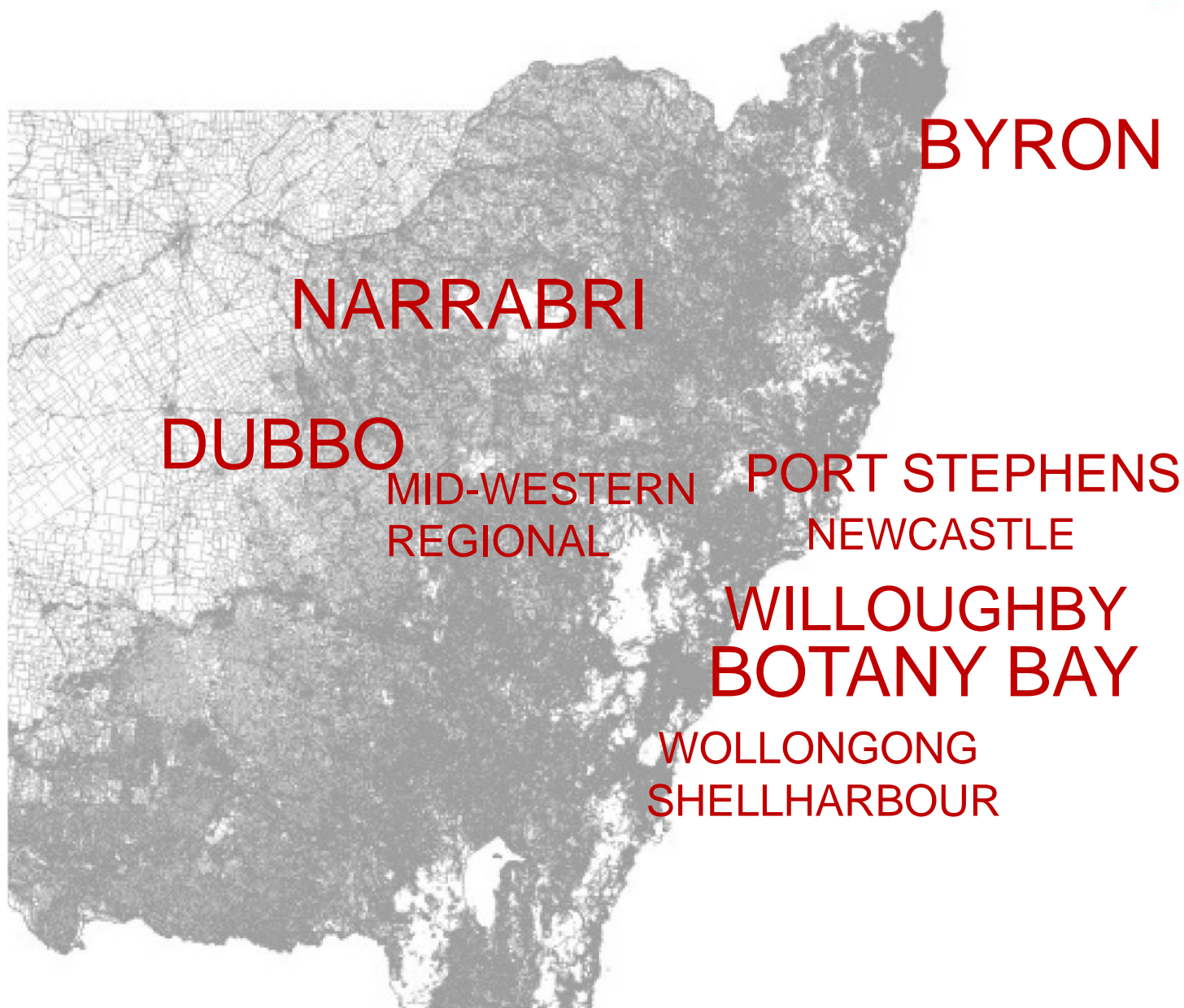


QUARTER 1 | 2013

NEW SOUTH WALES

QUARTERLY RENTAL REPORT

PRD nationwide



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1 BRM UNITS

Local Government Area	Median Rental Prices			Avg. Annual Growth 2010-12	
	2010 DEC	2011 DEC	2012 DEC	Rental Price	New Bonds
Newcastle	\$205	\$240	\$250	10%	-2%
Leichhardt	\$380	\$420	\$443	8%	0%
Lake Macquarie	\$190	\$193	\$220	8%	-5%
Fairfield	\$218	\$219	\$250	7%	3%
Ashfield	\$320	\$330	\$360	6%	2%
Randwick	\$400	\$420	\$450	6%	-1%
Waverley	\$450	\$450	\$500	5%	7%
Wollongong	\$190	\$210	\$210	5%	0%
Ryde	\$310	\$340	\$340	5%	-2%
Woollahra	\$415	\$460	\$455	5%	2%

The **Waverley** council recorded strong rental growth over the past two years as tenants moved into new high rise buildings in **Bondi Junction**

Prepared by PRDnationwide Research. Source: Housing NSW

* Minimum 30 new bonds per quarter

Median rent figures from the 2012 December quarter point to growth in areas that until a decade ago had little stock of one bedroom apartments. The table above highlights strong increase in rent for single bedroom units in the local government areas surrounding the Sydney Metropolitan Region: Newcastle, Lake Macquarie and Wollongong. Within Sydney, Fairfield council area's strong increase in median price between 2010 and 2012 was buoyed by a new development near the Fairfield train station recording weekly rent prices of up to \$280. New rental contracts for single bedroom units in this and other development across the LGA also resulted in an average three per cent increase in the number of new bonds over the period.

In the inner city, rent prices in the Leichhardt and Randwick council areas continued to rise despite stable or falling numbers of new bonds. Conversely, the Waverley council in Sydney's east recorded an average rent growth of five per cent, with a seven per cent increase in the number of new bonds as tenants moved into newly-built high rise buildings in Bondi Junction.

2 BRM UNITS

Local council areas in the **Hunter Region** accounted for half of the top-ten list for 2 bedroom units

Local Government Area	Median Rental Prices			Avg. Annual Growth 2010-12	
	2010 DEC	2011 DEC	2012 DEC	Rental Price	New Bonds
Botany Bay	\$395	\$430	\$550	18%	29%
Shellharbour	\$210	\$240	\$270	13%	0%
Auburn	\$400	\$390	\$470	8%	19%
Lake Macquarie	\$265	\$280	\$310	8%	-5%
Campbelltown	\$253	\$260	\$295	8%	14%
Maitland	\$240	\$273	\$280	8%	9%
Port Stephens	\$230	\$250	\$265	7%	6%
New castle	\$300	\$328	\$346	7%	-2%
Mosman	\$510	\$543	\$578	6%	3%
Cessnock	\$240	\$253	\$270	6%	10%

Prepared by PRDnationwide Research. Source: Housing NSW

* Minimum 30 new bonds per quarter

Botany Bay has experienced improved shipping-related infrastructure and a strong residential construction activity. The LGA's location near major transportation depots and its proximity to well-known beaches attracted residents seeking employment opportunities and lifestyle. The table above provides evidence to the area's transformation, with an 18 per cent average annual increase in the median rent price between December 2010 and the end of 2012.

Another region to record strong rent increase was the Hunter, with five LGAs appearing in the top-ten list above; on top of demand from mining employees, a large share of tenants were involved in the construction of the new Hunter Expressway, linking the F3 with the Upper Hunter Region. South of Sydney, demand from locals and temporary employees working on various construction projects in the Shellharbour council area led to an average annual increase of 13 per cent between 2010 and 2012.

2 BRM HOUSES

Local Government Area	Median Rental Prices			Avg. Annual Growth 2010-12	
	2010 DEC	2011 DEC	2012 DEC	Rental Price	New Bonds
Willoughby	\$720	\$750	\$825	7%	2%
Port Stephens	\$300	\$320	\$340	6%	6%
Marrickville	\$590	\$645	\$665	6%	10%
Lake Macquarie	\$330	\$345	\$370	6%	8%
Cessnock	\$295	\$300	\$330	6%	4%
New castle	\$360	\$380	\$400	5%	9%
Wollondilly	\$328	\$320	\$363	5%	-9%
Hurstville	\$480	\$490	\$530	5%	1%
Shellharbour	\$340	\$350	\$375	5%	2%
Hornsby	\$500	\$530	\$550	5%	9%

Prepared by PRDnationwide Research. Source: Housing NSW

* Minimum 30 new bonds per quarter

Strong Increase in median rent price for the Willoughby council area confirmed the demand for houses toward the top end of the market; an average growth of seven per cent per annum was underpinned by the suburbs of Willoughby and Chatswood. Also in the top-ten list and within similar distance from the Sydney CBD, the Marrickville LGA recorded a six per cent increase in median rent price and a ten per cent per annum average rise in the number of new bonds lodged.

Interestingly, the Wollondilly municipality area entered the top-ten list on the back of strong activity in the suburbs of The Oaks and Camden Park. This mostly rural region attracted tenants looking for affordable stock on the outskirts of the Metropolitan Area, with families relocating to new estates often choosing to rent in the short term while assessing the area and registering their children at the local school.

The Wollondilly municipality area entered the top-ten list on the back of strong activity in the suburbs of The Oaks and Camden Park

Regional New South Wales

Population in regional centres located outside the Sydney Metropolitan area accounted for 36 per cent of the state's population. While regional economies differ in size and diversity, exposure to the mining industry provided a common link between areas that have experienced rapid growth over the past 24 months.

The presence of exploration companies transformed the employment environment in regional areas; many of the regions revolutionised by the industry were found along the 500 kilometre long Sydney-Gunnedah Basin which extends from south of Wollongong to beyond the Queensland border.

Short-term mining employees settling close to their new workplace led to growth in the size of the local community and allowed for government investment in local infrastructure. The construction of the Hunter Expressway and upgrades to the Pacific and Princes Highways are examples of road improvements that were led by strong population growth north and south of Sydney.

2 BRM UNITS

Local Government Area	Median Rental Prices			Avg. Annual Growth 2010-12
	2010 DEC	2011 DEC	2012 DEC	Rental Price
Narrabri	\$138	\$150	\$195	19%
Deniliquin	\$113	\$120	\$155	17%
Berrigan	\$95	\$150	\$120	12%
Goulburn Mulwaree	\$160	\$185	\$200	12%
Byron	\$285	\$295	\$355	12%
Singleton	\$270	\$315	\$335	11%
Mid-Western Regional	\$200	\$220	\$245	11%
Bathurst Regional	\$200	\$235	\$240	10%
Dubbo	\$160	\$175	\$190	9%
Leeton	\$143	\$150	\$168	8%

Prepared by PRDnationwide Research. Source: Housing NSW

* Minimum 30 new bonds per quarter

Shortage in supply of short-term accommodation has escalated the median rent price in many of the state's regional centres. At the top of the list the Narrabri LGA experienced significant demand from mining employees. The Shire is home to substantial coal and gas reserves, with a strong investment pipeline which includes the conversion of gas into electricity.

Local tenants in the Goulburn Mulwaree LGA experienced firm competition from residents of the Australian Capital Territory; a sharp increase in rent prices in parts of the ACT prompted many residents to seek affordable rentals outside the territory while maintaining their employment in Canberra.

A sharp increase in rent prices in the **ACT** prompted many residents to seek affordable rentals **outside** the territory while maintaining their employment in **Canberra**

3 BRM HOUSES

Strong population increase in the Mid-Western town of **Mudgee** forced locals to compete with mining employees over a limited rental stock

Local Government Area	Median Rental Prices			Avg. Annual Growth 2010-12
	2010 DEC	2011 DEC	2012 DEC	Rental Price
Mid-Western Regional	\$250	\$300	\$355	19%
Broken Hill	\$175	\$200	\$220	12%
Gunnedah	\$250	\$280	\$310	11%
Dubbo	\$250	\$270	\$298	9%
Bathurst Regional	\$270	\$300	\$320	9%
Armidale Dumaresq	\$270	\$300	\$320	9%
Singleton	\$355	\$390	\$420	9%
Muswellbrook	\$300	\$350	\$353	8%
Cowra	\$180	\$195	\$210	8%
Greater Taree	\$250	\$265	\$280	6%

Prepared by PRDnationwide Research. Source: Housing NSW

* Minimum 30 new bonds per quarter

Discovery of gold and base metals in the Cowra region prompted strong investment by mining companies and an influx of employees to this Central West region Shire. The intensification of mining activity in the Orana Region and particularly in towns surrounding Dubbo created demand for houses and units in this regional city. Current operations in Tomingley and the Dubbo Zirconia Project which is expected to commence productions this year have boosted local employment and attracted employees to from other parts of the state.

In the Mid-Western Region the town of Mudgee recorded significant increase in population equating to 12.7 per cent between 2006 and 2011, forcing locals to compete with mining employees over a limited rental stock.

New South Wales' Major Centres Overview

Sydney –

The Sydney Metropolitan area experienced a four per cent increase in the median price of a one and two bedroom unit, while rents for a three bedroom house remained largely unchanged. Botany Bay recorded a very strong increase in the 12 months to December, as tenants moved into new apartment buildings near the airport. The median rent for a one bedroom apartment increased by 7.8 per cent over the period, while that of a three bedroom house softened.

Illawarra / South Coast

Large population movement into the Kiama-Shellharbour region increased demand for rental properties, with a notable uptake of two bedroom accommodation. The median rent for a two bedroom apartment increased by 12.5 per cent in the year to December 2012, while rent for a two bedroom house rose by 9.4 per cent. Rents in the Wollongong council area were mostly stable, with notable growth in the median price of two bedroom apartments in Dapto-Port Kembla and Central Wollongong, increasing 4.3 per cent and 3.3 per cent respectively.

Southern Highlands

Demand for two bedroom apartments in the Southern Highlands led to an increase in the median price despite the low number of new bonds lodged. The median rent for a three bedroom house rose by 2.9 per cent over the 12 month period to close the December quarter at \$350 per week.

Central Coast

Two bedroom houses in Gosford and one bedroom units in Wyong were the top performers in the Central Coast region, with a median rent price of \$330 and \$200 per week respectively. Two bedroom apartments increased by 5.1 per cent (Gosford) and 3.8 per cent (Wyong), while three bedroom houses recorded little change in Gosford and a 2.3 rise in Wyong. Strong performance was recorded in the following postcodes: 2250 (two bedroom house), 2251 (three bedroom house), 2257 (one bedroom apartment) and 2260 (two bedroom unit).

Hunter

Rent growth in the Hunter appears to have slowed over the past year. The Maitland LGA recorded a 2.9 per cent increase in median rent for a three bedroom house and a 3.7 per cent rise for a two bedroom unit. Strong growth in median price of a two bedroom unit was apparent in the Port Stephens area, equating to six per cent over the course of 2012 amid stability in rental prices for three bedroom houses.

The median rent price in the Newcastle and Lake Macquarie council areas remained buoyant, resulting in an increase above five per cent for houses. However the top performers were two bedroom dwellings; two bedroom houses in Lake Macquarie - West increased by 11.1 per cent, while the median price of a two bedroom unit in Newcastle rose by and 8.1 per cent.

Mid-North Coast

Rents in most of the Mid-North Coast rose over the year to December, with a notable escalation in the median rent price for a three bedroom house in the Taree-Gloucester area (7.7 per cent) and Kempsey (10 per cent). While short supply of rental accommodation was common in both areas, demand in Taree stemmed from mining-related tenants, while in the Kempsey area employees working on the Pacific Highway upgrade were the reason for the rise in rents.

NSW Major Centres Overview (Cont.)

Northern Rivers

A two tiered rental market existed in the Northern Rivers region, with significant difference in price movements between coastal areas and the hinterland in the 12 months to December 2012. The coastal area recorded a strong performance, with an average increase of 5.6 per cent in the median price of a two bedroom unit and a 5.1 per cent growth for a three bedroom house. The area's performance was underpinned by firm results for the Byron council area, where the median rent for a two bedroom unit increasing by 20.3 per cent over the period. While this is an outstanding result, it is likely to be the result of seasonal conditions, with a tight supply during the summer months and an increase in vacancy in winter. In the hinterland, the Kyogle, Lismore and Richmond Valley LGAs averaged a decline of 6.8 per cent for units and 3.4 per cent for a three bedroom house.

Central West

Rent prices eased in the Orange Area which included the Blayney, Cabonne, Cowra and Orange local government areas. The area recorded a three per cent fall in the median rent price of a three bedroom house in the 12 months to December, closing the last quarter of 2012 at \$320 per week. Most new bonds were lodged in the Orange council area which recorded a 7.2 per cent decline. The median rent for a two bedroom unit in Orange remained unchanged from the December 2011 figure, while rents for the wider Area increased by 3.1 per cent.

Riverina

The rental market in the Riverina region gained momentum in the year to December, with the main centre of Wagga Wagga increasing by 4.8 per cent for a two bedroom unit and 7.5 per cent for a three bedroom house. The result is evidence of the growth in the local economy, with new residents increasing pressure on the region's rental supply. In the Tumut – Tumbarumba region three bedroom houses recorded a strong increase of 9.1 per cent over the year although seasonal conditions are likely to be the cause for the rise.

Murray

Demand for three bedroom houses led to an increase in median price, while rents for two bedroom units eased between the December quarter in 2011 and the corresponding period in 2012. A 3.7 per cent increase in the median price of a house was recorded in the Albury LGA, while rent rise in the Upper Murray region equated 6.8 per cent. The median rent for a two bedroom unit in the Upper Murray remained unchanged over the period, while the rent for units in Albury eased.

Orana

Dubbo was at the epicentre of this regional market, with its buoyant economy attracting new residents which led to an increase in rent prices in and around the city. The median rent for a three bedroom house closed the December quarter at \$298 per week, representing a 12 month growth of 10.2 per cent. For the same period the median rent for a two bedroom unit increased by 8.6 per cent.

New England

Rent prices in the Tamworth and Gunnedah regions continued to rise on the back of mining activity. Tamworth Regional, the state's third largest inland local government area accounted for most of new bonds. While little activity was recorded for two bedroom apartments, a sharp rise in rent for a single bedroom unit is indication of a more single people moving into this family oriented region. The median rent for single bedroom accommodation increased by 6.9 per cent in Tamworth Regional LGA while a three bedroom house in the municipality increased by 3.6 per cent, closing the period at \$290 per week. In the Gunnedah council area a three bedroom house increased by 10.7 per cent over the period (\$310 per week).

West of Tamworth the Armidale Dumaresq council area recorded a 4.8 per cent growth in the median price of a two bedroom unit (\$220 per week) and a 6.7 per cent increase in the middle price of a three bedroom house (\$320 per week).

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