

SOUTHERN HIGHLANDS

Property Watch®

PRD nationwide



The Moss Vale town clock

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 April 2013. Rental indicators are based on 12 months to March 2013.

KEY HIGHLIGHTS

- A rise in activity and support for prices marked the beginning of a recovery in the Southern Highlands property market.
- Bundanoon stood out as the most vibrant market in the region, with 43% of the stock advertised for a period of 30 days or less in the first half of 2013.
- The rental market firmed in the first quarter of 2013, with rents for a three bedroom house increasing by 5.9% to \$360 per week.

WINGECARRIBEE LGA OVERVIEW

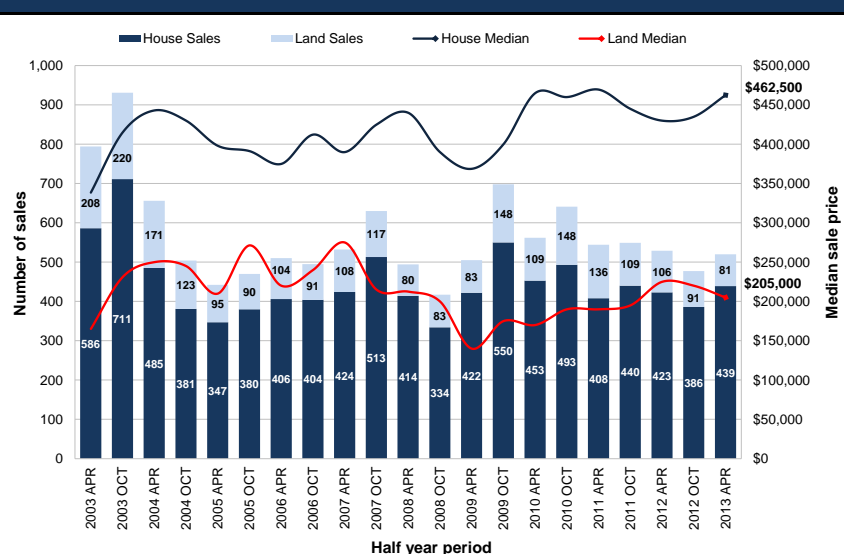
The following Property Watch report is the result of an investigation into the historic and current market conditions of the Wingecarribee local government area (LGA).

A rise in activity and support for prices marked the beginning of a recovery in the Southern Highlands property market. Demand for detached houses increased from the lows of 2012, while the median price of a house increased by 7.6 per cent in the 12 months to April 2013. The steady flow on enquiries from downsizers was complemented by investors who sought solid rental returns and long term capital growth.

The House and Land Sales Cycle highlighted the strong activity in the six months to April 2013, with 439 transactions. The result was encouraging given a five-year average of 435 transactions per half year period. The decline in activity below \$400,000 and the increase in sales toward the top end of the market led to the firm median price. The largest share of houses transacted in the \$400,000 to \$499,999 price point, where the combined transactions in Moss Vale, Bowral and Bundanoon accounted for 62 per cent of the total house activity.

Land sales declined over consecutive periods since October 2009, with 81 transactions recorded in the April six month period. The decline was consistent across the major centres of Bowral, Moss Vale and Bundanoon, while Renwick, the East Mittagong land release, eased by two transactions from the corresponding period in 2012. Sales in this release have been seasonal, with strong results in the April half year and slow sales in the six months to October 2011 and 2012. In the pipeline is The Darraby Estate in Moss Vale, with the first stage of the release comprising of nine lots.

SOUTHERN HIGHLANDS HOUSE AND LAND SALES CYCLE



HOUSE PRICE POINTS

6 MONTHS TO APRIL 2013

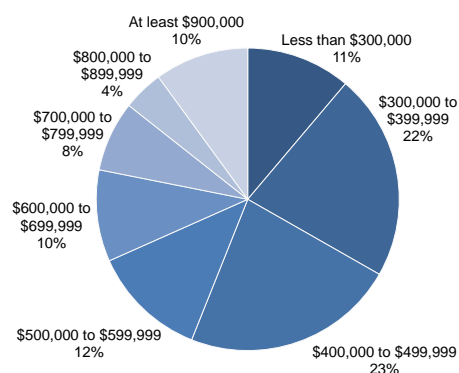


Chart prepared by PRDNationwide Research. Source: PDS

HOUSE - DAYS ON MARKET

6 MONTHS TO JUNE 2013

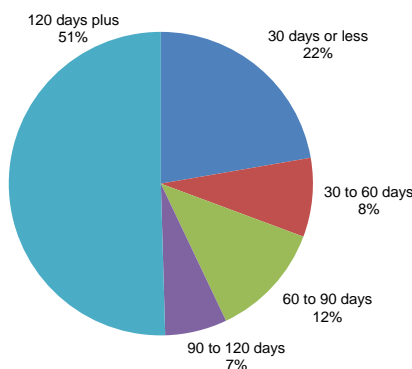


Chart prepared by PRDNationwide Research. Source: RP Data

GROSS RENTAL YIELD

6 MONTHS TO APRIL 2013

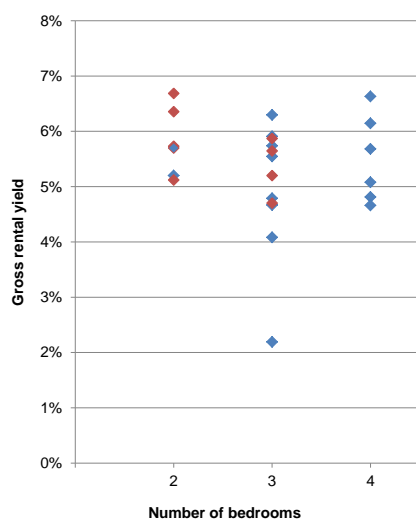
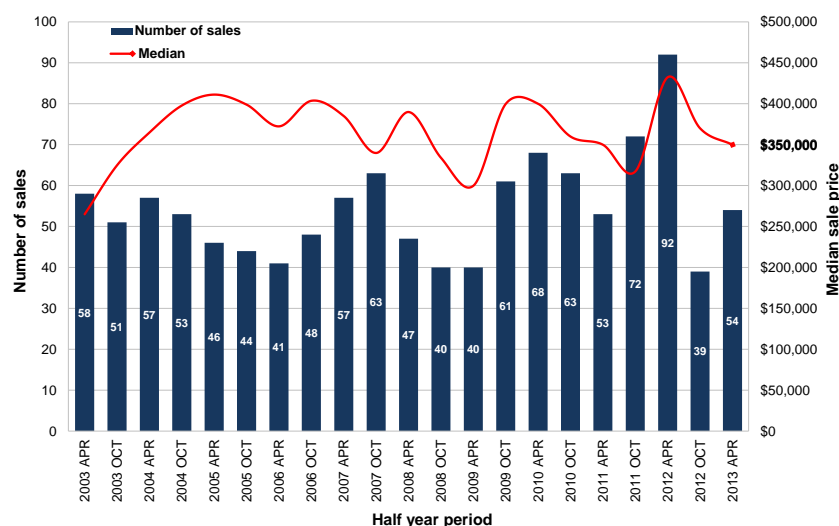


Chart prepared by PRDNationwide Research. Source: PDS

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 a greater choice to those nearing retirement age. Activity softened in the 12 months to April 2013, as the market absorbed most of the units in Kangaloon Road, located south of the Bowral town centre. The median price of a unit followed the decline in activity, closing at \$350,000 in April. Activity concentrated toward the lower end of the market, where unit sales between \$300,000 and \$399,999 increased to represent one third (33 per cent) of the market. The most significant decline in sales was noted in the \$500,000 to \$599,999 price point, as the divestment of the Kangaloon Road units was completed.

PRDNationwide Research conducted a Days on Market analysis to ascertain the time required to sell a house in the Southern Highlands. The analysis revealed that approximately half (51 per cent) of houses remained on the market for a period of 120 days or more, while 22 per cent of houses were sold within a period of 30 days or less. The figures suggested that a significant level of stock had to be cleared for the house recovery to accelerate. Properties priced above the median house price (\$462,500) accounted for 72 per cent of the 120 days plus stock, confirming the recovery toward the bottom and middle of the market was yet to extend to properties at higher price brackets. Bundanoon stood out as the most vibrant market in the region, with 43 per cent of the stock advertised for a period of 30 days or less in the first half of 2013.

SOUTHERN HIGHLANDS UNIT SALES CYCLE



Graph prepared by PRDNationwide Research. Source: PDS

The rental market firmed in the first quarter of 2013. The median rent price for a three bedroom house in the Wingecarribee council closed the March 2013 quarter at \$360 per week, representing a 5.9 per cent change from March 2012. At the same time rents for larger accommodation consisting four bedrooms plus increased by 4.4 per cent to a weekly median price of \$470. The increase in rent prices incentivised investors seeking high yield, and reduced the opportunity cost for tenants who contemplated becoming owner occupiers.

The Gross Rental Yield chart depicts yields for properties that transacted in the six months to April 2013. The chart showed returns of five per cent plus for all two bedroom accommodation and for most four bedroom houses.

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This report was prepared by PRDNationwide Research. Source: PDS, ABS, Housing NSW, RP Data.

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