

LEICHHARDT AREA

Property Watch®



The Leichhardt Town Hall

MARKET INDICATORS

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

The indicators depicted above are based on the year ending May 2013. Rental indicators are based on 12 months to March 2013.

KEY HIGHLIGHTS

- An 8.4% rise in median house price was confirmed by a capital growth analysis showing an average growth of 6% p.a.
- Demand for houses came from professionals and young families, some of whom first home buyers seeking to secure inner city accommodation.
- Prices are expected to increase in the second half of 2013 in response to record-low mortgage rates and greater political certainty.
- A stable rental market is proof for the sustained demand for accommodation within a five kilometre radius of the Sydney CBD.

MARKET OVERVIEW

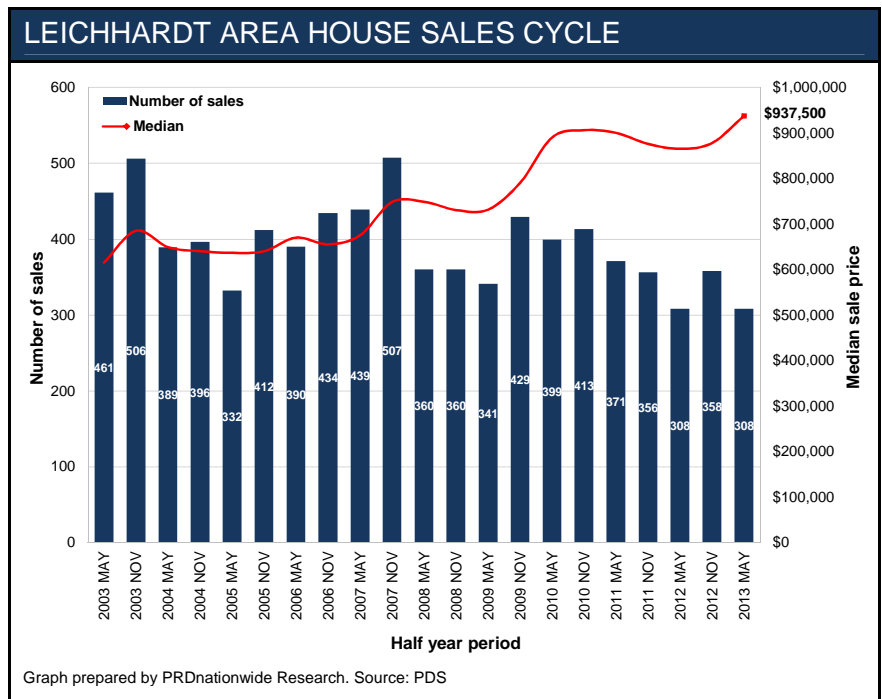
The following Property Watch report investigates into Leichhardt Area's house market. The market includes the suburbs of Leichhardt, Lilyfield, Lewisham, Petersham, Stanmore, Annandale and Haberfield. In the first half of 2013 saw strong demand from professionals and young families, some of whom first home buyers seeking to secure inner city accommodation.

The House Sales Cycle graph highlighted peak sales activity in November 2003 and November 2007, with each period recording 500 plus transactions. Activity softened since the November 2009 period as government incentives dissipated and mortgage rates increased. More recently activity in the May 2013 six month period remained unchanged from the corresponding period in 2012.

While transaction levels remained subdued, limited supply and strong demand for detached houses in the area led to a rise in the median price, increasing by 8.4 per cent to \$937,500 in the 12 months to May.

A capital growth analysis conducted by PRDnationwide Research confirmed the strong growth, with an average increase of six per cent per annum for vendors who sold in the May 2013 six month period. The result equated to a doubling in house price every 12 years. On average houses in the area were held for a period of eight years and two months.

The median price growth can be further explained by a decline in sales under \$900,000 and a rise in transactions toward the top end of the market, with the share of transactions in the \$1,300,000 plus price point increasing by four per cent from May 2012 to represent 16 per cent of the market.



HOUSE PRICE POINTS

6 MONTHS TO MAY 2013

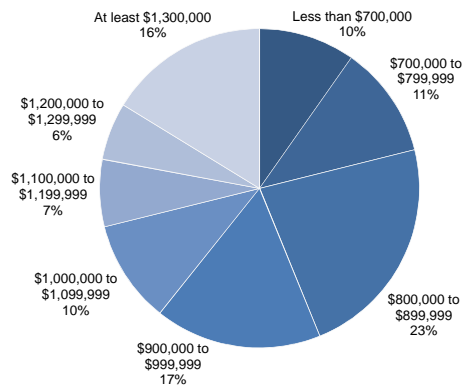


Chart prepared by PRDnationale Research. Source: PDS

NUMBER OF BEDROOMS

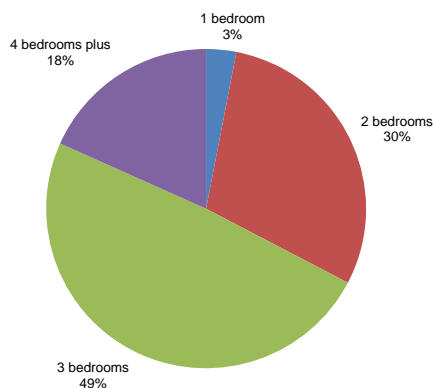


Chart prepared by PRDnationale Research. Source: PDS

CHANGES IN MORTGAGE DEMAND

Q2 2012 to Q2 2013

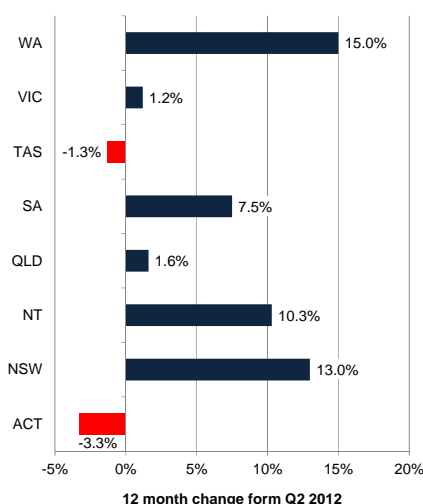


Chart prepared by PRDnationale Research. Source: Veda

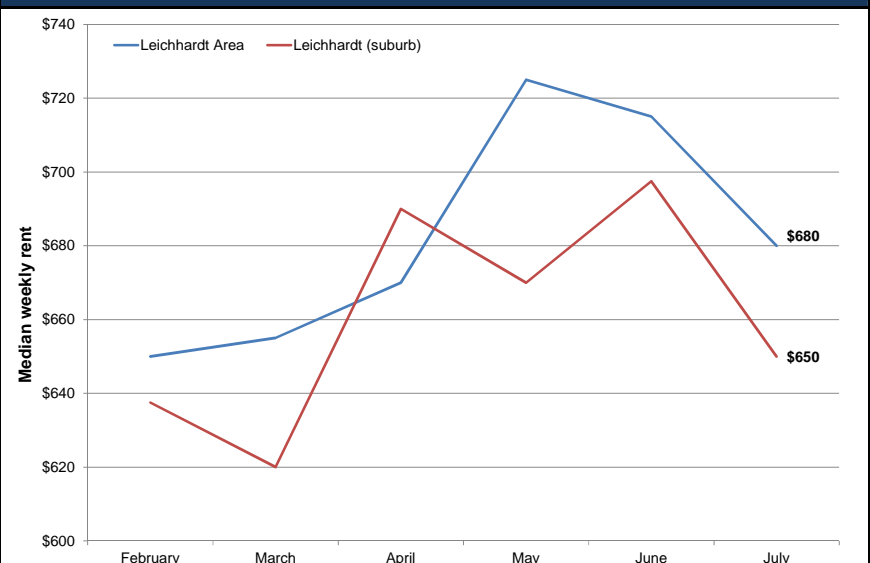
The House Price Point chart revealed a large concentration of sales in the \$800,000 to \$900,000 price point, accounting for 23 per cent of transactions. It is expected that this price bracket will further decline in the second half of 2013 as a record-low mortgage rate environment and greater political certainty increase demand for inner city dwellings.

The Number of Bedroom chart pointed to a strong demand for family-oriented accommodation, with three-bedroom houses representing almost half of all transactions (49 per cent) in the past 18 months. For the same period two-bedroom accommodation accounted for 30 per cent; these were normally single-fronted semi-detached cottages or terraces.

Advertised rent prices peaked in May, recording a median weekly value of \$725. Prices softened since, closing at \$680 per week at the end of July in response to the recovery in property sales. The Advertised House Rent graph below compared the median rent for the Leichhardt Area with its largest rental market, the suburb of Leichhardt. The area's May peak was not observed in the suburb of Leichhardt although both the area and the suburb declined in the month of July. The gross rental yield for a house ranged between four and five per cent.

The share of rental accommodation remained unchanged between the 2001 and 2011 censuses, with 40 per cent of dwellings in Leichhardt and 43 per cent of dwellings in Annandale occupied by tenants. The stable result is proof of the sustained demand for accommodation within a five kilometre radius of the Sydney CBD. Limited development in the area over the past 12 years resulted in scarcity of product and led to strong appreciation in house prices.

LEICHHARDT AREA ADVERTISED HOUSE RENT



Graph prepared by PRDnationale Research. Source: RP Data

A positive outlook for the Leichhardt Area is backed by an accommodative mortgage rate environment and an improved investment in real estate, as other asset classes exhibit low returns or volatility. The June quarter recorded the highest 12-month increase in the volume of mortgage enquiries since June 2010, with the *Veda Consumer Credit Demand Index* pointing to a 12-months growth of 13 per cent for New South Wales. The figure reaffirms the market's strength.