

ST GEORGE AREA

Property Watch®

PRD nationwide



Lady Robinson's Beach, Monterey

MARKET INDICATORS

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

The indicators depicted above are based on the year ending April 2012.

KEY HIGHLIGHTS

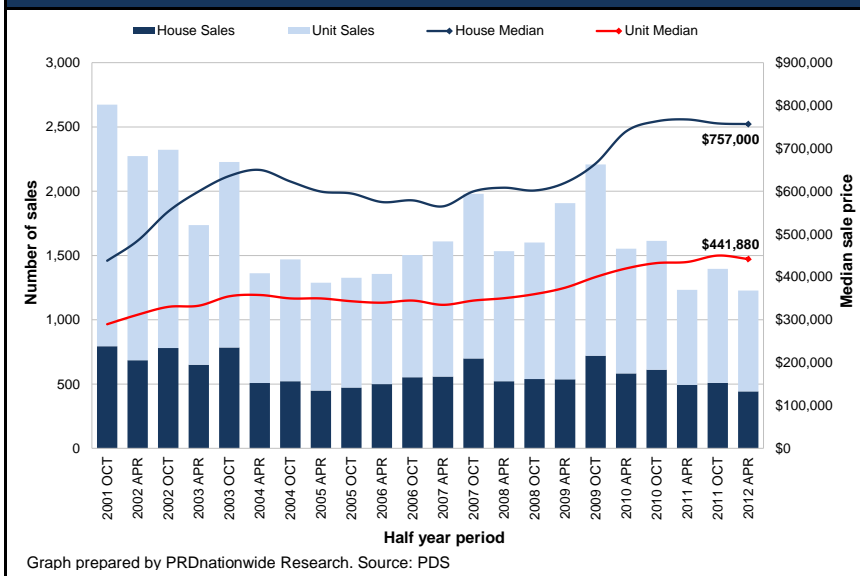
- A drop in affordability and change in demand for houses led to units becoming the dwelling of choice in the region.
- In 2011, medium density dwellings represented more than 50% of households in the region.
- The median unit price increased by 1.6% in the 12 month to April 2012, as the median house price declined.

St George East Market Overview

This report navigates through the historic and current market conditions of the eastern suburbs of the St George Region, located across the Rockdale, Kogarah and Hurstville Local Government Areas. The increase in demand for housing in the region has been the result of its location, with close proximity to major road and rail routes and easy access to Sydney Airport. This demand has not been uniform, with restricted affordability for detached houses leading to the proliferation of medium density accommodation, representing more than half of the region's households in 2011.

The decline in demand for housing is evident in the Sales Cycle graph, revealing a flat median house price in the past two years, along with a gradual increase in the median unit value. The performance of houses is closely linked to the introduction and subsequent waning of the government stimulus package in 2008-2009, which enticed first home buyers into the market and allowed upward mobility for upgraders. The data points to little change in the median house price since, amid a decline in activity. The fall in activity, equating to 10% below the April 2011 half year and 60% below the October 2009 figures, has been linked to the slowdown in the Australian economy and the increase in buyers' caution. Attuned to the state of the housing market, these buyers are factoring in the risk of potential falls in capital values.

ST GEORGE EAST HOUSE & UNIT SALES CYCLE



The dominant concentration of buyers in the April 2012 half year period existed in the \$700,000 to \$799,999 price range. Interestingly, this price range contracted from the corresponding period in 2011, along with most other price points above \$700,000. On the other side of the scale, the data reveals an expansion in lower price brackets, with the \$600,000 to \$699,999 bracket adding 2.4% over the 12 month period to April. The implication of this shift from higher to lower price points is reflected in the softer median price, closing the April period at \$757,000, equating to a 1.6% softening from the April 2011 median.

HOUSE PRICE POINTS

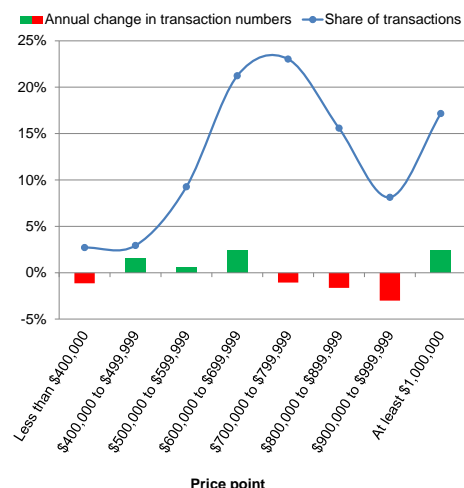


Chart prepared by PRDNationwide Research. Source: PDS

AVERAGE DAYS ON THE MARKET

Postcode	Average days on the market (House)	Average days on the market (Unit)	Difference in days on the market (House v Unit)
2207	69	58	-16%
2216	52	74	42%
2217	72	66	-8%
2218	82	52	-37%
2219	85	46	-46%
2220	106	72	-32%

Table prepared by PRDNationwide Research. Source: APM

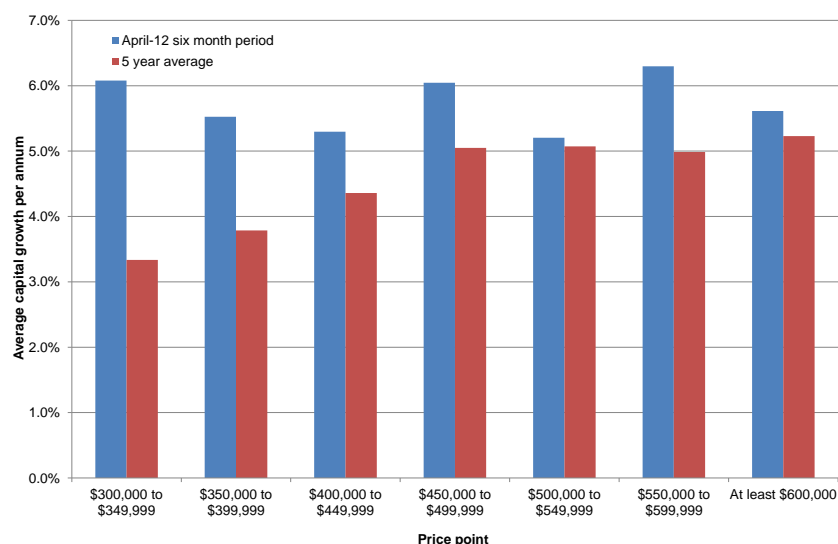
The **superior** liquidity of **units** and **townhouses** is further demonstrated by a **shorter selling period** than that of detached **homes**.

Another way to measure house growth is through the capital gains achieved by individual vendors over a period. A house resale analysis carried out by PRDNationwide Research revealed a correlation between the average capital growth and the price points, with lower price points achieving lower capital growth, while vendors who sold toward the top end of the market achieved an average growth of 8.3% per annum over the past five years. However, the results for transactions in the April 2012 half year period point to lower growth across all price brackets, with the exception of houses in the \$400,000 to \$499,999 bracket, increasing to an average growth of 4.1% per annum.

Unit development over the past fifty years prevailed in the waterfront suburbs of Brighton-Le-Sands, Monterey, Ramsgate Beach, and Sans Souci, and the inland town centres of Rockdale, Kogarah, Hurstville and Bexley. Recently, new developments in the Kogarah and Rockdale areas have been selling off the plan, often attracting overseas rather than local buyers. The superior liquidity of units and townhouses is further demonstrated by a shorter selling period. The Average Days on the Market table depicts lower values in all postcodes except for 2216 (Rockdale, Brighton-Le-Sands area). Unit activity rose from 2011 to close the April 2012 six month period with 785 transactions, representing a 12 month change of 6.2%. Although still well below the long term (5 year) average of 1,059 sales per six months, the result is encouraging and represents deleveraging from the performance of the house market over the period.

The Unit Capital Growth graph shows an opposite picture to that of the house market, with vendors who sold in the six months to April 2012 experiencing higher average growth than that of the past five years. Another point of difference is the consistent performance across all price brackets, recording five per cent per annum or higher, with the lower, middle and penultimate brackets recording an average growth of six per cent or more.

UNIT CAPITAL GROWTH



Graph prepared by PRDNationwide Research. Source: PDS

A soft rental market in the Area is characterised by a slow increase in rent prices and longer vacancy periods compared with previous years. This phenomenon which has transpired in recent months is inconsistent with past periods, when a robust growth in rental prices offset softer house and unit values. The median rent for a two bedroom unit, accounting for most of the rental stock, closed the March 2012 period at \$400 per week, with a small rise recorded in the beachfront suburbs and a marginal decline for the Bexley and Carlton areas.

Research Analyst | Oded Reuveni-Etzioni P (02) 9257 0254 E odedetzioni@prd.com.au

PRDNationwide Bexley North / Ramsgate Beach | Principal Frank Mazzotta P (02) 02 9502 2066 E enquiries@prdrb.com.au

PRDNationwide Kogarah | Licensee in Charge Mario Reskakis P (02) 02 9588 2977 E info@prdkogarah.com.au

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

PRDNationwide does not give any warranty in relation to the accuracy of the information contained in this report. If you intend to rely upon the information contained herein, you must take note that the information, figures and projections have been provided by various sources and have not been verified by us. We have no belief one way or the other in relation to the accuracy of such information, figures and projections. PRDNationwide will not be liable for any loss or damage resulting from any statement, figure, calculation or any other information that you rely upon that is contained in the material. Prepared by PRDNationwide Research © All medians and volumes are calculated by PRDNationwide Research. Use with written permission only. All other responsibilities disclaimed. © 2012