

## PROPERTY WATCH®

Fourth Quarter 2011

## Leichhardt LGA

## Area Characteristics

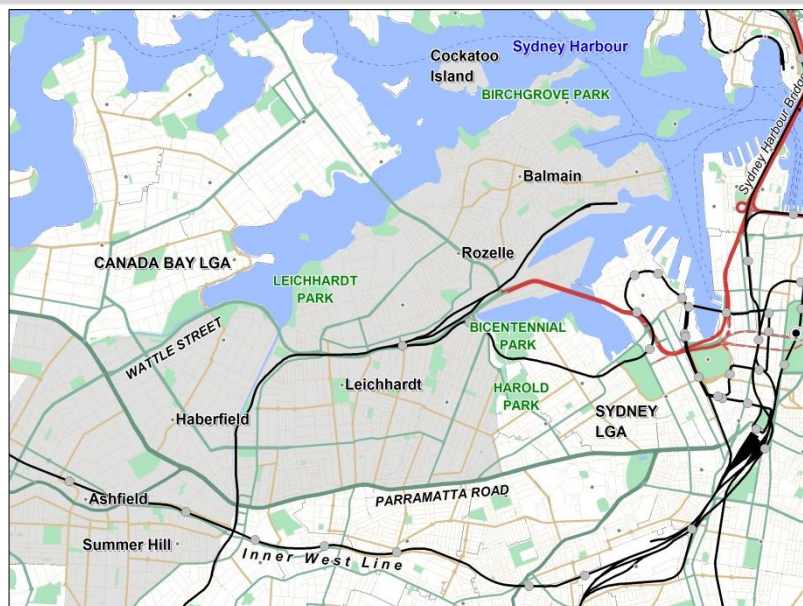
The Leichhardt Local Government Area (LGA) is located in Sydney's Inner West, approximately five kilometres from the Sydney CBD. The region is made up of six suburbs including Leichhardt, Balmain, Birchgrove, Rozelle and Annandale. The area is accessible through Parramatta and Victoria Roads and via Wattle Street, with public transport options of ferries and light rail. The region is renowned for its famous cafes and restaurants, with each suburb boasting a mix of unique retail outlets. Pedestrian and cyclists access to many of the region's parks and harbourside beaches is promoted by the local council.

## House Market

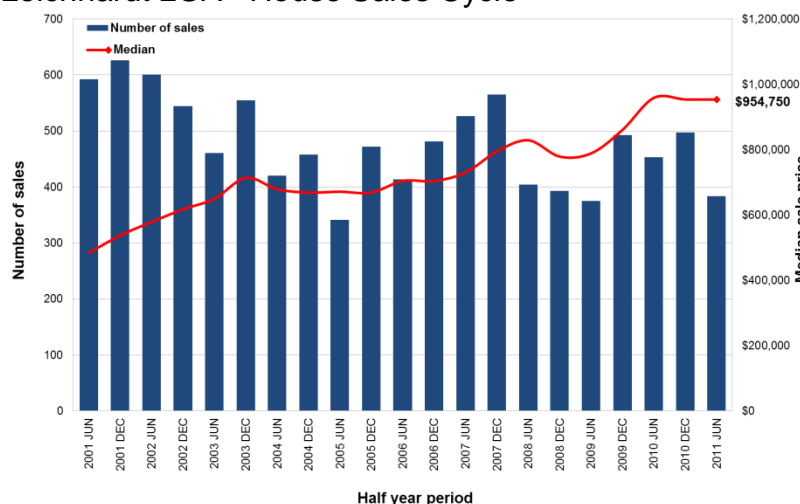
A slight softening in house prices was observed in the Leichhardt LGA coupled with a significant decrease in activity in the first half of 2011. This was evidenced by a half per cent drop in the median house price to \$954,750. Buyers who entered the market in 2008 to 2009 have enjoyed strong gains over the past two years, with an average increase of ten per cent since June 2009. Conversely, later entrants to the market have witnessed the median price leveling with softer prices achieved in the year to June 2011. The long term average of 6.2 per cent per annum recorded over the past five years signals the long term strength of the market. A sharp drop in activity for the June six month period was recorded for the region, declining from 453 transactions in the first half of 2010 to 384 for the same period in 2011. This number of sales was 16 per cent below the long term average. The price point analysis revealed that the largest decreases in activity transpired below \$600,000 and toward the top end of the market, where sales of properties transacting for \$1,800,000 plus declined 40 per cent to 25 transactions in the June 2011 period. Suburbs recording the largest change included Annandale with a 33 per cent decline between June 2010 and 2011, and Balmain East, decreasing by four sales. Bucking this trend were Birchgrove that remained steady over the period and Lilyfield, recording a five per cent increase in activity.

## Unit Market

Growth in unit prices has outperformed that of houses across the broader NSW and Sydney markets. It came as a result of more affordable price points and higher rental yields, equating to 5.2 per cent against 4.4 per cent for houses in Sydney. Units in the LGA have shown a robust growth in median price in the past two years, and a 7.4 per cent increase in the 12 months to June 2011. The median unit price reached \$665,000 in June, culminating from 231 transactions. Unit activity level was the highest since 2007 for the June half year period, signalling a strong market that is largely driven by upgraders. A price point analysis provides an insight into the fundamentals behind the strong growth in the past year, showing a decline in activity in the lower price brackets and an increase toward the top end of the market. Units transacting for less than \$400,000 declined 35 per cent in the six months to June 2011 compared with the June 2010 period, while the \$400,000 to \$499,999 bracket declined 15 per cent. Toward the top end the \$800,000 to \$899,999 bracket increased by six transactions, while sales of units above \$1,000,000 doubled to 40.

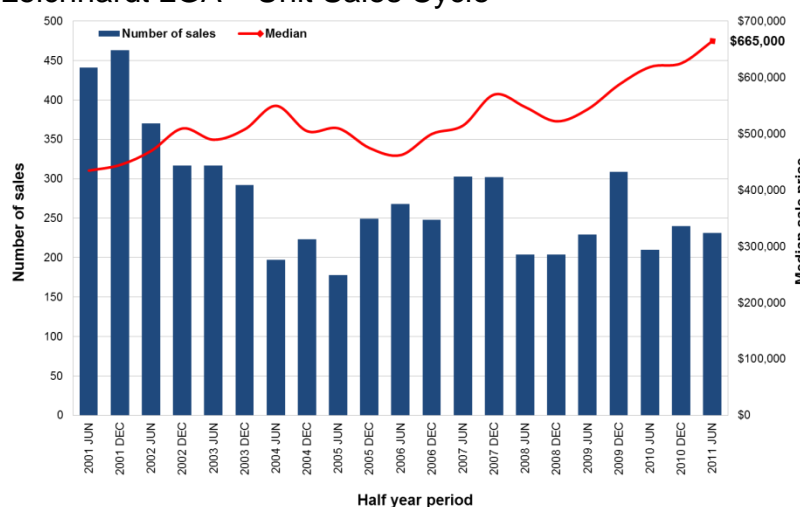


## Leichhardt LGA - House Sales Cycle



Graph prepared by PRDNationwide Research. Source: PDS

## Leichhardt LGA – Unit Sales Cycle



Graph prepared by PRDNationwide Research. Source: PDS

## Ashfield LGA

### Area Characteristics

The Ashfield LGA is located approximately six kilometres from the Sydney CBD and adjacent to the Leichhardt LGA. It is made up of the suburbs of Ashfield, Summer Hill, Croydon and Haberfield, with the Inner West train line passing through all but Haberfield. The suburb of Ashfield is located at the centre of the LGA, offering an extended strip shopping on Liverpool Road and a major shopping centre in Ashfield Mall. A mix of Asian and Indian influences creates a vibrant multicultural community in the area.

### Unit Market

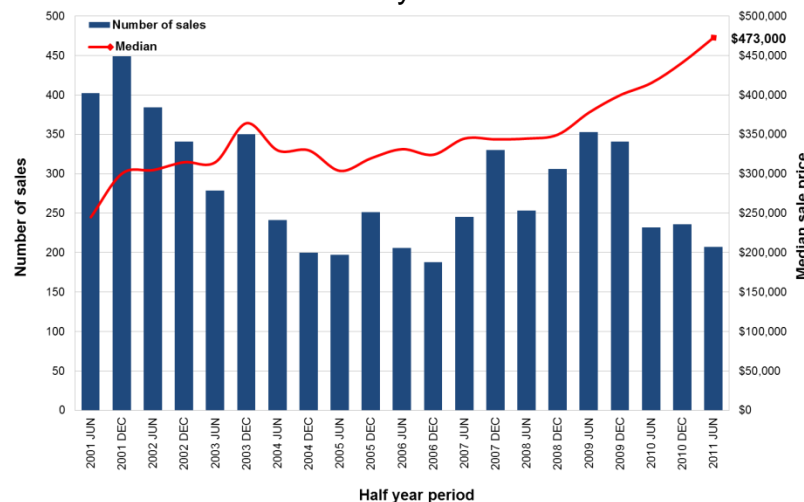
Ashfield accounts for the majority of the flats and units in the LGA, totaling 44 per cent of dwellings, with the balance made up of detached houses (28 per cent) and semi-detached or attached houses (13 per cent). The high number of flats contributes to a higher than average number of people renting (42 per cent), compared to houses owned outright (32 per cent) or being purchased (26 per cent). The median price for units in Ashfield continued to climb closing the first half of 2011 at \$473,000 and representing a 12 month growth of 13.8 per cent. This reaffirms the observation that units continue to perform in the Sydney market despite a slower growth in the broader housing market. Activity declined from 232 sales in the June 2010 period to 207 in the June 2011 period. Any improvement in activity during the spring and summer months is contingent on a drop in interest rates and the stabilisation of the Australian and global political climate. The long term growth of 7.4 per cent per annum indicates that units in the area represent a solid investment. The price point chart reveals that most transactions occurred in the \$450,000 to \$499,999 price bracket, equating to 24 per cent of the market. At the affordable end of the market 14 units transacted in the \$300,000 to \$349,999 bracket, with an additional three selling below \$300,000.

### House Market

The house market in the Ashfield LGA followed the broader Sydney market, declining 5.2 per cent to a median price of \$856,000 in the six months to June 2011. However, the long term growth rate of 5.7 per cent per annum represents a stable long term growth. The June period figures continued a two year decline to record 114 house transactions for the six months to June 2011, representing a 13 per cent decrease from June 2010. Most transactions occurred below \$700,000 and between \$800,000 to \$899,999, with each accounting for 19 per cent of sales. An overall increase in activity below \$900,000 and a decrease above \$1,000,000 was noted. The suburbs to record the highest activity during the June period were Ashfield with 47 transactions and Haberfield with 26.

To ascertain the returns achieved by home owners who sold their house during the first half of 2011, PRDNationwide Research conducted a resale analysis. It revealed an average annual capital appreciation of 8.4 per cent per annum, with an average holding period of 9.5 years. The capital gains achieved declined slightly from the December 2010 six months (8.8 per cent per annum) and the June 2010 (9.1 per cent per annum).

### Ashfield LGA – Unit Sales Cycle



Graph prepared by PRDNationwide Research. Source: PDS

### Unit Price Points – Six Months to June 2011

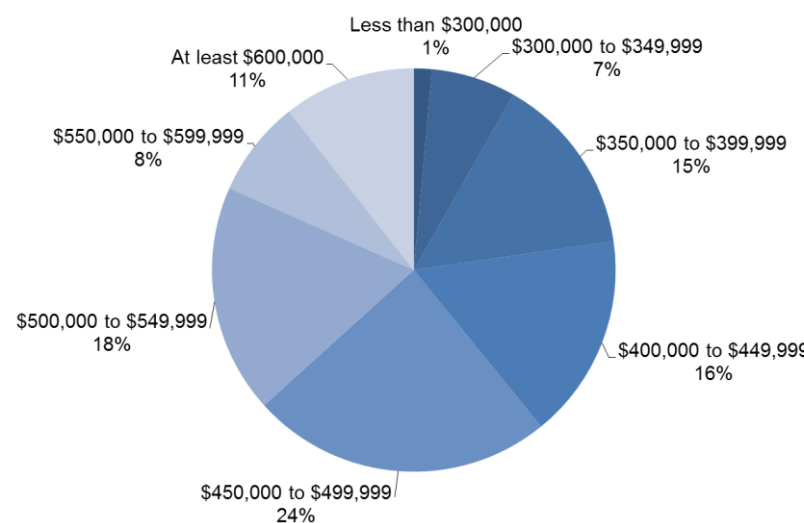
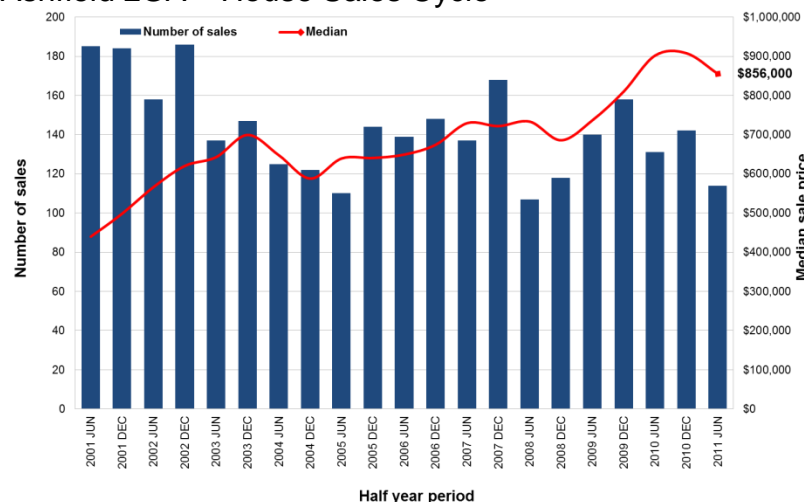


Chart prepared by PRDNationwide Research. Source: PDS

### Ashfield LGA – House Sales Cycle



Graph prepared by PRDNationwide Research. Source: PDS

Prepared by PRDNationwide Research. Source: PDS, 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](http://www.prdnationwide.com.au/research).

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