

# ASHFIELD LGA

Property Watch®

PRD nationwide



A Victorian house in Bland Street, Ashfield

## MARKET INDICATORS

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

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

## KEY HIGHLIGHTS

- The development of medium-density product across the LGA is increasing and is expected to account for more than 50% of dwellings in the next two years.
- The rental vacancy rate was similar the Inner West's average, creating a challenging environment for tenants and underpinning future growth in rent prices.

## MARKET OVERVIEW

This report is the result of an investigation into the house and unit markets of the Ashfield Local Government Area (LGA), comprising of the suburbs of Haberfield, Summer Hill, Ashfield, and parts of Ashbury, Croydon, Croydon Park and Hurlstone Park.

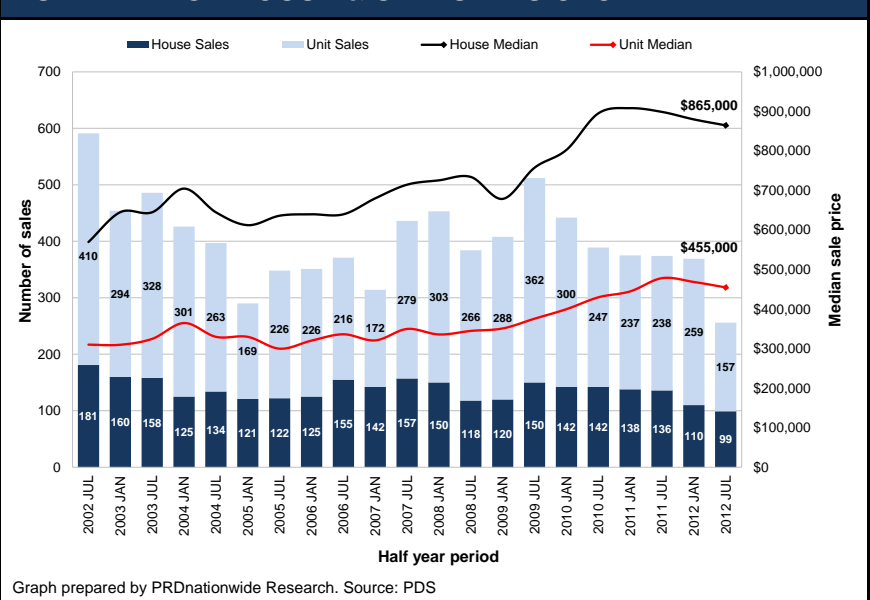
### Units

In 2011 units accounted for 49% of all dwellings in the Ashfield LGA, an increase of seven per cent from 2006. The region is set to pass the 50% mark in the next two years, with the completion of the Carlton Estate development in Summer Hill and the Station 2A project near the Ashfield train station. Additionally, 230 development-approved apartments are expected to commence construction over the next 12 months.

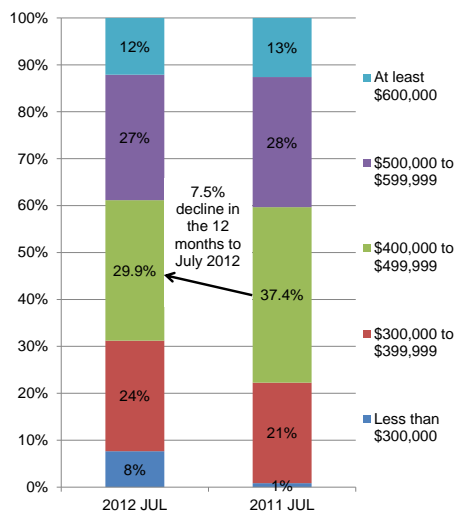
The median unit price eased to \$455,000 in July, representing a 4.9% decline on the July 2011 figure although the five-year average (5.4% per annum) recorded in the past five years pointed to a stable long term growth. A price point analysis revealed an increase in the share of units selling toward the bottom end of the market (less than \$400,000) between July 2011 and 2012. Middle price points contracted, with the \$400,000 to \$499,999 bracket declining by 7.5% over the 12 month period. Most sales in this price bracket occurred in Ashfield (74% of sales), with the balance transacting in Summer Hill (16%) and Croydon (8%).

Medium-density dwelling activity continued to soften in the six months to July 2012, with 157 units transacting over the period, although the figure did not reflect off-the-plan sales in new projects. The level of sales, equating to a 34% decline from July 2011, was the lowest since January 1990. The share of units is expected to increase in the next two years as more medium and high-density developments move into construction phase. However, a number of proposed apartment projects planned to be built on rezoned industrial sites have to date met fierce resistance from local residents.

## ASHFIELD LGA HOUSE & UNIT SALES CYCLE



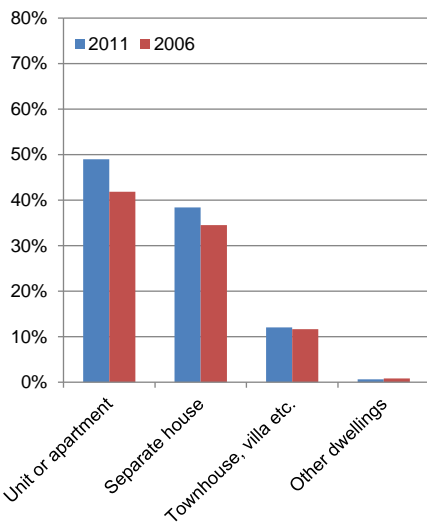
### UNIT PRICE POINTS 6 MONTHS TO JULY



Graph prepared by PRDnationale Research. Source: PDS

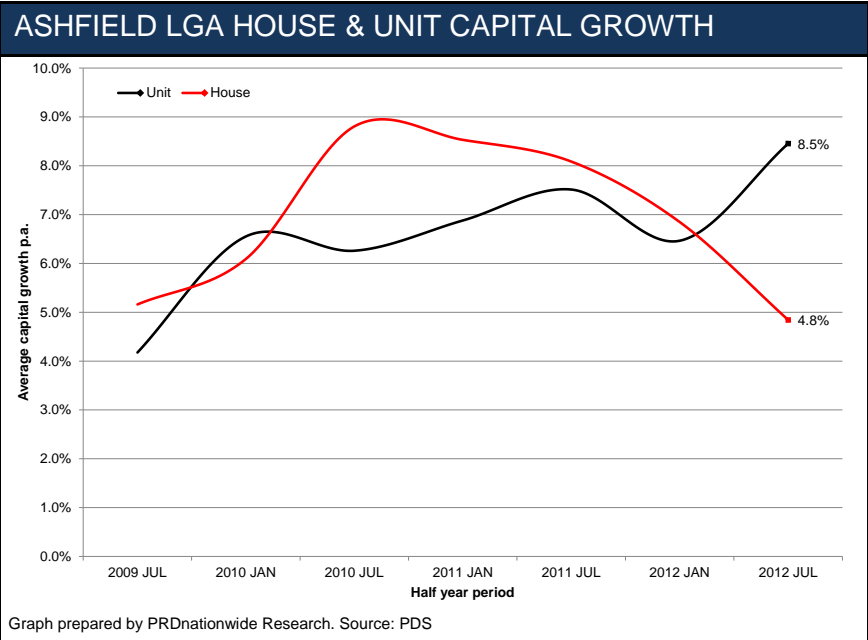
The share of **houses** in the LGA is expected to decline as more medium-density **developments** move into **construction** phase

### DWELLING STRUCTURE



Graph prepared by PRDnationale Research. Source: ABS

The House and Unit Capital Growth graph below depicts the average annual price growth achieved by vendors who exited the market in the past three years. House growth peaked at an average of 8.8% per annum in July 2010 and declined since, closing the July 2012 period at 4.8% per annum. Conversely, the growth for units, averaging 4.2% per annum in July 2009, has increased over the three years to 8.5% per annum in July 2012. The result points to a growing demand for high-density dwellings in the inner city LGA, resulting in strong returns for owners.



Graph prepared by PRDnationale Research. Source: PDS

### Houses

The July 2009 peak in house activity was followed by six periods of decline in the number of transactions. Activity in the July 2012 half year signified a 50% decline from the 2009 peak and a 27% contraction from July 2011. An increased level of stock on the market was observed since August 2012, in preparation for the spring selling season. However, it will remain to be seen if an improvement in sales prevails, as buyers' confidence remains low.

The House and Unit Sales Cycle Graph pointed to a decline in Ashfield's median house price since January 2010, closing the July 2012 period at \$865,000. The figure represented a 3.8% decline from July 2011, although the five-year average growth remained positive, with an average increase of 3.9% per annum.

### The investment market

Ashfield's large rental market accounted for 40.1% of dwellings in the LGA compared with an average of 30.1% for NSW. A long term increase in rent prices offset some of the declines in capital growth. The median rent of a house increasing by 51% over the past five years while the median rent for a two bedroom unit increased by 41%. In 2011 single bedroom units accounted for 11.2% of all dwellings in the LGA, double the state's rate. Interestingly, the median rent for a one bedroom unit increased by 52% in the five year period, overtaking that of a house and a two bedroom unit. In June the median rent price for a one bedroom unit closed at \$350 per week, while a two bedroom unit recorded a median weekly rent of \$420.

Vacancy levels remained low despite an increase since in the past ten months. The tight September figure of 1.7% was comparable to the Inner West's average, creating a competitive environment for tenants and underpinning future growth in rent prices.