

PANANIA AREA

Property Watch®

PRD nationwide



A house on Kelvin Parade, Picnic Point

MARKET INDICATORS

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

- Approximately half of all houses transacted in the \$550,000 to \$649,999 price point.
- The median house price reached a new record, closing the April period at \$620,250.
- New duplexes offered superior rental yields, with an indicative gross rental return equating to 5%, compared with a return of 4.5% for houses.

2213 POSTCODE MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market conditions of the 2213 postcode, spanning across the suburbs of Panania, East Hills and Picnic Point.

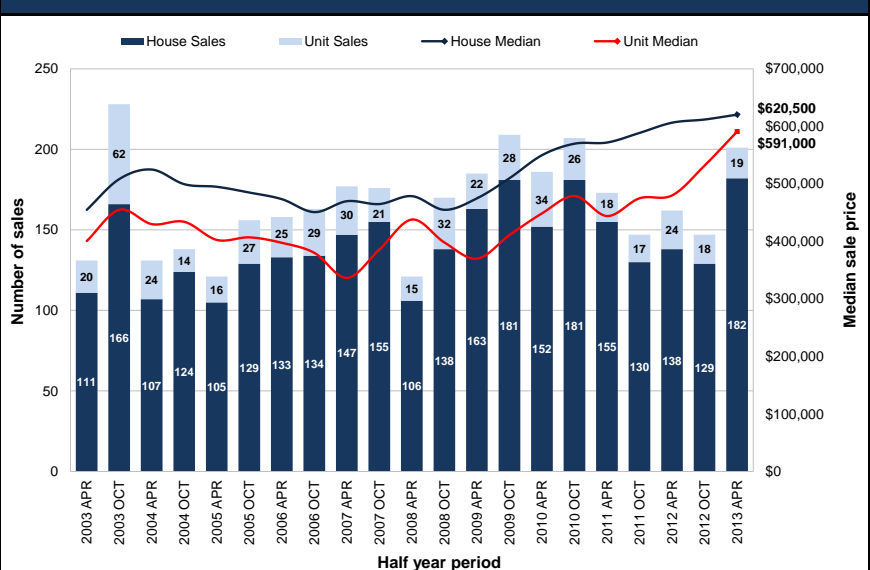
The Area comprises of mostly detached houses, accounting for 79 per cent of the residential stock, despite a significant increase in semi-detached dwellings over the past few years.

The number of duplexes has significantly increased in recent years. Despite a measured growth in duplex transactions over the past two years, softer demand created saturation in the market, turning many properties into rental accommodation. This has created a surplus of semi-detached accommodation advertised for rent, resulting in long leasing periods.

Observing the house and unit sales cycle over the April six month period pointed to a robust selling activity, with house sales increasing by 31 per cent from the corresponding period in 2012 and exceeding the peak in activity recorded in October 2009 and 2010. Demand was strongest between \$550,000 and \$649,999, accounting for almost half (48 per cent) of house transactions.

The median house price reached a new record, closing the April period at \$620,250. The figure equated to a 2.2 per cent growth in the 12 month period and 36 per cent growth from the bottom of the market in October 2008. The unit market experienced slow activity despite a sharp increase in the median price in the 12 months to April, equating to a 23 per cent.

2213 POSTCODE HOUSE AND UNIT SALES CYCLE



Graph prepared by PRDnationwide Research. Source: PDS

HOUSE PRICE POINTS 6 MONTHS TO APRIL 2013

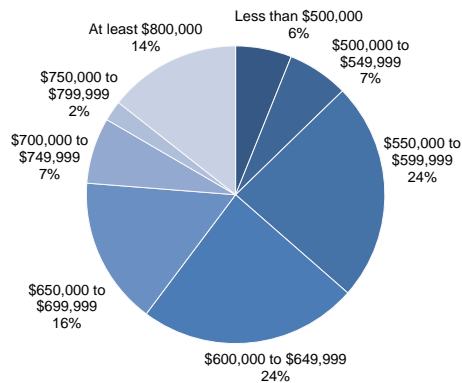


Chart prepared by PRDnationwide Research. Source: PDS

More than 50% of houses sold within 60 days, suggesting mid-market strength

HOUSE - DAYS ON MARKET 6 MONTHS TO JUNE 2013

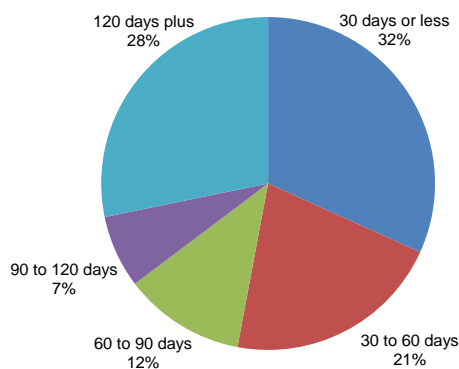
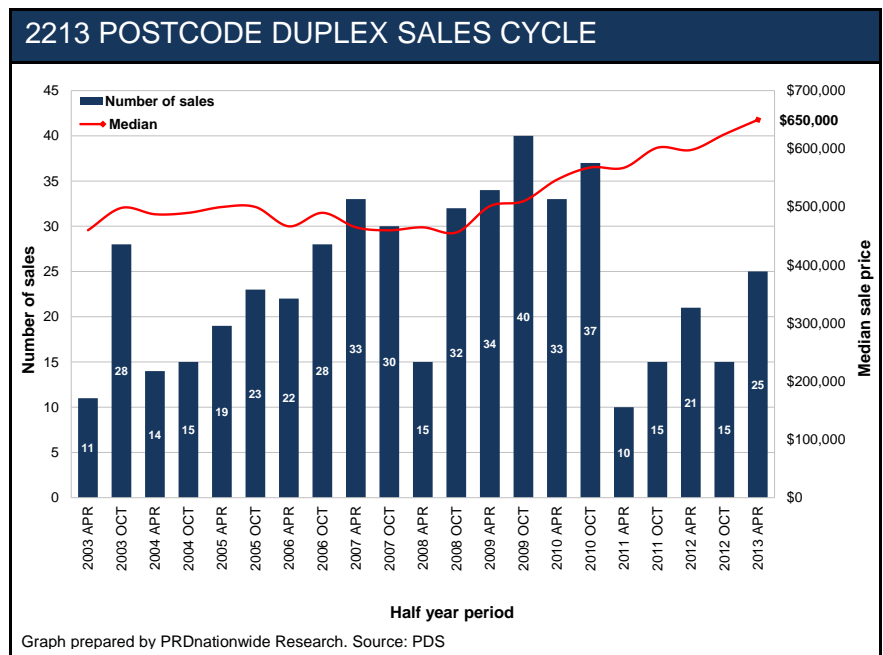


Chart prepared by PRDnationwide Research. Source: PDS

Further analysis into the different price points highlighted a large concentration of sales above \$800,000. The suburb of Picnic Point accounted for most transactions in this price bracket, with four sales in Carinya Road. However the highest sale for the period was recorded in Burbank Avenue, East Hills, where a waterfront property sold for \$1,790,000 in November 2012.

The rental market proved to support rent prices, with the March figures pointing to rent growth for three-bedroom dwellings. The median price increased to \$480 per week in March, equating to a 4.3 per cent rise over the March 2012 quarter. Semi-detached dwellings such as duplexes, townhouses and villas accounted for 35 per cent of the properties available for rent in June. The median rent for all semi-detached residences was \$570 per week, with the asking rent for new duplexes starting at \$580 per week, as investors aimed to maximise the return on their investment. New duplexes offered superior rental yields, with an indicative gross rental return equating to five per cent, compared with a return of 4.5 per cent for houses.

The activity and median price growth for duplexes in the 2213 postcode is depicted in the graph below. The trend of growth in activity and median price is consistent with that of detached houses, albeit with a sharp decline in duplex sales between October 2010 and April 2011. Volumes have recovered in the past two years, with 25 transactions recorded over the April 2013 half year. That said, the outlook for duplexes remains uncertain, with ample supply outpacing demand for this type of dwellings. While there is no doubt about the market's ability to absorb semi-detached product, they will continue to pose higher risk than detached houses, as supply is expected to increase in the short term.



Graph prepared by PRDnationwide Research. Source: PDS

PRDnationwide Research conducted a Days on Market analysis to ascertain the time required to sell a house in the 2213 postcode. The analysis revealed that almost one third (32 per cent) of houses remained on the market for a period of 30 days or less, while more than half were sold in a period of 60 days or less. That said, a large share of houses remained on the market for a period of 120 days plus, suggesting that buyers were price sensitive, with properties priced above \$650,000 expected to experience prolonged selling periods. This holds true despite a firm activity in the \$800,000 plus market observed in the six months to April.