

St Leonards Market Overview

IN BRIEF

- Units account for 58% of dwellings in the region and are the backbone for a large rental market.
- The median unit price closed the March 2011 half year period at \$601,000, while the median house declined 3.6% to \$1,295,000.
- Infrastructure upgrades in St Leonards and Gore Hill are likely to further increase employment opportunities.

Scope

The following Property Watch is the result of an investigation into the house and unit markets of the lower north shore suburbs surrounding St Leonards. They include Willoughby, Artarmon, Naremburn, Cammeray, Crows Nest, Wollstonecraft, Greenwich and Waverton.

Area Characteristics

St Leonards is located across the Harbour from the Sydney CBD and spreads across the Local Government Areas (LGAs) of North Sydney, Lane Cove and Willoughby. The area is easily accessible by the Gore Hill Freeway and the Pacific Highway, with the North Shore Rail Line connecting St Leonards with Sydney in the south and Chatswood in the north. The transport hub of St Leonards is designed around a busy train station that is integrated into the surrounding residential developments. It is also the home of the Royal North Shore Hospital, with a referral area that covers 17 per cent of the state's population. The hospital is currently undergoing major renovations expected to last until July 2013. To the north of the Hospital the construction of the \$400 million Gore Hill business precinct project is underway, expected to further increase employment in the region.

Demographic Snapshot

Compared to other parts of the Sydney Statistical Division (SD) the St Leonards region is characterised by a large young population with 14 per cent of residents under 15 years of age and a median age of 35 years. The average household size of 2.1 persons is a further indication of a young professional population compared to 2.7 persons for the Sydney SD. Employment opportunities exist in St Leonards, the home of several corporate headquarters, and in the surrounding centres of Chatswood, Lane Cove, North Sydney and the Sydney CBD. Units and apartments are the common dwelling type in the area, representing 58 per cent of all dwellings and forming the backbone of a large rental market. According to the last ABS Census approximately 36 per cent of households in the area belong to the highest household income bracket of above \$2,500 per week, with the median weekly household income ranging between \$1,531 in Willoughby to \$1,987 in Naremburn.

Rental Market

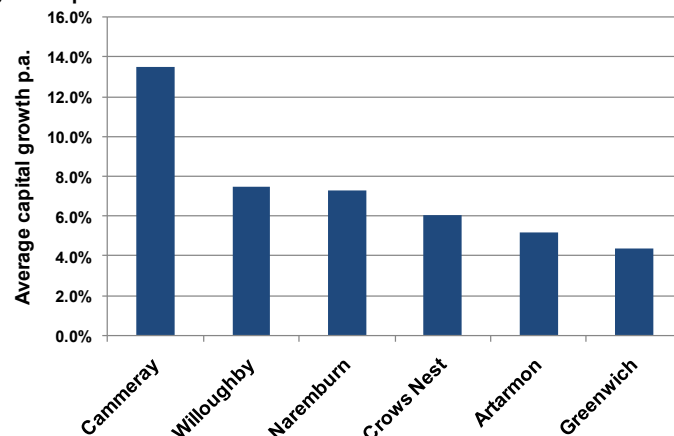
An analysis of advertised rent prices for the region (postcode 2065) reveals the median rent to be \$422.5 per week for a one bedroom apartment and \$550 per week for a two bedroom apartment. This equates to a median yield of 5.5 per cent for a one bedroom apartment, and decreasing to 4.4 per cent for a two bedroom unit.



Demographic Snapshot	St Leonards Area
Population 2010	53,397
Population 2009	52,539
Population growth rate 2009 to 2010	1.6%
Proportion of people aged 65 years and over	10%
Proportion of people aged 15 years and younger	14%
Median age	35
Percentage of households earning \$2,500 plus per week	36%
Median weekly individual income range	\$728 to \$1,027
Average number of people per household	2.1

Prepared by PRDnationwide Research. Source: ABS

Average Capital Growth – Six Months to March 2011



Prepared by PRDnationwide Research. Source: PDS

Unit Market

After a period of limited growth to March 2007 the median price for units in the St Leonards market began to rise, with favourable conditions provided by the Federal Government's stimulus package and record low interest rates. This resulted in strong growth for the area, equating to 17.5 per cent between March 2009 and September 2010, when this trend seems to have peaked. The median unit price has marginally declined since, to record \$601,000 in March 2011 however, the long term average growth of 5.3 per cent per annum is indicative of a strong market. Sales activity declined in the March half year period after holding firm during 2010, with 482 units transacting in the six months to March 2011, compared to 567 and 575 transactions in March and September 2010 respectively. The Unit Price Points graph provides further detail on the different segments of the market. It shows that at the lower end of the market units selling for less than \$400,000 represented nine per cent of the market, despite the majority of sales occurring in the \$500,000 to \$599,999 and \$600,000 to \$699,999 brackets, accounting for 22 per cent of the market each. Toward the luxury end of the market units selling above \$1,000,000 accounted for six per cent, with the top suburbs in this bracket being Wollstonecraft with eight sales, and Cammeray with seven.

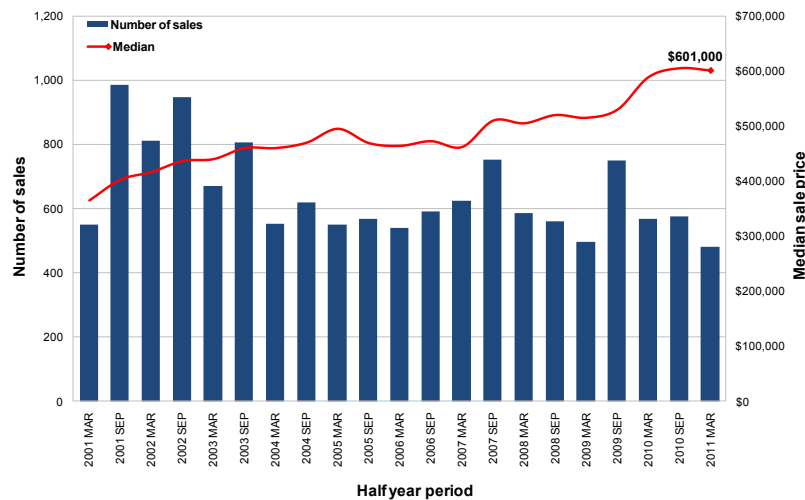
The increase in the median price in recent years is also attributed to new stock coming into the market in the higher price brackets. It is expected that in the short to medium term first home buyers will increase their presence in the lower price brackets, leading to a decline in the median price.

House Market

On average houses represent 25 per cent of the total sales in the region. In contrast to the unit market, the St Leonards house market experienced a sharp decline in activity in the past year, with only 163 houses transacting over the March 2011 half year period. The St Leonards and surrounding suburbs recorded softer prices in recent months leading to a median price of \$1,295,000 in March 2011, representing a 3.6 per cent decline from March 2010. The five year growth rate remains at seven per cent and takes into account the strong recovery during 2009 and 2010. A house price point analysis indicates the largest price bracket to be \$1,000,000 to \$1,199,999, accounting for 21 per cent of transactions compared to 15 per cent of transactions in 2010. The decline in median price occurred despite the top price bracket of \$2,000,000 plus remaining unchanged between March 2010 and March 2011. The decline is explained by the contraction of higher price brackets and the expansion of lower brackets. Willoughby was the most active suburb for the period recording 43 transactions followed by Naremburn with 30.

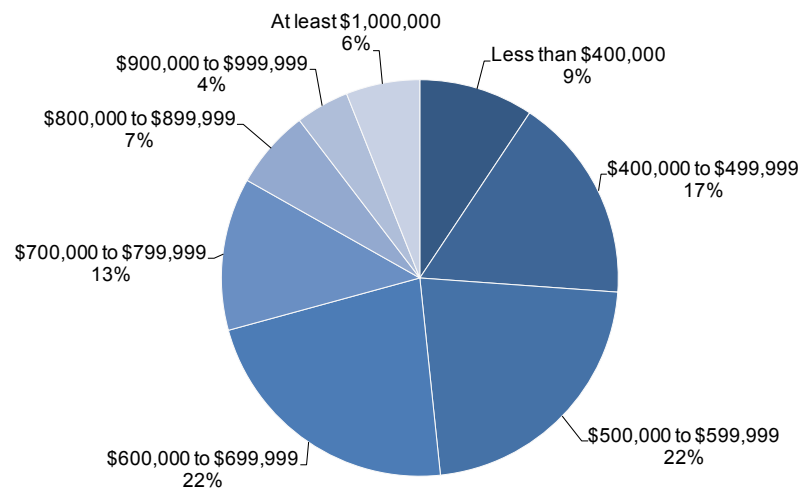
A resale analysis tracked the individual gains achieved by vendors who exited the market during the March 2011 period. It revealed an average capital growth of 6.7 per cent per annum, and an average holding period between resales of five years and 11 months.

St Leonards Area – Unit Sales Cycle



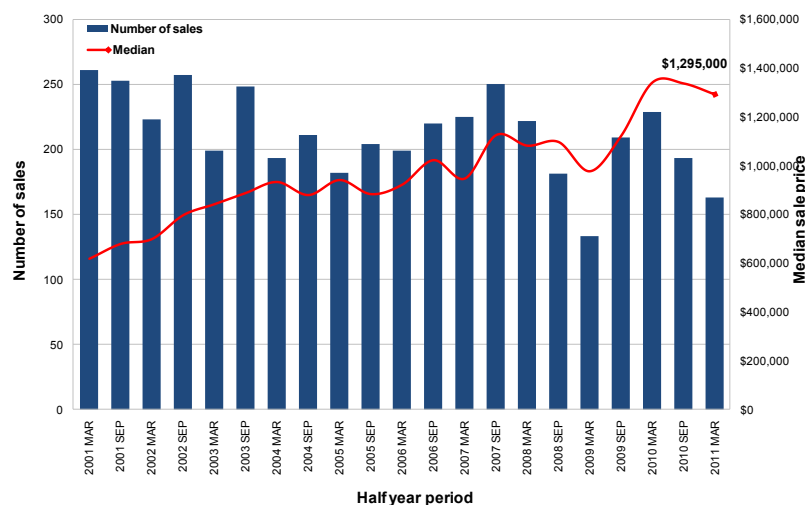
Prepared by PRDnationwide Research. Source: PDS

Unit Price Points - Six Months to March 2011



Prepared by PRDnationwide Research. Source: PDS

St Leonards Area – House Sales Cycle



Prepared by PRDnationwide Research. Source: PDS

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