

DAPTO AREA

Property Watch®



HOUSE MARKET OVERVIEW

The 2530 postcode is part of the City of Wollongong comprising the suburbs of Dapto, Haywards Bay, Horsley, Kanahooka and Koonawarra. Detached houses are the main type of dwelling in the area, with units and townhouses accounting for 2% to 3% of total sales. The February 2012 half year experienced a 3.8% increase in sales from the same period in 2011, with 218 house transactions in the six month period. Consolidation in the median house price resulted in flat growth over the 12 month period to February. After a strong increase in prices due to favourable conditions and government incentives in 2009 and 2010, the median house price climbed from \$310,000 in August 2009 to \$352,000 in August 2011, representing a 12% growth over the period. Most houses transacted in the \$300,000 to \$399,999 price point, representing 50% of the market. Little change was recorded in the size of most price points, with the exception of the \$400,000 to \$499,999 bracket, which increased from 16% of the market in February 2011 to 22% in 2012. This market was normally represented by families who sold their first house and are upgrading to a larger home. Subdued activity in lower price brackets indicates that first home buyers and investors remained out of the market.

Houses in the area recorded an average of 82 days on the market. Koonawarra and Kanahooka experienced longer selling periods, with an average of 117 and 102 days on the market respectively, while Haywards Bay (75 days) and Dapto (72 days) remained below the area's average. Detached houses in the suburb of Horsley experienced the lowest average selling period of less than two months (59 days). A short selling period is normally linked to firm demand and the lack of need for discounting to meet the market. This principle is confirmed in the Dapto area, with an overall low level of discounting equating on average to 6.5% in Kanahooka, 3.9% in Dapto and a low 3.4% in the suburb of Horsley.

MARKET INDICATORS

| Change from Last | Year | Half Year |
|------------------|------|-----------|
| HOUSE SALES | ↑ | ↓ |
| HOUSE MEDIAN | ↔ | ↓ |
| HOUSE RENTS | ↑ | - |
| LAND SALES | ↓ | ↓ |
| LAND MEDIAN | ↓ | ↓ |

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

KEY HIGHLIGHTS

- The area recorded an improved sales activity, with a 3.8% increase from February 2011.
- Second home buyers are active in the market while subdued activity in lower price brackets indicates that first home buyers and investors remain out of the market.
- Houses in the area recorded an average of 82 days on the market.

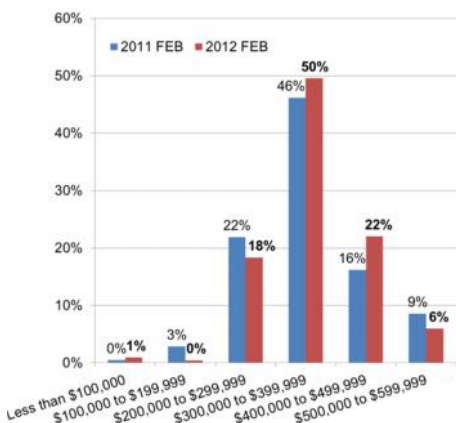
DAPTO AREA HOUSE SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

Stable demand for vacant lots is expected to continue **over the next 12 months and beyond** due to strong investment in **infrastructure**

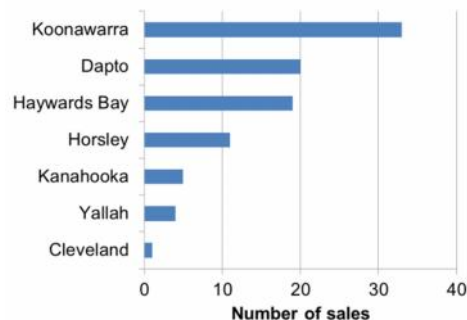
HOUSE PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

VACANT LAND SALES

Two years to Feb 2012



Prepared by PRDnationwide Research. Source: PDS



RENTAL MARKET OVERVIEW

The buoyant rental market in the 2530 postcode is characterised by a low vacancy rate and strong demand for rental properties. The area offers affordable rent and attracts tenants from other parts of the Illawarra Region. The demand was reflected in rent prices, with the median weekly rent for a three bedroom house increasing by 2.9% to \$350 per week, for the year ending March 2012.

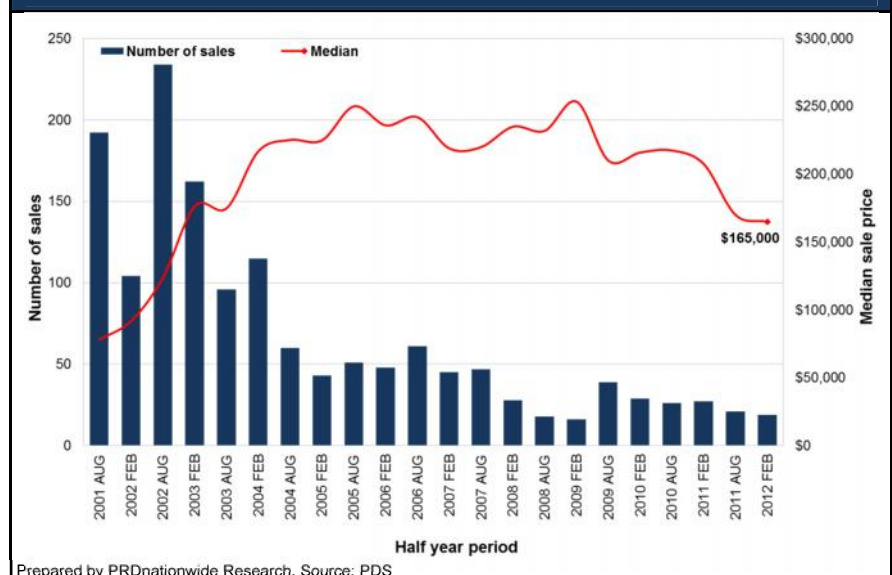
VACANT LAND MARKET OVERVIEW

The median price for vacant lots in the postcode has been declining since August 2009, when low interest rates and government stimulus led to strong activity in high price brackets. The area closed the February six months at a median price of \$165,000, stemming from the sale of 19 lots. Transaction numbers have been on the decline since August 2009, when 39 lots transacted in and around Dapto. An analysis conducted by PRDnationwide Research links the decline in the median price since August 2009 to a rise in transactions of lots priced between \$150,000 and \$199,999. The top end of the market declined from four transactions in the August 2009 half year to nil in the six months to February 2012. Over the same period, the number of lots transacting between \$150,000 and \$199,999 increased from 13% in August 2009 to 47% of the market in the six months to February 2012. Transaction numbers may not represent the entire market, as a significant number of lots selling 'off-the-plan' will only register upon the completion of each development stage.

As at the end of May there were 202 vacant lots for sale in the postcode, with large subdivisions in Horsley and Kanahooka representing the bulk of the market. In the February 2012 half year most lots transacted in the Pinnacle Estate in Dapto/Koonawarra, with 12 of the 19 lots transacting in Mary Davis Avenue. South of the Dapto area the Shellharbour Square shopping centre is being redeveloped to include a Myer department store, Target, Kmart, Coles, Woolworths and 220 speciality stores. In the north, the Wollongong Central Shopping Centre is being extended to include a Coles supermarket, 80 speciality stores and 600 extra car spaces.

The number of vacant lots advertised for sale and the average time on the market indicates an overall balance between supply and demand, with a slight oversupply in some suburbs. However, given the strong investment in infrastructure in the area, it is expected that stable demand for lots will continue over the next 12 months and beyond. On a macroeconomic level, the overall health of the Australian economy, the higher savings rate by the public and the anticipated lower interest rate environment are some of the conditions that will support sales in the short and medium term.

DAPTO AREA LAND SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

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