

SOUTHERN HIGHLANDS

Property Watch®

PRD nationwide



WINGECARRIBEE LGA OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market conditions of the Wingecarribee Local Government Area (LGA).

Located 100 kilometres southwest of Sydney, the Wingecarribee Shire Council has its administrative centre in the town of Moss Vale, with the commercial centre in Bowral and an industrial core in Mittagong. The Region, also known as the Southern Highlands has a strong economic base which relies on manufacturing, agriculture, tourism and retail industries. The position of the Southern Highlands between Sydney and Canberra has provided businesses access to two of the nation's largest markets, with low overheads and access to cheaper industrial land. The increase in land values over the past decade and tighter economic conditions have forced businesses to innovate and intensify their operations in order to remain competitive. According to the latest Census data the Shire's population equated to 44,395 residents in August 2011. A look at the different age brackets revealed a low number of residents in the 20 to 39 age groups and a high number of residents aged 60 years or over. This shortage in working age population hinders the growth of the local economy.

Separate houses accounted for 90% of dwellings in the Wingecarribee, and represented 88% of sales in the six months to May 2012. The House and Land Sales Cycle graph highlights the decline in house activity since the November 2009 half year, when government stimulus attracted first home buyers to enter the market. Three years later and first home buyers' activity has all but disappeared, with upgraders, downsizers, and the occasional bargain-seeking investor accounting for most new enquiries. The 395 transaction recorded over the May 2012 six month period represented a decline of 8% from the same period in 2011 and a 32% softening from November 2009.

MARKET INDICATORS

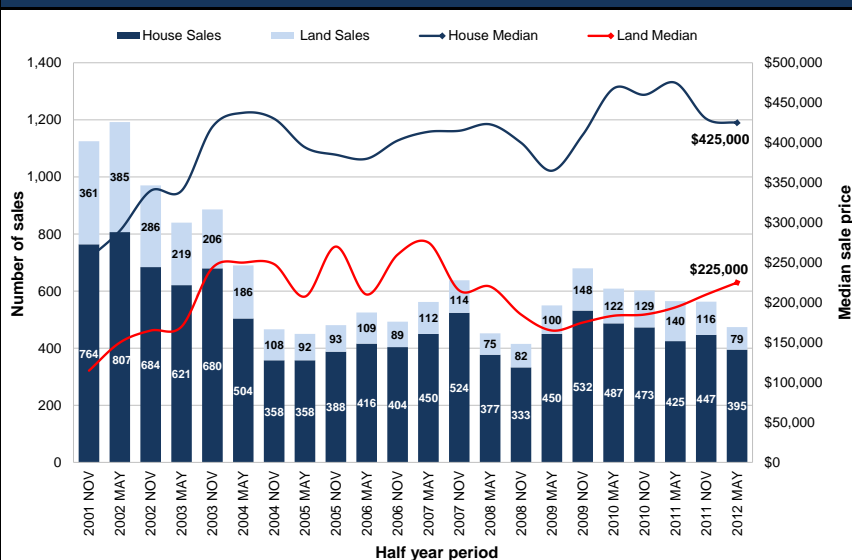
Change from Last	Year	Half Year
HOUSE SALES	↓	↓
HOUSE MEDIAN	↓	↓
HOUSE RENTS	↔	↔
LAND SALES	↓	↓
LAND MEDIAN	↑	↑

The indicators depicted above are based on the year ending May 2012.

KEY HIGHLIGHTS

- A rise in the median price for detached and attached dwellings transpired over the past three years amid a decline in activity.
- The shortage in working age population hinders the growth of the local economy.
- The largest number of vacant lots transacted in the Renwick subdivision near Mittagong, with the sale of 77 of the planned 600 blocks since 2011.

SOUTHERN HIGHLANDS HOUSE & LAND SALES CYCLE



Graph prepared by PRDNationwide Research. Source: PDS

HOUSE PRICE POINTS

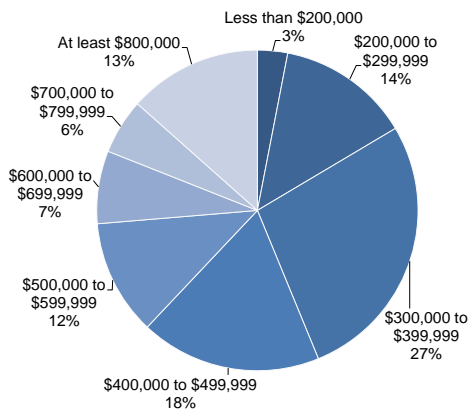


Chart prepared by PRDnationwide Research. Source: PDS

AGE BRACKETS

WINGECARRIBEE AND NSW

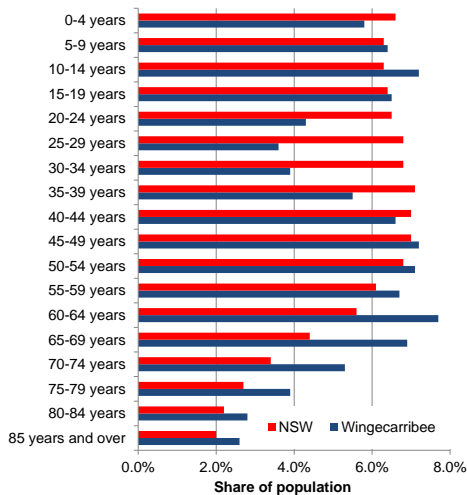


Chart prepared by PRDnationwide Research. Source: ABS

UNIT PRICE POINTS

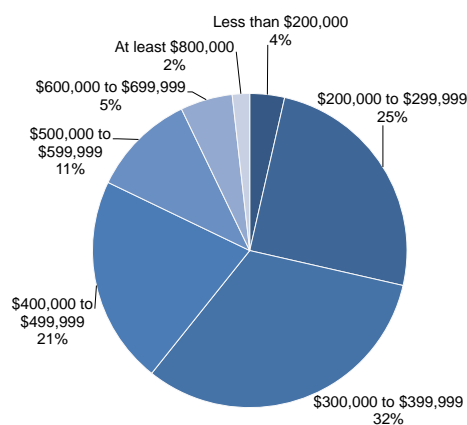


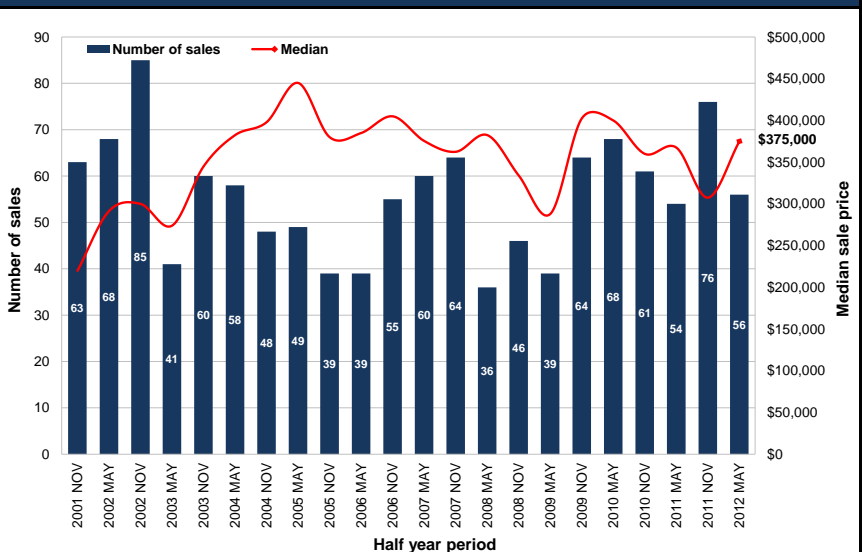
Chart prepared by PRDnationwide Research. Source: PDS

The median house price closed the May period at \$425,000, representing a 12 month decline of 10.5% but remaining 12.6% above the lows recorded during the Financial Crisis of 2008. The growth in sales below \$400,000 and the decline in sales toward the top end of the market led to the softer median price. The largest share of houses transacted in the \$300,000 to \$399,999, where the central towns of Moss Vale, Bowral and Mittagong accounted for most transactions, as did the village of Bundanoon.

The sales of vacant land in the Southern Highlands followed the same trend as the house market, with a noticeable decline since 2009. Seventy nine lots transacted during the May period, representing a 44% drop from the May period in 2011. Most lots transacted in Renwick, a Landcom subdivision located east of the Mittagong town centre. Lots in the development have been selling since 2011, with 77 of the planned 600 blocks sold as of May 2012.

Despite a decline in activity over the past three years, sales volumes for medium density dwellings such as units, townhouses and villas were significantly higher than during the trough of the Financial Crisis. Demand for low maintenance dwellings came from the region's large retiree and 'tree change' population. The supply of 'over 55' developments has increased over the past five years, offering greater choices to those nearing retirement age. An increase in the number of transactions over the 12 months to May 2012 is linked to the divestment of a large number of units located south of the Bowral town centre. These transactions reversed the decline in activity recorded since 2009 and led to a two per cent increase in the median unit price over the 12 months to May 2012. A concentration of activity was noticed toward the lower end of the market, with unit sales below \$400,000 increasing from May 2011 to represent 61% of the market.

SOUTHERN HIGHLANDS UNIT SALES CYCLE



Graph prepared by PRDnationwide Research. Source: PDS

Market indicators point to an easing rental market in the first half of 2012. The median rent price for a three bedroom house in Wingecarribee closed the June 2012 quarter at \$350 per week, representing little change from June 2011. For the same period rents for larger accommodation consisting four bedrooms plus declined by four per cent to a weekly median price of \$450. Conversely, higher demand for strata-titled accommodation led to an increase of eight per cent from 2011, registering a median price of \$250 per week for a two bedroom unit. The increase in rental accommodation offers greater selection to tenants, but keeps investors away.