

## PROPERTY WATCH®

Second Quarter 2011

## Randwick LGA

## IN BRIEF

- Median prices closed the December 2010 higher amid an overall decline in activity.
- Strong investment in infrastructure represents a solid foundation to growth in population and employment.

## Scope

The following Property Watch is the result of an investigation into the house and unit markets within the Randwick Local Government Area (LGA).

## Area Characteristics

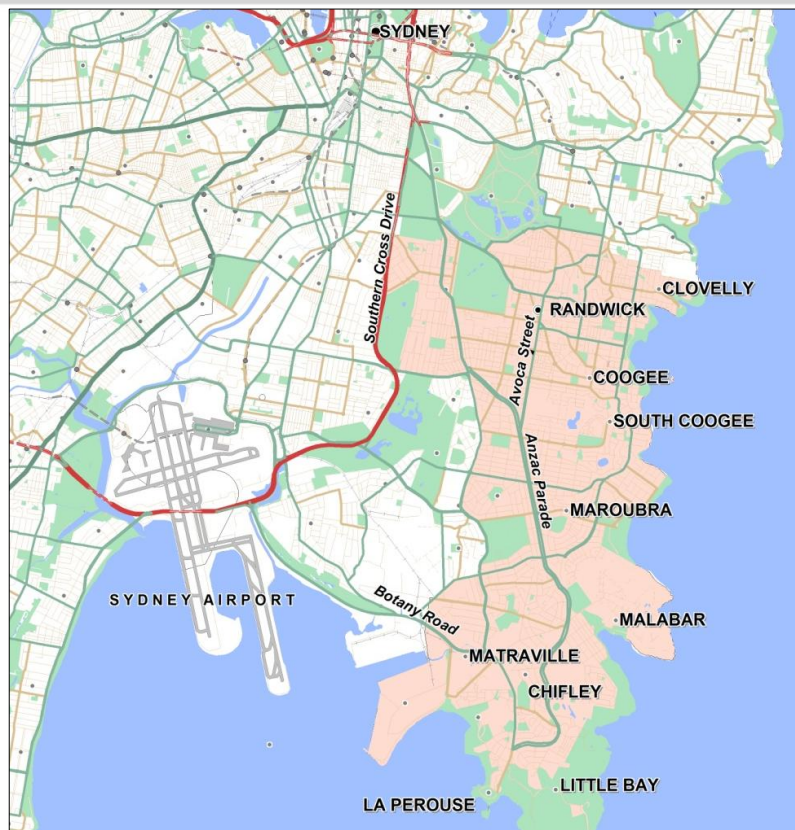
Randwick is a coastal LGA located approximately seven kilometres south of the Sydney CBD and bounded by the Pacific Ocean and Botany Bay. The LGA has been an increasingly popular destination with both tourists and locals who are attracted to the famous beaches of Maroubra and Coogee, as well as other recreational facilities such as Centennial Park, Randwick Racecourse and Queens Park. The suburb of Randwick is a major regional shopping and transportation hub, featuring the Royal Randwick Shopping Centre and strip shopping on Avoca Street and Belmore Road. Other shopping facilities can be found in Eastgardens and Maroubra Junction. Located in the Randwick LGA is the main campus of the University of NSW and the Prince of Wales Hospital, providing educational and medical services to Sydney's eastern suburbs. As at the end of June 2010 the Randwick LGA had an estimated population of 133,116 residents, representing a 1.2 per cent growth from the 2009 population of 131,580 residents.

## Infrastructure

Several projects with an investment value above \$100 million are currently under way in the region. Upgrading is in progress for the container port facilities at Port Botany, in one of the largest port expansions to be undertaken in Australia in the past 30 years. Additionally, a new Neuroscience Research Precinct in the Prince of Wales Hospital is due for completion in 2012, representing a total investment of \$130 million. Finally, the Mirvac development on surplus Department of Defence land in Randwick is creating between 600 to 800 mixed type dwellings that will house a projected population of between 1,500 to 1,800 people. All these represent a significant upside for growth in population and employment within the LGA.

## Rental Market

The LGA recorded a 12 month median rental growth of 15.4 per cent for a three bedroom house and 8.3 per cent for a two bedroom unit. Growth in rental prices exceeded that of the neighboring LGAs for a three bedroom house but failed to do so for two bedroom units. The lodgement of new bonds and the number of total bonds increased marginally in Randwick, compared to a strong growth in the total number of bonds in the neighboring Botany Bay LGA and a decline in new rental bonds in the Waverley LGA. The figures may be the result of diminishing affordability and a tight vacancy rate, prompting renters to move away from beachfront suburbs.



## Top Suburbs Unit Activity – Six months to Dec 2010

Suburb	Activity		Median Price	
	Dec-10	Annual Change	Dec-10	Annual Change
Randwick	260	-22%	\$610,000	16.2%
Maroubra	177	-36%	\$560,000	4.7%
Coogee	151	-20%	\$680,000	11.1%
Kensington	106	-30%	\$560,000	1.1%
Kingsford	76	-30%	\$501,750	3.5%
Clovelly	34	0%	\$704,500	-10.6%
Matraville	25	19%	\$495,000	18.6%

Prepared by PRDNationwide Research. Source: PDS

## Top Suburbs House Activity – Six months to Dec 2010

Suburb	Activity		Median Price	
	Dec-10	Annual Change	Dec-10	Annual Change
Maroubra	104	-19%	\$1,100,000	10.0%
Randwick	72	-20%	\$1,463,300	15.6%
Kingsford	45	-25%	\$1,251,000	9.1%
Matraville	35	-13%	\$900,000	5.9%
Coogee	34	10%	\$1,600,000	-4.5%
Kensington	23	-23%	\$1,625,000	-0.3%
Chifley	20	122%	\$881,000	5.4%
Clovelly	20	-9%	\$1,930,000	5.5%

Prepared by PRDNationwide Research. Source: PDS

## Median Weekly Rents – March 2011

LGA	3 Bedroom House	2 Bedroom Unit
Randwick	\$750	\$520
Waverley	\$1,000	\$600
Botany	\$650	\$500

Prepared by PRDNationwide Research. Source: NSW Housing

## The Economy

- Growth in the Australian economy is led by the resources sector, albeit slower activity in most other industries.
- The consumer confidence continued to decline through the March quarter.
- Interest rates are likely to remain stable in the short term due to the easing of inflationary pressures.

## Unit Market

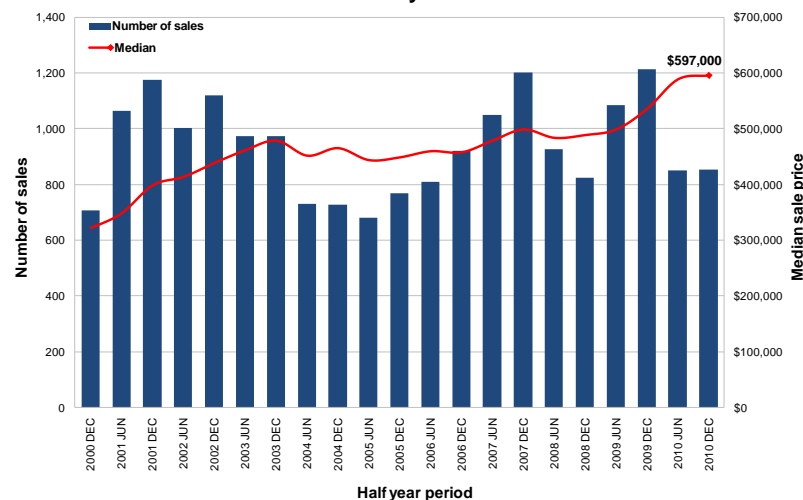
Unit sales represented 68 per cent of total transactions recorded in the Randwick LGA in the second half of 2010. Unit activity remained in line with that of the first half of 2010, despite a 30 per cent decline from the December 2009 figures. Since the bottom of the market in June 2005, the median unit price generally experienced a slow increase until the end of June 2009. In the three periods since, strong growth was recorded in response to low interest rates and Government stimulus measures during the Financial Crisis. More recently the median price for units recorded an 11.2 per cent growth from December 2009 to close the December 2010 half year period at \$597,000. The suburbs of Randwick and Maroubra experienced the highest number of sales for the region, recording 260 and 177 transactions respectively. While both Maroubra and Little Bay recorded the largest decrease in activity between December 2009 and 2010, the suburb of Matraville experienced a 19 per cent increase, as a result of sales in a Beauchamp Road complex, accounting for half of the increase. The price points chart shows that most units transacted in the \$500,000 to \$599,999 price bracket, accounting for 25 per cent of the market and closely followed by the \$600,000 to \$699,999 bracket, representing 24 per cent. While units selling for less than \$400,000 accounted for eight per cent, towards the top end of the market seven per cent of the unit stock sold for or above \$1,000,000.

## House Market

According to the latest Census separate houses account for 34 per cent of dwellings in the Randwick LGA. The median house price responded sharply to incentives provided by the Government in 2009 to peak at \$1,315,000 in June 2010. Prices retracted in the second half of the year to record a median of \$1,240,000 at the end of December 2010, representing a 7.8 per cent growth from December 2009. Top suburbs to lead the growth in median price were Randwick with 15.6 per cent and Maroubra with 10 per cent, while Coogee decreased 4.3 per cent. Activity declined 18 per cent since December 2009 to record 395 transactions for the December 2010 half year. Suburbs to record the highest activity were Maroubra with 104 transactions, Randwick with 72 and Kingsford, registering 45 transactions. The two suburbs to buck the downward trend were Clovelly, experiencing a 10 per cent increase and Chifley, where 20 houses transacted in the six month period, compared to only nine in the December 2009 half year.

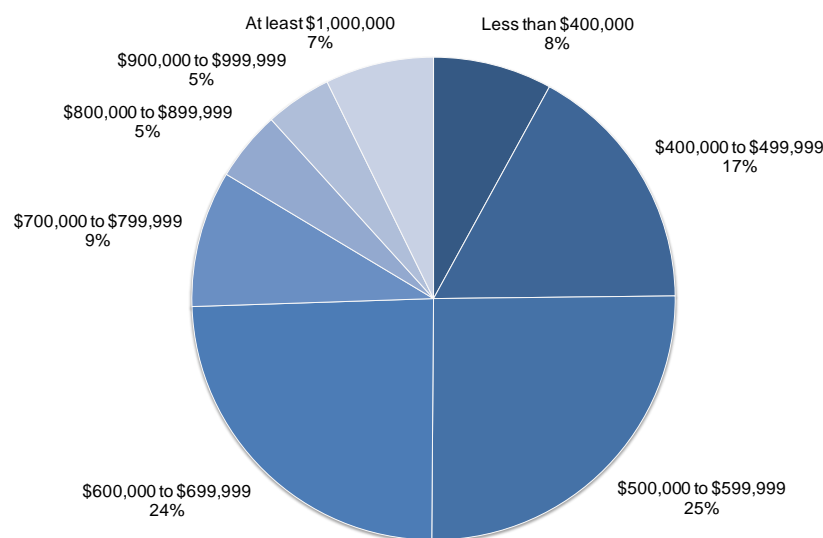
To ascertain the returns achieved by home owners who sold their house during the second half of 2010, PRDnationwide Research conducted a resale analysis. It revealed an average annual capital appreciation of 8.2 per cent per annum, with an average holding period of 5.7 years.

## Randwick LGA – Unit Sales Cycle



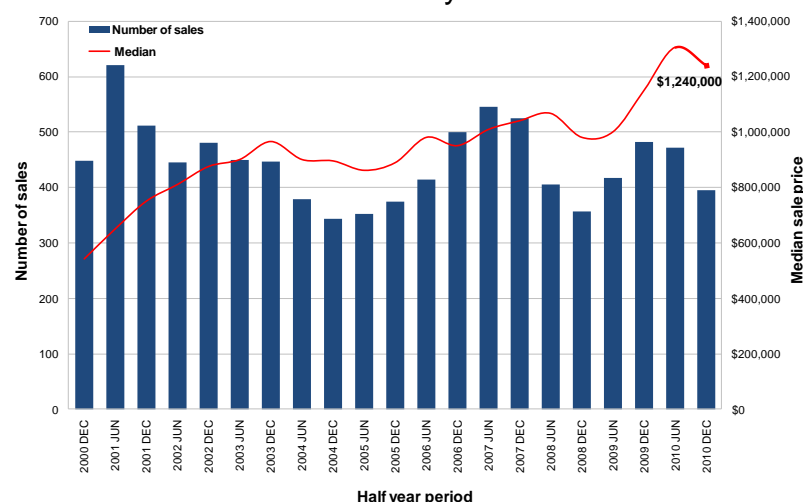
Prepared by PRDnationwide Research. Source: PDS

## Unit Price Points - Six Months to December 2010



Prepared by PRDnationwide Research. Source: PDS

## Randwick LGA – House Sales Cycle



Prepared by PRDnationwide Research. Source: PDS

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