

DUBBO CITY

Property Watch®

PRD nationwide



MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market conditions of the suburb of Dubbo. The suburb represented a buoyant market, backed by growth in prices amid a steady activity over the past three years. The median house price closed at \$269,000 in October 2012, representing a 12-month growth of 4.7 per cent. Approximately 30 per cent of houses were sold to upgraders and downsizers, while first home buyer and investors targeted properties at the affordable end of the market.

The price point distribution revealed a large number of house transactions in the \$200,000 to \$300,000 bracket, accounting for 53 per cent in the October six month period. The share of sales in this price segment increased marginally from the October period in 2011 along with most other price points. However, toward the bottom end of the market the share of stock transacting for \$200,000 or less declined by five per cent. At the bottom of the market a property in Victoria Street transacted for \$135,000, while toward the top end a house in Handara Close sold for \$722,500.

A resale analysis conducted by PRDnationwide Research examined the capital growth achieved by vendors who exited the house market in the six months to October 2012. The analysis revealed an average capital growth of 4.1 per cent per annum, with an average holding period of 6.7 years between resales. The analysis also examined the performance of different price points. It revealed a decline in gains for higher price points and above-average capital gains for lower price points. Houses in the \$200,000 or less and \$300,000 to \$399,999 price points returned an average growth of 4.9 and 4.4 per cent per annum respectively. All other price points recorded below-average growth.

MARKET INDICATORS

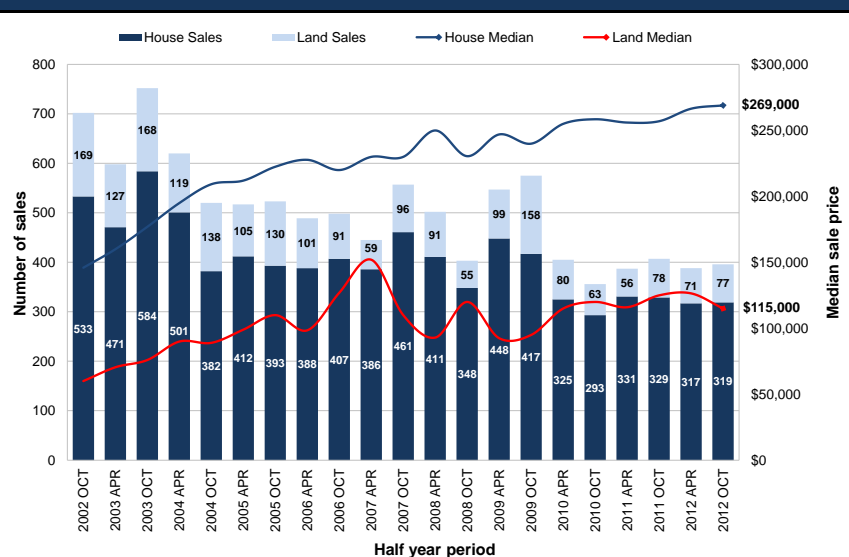
Change from Last	Year	Half Year
HOUSE SALES	↓	↑
HOUSE MEDIAN	↑	↑
HOUSE RENTS	↑	↔
LAND SALES	↑	↓
LAND MEDIAN	↑	↓

The indicators depicted above are based on the year ending October 2012. Rental indicators are based on 12 months to September 2012.

KEY HIGHLIGHTS

- Houses transacting for \$200,000 or less returned an average growth of 4.9% per annum.
- Locals and newcomers kept the demand for all types of dwellings, with a noticeable increase in the median rent price of apartments.

DUBBO CITY HOUSE & VACANT LAND SALES CYCLE



Graph prepared by PRDnationwide Research. Source: PDS

HOUSE PRICE POINTS

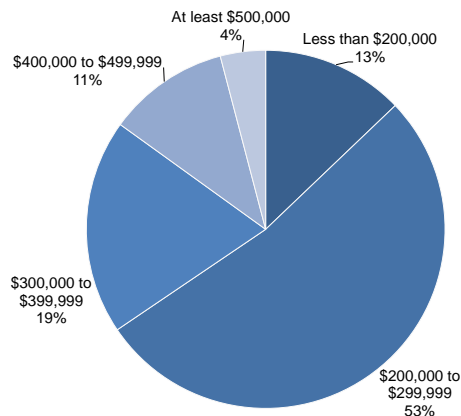


Chart prepared by PRDNationwide Research. Source: PDS

Approximately **30 per cent** of houses sold to **upgraders** and **downsizers**, while **investors** targeted properties at the **affordable end** of the market.

VACANT LAND PRICE POINTS

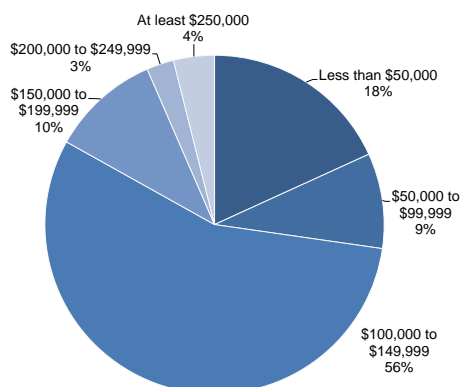
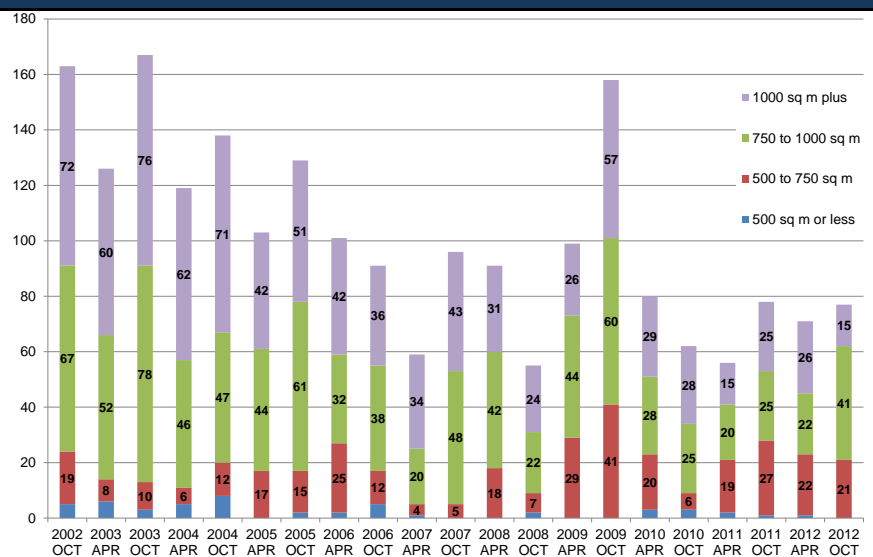


Chart prepared by PRDNationwide Research. Source: PDS

The Dubbo investment market, equating to 33.9 per cent of privately held dwelling, strengthened through the year. Locals and newcomers kept demand for all types of dwellings high, with a noticeable increase in the median rent of apartments. The 12-month growth of 11.4 per cent brought the median rent price of a two-bedroom unit to \$195 per week. Surprisingly the median rent price for the more common three-bedroom house remained unchanged at \$280 per week. The rental vacancy rate in Dubbo, which has been declining over the past four years, closed in November below one per cent, representing a tight rental market. New arrivals that choose to rent in the short term before committing to buying may be the reason behind the strong demand.

Houses priced at \$300,000 or less recorded high yields, with most registering returns between six and seven per cent. While higher yields of seven per cent or more were common, only a small number of detached dwellings returned yields lower than five per cent.

DOBBO CITY VACANT LOT SIZE



Graph prepared by PRDNationwide Research. Source: PDS

The table above highlights a decline in large lifestyle lots amid a rise in suburban lots with an area smaller than 1,000 square metres (sq m). More recently the share of lots with a size between 750 and 1,000 sq m experienced a sharp rise in sales, accounting for 53 per cent of transactions in the October six month period. The share of smaller lots with sizes between 500 and 750 sq m also increased (27 per cent of sales) while large lots of 1,000 or more declined to account for 19 per cent of sales.

Unlike houses, the median lot price in Dubbo declined in the 12-month period to October 2012. The median lot price closed at \$115,000 signifying a 12-month decline of eight per cent, stemming from transactions in lower price brackets. Most lots transacted in the \$100,000 to \$149,999 price point, accounting for 56 per cent of the market. However the share of lot transactions in this and higher brackets declined while the proportion of lots selling for less than \$100,000 rose.

Rosewood Grove Estate recorded the highest number of sales, with the majority of lots transacting under \$50,000. Several lots were sold to builders who develop and on-sell them to the public. Lots in higher price points transacted in Delroy Park and the Holmwood Estate, recording nine lots each.