

MAITLAND LGA

Property Watch®

PRD nationwide



A house in Kensington Road, Bolwarra

MARKET INDICATORS

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

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

KEY HIGHLIGHTS

- The LGA remained a hotspot for investors and owner occupiers.
- The impact of softer resource prices has so far been short-lived.
- The Maitland LGA's August median house price increased by 1.7% to \$363,000.
- While most localities recorded a material decline in vacant land sales, transaction numbers in Gillieston Heights, East Maitland and Thornton firmed.

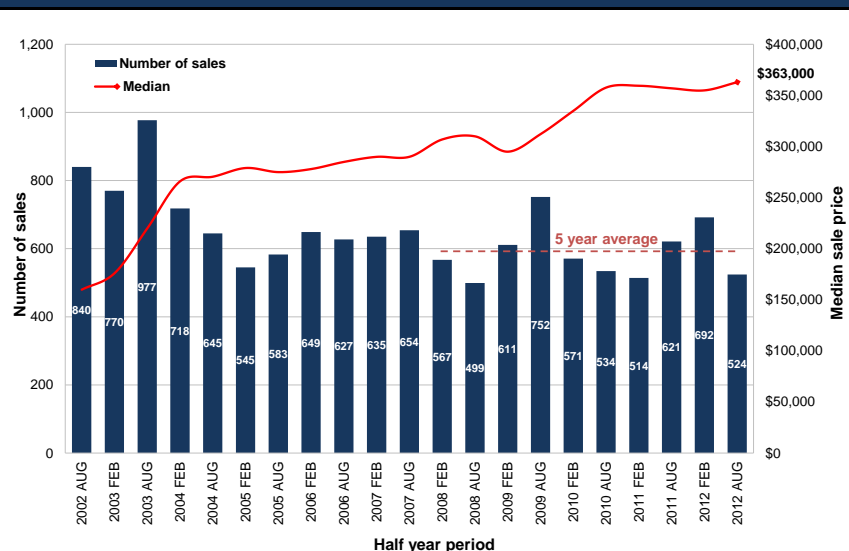
This report is the result of an investigation into the house and vacant land markets of the Maitland Local Government Area (LGA), located in New South Wales' Hunter Valley.

The LGA remained a hotspot for investors and owner occupiers, despite softer conditions for the resource sector. Recent downturn in coal prices led to layoffs in the mining sector, with mines slowing supply in the short term. However, the impact of softer resource prices has so far been short-lived, as solid news about the improved economic health of China and India provided support to coal prices. The growth in resource jobs led to a strong increase in population over the five years to 2011. According to the 2011 Census, 67,478 residents lived in the Maitland LGA, equating to an increase of nine per cent from 2006 (compared to 5.6% in NSW and 6.6% for Sydney).

House enquiries were up from the spring season in 2011, despite an overall decline in sales activity. The LGA recorded 524 house transactions in the six months to August 2012, representing a decline of 16% from the same period in 2011. The figure was lower than the long term average of 589 transactions per six month period, which included the August 2009 and February 2011 peak selling periods. Anecdotal evidence points to buyers preferring new homes in established suburbs over new land estates. This is seen by the falling stock on the market in existing areas and soft sales activity in many new subdivisions.

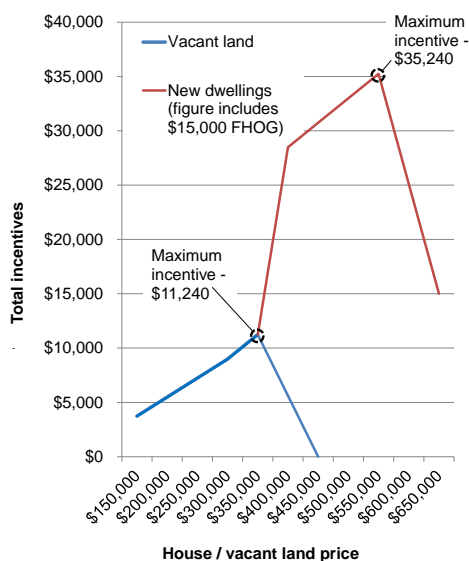
The median price increased by 1.7% in the 12 months to August 2012, closing the period at \$363,000. The price recorded little change since the beginning of 2011, as the market consolidated after strong period of growth in the two years to February 2011. A capital growth analysis conducted by PRDnationwide Research measured the annual gains achieved by vendors in the six months to August 2012. The investigation revealed a moderately lower average capital growth of 4.5% per annum compared to 4.9% per annum in August 2011.

MAITLAND LGA HOUSE SALES CYCLE



Graph prepared by PRDnationwide Research. Source: PDS

FIRST HOME OWNER INCENTIVES



Graph prepared by PRDNationwide Research. Source: OSR

VACANT LAND SALES 12 MONTHS TO AUGUST 2012

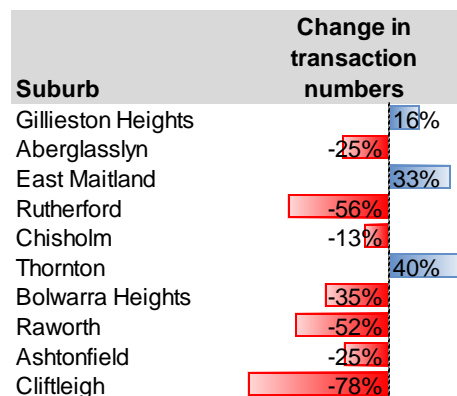


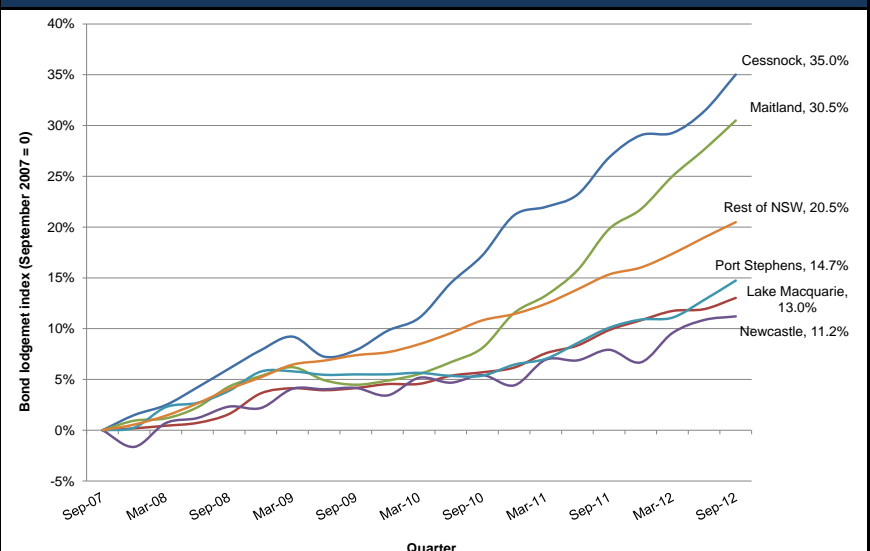
Table prepared by PRDNationwide Research. Source: PDS

Second and third home buyers were most active in the Maitland market, with a small increase in first home buyer activity

Second and third home buyers were most active in the Maitland market, with a small increase in first home buyer activity. Further increase in first-time buyers' activity will largely depend on this group's reaction to new government incentives. Individuals who purchase a new dwelling for the first time are now eligible for a \$15,000 grant through the new First Home Owner Grant (New Homes). This amount is combined with savings of up to \$35,240 in stamp duty. The new incentives together with a decline in borrowing costs are expected to grow the number of enquiries over the spring and summer selling seasons. A number of second home buyers who sold before the end of September capitalised on first home buyers' rush to secure the (now revoked) \$7000 First Home Owner Grant. These buyers are now back in the market, seeking to purchase their next property.

Vacant lots were available in approximately 11 new land estates across the LGA. Lot sizes range from 450 to 1200 square metres, with prices ranging from \$168,000 to \$250,000. Vacant land activity declined by 30% between August 2011 and August 2012, with 340 transactions recorded for the six month period. McKeachie's Run in Aberglasslyn and Darcy's Peak in Gillieston Heights experienced the highest number of sales, followed by Landcom's Ashton Grove estate. The Vacant Land Sales table highlights a decline in transaction numbers between the two periods. While most localities recorded a material decline in sales, transaction numbers in Gillieston Heights, East Maitland and Thornton firmed.

HUNTER REGION RENTAL BOND LODGEMENT INDEX



Graph prepared by PRDNationwide Research. Source: Housing NSW

The investment market

September quarter figures confirm the strength of the rental market. The median weekly rent for a three bedroom detached house increased by 6.1% in the 12 months to September 2012, with a five-year average of 7.8% per annum. Attached dwellings performed better despite softness in the most recent 12 month period, recording a five-year average of 9.1% per annum. Further evidence of a growing rental market is provided in the Rental Bond Lodgement graph. The graph shows a 30.5% increase in the total number of bonds held with the Rental Bond Board over the five years to September 2012. Lower growth was recorded in 2009, when government incentives and low interest rates converted tenants to buyers. However, the softness was short-termed with the number of rental bonds increasing by 25% from September 2009. The graph shows a dichotomy in demand for rental properties between mining and non-mining parts of the Hunter, highlighting a robust demand for rental accommodation in the Cessnock and Maitland LGAs over the past three years.