

## PROPERTY WATCH®

Second Quarter 2011

## Penrith LGA

## IN BRIEF

- The median house price increased to \$370,000 in the second half of 2010.
- The lodgement of new rental bonds increased 11.8% in the March 2011 quarter compared to 2009.
- Jamistown, Werrington and St Marys experienced an above average capital growth for properties selling in the second half of 2010.

## Scope

The following Property Watch is the result of an investigation into the house and unit markets within the Penrith Local Government Area (LGA).

## Area Characteristics

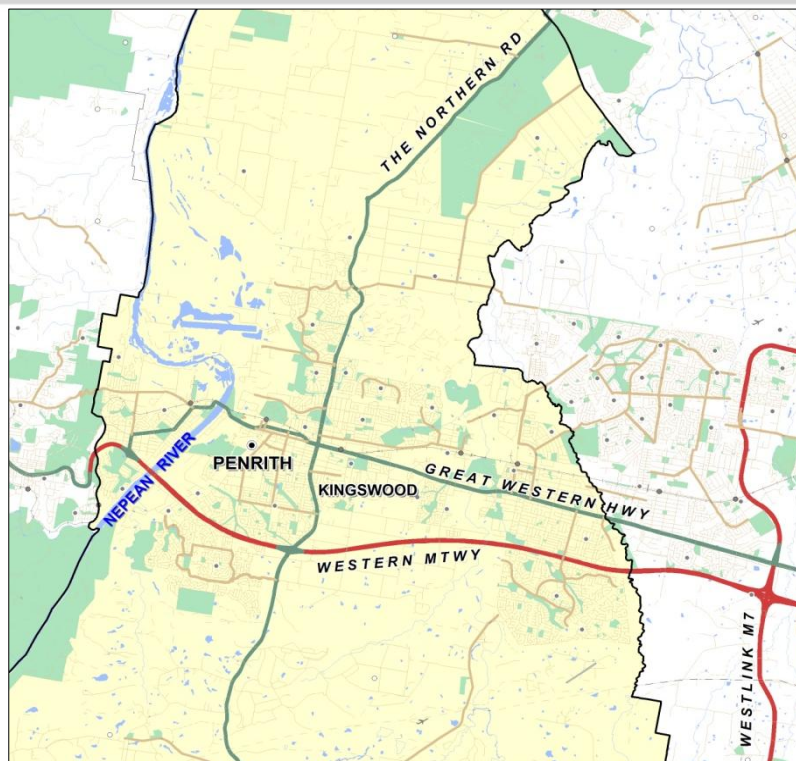
The Penrith LGA is located approximately 50 kilometres west of the Sydney CBD at the foot of the Blue Mountains, and bordered by the Blacktown LGA to the east and the Nepean River to the west. The suburb of Penrith is a major commercial centre in the Greater Western Sydney area, with several shopping complexes including the Penrith Westfield and the High Street strip mall. A second business district can be found in nearby St Marys. The main arterial roads servicing the region are the Western Motorway and the Great Western Highway, linking Sydney with the Blue Mountains, and the Westlink M7 connecting north and south. Train links are available through five station on the Western and Blue Mountains lines located throughout the LGA.

## Demographic Snapshot

As at June 2010 the estimated population of the Penrith LGA was 186,221 residents. This equates to a moderate increase of one per cent from the June 2009 population of 184,423. The median individual and household incomes (\$517 and \$1,147 respectively) are almost the same as that of metropolitan Sydney, while the median age for the region is 32 compared to 35 in the Sydney Metropolitan Area. Separate houses represent 85 per cent of dwellings in the LGA and 98 per cent in the suburb of Penrith. They are mostly populated by non nuclear family type households which include couple without children (23 per cent), single parent households (15 per cent) and non family households (21 per cent). The LGA's rental market makes up 27 per cent of total dwellings.

## Rental Market

Rental accommodation within the Penrith LGA is dominated by three bedroom dwellings, representing 74.3 per cent of the market. Two bedroom dwellings account for 21.5 per cent of the rental market, with single bedroom dwellings representing the remaining four per cent. The Department of Housing estimates that 77.7 per cent of housing needs in the suburb of Penrith will be for one or two bedroom dwellings by the end of 2011. The March 2011 median rent for a three bedroom house in the LGA was \$360 per week, representing a 12 month growth of 9.1 per cent, compared to 5.7 per cent in Sydney's outer ring. The median weekly rent for a two bedroom apartment closed the March 2011 quarter at \$260, representing an annual growth of 8.3 per cent. It is interesting to note an 11.8 per cent increase in the lodgement of new rental bonds for units over the March 2011 quarter, compared to the same period in 2010.



## Demographic Snapshot

	Penrith	Penrith LGA
Population 2010	12,275	186,221
Population 2009	12,103	184,423
Population growth rate 2009 to 2010	1.4%	1.0%
Proportion of people aged 65 years and over	9%	8%
Proportion of people aged 15 years and younger	21%	23%
Median age	36	32
Median weekly household income	\$1,425	\$1,147
Median weekly individual income	\$517	\$517
Average number of people per household	3.2	2.9

Prepared by PRDnationwide Research. Source: ABS

## Suburbs Gross Rent Yield – December 2010

Suburb	Median Price	Median Weekly Rent	Rental Yield
<b>HOUSES</b>			
GLENMORE PARK	\$460,000	\$420	4.7%
ST CLAIR	\$370,000	\$380	5.3%
CRANE BROOK	\$356,250	\$370	5.4%
SOUTH PENRITH	\$370,000	\$400	5.6%
ST MARYS	\$330,000	\$350	5.5%
PENRITH	\$330,000	\$350	5.5%
<b>UNITS</b>			
PENRITH	\$250,000	\$280	5.8%
KINGSWOOD	\$260,000	\$300	6.0%
ST MARYS	\$272,500	\$300	5.7%
OXLEY PARK	\$290,000	\$350	6.3%
WERRINGTON	\$241,000	\$310	6.7%
JAMISONTOWN	\$290,000	\$338	6.1%

Prepared by PRDnationwide Research. Source: PDS Live, NSW Housing

## House Market

The Penrith LGA house market reacted to favorable conditions during the Global Financial Crisis (GFC) in 2009, when the stimulus provided by the Federal Government and low interest rates allowed many homebuyers to enter the market. This is notable in the spike in sales during the June 2009 half year. More recently the median house price showed an annual growth of 5.7 per cent to close the December 2010 at \$370,000. Activity levels have been decreasing since the June 2009 spike to record 1,068 house transactions in the second half of 2010, but remained only marginally below the long term average of 1,232 transactions per six month period recorded over the past five years. The price point chart indicates the disparity of sales. It reveals that most transactions occurred in the \$350,000 to \$399,999 price bracket accounting for 24 per cent of sales, closely followed by the lower bracket of \$300,000 and \$349,999, accounting for 23 per cent. Toward the bottom end of the market houses selling below \$300,000 equated to 14 per cent, while at the top end stock selling for \$600,000 plus represented nine per cent of the market.

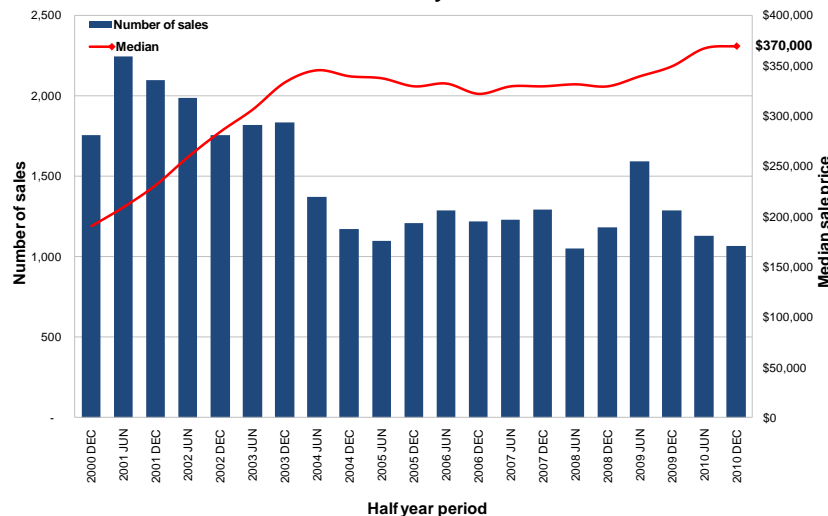
In order to ascertain the returns to investors, PRDnationwide Research has undertaken a resale analysis of all house product sold within the six months to December 2010. This study has yielded an average annual capital growth of 3.5 per cent per annum, and an average holding period of 5.8 years. A further investigation into individual suburbs performance revealed strong capital growth for the suburbs of Jamistown (7.6 per cent), Werrington (5.9 per cent) and St Marys, with 5.2 per cent capital growth per annum.

## Unit Market

Unit type product accounts for 14 per cent of dwellings in the Penrith LGA and generally offers a higher rental return and a lower initial capital investment. As at December 2010 the median price for units in the LGA was \$273,000, representing a three per cent increase from December 2009 and 9.3 per cent above the median price recorded during the GFC. Sales activity declined from the highs recorded in first half of 2009 to 357 transactions for the December 2010 half year period, representing a 30 per cent decline from the same period in 2009. The suburb of Penrith experienced the highest activity recording 93 transactions or 26 per cent of total transaction for the LGA. It was followed by Kingswood and St Marys, recording 71 and 56 transactions respectively. A unit price point analysis reveals that most transactions took place in the \$250,000 to \$299,999 price bracket, accounting for 30 per cent of the market. Toward the top end units selling in the \$450,000 plus bracket represented three per cent of the market, while at the lower end two per cent of units sold for less than \$150,000, with a further 15 per cent transacting between \$150,000 to \$199,999.

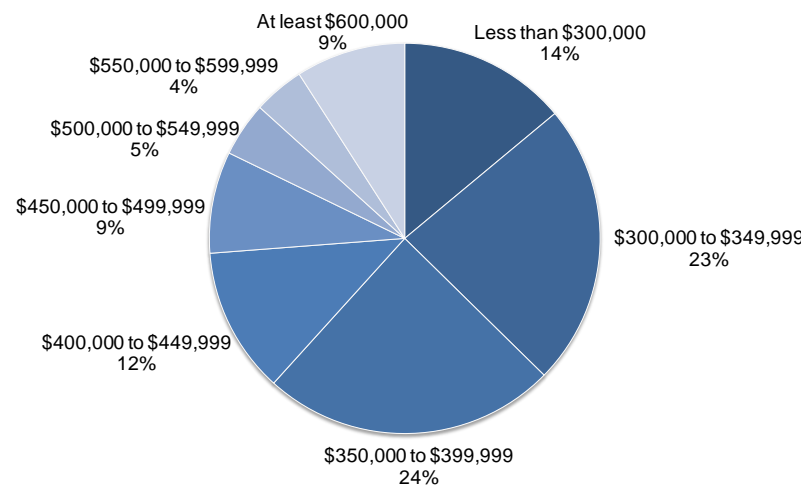
In order to ascertain the returns to investors, PRDnationwide Research has undertaken a resale analysis of all unit product sold within the six months to December 2010. This study has yielded an average annual capital growth of 2.9 per cent per annum, in line with the median price growth. The average holding period of 7.1 years.

## Penrith LGA – House Sales Cycle



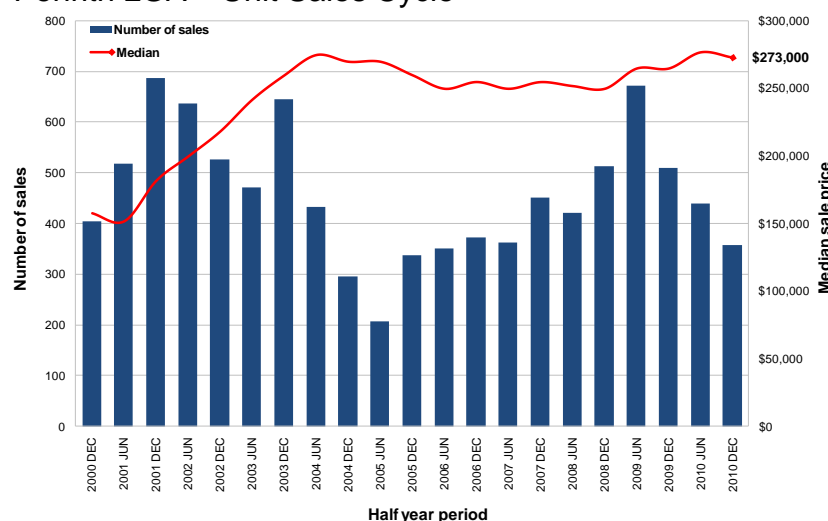
Prepared by PRDnationwide Research. Source: PDS Live

## House Price Points - Six Months to December 2010



Prepared by PRDnationwide Research. Source: PDS Live

## Penrith LGA – Unit Sales Cycle



Prepared by PRDnationwide Research. Source: PDS Live

Prepared by PRDnationwide Research. Source: PDS Live, Housing NSW and the ABS. For further details contact: Oded Reuveni Etzioni, Research Analyst Ph: (02) 9257 0254 or Email: OdedEtzioni@prd.com.au or visit our website at [www.prdnationwide.com.au/research](http://www.prdnationwide.com.au/research).

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