

PROPERTY WATCH®

Sydney Hotspots Report 2012

Scope

The purpose of this report is to assess the suburbs of Sydney that have the potential to perform over the coming year. Suburbs have been chosen based on current pricing levels, infrastructure, property trends, access to amenities and other factors.

What happened in 2011?

Sydney proved to be one of the most resilient residential property markets in Australia, with an annual growth in the unit median price despite a small fall in the median house price. Activity fell together with consumer confidence, but prices held firm overall and forced sales accounted for only a small per cent of the market. PRDnationwide Research noticed a continuation of the shift toward strata-titled dwellings, with increasing demand for properties in lower price brackets. Reviewing our picks for 2011 revealed a mixed picture that is in line with overall market performance. While the median Sydney house price declined 2.9 per cent in the year to September 2011, our picks recorded only a small softening in price (1.2 per cent). West Ryde closed the 12 month period in positive territory, with North Narrabeen's median remaining flat. The unit market performed better, **with five out of our seven picks beating Sydney's average growth**. The top performers were West Ryde and Riverwood, increasing 3.6 per cent and 2.9 per cent respectively.

Rent Prices

The average increase in median rent across all LGAs in Greater Metropolitan Sydney equated to 5.8 per cent for a three bedroom house, while a two bedroom unit averaged a rise of 6.4 per cent. These figures represent a slower growth in prices from an average of eight per cent per annum (three bedroom house) and 8.3 per cent per annum (two bedroom unit) recorded over the past five years. The Randwick and Leichhardt LGAs recorded the largest increase in median rent price.

Hotspot picks for 2012

2012 will be a year where demand will increase for well-located properties in the inner and middle ring of Sydney. During times of uncertainty buyers return to the fundamentals of dwellings close to the CBD, with locations that are supported by a good public transport infrastructure. Units rather than houses will again be the dwelling of choice in these locations, as more new developments are completed over the next 12 months. Other factors that assist us in determining the most likely suburbs to experience strong capital growth in 2012 include:

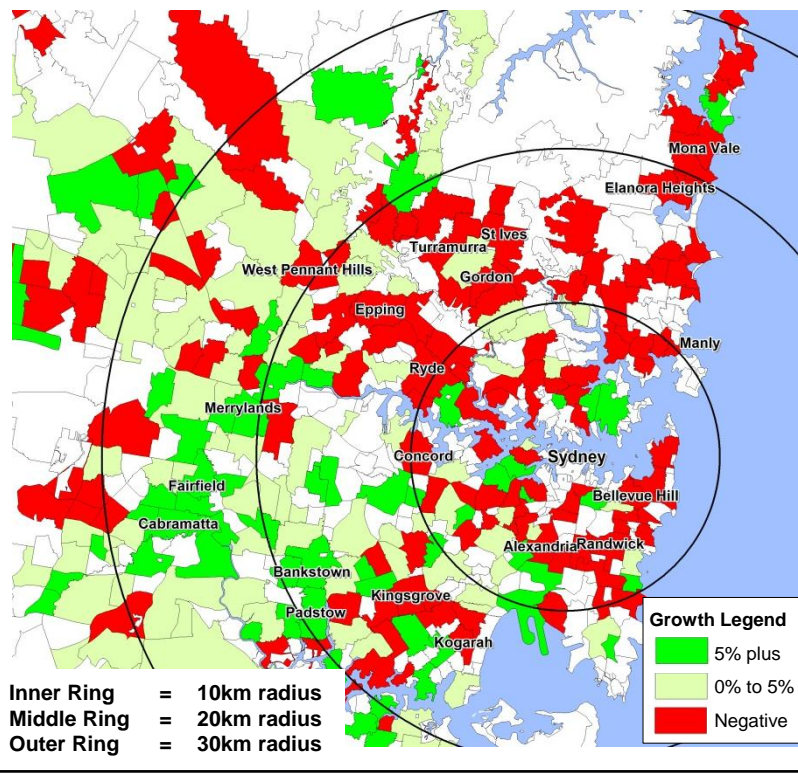
Population growth – increases demand for properties and generally puts upward pressure on property prices.

Infrastructure and investment to support current and future population increases and development of amenities.

Employment opportunities and diversity which includes proximity to employment nodes or potential job growth.

The top picks for 2012 are well located suburbs that are often supported by good infrastructure and population growth. An analysis was conducted to identify suburbs with a strong long term growth, which have met softer conditions in 2011.

Growth in Median House Price – Sep. 2011 to Sep. 2012



Hotspots 2011

Suburb	Dwelling type	Median price 2010	Median price 2011	12 month change
Belrose	Unit	\$312,500	\$434,000	38.9%
Paddington	Unit	\$483,000	\$618,000	28.0%
Carramar	Unit	\$186,000	\$228,500	22.8%
Wahroonga	Unit	\$547,500	\$672,400	22.8%
Darling Point	Unit	\$1,005,000	\$1,231,000	22.5%
Grays Point	House	\$661,000	\$849,950	28.6%
Forest Lodge	House	\$785,000	\$970,000	23.6%
Chifley	House	\$837,500	\$1,012,500	20.9%
Lugarno	House	\$782,500	\$938,000	19.9%
Burwood	House	\$1,165,000	\$1,377,500	18.2%

Prepared by PRDnationwide Research Source: PDS

Rental Growth 2011

LGA	Dwelling type	Median rent 2010	Median rent 2011	12 month change
Randwick	3 b/r House	\$700	\$800	14.29%
Leichhardt	3 b/r House	\$710	\$800	12.68%
Ku-Ring-Gai	3 b/r House	\$645	\$720	11.63%
Rockdale	3 b/r House	\$500	\$550	10.00%
Ryde	3 b/r House	\$500	\$550	10.00%
Leichhardt	2 b/r Unit	\$498	\$600	20.48%
Lake Macquarie	2 b/r Unit	\$250	\$280	12.00%
Fairfield	2 b/r Unit	\$270	\$300	11.11%
Kogarah	2 b/r Unit	\$380	\$420	10.53%
Baulkham Hills	2 b/r Unit	\$400	\$440	10.00%

Prepared by PRDnationwide Research Source: NSW Housing

Inner West**Marrickville (Houses)**

Approx. distance from CBD 7 Km
Median house price: \$755,000

Located in close proximity to the suburbs of Enmore and Newtown, Marrickville has seen a solid increase in the median house price over recent times, with a five year average growth of 7.2 per cent per annum. The expansion of the Marrickville Metro shopping centre, currently under council assessment is likely to further increase the desirability of the suburb.

Abbotsford (Units)

Approx. distance from CBD 8 Km
Median unit price: \$668,000

Located on a peninsula and only eight kilometres from the CBD, Abbotsford apartments vary from 70's and 80's walk-ups to more contemporary town houses and luxury waterfront residences, with the latter creating upward pressure on the median price. A softer market over 2011 cooled the market, allowing buyers a more affordable entry point.

St George Region**Kogarah (Units)**

Approx. distance from CBD 13 Km
Median unit price: \$414,650

Transport and amenities are the two key fundamentals to drive Kogarah's unit market in 2012. Serviced by the Princes Highway and the Illawarra railway line, the suburb offers its residents easy access to Sydney, the Sutherland Shire and Wollongong. The Kogarah Town Square located in the centre of the suburb is a refurbished and lively shopping precinct adjacent to the train station.

Lower North Shore**Roseville (Units)**

Approx. distance from CBD 10 Km
Median unit price: \$546,000

Situated north of the shopping and transportation hub of Chatswood, Roseville is a leafy suburb which was historically dominated by detached houses. Changes to zoning laws have led to the consolidation of lots into apartment complexes. These augment the existing stock of mostly older style apartments located on both sides of the Pacific Highway. The location of Roseville near shopping and recreation destinations makes it an ideal investment in 2012 for those who seek a long term capital appreciation.

Naremburn (Houses)

Approx. distance from CBD 6 Km
Median House price: \$1,275,000

The popularity of Naremburn increased in recent times, with prices increasing by 13.5 per cent between December 2009 and 2010, followed by softer conditions in 2011. The suburb is strategically positioned to benefit from the development of the Gore Hill mixed-use business precinct, which upon completion will become a large regional employment hub. The expansion of the Royal North Shore is also likely to draw more medical professionals to the area.

Ryde Area**Ryde (Houses and Units)**

Approx. distance from CBD 12 Km
Median house price: \$843,500
Median unit price: \$448,000

The suburb of Ryde is centrally located on the intersections of Victoria and Lane Cove Roads. Residents enjoy the proximity to the employment hubs of Meadowbank and Macquarie Park. New development in Meadowbank will see more residential apartments being built on old industrial land and the Ryde town centre redevelopment is set to increase the amenity of area.

Northern Beaches**Balgowlah (Units)**

Approx. distance from CBD 10 Km
Median unit price: \$622,500

Existing shopping facilities in Warringah Mall and Stockland Village will be complemented by a new Woolworths supermarket and Bunnings warehouse. Balgowlah and surrounding suburbs have seen stock selling at higher price brackets due to new residential developments in the area. There are still opportunities in the lower price brackets for owner occupiers and investors seeking to invest in the suburb.

City Fringe**Redfern (Houses)**

Approx. distance from CBD 2 Km
Median house price: \$780,000

Redfern's location on the fringe of the Sydney CBD allows residents an easy commute to shopping and cultural facilities. Benefiting from urban renewal projects and a location close to main arterial road and rail infrastructure, the suburb exhibits strong long term growth despite a drop in median price in the 12 months to September 2011.

Prepared by PRDnationwide Research © For further details contact:

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