



Graph prepared by PRDnationwide Research. Source: PDS

UNIT PRICE POINTS SIX MONTHS TO JUNE 2013

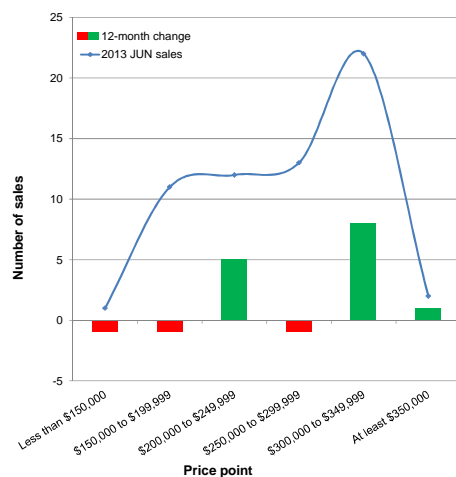


Chart prepared by PRDnationwide Research. Source: PDS

Demand for **medium density** product led to **growth** in **subdivision** activity over the past decade, marked by the consolidation of lots and the **construction of** up to eight **townhouses**

HOUSE PRICE POINTS SIX MONTHS TO JUNE 2013

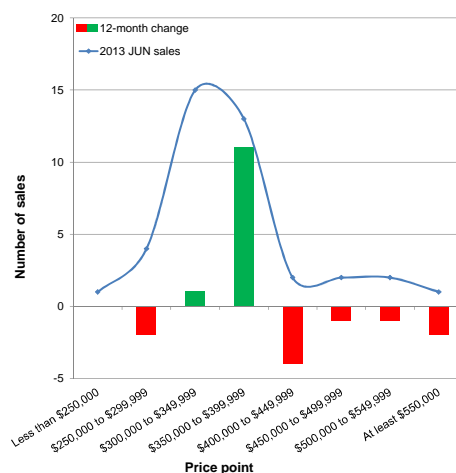


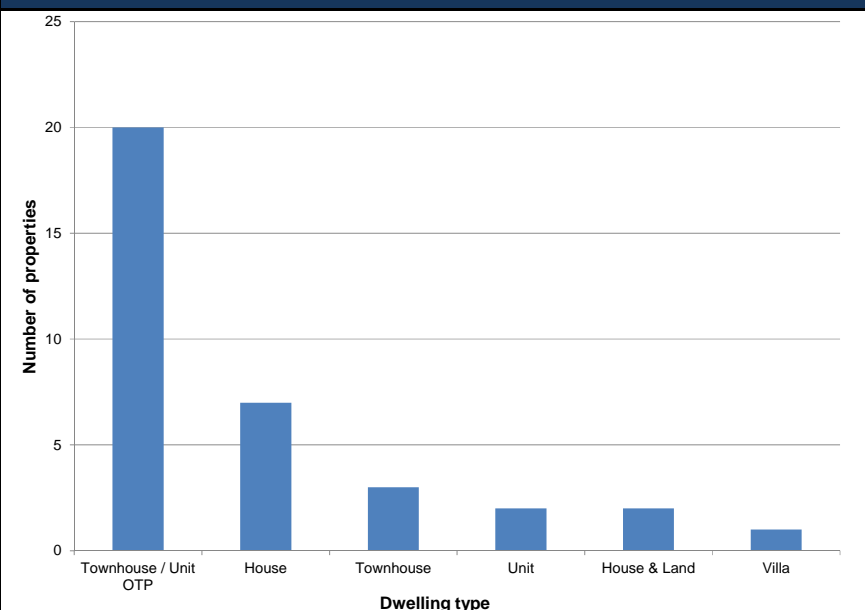
Chart prepared by PRDnationwide Research. Source: PDS

In the six months to June 2013 the largest share of units transacted in the \$300,000 to \$349,999 price point, recording 22 sales. The Unit Price Point chart points to a strong increase in sales over \$300,000, which led to the escalation in the median price over the 12-months to June.

Observing the house market the number of sales over \$400,000 declined, while transactions between \$300,000 and \$400,000 increased. A capital growth analysis conducted by PRDnationwide Research compared individual resales of existing houses; the results pointed to an average house price increase of 4.9 per cent per annum in the six months to June 2013, compared with 4.3 per cent per annum in the corresponding 2012 period.

The Kingswood rental market eased after a robust growth over the past three years. Helped by low mortgage rates, tenants were afforded an easy way out of the rental market and into home ownership, while new tenants benefited from an increased choice of dwellings available for rent. With that said, rental returns of six per cent remained common as a large student population maintained rental demand. Investors favoured medium-density product close to major health and education facilities. The median rent for a three-bedroom house in the 2747 postcode increased by 5.6 per cent in the 12 months to June, closing the quarter at \$380 per week. For the same period the median rent of a two-bedroom unit increased by 7.4 per cent to \$290 per week. In September 2013 there were 47 dwellings available for lease in the suburb, with a marked increase in vacancy. The rental vacancy rate for the postcode increased to 1.9 per cent in August 2013 from a low of 1.1 per cent in August 2012).

PROPERTIES ON THE MARKET (SEPTEMBER 2013)



Graph prepared by PRDnationwide Research. Source: realestate.com.au

Shortage in stock on the market is highlighted by the graph above, with a low number of properties advertised for sale. Furthermore, only 13 of the 35 properties on the market were existing product while the balance was represented by units selling off-the-plan and home-and-land package. The largest development consisted of 20 units and townhouses; located on Jones Street, construction of this development is expected to be completed in mid-2014.

A slow supply of new residential stock along with steady demand for rental properties and strong enquiry for existing product is likely to boost prices in Kingswood over the short to medium term. The suburb proved to be a superior option for investors, offering strong returns at sub-\$400,000 price brackets.

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This report was prepared by PRDnationwide Research. Source: PDS, Housing NSW, SQM, realestate.com.au

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