

Bankstown LGA

IN BRIEF

- The median house price recorded a 6% increase in the year to June 2011, while the unit median declined 4.2%.
- Most houses transacted in the \$500,000 to \$549,999 price bracket, following an overall decline in sales below \$500,000.

Scope

This report analyses the Bankstown Local Government Area (LGA). It highlights the region's characteristics as well as the performance of the house and unit markets in the area.

Area Characteristics

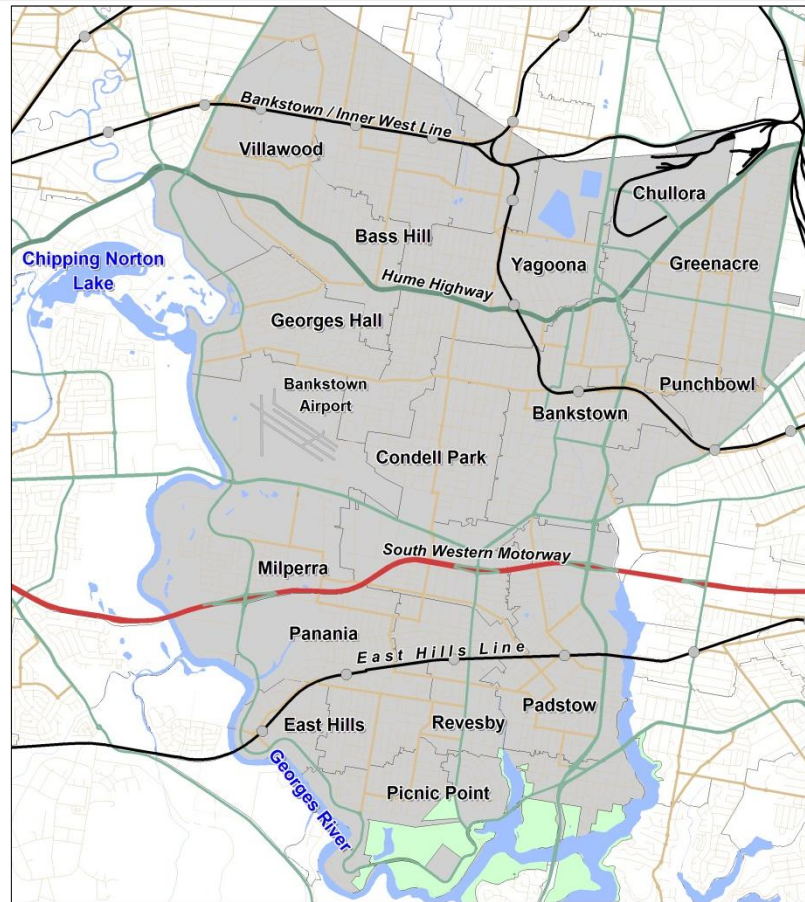
The Bankstown LGA is a major economic centre within the Southwest region of Sydney. Bordered by the Georges River and the Local Government Areas of Canterbury, Auburn, Parramatta and Fairfield, the region is known for its family oriented community. Major shopping facilities are found in the Centro Bankstown, with more strip shopping located in Bankstown City Plaza. The main arterial roads servicing the LGA are the M5 Motorway and the Hume Highway, creating convenient links to the Sydney CBD and neighbouring town centres. The two major rail lines in the area are the Bankstown Line and the East Hills Line, which runs between Macarthur and the Sydney CBD via the Sydney Airport. The University of Western Sydney is the main educational institution in located in Milperra, with a number of TAFE and senior colleges located in and around the Bankstown CBD. A large number of manufacturing businesses set up their operations in the LGA and are spread over the region's major industrial areas of Padstow, Milperra, Villawood and Chullora.

Major Projects

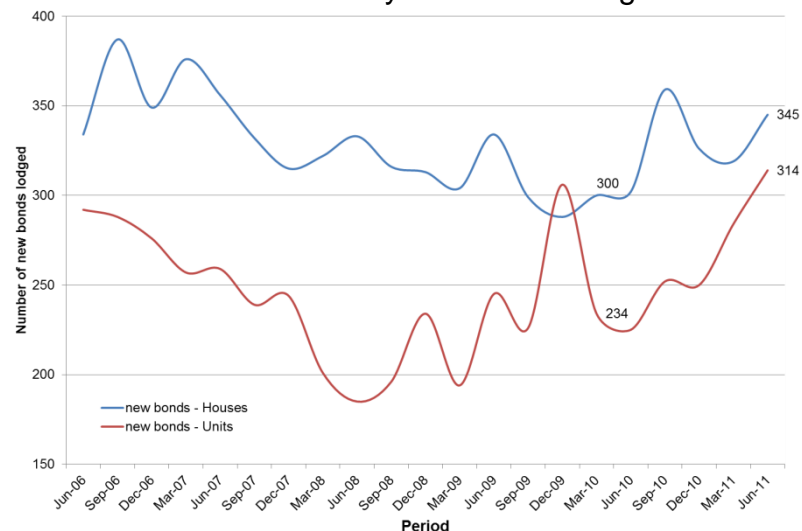
Projects currently under construction or recently completed in the LGA include the quadrupling of the rail line between Kingsgrove and Revesby to provide greater separation between limited stops and local services, improving the speed and reliability of rail services in the region. A recently completed police headquarters facility in Potts Hill represents an investment of \$14 million and includes three buildings, a large car park and a helipad. The expansion of the Revesby Workers Club, one of the largest clubs in NSW is expected to be completed in March 2012, adding 900 car spaces and extended retail facilities to the establishment.

Rental Market

The median rent for a three bedroom house in the LGA increased 7.5 per cent to \$430 per week in the 12 months to June 2011. For the same period the median rent for a two bedroom unit climbed to \$360 per week, representing an annual increase of 5.9 per cent. While the median rent price for houses exceeded the median price for the Sydney Statistical Division (SD), the median unit rent was 20 per cent below that of the Sydney SD. The levels of new bonds provide a good indication of pressure on the rental stock. The New Bonds Lodgment Graph indicates that while houses still represent the dwelling of choice for renters, a sharp increase in the lodgment of new bonds was recorded for two bedroom apartments, increasing 40 per cent in the 12 months to June 2011.



Bankstown LGA – Quarterly New Bond Lodgment



Graph prepared by PRDnationwide Research. Source: NSW Housing

Median Weekly Rent Prices – June 2011

LGA	3 Bedroom House	One Year Rental Growth	2 Bedroom Unit	One Year Rental Growth
Bankstown LGA	\$430	7.5%	\$360	5.9%
Sydney SD	\$400	5.3%	\$450	7.1%

Table prepared by PRDnationwide Research. Source: NSW Housing

Market Overview

Despite an overall jubilation about the new downward direction of interest rates, new limitations on the stamp duty exemption will take effect on the first of January and are expected to disadvantage a large majority of first home buyers. Nevertheless, cautious optimism still remains about the Australian economy, with low unemployment rate and strong investment in the mining sector. However, it will remain to be seen how the local economy responds to subdued conditions that prevail in both Europe and the US. These are likely to have direct impact on Australia by influencing some of the country's largest trade partners in Asia.

House Market

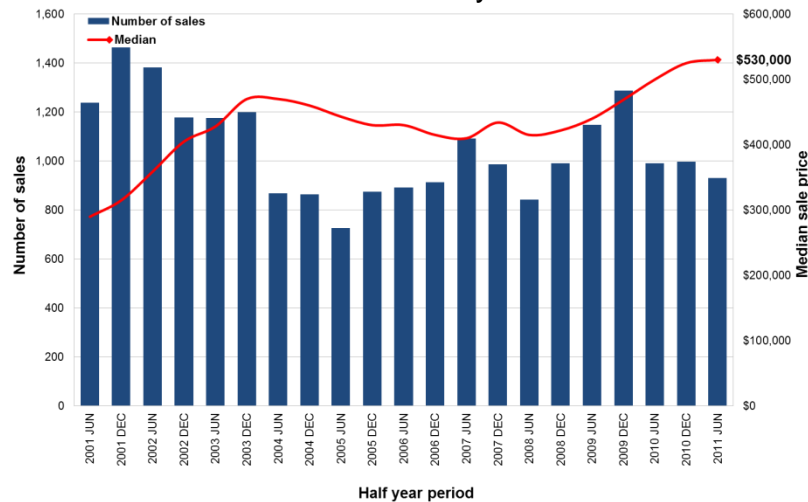
The Bankstown market performed well over the past three years, with strong first home buyers' response to the Government incentives of 2009. Although a number of suburbs in the LGA still represent some of the most affordable house prices in Sydney, sales in the higher price brackets over the first half of 2011 have resulted in a median house price of \$530,000, representing a 12 month growth of six per cent. The bond lodgment graph on the previous page, confirms that affordability has become an issue in the region, and many buyers choose, or are forced to seek rental accommodation instead. Activity remained slightly below the long term average of 1,018 transactions per six month period, with 930 houses transacting in the first half of 2011. A price point analysis revealed that brackets above \$500,000 increased in size between June 2010 and 2011, while sales below \$500,000 decreased sharply with the \$300,000 to \$399,999 bracket declining by 58 per cent, and a 24 per cent decrease in the \$400,000 to \$499,999 bracket. A change in the size of each bracket resulted in the \$500,000 to \$599,999 becoming the largest price point, representing 37 per cent of all house sales in the first half of 2011. The most active suburbs were Revesby with 105 house transactions and Greenacre with 100. Yagoona, the third most active suburb, also recorded one of the largest increases in activity since June 2010. House activity in the suburb climbed 28 per cent to 87 transactions in the first half of 2011, followed by East Hills with an 18 per cent increase.

PRDnationwide Research conducted a resale analysis for house sales over the six months to June 2011. The analysis revealed that the region achieved an average annual capital appreciation of 5.1 per cent per annum, with an average holding period between sales of five years and ten months.

Unit Market

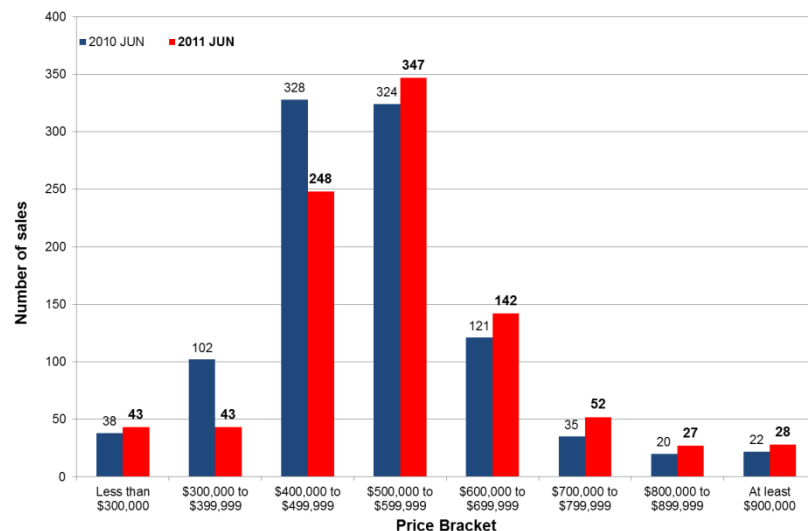
The Bankstown LGA unit market experienced softer growth to the house market, with a 4.2 per cent decline in median price to \$340,000 in June 2011. Most units transacted in the suburb of Bankstown, accounting for 42 per cent of all sales in the region. Sales activity also drifted lower in the June 2011 period, recording a 12 month decline of 20 per cent to 426 transactions. A price point analysis confirms that most sales took place in the \$300,000 to \$349,999 price bracket, making up 27 per cent of unit sales for the six month period. The analysis also suggests that 35 units or eight per cent of the total stock sold above \$500,000, while toward the affordable end three per cent of units sold under \$200,000.

Bankstown LGA – House Sales Cycle



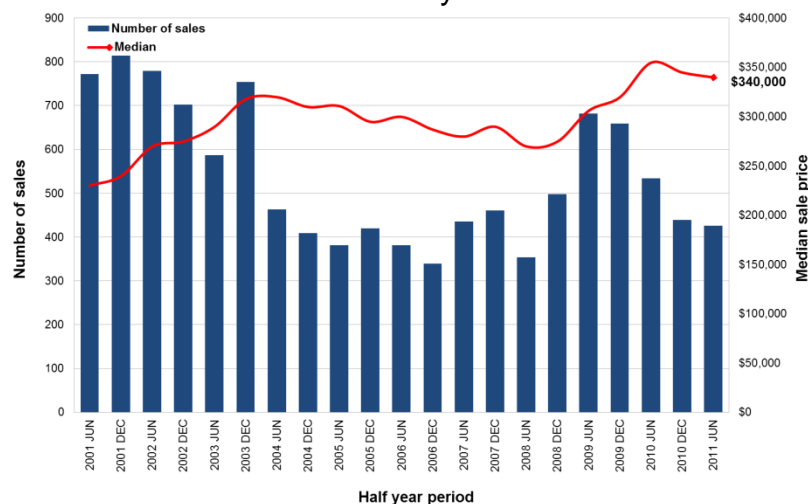
Graph prepared by PRDnationwide Research. Source: PDS

House Price Points - Six Months to June 2010 and 2011



Graph prepared by PRDnationwide Research. Source: PDS

Bankstown LGA – Unit Sales Cycle



Graph prepared by PRDnationwide Research. Source: PDS

Prepared by PRDnationwide Research. Source: PDS, BCI, Housing NSW and the ABS. For further details contact: Oded Reuveni Etzioni, Research Analyst
Ph: (02) 9257 0254 or Email: Odedetzioni@prd.com.au or visit our website at www.prdnationwide.com.au/research.

PRDnationwide does not give any warranty in relation to the accuracy of the information contained in this report. If you intend to rely upon the information contained herein, you must take note that the information, figures and projections have been provided by various sources and have not been verified by us. We have no belief one way or the other in relation to the accuracy of such information, figures and projections. PRDnationwide will not be liable for any loss or damage resulting from any statement, figure, calculation or any other information that you rely upon that is contained in the material. Prepared by PRDnationwide Research © All medians and volumes are calculated by PRDnationwide Research. Use with written permission only. All other responsibilities disclaimed. © 2011