

CANBERRA REGION

Property Watch®

PRD nationwide


The New Acton precinct

MARKET INDICATORS

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

The activity and median indicators depicted above are based on the year ending December 2012.

KEY HIGHLIGHTS

- The Adelaide Bank / REIA Housing affordability report placed Canberra as the most affordable capital for the December quarter.
- The Gungahlin district accounted for four of the most active house markets in the second half of 2012, while Kambah in the Tuggeranong district recorded the single highest number of sales.
- More units under construction or nearing completion in the inner city forcing downward adjustments to weekly rents.

CANBERRA MARKET OVERVIEW

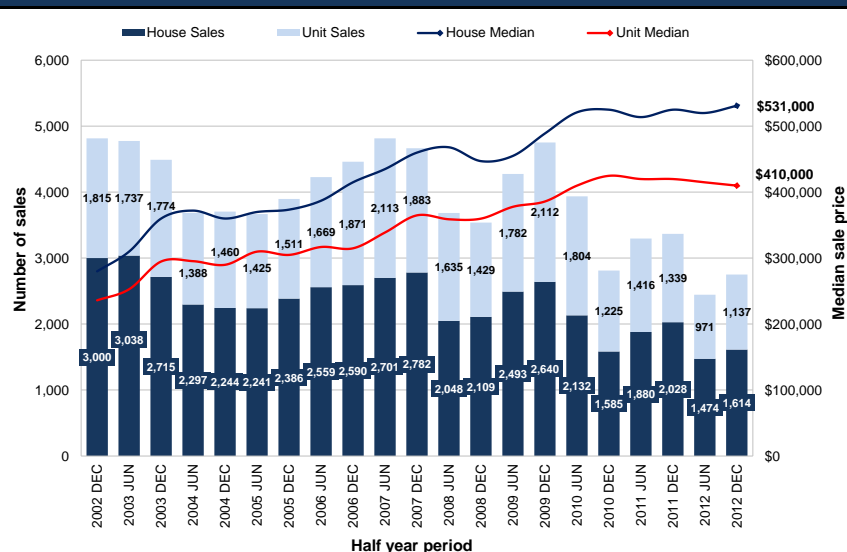
The following Property Watch report is the result of an investigation into the historic and current market conditions of the Australian Capital Territory (ACT), with a focus on the Canberra residential market.

The forthcoming federal election is yet to impact the Canberra market, with a continued growth in house prices. The Adelaide Bank / REIA Housing affordability report placed Canberra as the most affordable capital for the December quarter, with 18.7 per cent of the median income required to pay a home loan compared to the national average of 30.4 per cent.

The Median price of a unit has fallen by 2.4 per cent in the 12 months to December 2012 as a large number of unit developments were completed over the year. However, indicators for the first quarter in 2013 point to strong enquiry and rising prices in most regions of the city. The moderate growth expected in the short term may slow in the second half of the year as promised job cuts come into force.

The median house price firmed slightly, recording a 1.1 per cent rise between December 2011 and the corresponding period in 2012. House activity increased in the second half of 2012 after recording low transaction numbers in the first half of the year; improved business and consumer confidence and a lower interest rate attracted buyers back into the market. The Gungahlin district accounted for four of the most active house markets in the second half of 2012, while Kambah in the Tuggeranong district recorded the single highest number of sales with 68 transactions. Kingston, Belconnen and Bruce represented the largest unit markets.

CANBERRA HOUSE & UNIT SALES CYCLE



Graph prepared by PRDnationwide Research. Source: PDS

HOUSE PRICE POINTS

6 MONTHS TO DECEMBER 2012

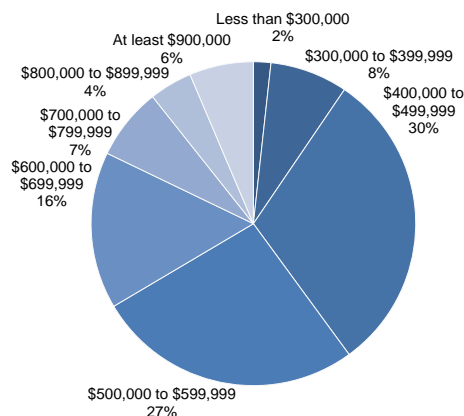


Chart prepared by PRDNationwide Research. Source: PDS

UNIT PRICE POINTS

6 MONTHS TO DECEMBER 2012

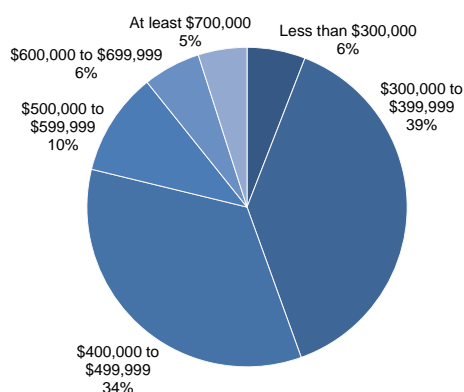
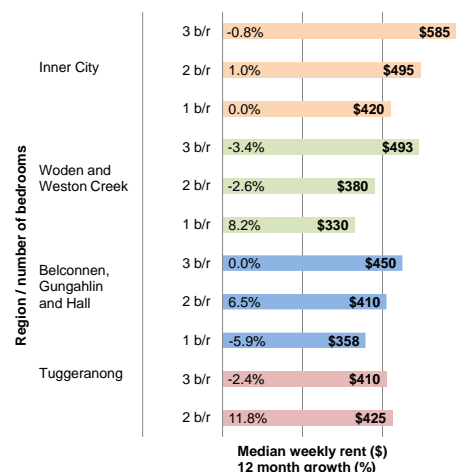


Chart prepared by PRDNationwide Research. Source: PDS

UNIT MEDIAN RENT PRICE

DECEMBER QUARTER 2012



Graph prepared by PRDNationwide Research. Source: REIA

The unit price point distribution over the second half of 2012 highlighted a concentration of transactions in the \$400,000 to \$499,999 price bracket. This market segment remained Canberra's largest since December 2009, capturing 30 per cent of the market. The unit market has seen less segmentation, with 73 per cent of strata-titled dwellings transacting between \$300,000 and \$500,000. The median price for one, two and three bedroom units remained within this price range.

The House and Unit Activity table below pointed to a slowing activity between the six months to December in 2012 and the corresponding period in 2011. Kambah recorded the highest number of house sales for the year and experienced a stable median price over the period along with the Gungahlin region's suburb of Macgregor. Unit activity declined in Kingston and Belconnen, while in northern Canberra the suburbs of Bruce, Braddon and Lyneham experienced rising sales numbers despite a small decline in median prices.

HOUSE AND UNIT ACTIVITY H2 2011 v 2012

Suburbs	Six months to Dec-11		Six months to Dec-12		Annual Change	
	Median Price	Total Sales	Median Price	Total Sales	Median Price	Total Sales
House						
Kambah	\$471,250	97	\$474,750	68	1%	-30%
Macgregor	\$405,450	76	\$422,000	59	4%	-22%
Ngunnawal	\$425,000	66	\$415,500	53	-2%	-20%
Dunlop	\$489,250	64	\$479,825	50	-2%	-22%
Bonner	\$510,475	38	\$524,000	46	3%	21%
Unit						
Kingston	\$495,000	139	\$485,000	108	-2%	-22%
Belconnen	\$400,000	72	\$385,000	49	-4%	-32%
Bruce	\$406,250	40	\$288,500	47	-29%	18%
Braddon	\$430,000	42	\$433,750	45	1%	7%
Lyneham	\$423,750	32	\$419,000	45	-1%	41%

Table prepared by PRDNationwide Research. Source: PDS

Investor activity intensified since January, with approximately one third of all new enquiries originating from non-owner occupiers. Tenants benefited from an increasing selection of properties, with softer rent prices in the year to December 2012 and more units under construction or nearing completion in the inner city forcing downward adjustments to weekly rents. In the 12 months to December two bedroom units were the only dwelling type to record a rise in median rent price (1 per cent), while rents for all other dwelling types softened. Two bedroom units also performed strongly in the Tuggeranong Area, with a flat activity across three bedroom units and houses. The Woden and Weston Creek region performed well with demand for single bedroom apartments and three bedroom houses leading to a rise in median rent.

An increase in vacancy rate to 1.5 per cent in January signalled some relief to tenants seeking new accommodation, although landlords who met the market continued to experience short leasing periods. Affordability remained an issue for tenants, while the change in tenant mix forced some landlords to turn furnished apartments into vacant units in order to regenerate demand, as the number of transient residents declined.

PRDNationwide Research expects the market to support current prices, with small gains achieved in established suburbs. However, the team does not expect substantial increases in value given September's election and uncertainty in the broader economy.

Research Analyst | Oded Reuveni-Etzioni **P** (02) 9947 9160 **E** odedetzioni@prd.com.au

PRDNationwide Inner North | **P** (02) 02 6262 5232 **E** info@prdinnersnorth.com.au

PRDNationwide Canberra Central | **P** (02) 6295 4999 **E** property@prdcannberracentral.com.au

This report was prepared by PRDNationwide Research. Source: PDS, ABS, Cordell, REIA.

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