

DAPTO AREA (2530)

Property Watch®

PRD nationwide



Brooks Terrace, Kanahooka

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 October 2012. Rental indicators are based on 12 months to September 2012.

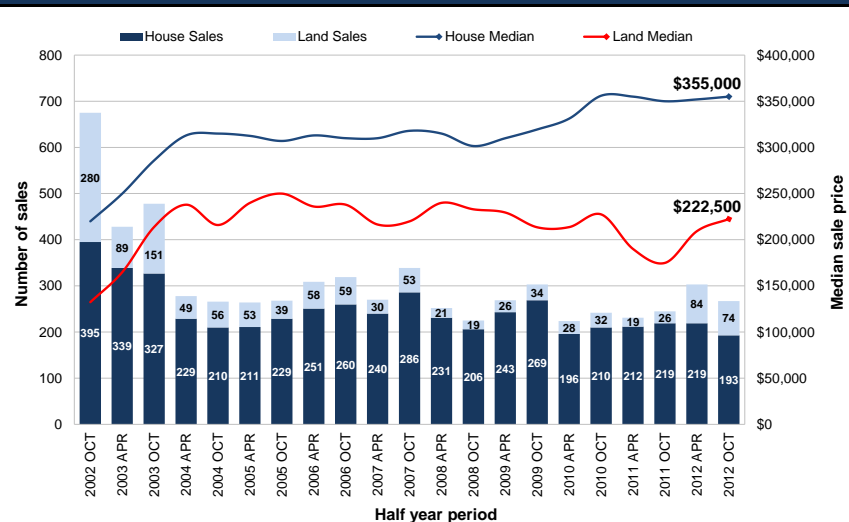
KEY HIGHLIGHTS

- Infrastructure upgrades and improved road system formed the background for a balanced property market.
- Land activity increased sharply from 2011, with strong sales levels continuing into the second half of 2012.
- House enquiry levels picked up in the last two months of 2012 and continued into 2013.
- The 2530 postcode rental market was buoyed by high yields for investors and strong tenant demand for rental properties.

MARKET OVERVIEW

The following Property Watch report provides an insight into the Dapto Area's real estate market conditions. The area, covered by the 2530 postcode includes the suburbs located south of the Wollongong City Centre. Infrastructure upgrades and improved road system formed the background for a balanced property market, with new shopping and health facilities targeting the needs of a growing population. Recent upgrades include the expansion of Stockland Shellharbour Shopping Centre (complete); access roads upgrade to the West Dapto Land Release Area (in progress) and the Illawarra International Health Precinct (under development).

DAPTO AREA HOUSE & VACANT LAND SALES CYCLE



Graph prepared by PRDnationwide Research. Source: PDS

The House Market

Enquiry levels, normally strong in September and October, picked up in the last two months of 2012 and continued into 2013. Enquiry by new home buyers increased in recent months signalling improved buyers' confidence. Property investors were seeking good quality dwellings selling below \$400,000 as yields of six per cent plus and a future capital growth met their investment criteria.

The median house value for the postcode was \$355,000 in the October 2012 half year. The figure represented a half yearly rise of 0.9 per cent and a 1.4 per cent increase compared with the same period in 2011. A significant increase in median value was noted in Horsley and Haywards Bay, where larger and newer four bedroom dwellings (57 per cent in Horsley and 88 per cent in Haywards Bay) tended to transact at higher price points to neighbouring suburbs.

The Sales Cycle Graph points to increased activity in the 24 months to April 2012 and a decline in the six months to October 2012. The area recorded a decade low house activity, equating to 49 per cent of the October 2002 level and 12 per cent below the five-year average (220 transactions per half year).

HOUSE PRICE POINTS

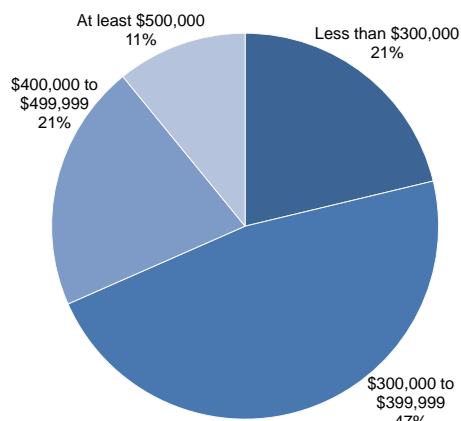


Chart prepared by PRDnationwide Research. Source: PDS

This renewed interest from **first home buyers** is the first signal of improved **confidence** and **affordability**.

VACANT LAND PRICE POINTS

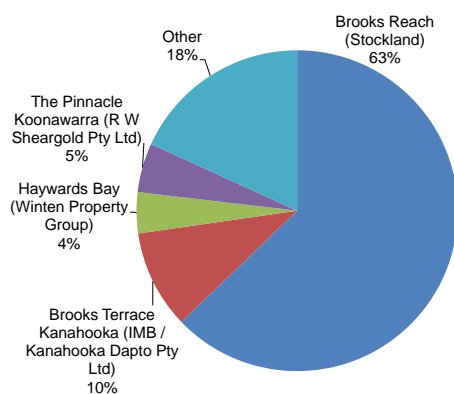


Chart prepared by PRDnationwide Research. Source: PDS

The House Market (Cont.)

The House Price Points chart highlights a strong market for detached dwellings in the \$300,000 to \$399,999 price point, equating to 47 per cent of transactions. Houses selling for less than \$300,000 represented 21 per cent of the market, while toward the top end stock transacting for \$500,000 or more totalled 11 per cent. Houses in the 2530 postcode averaged 84 days on the market, compared to 94 days than for the Wollongong council area.

The Rental Market

The Dapto area rental market was buoyed by high yields for investors and strong tenant demand for rental properties. The area's affordable rent attracted tenants from other parts of the Illawarra Region. Demand was reflected in rent prices, with the median weekly rent for houses (four or more bedrooms) increasing by 4.7 per cent to \$450 per week in the 12 months ending September 2012. That said, the median rent for a three bedroom house remained unchanged at \$350 per week, highlighting the emerging trade-off between rent and ownership.

The table below depicts the small difference in weekly outlay between ownership and rent. The weekly difference of six dollars per week on the median house price should evoke questions among potential buyers able to save for the ten per cent deposit.

RENTING v BUYING *

	Purchase (existing - non FHB)	Rent
Purchase price	\$355,000	n/a
Stamp duty	\$11,465	n/a
Mortgage	90%	n/a
Deposit (10%)	\$35,500	n/a
Amount financed	\$329,819	n/a
Interest rate	6.00%	n/a
annual repayment	\$23,713	\$23,400
Weekly repayment	\$456	\$450

* Lender's mortgage insurance, council and water rates, other finance costs and FHB concessions were not included in the calculation.

Table prepared by PRDnationwide Research.

The Vacant Land Market

The 2530 postcode remained the largest land market in the Wollongong council area, with releases in Haywards Bay, Horsley, Kanahooka and Koonawarra. Activity increased sharply in the first half of 2012 and continued into the second half of the year, with 74 lot transactions in the October half year. This number is set to firm as more lots are registered with the government over the next 10 months. The 158 lot sales in the 12 months to October 2012 represented a significant increase over the previous 12 months when only 45 lots transacted. The figure compares favourably against a five-year average of 73 transactions per annum. In the first 10 months of 2012, 63 per cent of lots sold in Brooks Reach, while 10 per cent transacted in Brooks Terrace, Kanahooka. To date, 38 per cent of blocks in the 80-lot Kanahooka estate have sold, compared with approximately 25 per cent of vacant lots in Brooks Reach.

The median price of a vacant lot firmed with the increase in activity. It closed the October 2012 period at \$222,500 after falling to \$175,000 in October 2011.