

PANANIA AREA

Property Watch®

PRD nationwide



A villa on Henry Lawson Drive,
Picnic Point

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

- The scarcity of and demand for vacant land is met with redevelopment and rezoning of existing stock.
- The rental market grew by 3.6% for a two bedroom unit and 7.1% for a three bedroom house in the 12 months to March 2012.
- The increase in rents could not match the growth in house prices, leading to a yield that is in line with the rest of Sydney, but poses little incentive to investors.

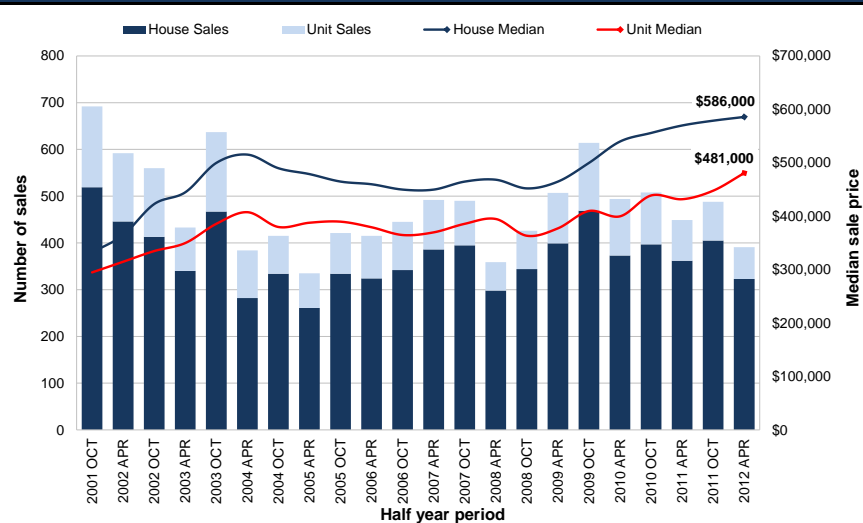
MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market conditions of the Panania Area, which spans across the southern part of the Bankstown Local Government Area (LGA).

The Panania Area comprises mostly detached houses, despite a significant increase in semi-detached dwellings in the past few years. Detached houses, accounting for 79% of the residential stock, cater for the needs of most family households. The scarcity of and demand for vacant land is met with redevelopment and rezoning of existing stock. Currently the most significant project is the proposed redevelopment of the Riverlands Golf Course in Milperra, with a rezoning application for 490 new homes comprised of detached dwellings, villas, apartments and townhouses.

Observing the House Price Points chart over the April 2012 half year period, it is evident that a dominant concentration of buyers existed in the \$500,000 to \$599,999 price range. Interestingly, this price range (representing 43% of the market) declined in size since April 2011, while the portion of houses that transacted for \$600,000 to \$699,999 increased. As a consequence of this concentration in activity, the median house price experienced a 12 month growth of 2.8% in the year to April 2012. The robust increase in median price over the past three years started as a result of government stimulus, and continued with upgraders activity. The 323 house transactions recorded during the six month period represent softer activity from the April period in 2011, and is below the five year average of 377 transactions per half year period.

RIVERVIEW AREA HOUSE & UNIT SALES CYCLE



Graph prepared by PRDnationwide Research. Source: PDS

HOUSE PRICE POINTS

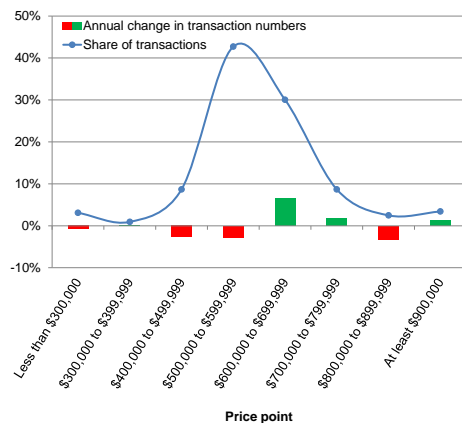


Chart prepared by PRDNationwide Research. Source: PDS

Vendors with realistic price expectations and well presented properties will be more likely to avoid an extended selling period.

AVERAGE CAPITAL GROWTH HOUSES

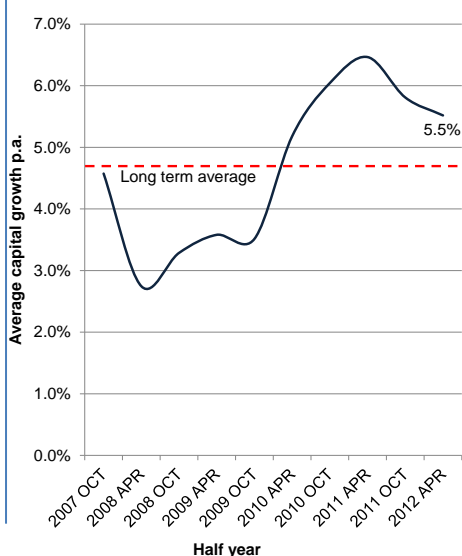


Chart prepared by PRDNationwide Research. Source: PDS

The rental market continued to grow in the 12 months to March 2012, with a median weekly rent increasing by 3.6% for a two bedroom unit (\$363 per week), and 7.1% for a three bedroom house (\$450 per week). Recent evidence points to gross yields between 3.9% and 4.4%. The increase in rents could not match the growth in house prices, leading to a yield that is in line with the rest of Sydney, but poses little incentive to investors. Consequently, the area's rental market at 22% of dwellings is lower than the Sydney average of 32%. Yields may rise given recent capital growth projections, estimating future growth to be in the range of 3% to 4% per annum and a strong long term growth in rents.

A resale analysis was conducted to ascertain the performance of the house market. The House Capital Growth graph demonstrates the average gains made by vendors who exited the market over the past five years. The graph revealed an April 2012 average capital growth of 5.5% per annum. This result was lower than the peak of April 2011, but remained above the five year average of 4.7% per annum. Houses exhibited a longer holding period than units, averaging seven years.

The decline in activity in the 12 months to April is highlighted by the House Sales table. However, the decline had only marginal impact on the median price in the most active suburbs of Revesby and Panania. Padstow was the only suburb to experience an increase in both activity and median price, with a notable number of transactions on Faraday Road and Gibson Avenue.

HOUSE SALES FOR THE YEAR TO APRIL 2012						
Suburb	April -11 Half Year		April -12 Half Year		Annual Change	
	Median Price	Total Sales	Median Price	Total Sales	Median Price	Total Sales
Revesby	\$565,000	88	\$561,000	77	-1%	-13%
Panania	\$561,000	92	\$591,000	71	5%	-23%
Padstow	\$570,000	60	\$589,000	68	3%	13%
Padstow Heights	\$627,500	19	\$593,500	32	-5%	68%
Picnic Point	\$670,000	38	\$665,500	28	-1%	-26%
Milperra	\$543,000	27	\$550,000	19	1%	-30%
East Hills	\$535,000	23	\$552,000	18	3%	-22%
Revesby Heights	\$561,000	15	\$607,500	10	8%	-33%

Table prepared by PRDNationwide Research. Source: PDS

Medium density development in the area is largely characterised by semi-detached dwellings such as villas and townhouses, with Revesby and Padstow accounting for 69% of all medium density transactions in the past five years. This high representation is not surprising considering the high share (30%) of medium density dwellings in each of these suburbs. The 68 transactions recorded in the Panania Area between November 2011 and April 2012 represent a decline of 53% from the peak recorded in the October 2009 period, when 168 strata titled dwellings transacted. The fall in sales volumes is likely to be the result of unit owners upgrading to detached houses during and following the stimulus period. This trend provided support to the house market, which declined by 31% from the 2009 peak.

It is expected that transaction numbers for medium density dwellings will increase in the next 12 months, given their lower price point and superior rental return. That said, activity in the broader market will only pick up when certainty returns to local and global markets. Until then, vendors with realistic price expectations and well presented properties will be more likely to avoid an extended selling period in what has proven to be a buyers' market.

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

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