

THE HILLS - CUMBERLAND

Property Watch®

PRD nationwide



A unit complex in Baulkham Hills

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 April 2012.

KEY HIGHLIGHTS

- Buyers prefer suburbs with an existing railway station rather than areas with future transportation nodes, as the delivery date for the NWRL project gets pushed away.
- House activity declined as unit transaction numbers remained stable, despite strong capital and median price growth for all dwelling types.
- The low maintenance and affordability of strata titled accommodation continued to attract buyers on both ends of the family cycle.

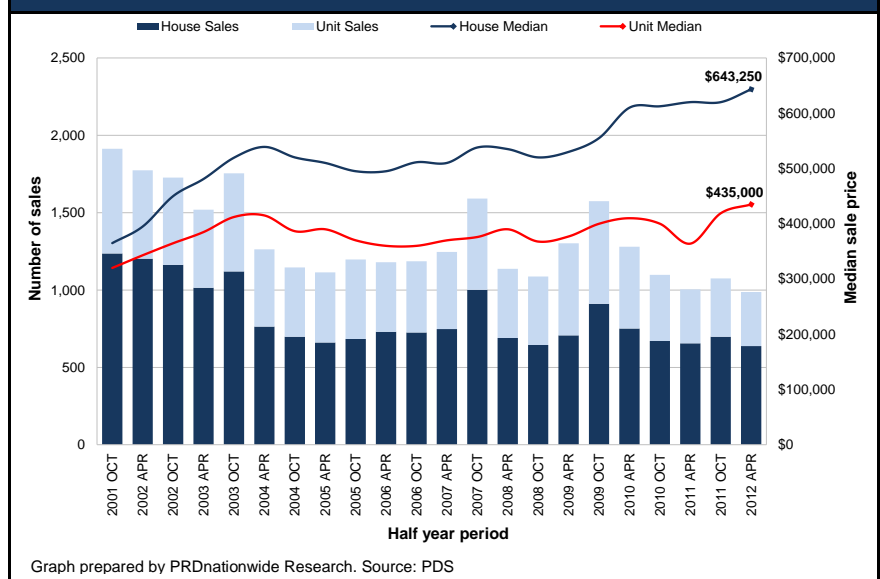
Market Overview

This report navigates through the historic and current market conditions of the southern suburbs of The Hills Shire, the Northern part of the Parramatta Local Government Area (LGA) and parts of the Holroyd LGA.

The local market remained stable over recent months, despite the low, post stimulus sales levels not seen since October 1994 (houses) and October 2000 (units). Detached houses continued to represent the majority of transactions, buoyed by inner city dwellers seeking affordability and space. First home buyers have increased their market presence since the beginning of the year, although financial constraints have kept them focused on lower end product. Unit and townhouse activity tracked on par with the April 2011 activity, with Pendle Hill, North Parramatta, Baulkham Hills and Castle Hill town centres accounting for most sales. The house market registered 638 transactions in the six months to April 2012, representing a decline of 2.7% from the corresponding period in 2011. Demand for units remained stable, with 349 transactions recorded for the April 2012 period, representing a 0.3% increase from the April 2011 figure.

The April 2011 fanfare following the announcement of the North West Rail Link (NWRL) construction has now subsided, with the recognition that the trip will end in Chatswood rather than the Sydney CBD. Surprisingly, since the announcement the performance of the real estate market in Castle Hill and Baulkham Hills, set to receive three new stations, failed to reflect the increase in amenity that would flow from the new infrastructure. Evidence points to buyers preference for suburbs like Toongabbie and Wentworthville, with an existing railway station rather than areas with future transportation nodes, as the project's delivery date gets pushed away (currently 2019).

THE HILLS - CUMBERLAND HOUSE & UNIT SALES CYCLE



HOUSE PRICE POINTS

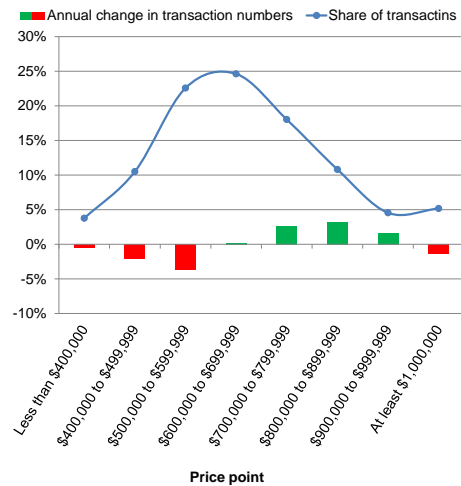


Chart prepared by PRDnationwide Research. Source: PDS

The median house price resumed its ascent in the April 2012 half year after a 24 month consolidation period. The median of \$643,250 was recorded for the period, represented 3.7% growth from April 2011, leading to a solid long term average growth of 4.8% per annum. This rise was largely the result of a decline in transactions at the top and bottom ends of the market (\$1,000,000 plus and less than \$600,000) and an increase in activity for the middle brackets. However, it is noted that the concentration in sales for Baulkham Hills and Castle Hill, recording median prices of \$638,750 and \$760,000 respectively, often obscure more affordable accommodation in the southern suburbs surrounding Northmead. A capital growth analysis provides further evidence of the flight to affordable suburbs, with average growth of 6% per annum or more for Northmead, Constitution Hill and Toongabbie compared with Baulkham Hills (5.0% per annum) and Castle Hill (4.6% per annum).

The median unit price exhibited a sharp increase following a prolonged period of stagnant growth (with the exception of the stimulus period of 2009 to 2010). The median unit closed the April period at \$435,000, representing a robust short term growth in price (19.5%) which lifted the average long term growth to 3.3% per annum for the past five years. The low maintenance and affordability of strata titled accommodation continued to attract buyers on both ends of the family cycle, with downsizers and first home buyers often choose to buy off-the-plan in order to secure their desired features.

HOUSE ACTIVITY TO APRIL 2012

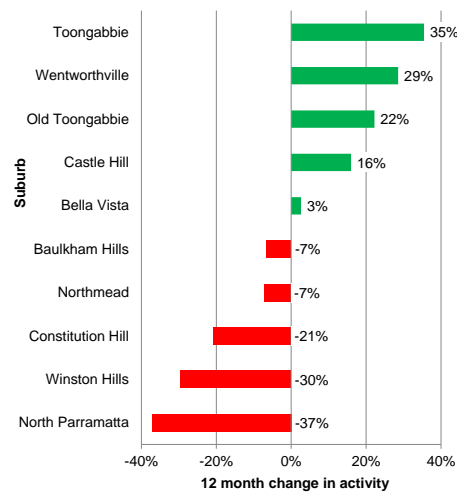
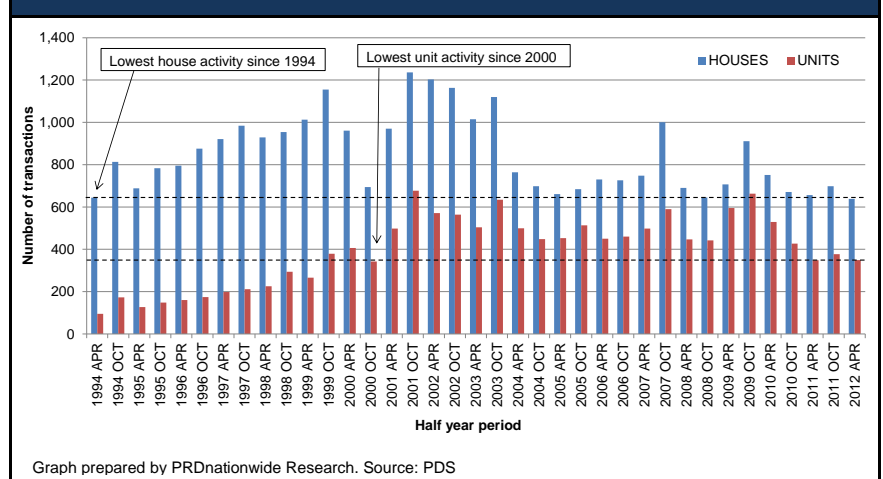


Chart prepared by PRDnationwide Research. Source: PDS

18 YEAR HOUSE & UNIT SALES ACTIVITY



Graph prepared by PRDnationwide Research. Source: PDS

New land estates and the **growth** in existing centres will continue and attract **young families**, as inner city transport worsens and affordability diminishes.

A strong rental market failed to attract investors, as the growth in capital values was equal to or exceeded growth in rents, keeping yields at sub 5% levels. The median rent for The Hills Shire closed the March 2012 period at \$498 per week (three bedroom house) and \$420 per week (two bedroom unit), representing a 12 month growth of 3.6% and 2.4% respectively. The largest increase was recorded in the Parramatta LGA, where the median rent for a three bedroom house increased by 7.1% during the period.

Both The Hills and Parramatta LGAs were recognised in the State's top five regions to record the highest population growth in the past ten years, increasing by 30,000 and 26,000 residents respectively over the period. This increase in number of residents equates to the population of a medium regional town. The NWRL will ensure that growth is sustainably managed, by opening the corridor between the City, existing commercial centres like Castle Hill and the Norwest Business Park, and new estates to the northwest. New land estates and the growth in existing centres will continue to attract young families, as inner city transport worsens and affordability diminishes.