



### MARKET OVERVIEW

This report covers the Wagga City residential real estate market located in the Wagga Wagga Local Government Area and extending across the 2650 postcode.

Evidence of the region's economic growth is seen across all major property sectors. The expansion of the Bomen Business Park is underpinned by a new oil refinery and an integrated oil-seed processing plant, while on the retail front a new Masters Warehouse has entered construction phase. The expansion of the healthcare and retirement sector is led by the Wagga Wagga Base Hospital redevelopment and an increase in the number of retirement units across the city. This stable and diversified economy provides employment for locals and attracts new residents from other parts of the state.

### HOUSES

Recent evidence points to a growing number of pre-approved buyers in the market. Soft conditions over the past 24 months increased the cash position of buyers who are now ready to purchase. The Sales Cycle graph shows subdued activity since March 2010, with an average of 450 house transactions per half year period. Activity for the six months to September fell below 400 transactions. However, a recovery in the last quarter of 2012 is projected, backed by increased enquiry from a large buyer's base of second home buyers, investors, up and downsizers. First home buyers represented less than 15% of enquiries despite the First Home Owner Grant and the First Home - New Home scheme making the purchase of new properties less taxing.

### MARKET INDICATORS

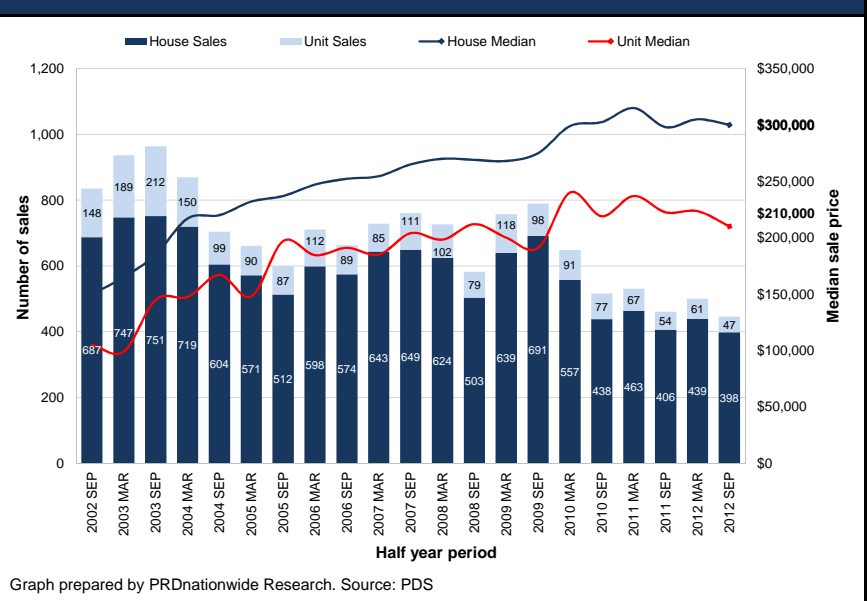
Change from Last	Year	Half Year
HOUSE SALES	↓	↓
HOUSE MEDIAN	↑	↓
HOUSE RENTS	↔	↑
UNIT SALES	↓	↓
UNIT MEDIAN	↓	↓
UNIT RENTS	↔	↑

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

### KEY HIGHLIGHTS

- The median house price remained unchanged over the 12 months to September 2012.
- Sales of units in new development are set to create a dichotomy between high and low end product.

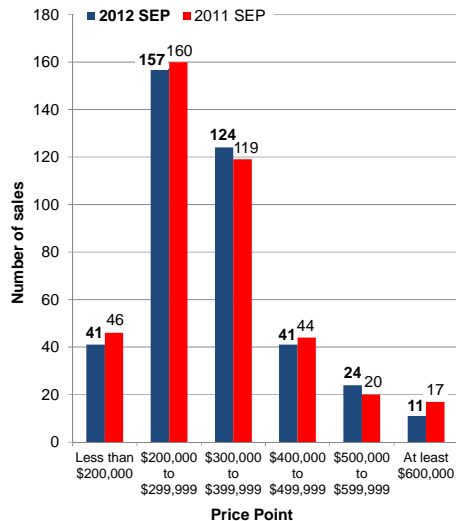
### WAGGA CITY HOUSE & UNIT SALES CYCLE



Most houses transacted in the \$200,000 to \$299,999 price point, accounting for 39% of sales in the September 2012 six month period. The share of transactions was equal to the September 2011 figure, pointing to the market's stability. The stability was further reflected in the median house price, increasing by 0.7% in the 12 months to September. Most houses transacted in Glenfield Park (14%), Lake Albert (13%) and Wagga Wagga (12%).

## HOUSE PRICE POINTS

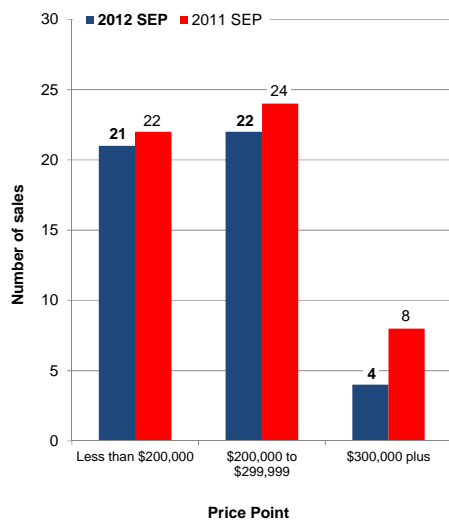
6 MONTHS TO SEPTEMBER 2011 & 2012



Graph prepared by PRDNationwide Research. Source: PDS

## UNIT PRICE POINTS

6 MONTHS TO SEPTEMBER 2011 & 2012



Graph prepared by PRDNationwide Research. Source: PDS

## HOUSE & VACANT LAND SALES

6 MONTHS TO SEPTEMBER 2012

Suburb	Transactions	Median house price
<b>HOUSE</b>		
Glenfield Park	57	\$282,500
Lake Albert	50	\$288,250
Wagga Wagga	49	\$312,500
Koorringal	45	\$252,000
Turvey Park	33	\$275,000
Bourkelands	31	\$390,000
Mount Austin	27	\$238,000
Tatton	22	\$490,000
Ashmont	17	\$192,500
Estella	13	\$315,000
<b>VACANT LAND</b>		
Bourkelands	20	\$122,500
Estella	15	\$120,000
Tatton	14	\$146,500

Table prepared by PRDNationwide Research. Source: PDS

## UNITS

Medium-density developments are increasing in Wagga City, adding to the dwelling mix and providing lifestyle solutions to 'empty nester' residents and to an increasing number of professionals looking for low maintenance accommodation. Surprisingly, the number of unit dwellings in the City declined between 2006 and 2011, while the number of villas and townhouses increased. The development-approved Mill Residence and The Grange Village, currently in an advanced stage of construction, will add 282 units and townhouses to the Wagga market by 2014-2015. Additional townhouses are expected to be built in Estella's Settlers Village. Older villas remain an affordable option to first home buyers, investors and retirees, but sales of units in new development are set to create a dichotomy between high and low end product.

In the past three years a decline in activity for attached dwellings has been linked to growth in demand for retirement village accommodation. Units in 'Over 55' villages do not offer a certificate of title, but a scheme whereby entry, ongoing and departure payment are paid, and any capital gain is retained by the resident upon departure.

In the six months to September 2012, 45% of medium density dwellings transacted for less than \$200,000, while 47% of villas and units transacted in the \$200,000 to \$300,000 price point. Sales in the \$300,000 plus bracket averaged 12% of sales. Two-bedroom units in The Mill Residences are priced from \$360,000, with a three bedroom selling from \$470,000. The higher prices asked by the developer of this project are a show of confidence in the Wagga market. Sales levels in this unique development will determine the strength of demand for luxury strata-titled product in this regional market.

## VACANT LAND

Vacant land sales increased in the 12 months to September, with 83 transactions recorded for the September six month period. The figures represent an increase of 23 sales from the September 2011 period, cautiously signalling the bottoming of the market, following eight years of declining activity. Of the 83 lot transactions, 20 sold in Bourkelands, followed by Estella (15 sales) and Tatton (14 sales). While lot priced below \$100,000 are still available, most vacant land blocks transacted in the \$100,000 to \$200,000 price point, accounting for 59% of sales.

Supply has overtaken demand in the core land release areas, giving buyers a wide choice for lots. Given the ample supply of land and increase in competition from existing homes and new medium-density developments, the slow activity is expected to remain in large land estates in Lloyd, Estella, Bourkelands and Boorooma.

## THE INVESTMENT MARKET

A Wagga City rental market experienced stable rent prices over the 12 months to September. A three-bedroom house recorded a median rent of \$280, while a two-bedroom unit / villa recorded a median rent of \$220.

Investors are looking for strong returns and low maintenance, with some opting for ex-housing commission homes in Ashmont, Tolland, Mount Austin and Koorringal. These dwellings can be purchased for less than \$200,000 and provide a high yield. However, the higher income is often weighed against poor property condition and unreliable tenants. Conversely, modern four-bedroom homes attract short-term professionals who work in short term construction projects in the city. They're also proven popular with military personnel from the local RAAF base. Rental vacancy tightened from 2011, resulting in a 2.5% vacancy rate, compared to over three per cent in September 2011.

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This report was prepared by PRDNationwide Research. Source: PDS, ABS, Housing NSW.

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