

# RANDWICK LGA

Property Watch®

PRD nationwide



Maroubra Beach

## 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

- A softer median unit price in the six months to April 2011 was the result of consolidation towards the \$300,000 to \$399,999 price point, accounting for 37% of the market
- medium density residences represent 70% of dwellings in the LGA, equating to an increase of 3% over the 2006 figures, while detached houses represent 30% of the housing stock

## MARKET OVERVIEW

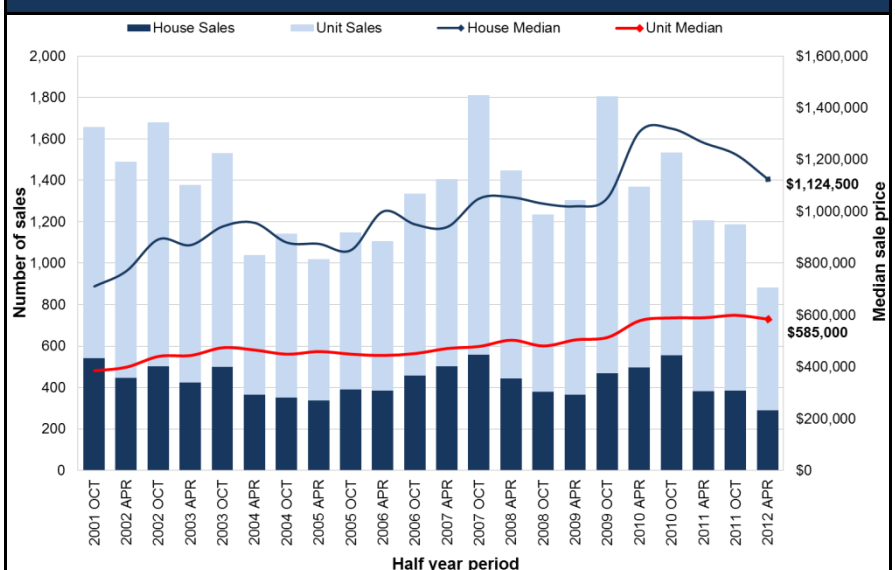
The following Property Watch report is the result of an investigation into the historic and current market conditions of the Randwick Local Government Area (LGA).

The Randwick region's beachside location, its proximity to Sydney, the airport and the host of major health and education facilities has led to a strong increase in population between 2006 and 2011, equating to 1.5% per annum compared to 1.1% per annum for the state. This influx has led to the densification of suburbs like Randwick and Maroubra and has kept pressure on dwelling prices and rents.

According to the latest Census data, medium density residences represent 70% of dwellings in the LGA, equating to an increase of 3% over the 2006 figures, while detached houses represent 30% of the housing stock. The Sales Cycle graph depicts the increase in popularity of strata titled dwellings and its impact on growth in the median unit price, increasing by an average of 4.4% per annum in the past five years. Observing the House Price Point chart over the April 2012 half year period, it is clear that a softer median unit price was the result of consolidation towards the \$500,000 to \$599,999 price point, accounting for 37% of the market. Activity in price points on both sides of this bracket contracted in 2012, with the exception of the \$700,000 and \$799,999 bracket.

While units maintained their appeal to price conscious buyers, the median house price contracted by 11.1% in the 12 months to April, coupled with a 24% fall in activity. Softness toward the top end of the market is the likely cause of the sharp decline in price over the past two years. This is seen in the House Price Points graph as the narrowing of all price points above \$1,200,000, with the largest decline in the \$1,400,000 plus bracket.

## RANDWICK LGA HOUSE & UNIT SALES CYCLE



Graph prepared by PRDnationwide Research. Source: PDS

### UNIT PRICE POINTS 12 month change

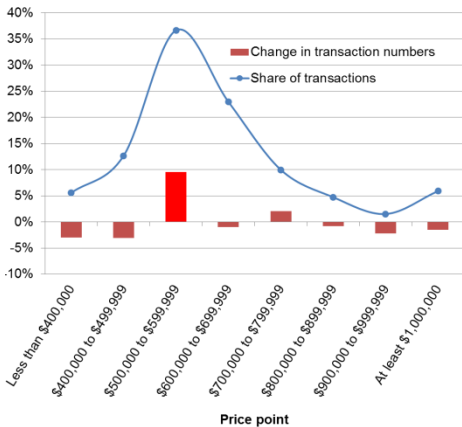
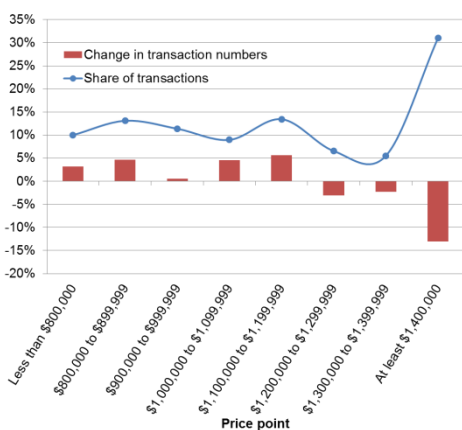


Chart prepared by PRDnationwide Research. Source: PDS

**Affordability** remains a major concern for **tenants** who resort to measures such as **moving in with family** or living in a **shared accommodation**.

### HOUSE PRICE POINTS 12 month change



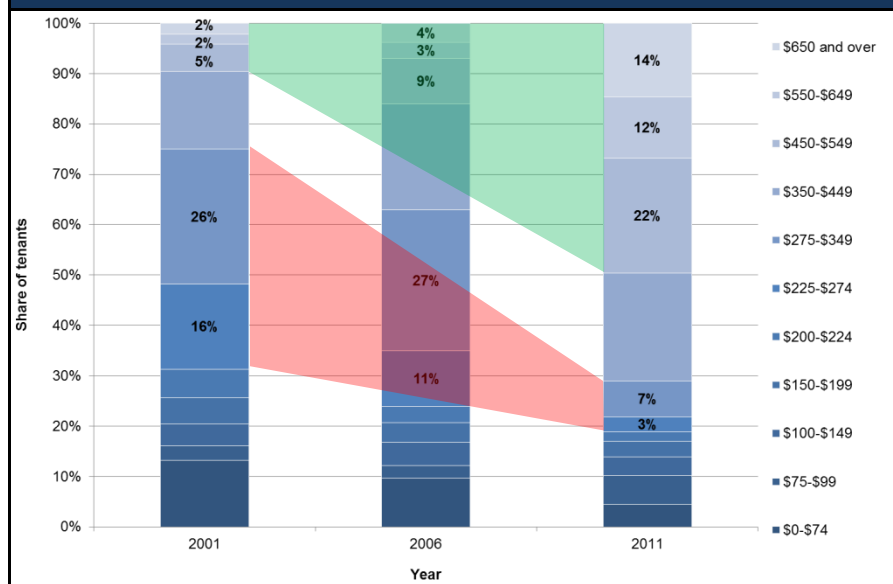
Graph prepared by PRDnationwide Research. Source: PDS

Both the house and unit rental market continued to strengthen in the 12 months to March 2012, with a median price increasing by 4.7% for a three bedroom house and 5.8% for a two bedroom unit.

Uncertainties about the direction of house values are the reason for the subdued market conditions. Affordability remains a major concern for tenants, who resort to creative measures such as moving in with family or living in a shared accommodation, with a rise of nine per cent in the number of residents who live group housing between 2006 and 2011. The Weekly Rent graph illustrates the changes in rent paid by tenants between 2001 and 2011. It can be seen that rent prices in the range between \$200 and \$274 per week, declined from a total of 42% in 2001 to 10% in 2011. For the same period, the proportion of leases prescribing \$450 plus per week, increased from 9% to 48%.

On the house front, a decline in affordability can be seen by the widening gap between incomes and rents. While household incomes increased at a lower rate than the median mortgage repayments between 2006 and 2011, a 44 per cent increase in the median rent was recorded, posing a challenge to lower income earners.

### RANDWICK LGA – WEEKLY RENT PAID BY TENANTS



Graph prepared by PRDnationwide Research. Source: PDS

### MARKET OUTLOOK

Uncertainty in global markets remains heightened, leading to caution in the Australian psyche of individuals and companies. While official unemployment remains low, shedding of jobs by large corporations and tightening of government department and family budgets, in turn leading to subdued retail conditions and low inflation. The diverse economy and location of Randwick is likely to partially insulate the region from these conditions. However, until certainty returns to global and local markets, job security and incomes will remain under pressure, keeping sales volumes below their long term average. While activity is likely to remain levelled at the lower end of the market, in particular for units transacting in the \$500,000 to \$599,999 range, house sales will remain subdued until such time when confidence returns and families start to spend again.