

ST GEORGE REGION

Highlight Report®

PRD nationwide


ST GEORGE REGION OVERVIEW

The St George Region Highlight Report analyses the performance of the residential real estate market within the Rockdale, Kogarah and Hurstville Councils. The report contains detailed investigations into four sub-markets within the region which include Bexley North Area, Ramsgate Beach Area, Kogarah City Area and Oatley Area. The intention of these investigations is to identify trends and commonalities that exist between each sub-market, and most importantly to gain an appreciation of the underlying drivers of each particular market.

The three Councils making up the St George region are located 15 kilometres south the Sydney CBD. Population estimates provided by the Australian Bureau of Statistics indicate that the region's average population growth has been similar to that of Greater Sydney in the five years to 2011. While single-dwelling sites in this region were scarce, a change in building density through several town centres has led to an influx of new residents.

The current development pipeline holds approximately 30 major residential projects across the region totalling 3,100 units, in addition to six completed developments in the past two years. Wolli Creek accounted for the majority of units (45 per cent) followed by the Hurstville Town Centre (22 per cent). The sheer size of these Transit Oriented Development projects has transformed the region's building density, placing increasing pressure on existing infrastructure to accommodate a growing population. Hurstville is a case in point for how the transformation of a suburb's demographic composition is linked to change in housing density. Over the past 10-15 years the suburb's population changed from a mix of European migrants into a hub for the Chinese community. The new residents are comfortable living in smaller apartments in exchange for a central location; new developments in the suburb cater for this demand, with the majority located within walking distance from the train station and local shopping facilities.

MARKET INDICATORS

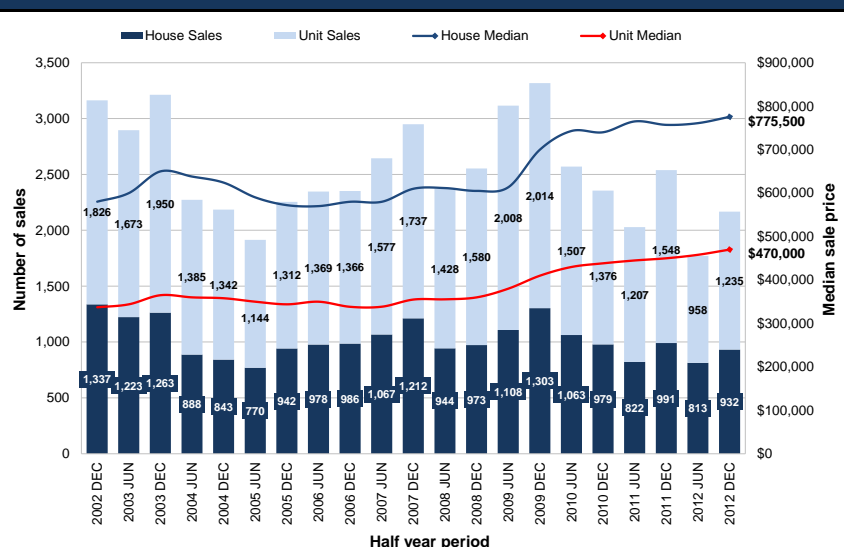
Change from Last	Year	Half Year
HOUSE SALES	↓	↑
HOUSE MEDIAN	↑	↑
HOUSE RENTS	↑	↑
UNIT SALES	↓	↑
UNIT MEDIAN	↑	↑
UNIT RENTS	↑	↑

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

KEY HIGHLIGHTS

- A change in building density through several town centres has led to an influx of new residents.
- Transit Oriented Development projects has transformed the region's building density, placing increasing pressure on existing infrastructure to accommodate a growing population.
- New residents in the suburb of Hurstville are comfortable living in smaller apartments in exchange for a central location.

ST GEORGE REGION HOUSE AND UNIT SALES CYCLE



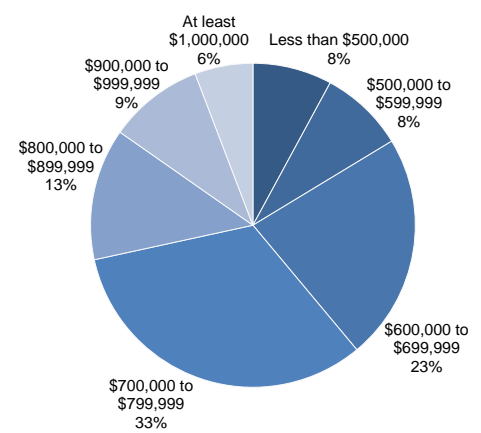
Prepared by PRDnationwide Research. Source: PDS

BEXLEY NORTH AREA

The Bexley North Area encompasses the suburbs of Bexley, Bexley North, Bardwell Park, Bardwell Valley and Kingsgrove. The Area's house and unit markets experienced a measured recovery in activity since the onset of the economic downturn in 2008. The median price of a house held firm above \$700,000 since June 2010 and the median unit price increased from \$350,000 in 2008 to \$446,000 in December 2012. Unit sales, which include apartments, townhouses and villas, have historically accounted for a large percentage of the local market. However, since June 2009 the share of unit sales fell below 40 per cent of total sales. This is expected to change in coming years as old single story retail strips and industrial sites are transformed into high density apartment blocks. Anecdotal evidence points to developers attempting to surpass the four story limit set out by planning authorities in an effort to maximise the number of units in new developments. The house market registered a total of 190 transactions in the December 2012 half year period, a performance that was only marginally below the previous year's result.

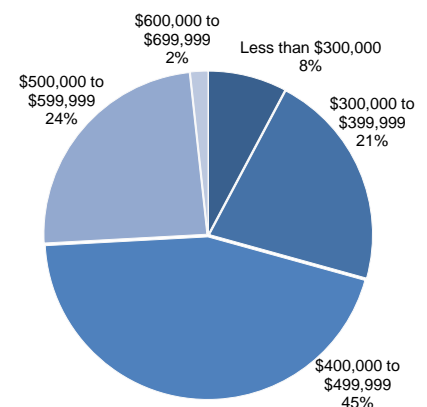
Old **single story** retail strips and industrial sites in the Bexley North Area are transformed into **high density** apartment blocks

HOUSE PRICE POINTS 6 MONTHS TO DECEMBER 2012



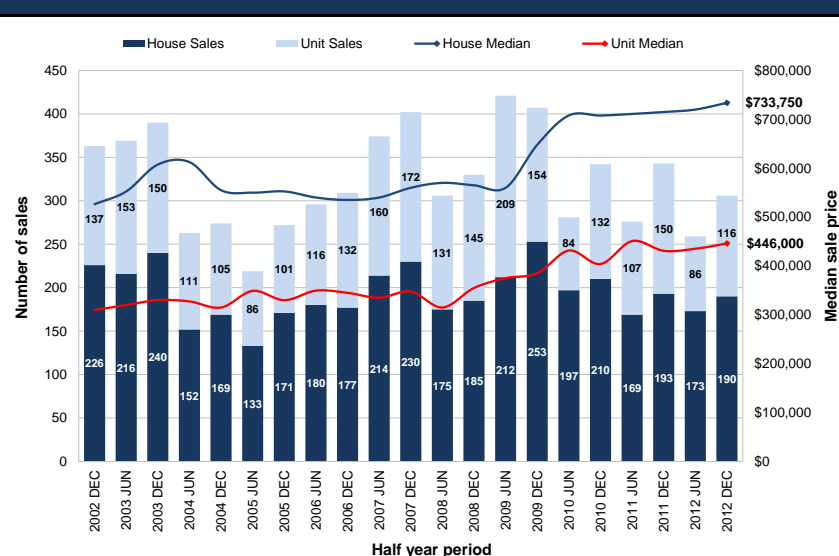
Prepared by PRDNationwide Research. Source: PDS

UNIT PRICE POINTS 6 MONTHS TO DECEMBER 2012



Prepared by PRDNationwide Research. Source: PDS

BEXLEY NORTH AREA HOUSE AND UNIT SALES CYCLE



Prepared by PRDNationwide Research. Source: PDS

Like other parts of Sydney, the Bexley North Area property market is benefiting from an increase in demand and limited supply of stock. Anecdotal evidence suggests that investor interest has increased in recent months, supported by 'knockdown and rebuild' activity. The Price Point charts to the right points to strong activity in middle price ranges, with a recent shift toward higher price points as the market turns from the bottom of its cycle. Rent prices for two bedroom dwellings have increased in the year to December amid a fall in prices for three bedroom stock. With that said, the Area experienced good level of enquiry for individual units that offered strong capital and rental growth. First homebuyers continued to make enquiries although most did not result in purchases since the October 2012 withdrawal of first home buyers' incentives for existing homes.

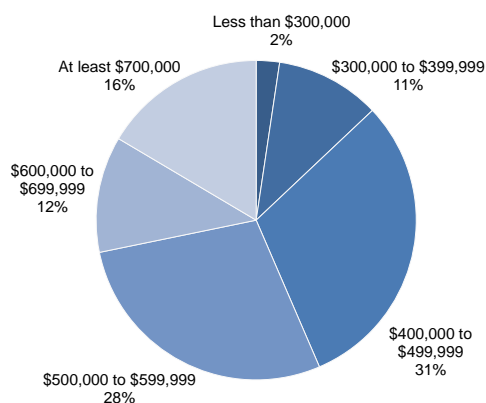
HOUSE ACTIVITY SIX MONTHS TO DECEMBER 2011 & 2012

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
Bexley	\$681,000	81	\$690,000	67	1.3%	-17.3%
Kingsgrove	\$715,000	69	\$755,000	70	5.6%	1.4%
Bexley North	\$770,000	29	\$733,000	33	-4.8%	13.8%

Prepared by PRDNationwide Research. Source: PDS

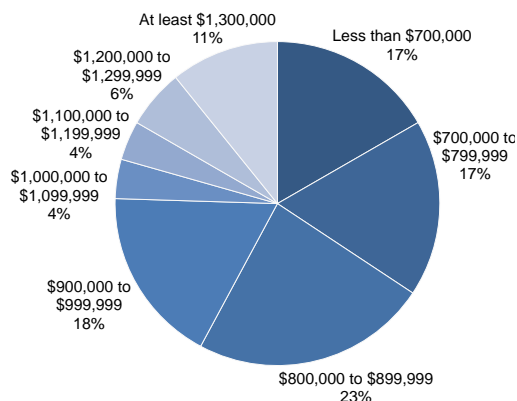
Short supply was met by exceedingly **strong demand**, with investors and owner occupiers attracted by **affordable stock** within walking distance to the **foreshore**

UNIT PRICE POINTS 6 MONTHS TO DECEMBER 2012



Prepared by PRDnationwide Research. Source: PDS

HOUSE PRICE POINTS 6 MONTHS TO DECEMBER 2012



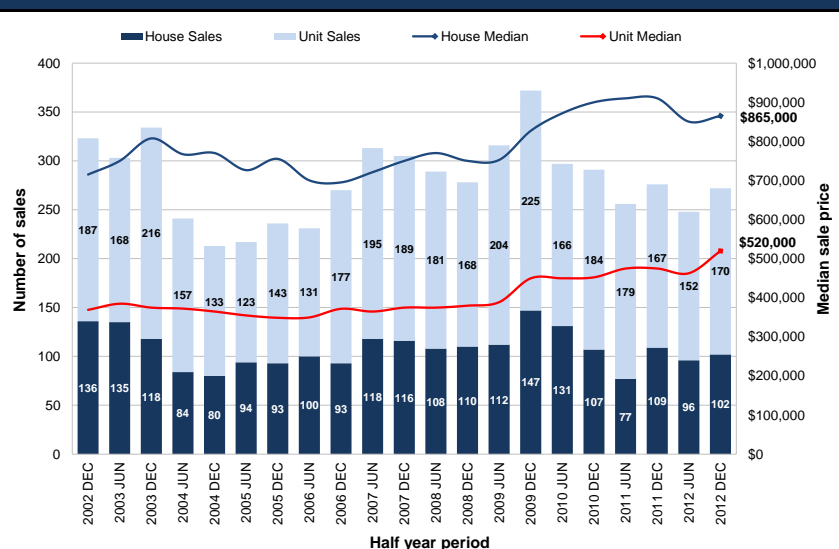
Prepared by PRDnationwide Research. Source: PDS

RAMSGATE BEACH AREA

The Ramsgate Beach Area is defined by the suburbs of Ramsgate, Ramsgate Beach, Monterey, Sans Souci, Sandringham, Dolls Point, Beverley Park and Kogarah Bay. The Area's property market has experienced a small regression in activity during the six months to December 2012, when compared with the corresponding 2011 period. Short supply was met by exceedingly strong demand, with investors and owner occupiers attracted by affordable stock within walking distance to the foreshore. The exceptional performance of both the house and unit markets that was prevalent in the second half of 2009 has dissipated, with the Area averaging 273 sales per six month period over the past three years. The unit market registered a total of 170 sales during the December 2012 half year period, translating to a two per cent increase from the number of sales registered in the corresponding 2011 period. The house market recorded a small contraction from 2011, with 102 sales representing a 6.4 per cent decline from the December 2011 figure.

The Unit Price Points chart to the left shows the sub \$400,000 price range contracting significantly since the December 2009 half year period. As a result, the December 2012 six month period peak at a median price of \$520,000, with robust buyers' activity in higher price brackets. The \$400,000 to \$499,999 price range is where the majority of transactions occurred during the six months period. Despite representing the largest share of transactions, activity in this range remained stable over the past three years, while the share of transactions toward the top end of the market expanded.

RAMSGATE BEACH AREA HOUSE AND UNIT SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

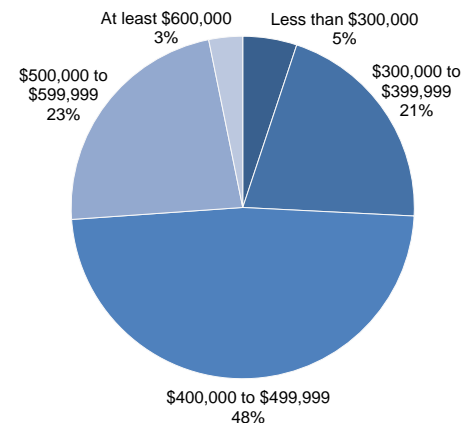
Unit development continued to play a major role in the renewal of this area, with four new developments completed over 2011-2012 and more than eight developments expected to be completed in the next two years. The supply of product is considered balanced at current uptake levels, as new developments attract buyers from outside the Area, seeking affordable product. Units also experienced strong growth in rental price, evidenced by the median rent price for a single bedroom unit increasing by 12 per cent in the 12 months to December 2012. While two bedroom units increased by 3.1 per cent over the period, they continued to represent the most popular type of dwelling in the peninsula. The underlying demand is enabling vendors to receive fair market price within an average of less than four weeks on the market. Prices are expected to firm in the short term, buoyed by sales of new units and a favourable borrowing environment. While first home buyers may be lured by incentives to purchase new product, some are finding that adding value to older apartments through renovation yields superior returns.

KOGARAH CITY AREA

The Kogarah Area comprises the suburbs of Kogarah, Carlton, Allawah and Rockdale. The Kogarah Area property market has experienced a decrease in activity since the 2009 June period, when government stimulus resulted in record sales volumes. Most notably, the unit market activity declined by 33 per cent between December 2011 and the corresponding period in 2012. The house market registered 88 transactions in the six months to December 2012, representing a 12 per cent decrease in activity from the corresponding period in 2011. That said, evidence from the first two months of 2013 pointed to strong enquiry levels and record low time on the market.

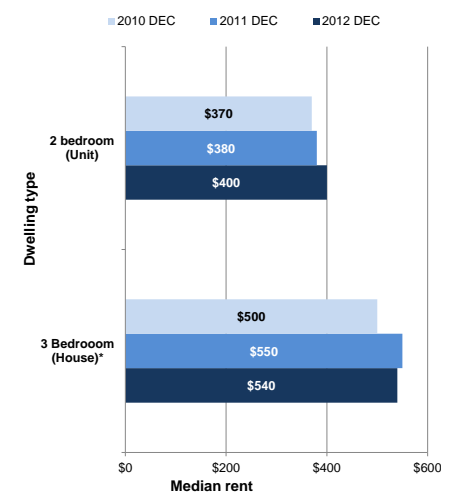
Growth in unit prices is best seen by inspecting the Unit Price Point chart to the right. The chart highlights the \$400,000 to \$499,999 price point to represent the largest share of transactions in the second half of 2012, accounting for 48 per cent of sales; in 2009, the same share was represented by the \$300,000 to \$399,999 price point. Toward the top end of the market units selling for \$500,000 plus represented four per cent of the market in 2009, compared with 26 per cent in 2012. The same trend was observed in the detached houses market, with price points toward the bottom end of the market accounting for 15 per cent in December 2012 compared to 43 per cent of the market in the corresponding period in 2009.

UNIT PRICE POINTS 6 MONTHS TO DECEMBER 2012



Prepared by PRDnationwide Research. Source: PDS

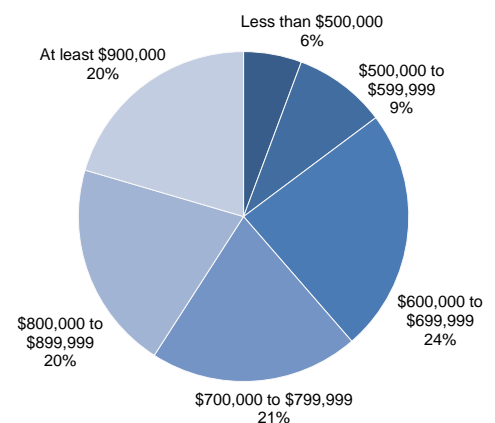
MEDIAN RENTS 2218 POSTCODE



* Small sample size. Median price is to be used with caution.

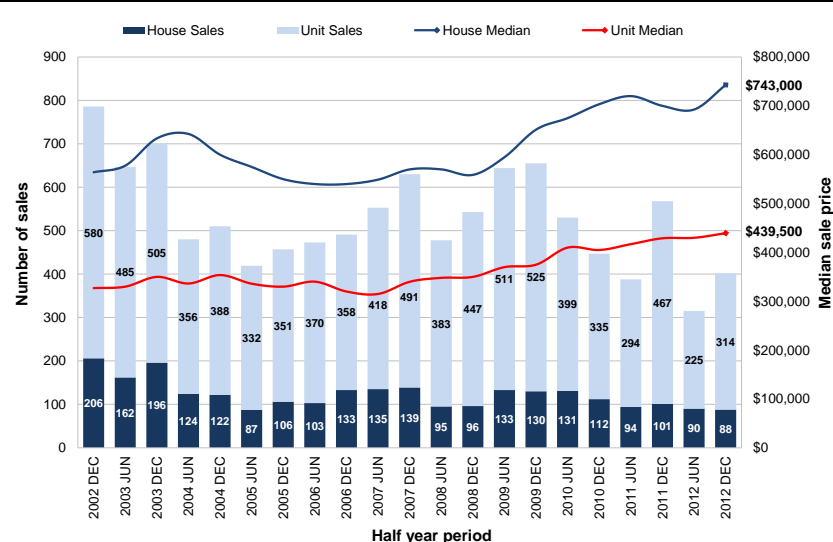
Prepared by PRDnationwide Research. Source: Housing NSW

HOUSE PRICE POINTS 6 MONTHS TO DECEMBER 2012



Prepared by PRDnationwide Research. Source: PDS

KOGARAH CITY AREA HOUSE AND UNIT SALES CYCLE



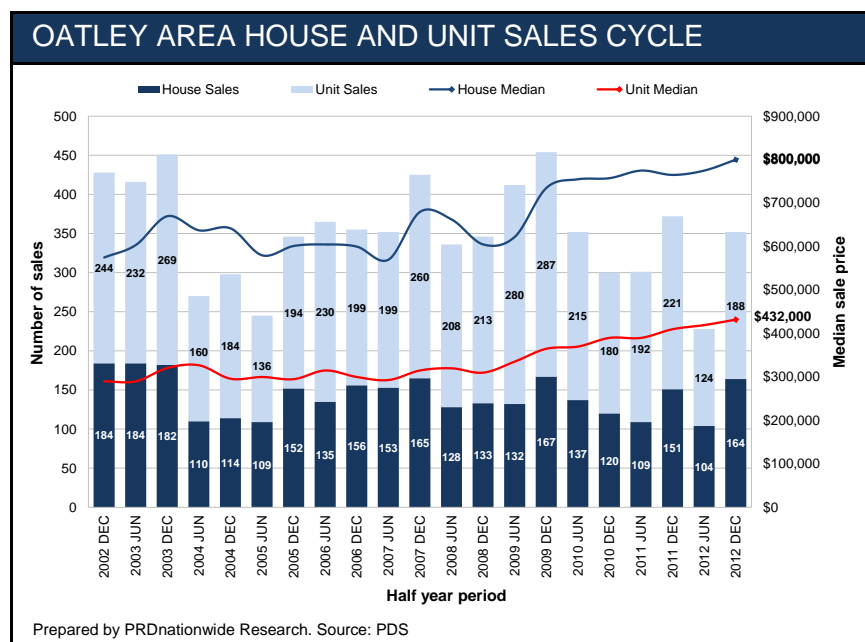
Prepared by PRDnationwide Research. Source: PDS

Despite this most recent regression, the past five years have been quite remarkable for the area. Unprecedented growth in capital values during this time has driven the market up. Units in particular have bucked the state's price volatility since the onset of the Global Financial Crisis (GFC) to record steady growth resulting in a median price of \$439,500 in the second half of 2012. With an early correction to median price during 2009, the middle price for a house elevated since to record the record median price of \$743,000 as depicted by the Sales Cycle chart. The five-year average annual median price growth rate for house and unit markets was a solid 5.4 and 5.3 per cent per annum respectively.

Rising prices have left most first home buyers out of the market. While upgraders were still active, evidence suggests that most enquiries in the second half of 2012 and early 2013 came from individual investors and self-managed super funds (SMSF). Particular demand existed for units toward the bottom end of the market which offered higher rental yields. The Median Rents chart above shows a steady growth in rents for a two bedroom unit, equating to four per cent per annum over the past two years. With solid capital growth and a steady increase in rents, the Area offers long-term investment opportunities.

OATLEY AREA

The Oatley Area comprises the suburbs of Oatley, Mortdale and Penshurst and is divided between the Kogarah and Hurstville local council areas. Activity in the Area has held firm since the expiration of post-GFC government stimulus. Both house and unit activity in the second half of 2012 were above the three year average, with 164 house sales (131 average) and 188 unit sales (187 average). Evidence points to shortage in stock and strong enquiry levels, with owner occupiers and investors creating a 50-50 split over the unit market. Downsizees were searching for mostly ground-floor medium density dwellings, while young families were looking for older dwellings with a view to add value through renovations. Houses recorded an average of 70 days on the market compared with 38 for units.



With only limited supply of new product, investors were eyeing units in small complexes at the lower end of the market. Slowdown in rent growth in the area indicated that demand for rentals is meeting supply and hinted a shift in demand toward newer units in neighbouring areas.

Both the unit and house markets exhibited strong growth in median price in the past four year, equating to a 32 per cent change in the median price of a house and 39 per cent in the median unit price. The table below outlines unit performance in each of the three suburbs; it highlights an increase in the median price across all three suburbs, with Oatley the only locality to display a strong rise in activity.

UNIT ACTIVITY SIX MONTHS TO DECEMBER 2011 & 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
Mortdale	\$433,000	92	\$435,000	55	0.5%	-40.2%
Oatley	\$470,000	33	\$527,000	37	12.1%	12.1%
Penshurst	\$390,000	96	\$410,000	96	5.1%	0.0%

Prepared by PRDnationwide Research. Source: PDS

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