

PROPERTY WATCH®

Fourth Quarter 2011

Liverpool LGA

IN BRIEF

- The median price of a house in the region peaked at \$445,000 while units recorded a decline of 5.4% in the 12 months to June 2011.
- Despite a decline in the overall market activity, houses located near large industrial areas recorded an increase in sales.
- The median rental price for one bedroom units in the LGA increased by 10.9% over the year to June 2011.

Scope

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

Area Characteristics

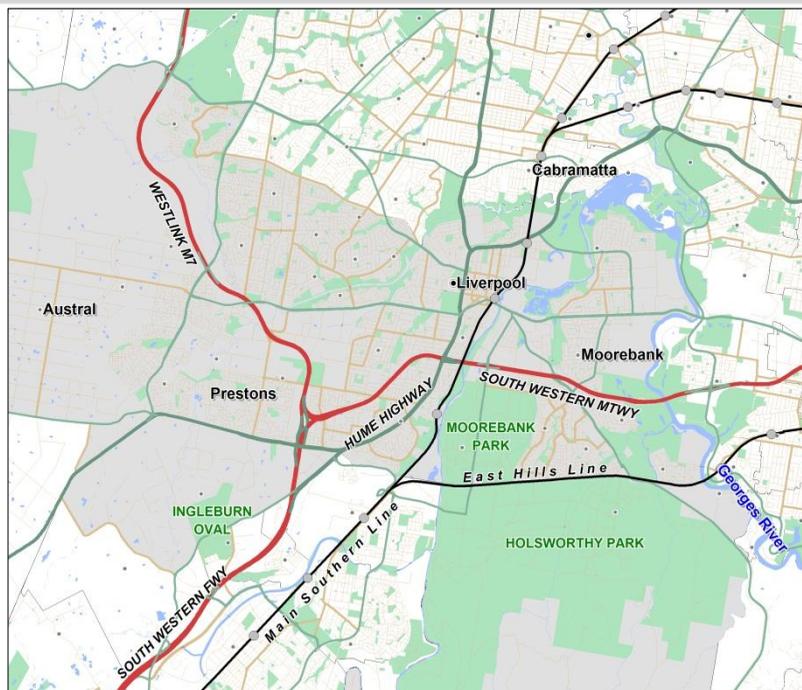
The Liverpool LGA is located in Sydney's outer ring, approximately 25 kilometers south-west of the Sydney CBD. Rapid population growth began in the 1950's with several large housing commission developments taking over what was largely a 'market garden' area. Today the Liverpool LGA is a part of Sydney's southwest growth centre, with the creation of new suburbs in the region's western corridor. The main commercial area is located in Liverpool town centre, while industrial areas can be found in Hoxton Park, Moorebank and Preston. The area is easily accessible by the South Western Motorway (M5), Westlink (M7) and the Hume Highway. City Rail provides regular services to the region with a major station in the suburb of Liverpool. The regional hospital located in Liverpool caters for the residents of the LGA and surrounding localities. The Hospital is currently undergoing a \$390 million redevelopment that will cater for the fast growing population.

Demographic Snapshot

According to the Australian Bureau of Statistics, the Liverpool LGA experienced an average population growth of 1.9 per cent between June 2009 and June 2010. This ranks Liverpool as the 20th fastest growing LGA in NSW, with the fifth largest growth in the state. The region has a high portion of residents aged 15 years or younger, accounting for 25 per cent of the population. The investment market makes up 32 per cent of the total households in the LGA, increasing to 53 per cent in the suburb of Liverpool, one of the most densely populated suburbs in the region.

Rental Market

Vacancy rates were tight in the last two quarters of 2010 and remained so into 2011. The Department of Housing data points to increasing rents for a three bedroom house in Liverpool, with a June quarter median rental price of \$400 per week. The median rental price for a two bedroom unit increased 5.4 per cent. The median weekly rent for a one bedroom apartment is now \$222 per week, equating to a 12 month growth of 10.9 per cent. The strong increase in rental price for one bedroom apartments may be related to a limited supply of this type of dwelling in the area and demand from investors and first home buyers.



Demographic Snapshot	Liverpool	Liverpool LGA
Population 2010	25,105	185,481
Population 2009	24,693	182,076
Population growth rate 2009 to 2010	1.7%	1.9%
Proportion of people aged 65 years and over	11%	8%
Proportion of people aged 15 years and younger	21%	25%
Median age	33	32
Median weekly household income	\$760	\$1,082
Median weekly individual income	\$332	\$440
Average number of people per household	2.7	3

Chart prepared by PRDnationwide Research. Source: ABS

Suburbs Recording the Highest House Sales Activity – Six Months to June 2011

Suburb	Number of Transactions	12 month Change in Activity	Median Price	12 Month Growth in Median Price
Prestons	102	13%	\$472,500	5.6%
Casula	74	-11%	\$455,000	3.4%
West Hoxton	70	6%	\$515,000	4.8%
Moorebank	67	20%	\$487,500	6.0%
Wattle Grove	67	-4%	\$468,000	0.6%
Green Valley	65	-18%	\$425,000	-2.3%
Hinchinbrook	63	-25%	\$420,000	-0.9%
Liverpool	55	-19%	\$416,800	8.3%
Lurnea	47	0%	\$365,000	5.8%
Chipping Norton	41	-29%	\$576,250	4.3%

Chart prepared by PRDnationwide Research. Source: PDS

House Market

The increase in median house price stabilised after a period of Government induced growth, while activity continued its' two year decline. The median price peaked at \$445,000 in December 2010 and remained unchanged during the first half of 2011. This figure represents a 3.5 per cent increase from June 2010, however lower activity indicates that buyers are now expecting greater price discounting. The price point chart reveals that most sales occurred between \$400,000 to \$499,999, representing 34 per cent of sales. A 12 month comparative analysis of price brackets highlights the concentration of prices around the median. It shows that price brackets toward the top and bottom ends of the market decreased by as much as 59 per cent, while brackets surrounding the median price increased in size from the June 2010 figures. Whilst the overall market activity declined by seven per cent, suburbs recording an increase in activity included Moorebank (20 per cent), Hoxton Park (18 per cent) and Prestons (13 per cent increase). It is interesting to note that all three suburbs are home to major industrial areas, suggesting a preference by buyers to live close to large employment centres.

In order to ascertain the actual annual gains received by vendors who exited the market, PRDnationwide Research conducted a resale analysis for house sales over the six months to June 2011. The analysis revealed that an average annual capital appreciation of 5.3 per cent per annum was achieved for houses in the LGA, with an average holding period of six years and eight months.

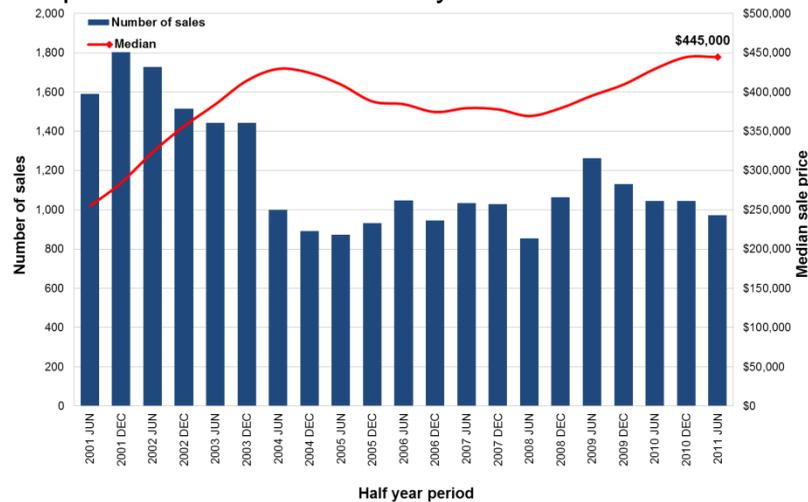
Unit Market

Units and townhouses make up 22 per cent of all dwellings in the LGA, with numbers increasing over the past decade supported by major projects around the Liverpool town centre. The most densely populated suburbs are Warwick Farm, with units and townhouses representing 65 per cent of dwellings and Liverpool with 61 per cent.

Sales activity continued to soften, recording 319 transactions in the six months to June 2011. This represents a 17 per cent decline from the corresponding period in 2010 and a 23 per cent softening from the long term average. The suburb of Liverpool recorded most of the region's unit transactions, with 165 sales representing 52 per cent of the total unit sales for the period, followed by Warwick Farm registering 43 transactions. Increases in the median unit price experienced during 2009 to 2010 are now over, with a 12 month decline of 5.4 per cent to \$265,000 in June 2011. A price point analysis revealed that despite significant falls in activity in the \$150,000 to \$199,999 and \$300,000 to \$349,999 price brackets, sales of units in the \$200,000 to \$299,999 and \$400,000 plus brackets increased in the first half of 2011, compared with the same period in 2010.

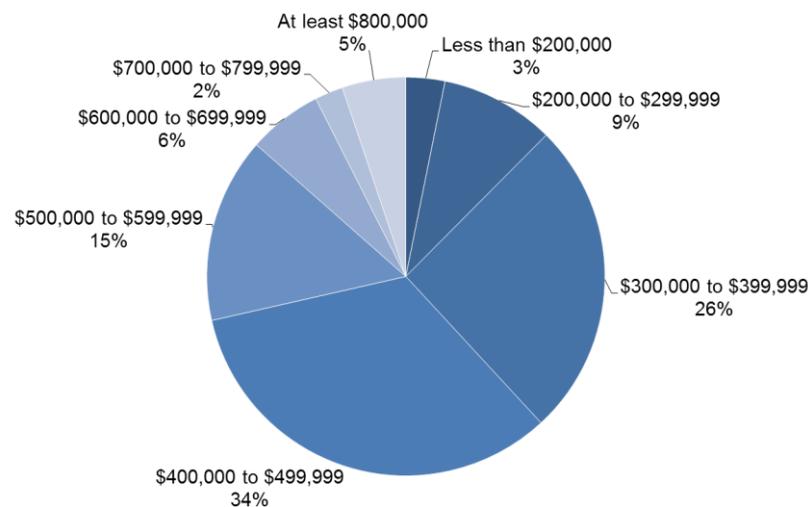
An analysis by PRDnationwide Research revealed that the highest unit sales share of total dwellings was recorded between December 2007 to December 2009, when units represented above 30 per cent of total sales. These higher than normal figures may be related to the lower price points of units compared to houses during the period, with many purchased by first home buyers. The share of units declined to below 25 per cent during the most recent period to June 2011.

Liverpool LGA - House Sales Cycle



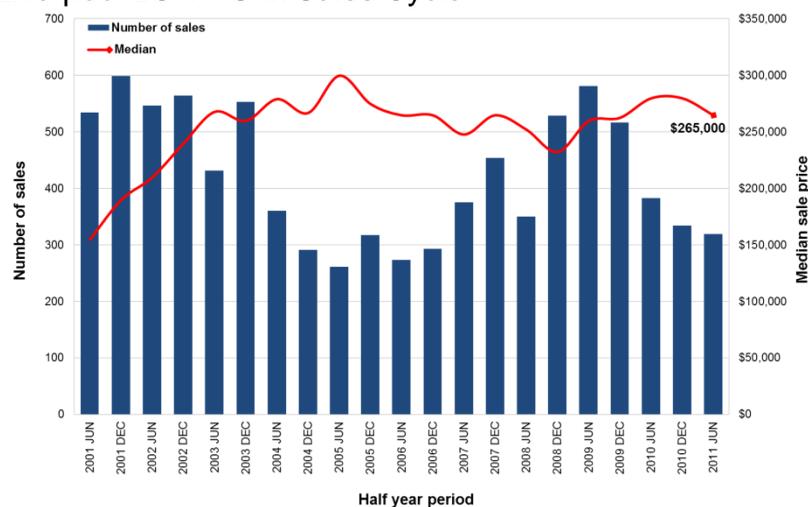
Graph prepared by PRDnationwide Research. Source: PDS

House Price Points - Six Months to June 2011



Graph prepared by PRDnationwide Research. Source: PDS

Liverpool LGA – Unit Sales Cycle



Graph prepared by PRDnationwide Research. Source: PDS

Prepared by PRDnationwide Research. Source: PDS, RP Data, Housing NSW and the ABS. For further details contact: Oded Reuveni Etzioni, Research Analyst
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