

Orange LGA

IN BRIEF

- The median house price in the Orange LGA closed the second half of 2010 at \$298,000.
- Strong rental yields above 5% and a steady growth in rental price will appeal to investors.
- Strong investment in infrastructure and a diversified economy underpinned by the mining industry, sustains the resilience of the property market.

Scope

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

Area Characteristics

The Orange LGA is located 200 kilometres west of Sydney in the Central West Region of NSW. It is accessed via the Mitchell Highway, with daily coach and rail services to Sydney. The City of Orange is the major service centre for the region with key industries comprising agriculture, mining, health services and education. Orange's strong economy is underpinned by long term mining operations, and for its fruit growing industry. Educational and government facilities located in the LGA include the head office of the New South Wales Department of Primary Industries and a campus of Charles Sturt University.

Infrastructure

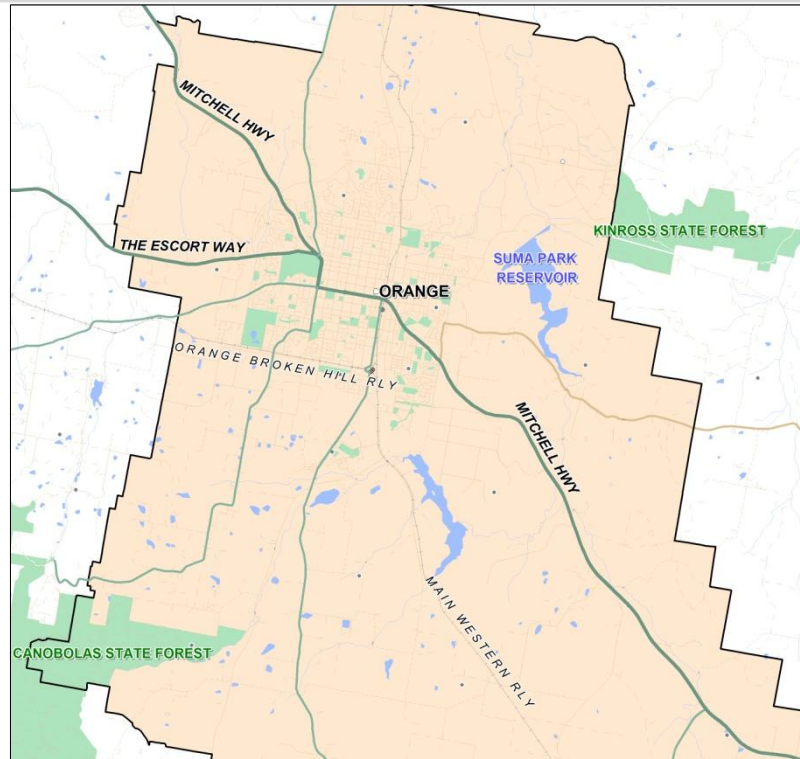
Major infrastructure projects in and around Orange include the recently opened Bloomfield Hospital and the new Woolworths development in North Orange. New land estates can be found in North and West Orange, with a further 194 lots to be released in the second part of the year in the town of March.

Demographic Snapshot

As at June 2010 the estimated resident population of the Orange LGA was 39,329 residents, equating to an increase of 1.8% or 683 new residents from June 2009. A large population under 15 years of age pulled the median age in the LGA to 36. A strong investment market accounts for 32 per cent of dwellings, while 67 per cent of residents are owner occupiers either servicing a mortgage or owning their property outright. The majority of households earn less than \$1,200 per week, while toward the top end of the scale, eight per cent of households earn over \$2,500 per week.

Rental Market

The private rental market represents 20.5 per cent of all occupied private dwellings in Orange LGA, compared to an average of 17.3 per cent in non-metropolitan NSW. According to the Department of Housing, Orange has a reasonable mix of one, two and three bedroom stock, with three bedroom (or more) dwellings remaining the popular housing configuration. The median rent price closed the 2011 March quarter at \$220 per week for a two bedroom unit and \$300 per week for a three bedroom house, both achieving a yield above five per cent. The region experienced strong growth in rental prices from March 2009, with a 10 per cent increase for a two bedroom unit and 11.1 per cent for a three bedroom house.

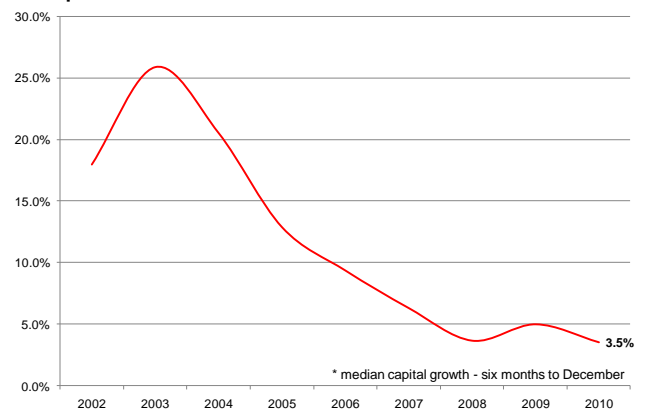


Demographic Snapshot

	Orange	Orange LGA
Population 2010	3,243	39,329
Population 2009	3,219	38,646
Population growth rate 2009 to 2010	0.7%	1.8%
Proportion of people aged 65 years and over	13%	14%
Proportion of people aged 15 years and younger	22%	22%
Median age	37	36
Median weekly household income	\$1,147	\$935
Average number of people per household	2.6	2.5

Prepared by PRDnationwide Research. Source: ABS

House Capital Growth*



Prepared by PRDnationwide Research. Source: PDS Live

Median Weekly Rents – December 2010

	Median Price	Median Weekly Rent	Rental Yield
3 Bedroom House	\$298,000	\$300	5.2%
2 Bedroom Unit	\$226,500	\$220	5.1%

Prepared by PRDnationwide Research. Source: PDS Live, NSW Housing

House Market

The relative proximity of Orange to Sydney makes it a desirable tree change or lifestyle destination and may be a contributor to the comparatively high median rents and sales prices. The median house price for the Orange LGA closed the December 2010 half year at \$298,000, representing a growth of 2.1 per cent from 2009. This was in line with an average long term growth of two per cent per annum recorded over the past five years. The median price for Orange was marginally higher than the Bathurst Regional LGA (\$297,250) and significantly higher than the Dubbo LGA (\$255,000). Activity for the six month period was the strongest in four years, with 424 transactions or 49 sales above the long term average. House transactions were concentrated in the \$200,000 to \$299,999 and \$300,000 to \$399,999 price brackets, each accounting for 29 per cent of the market. Toward the bottom end seven per cent or 28 houses transacted below \$100,000, while toward the top end 16 houses, equating to four per cent transacted for \$600,000 plus. Within the LGA 96 per cent of sales occurred in Orange, with the remaining four per cent spread among nine regional towns. The streets to record the largest number of sales were Diamond Drive in North Orange with 20 transactions, followed by Spring and Phillip Streets closer to the town centre, with 11 and 10 sales respectively.

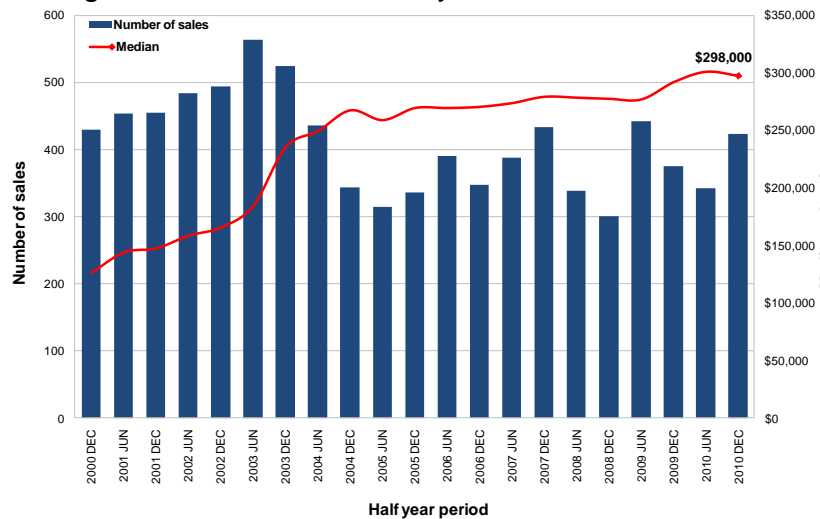
In order to ascertain the returns to investors, PRDnationwide Research has undertaken a resale analysis of all house product sold within the six months to December 2010. This study has yielded a median annual capital growth of 3.5 per cent per annum, and a median holding period of 5.3 years.

Unit Market

The latest Census data suggests that unit type product accounts for 11 per cent of dwellings in the Orange LGA, with the majority located in the City of Orange. As at December 2010 the median price for units in the LGA was \$226,500, representing a 2.7 per cent growth from December 2009. Sales activity demonstrated a trend similar to that of houses, with 62 units transacting for the December 2010 half year, representing a 21 per cent increase from December 2009. A price point analysis revealed that most transactions occurred in the \$250,000 to \$299,999 price bracket, accounting for 28 per cent of unit sales in the region. At the bottom end of the market five units equating to eight per cent of the market sold below \$100,000, while at the top one unit sold between \$350,000 to \$399,999. A complex in Hill Street, Orange dominated the activity with 10 transactions for the six month period, followed by Sale Street with eight.

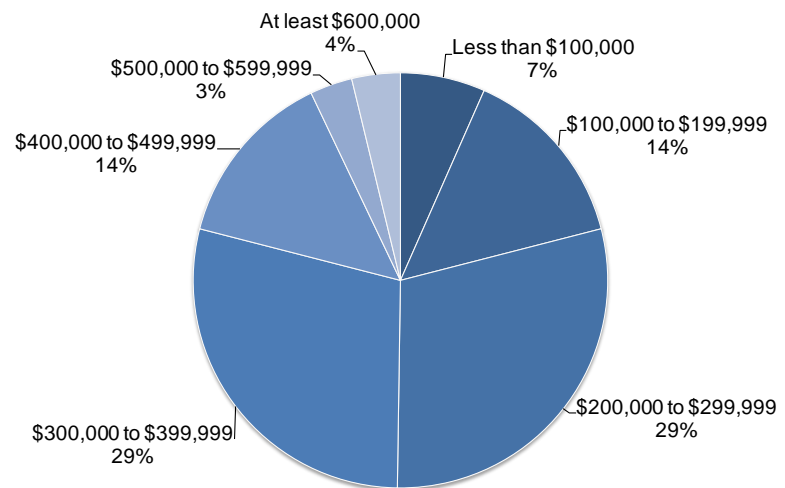
A monthly unit sales analysis compared the portion of sales over the past four years. It revealed an increase in activity at the end of the year, with unit sales in November and December representing 42 per cent of sales for the second half of 2010, compared with only 19 per cent in 2007. Additionally, sales in September and October decreased from 40 per cent of the market in 2007 to 18 per cent in 2010.

Orange LGA – House Sales Cycle



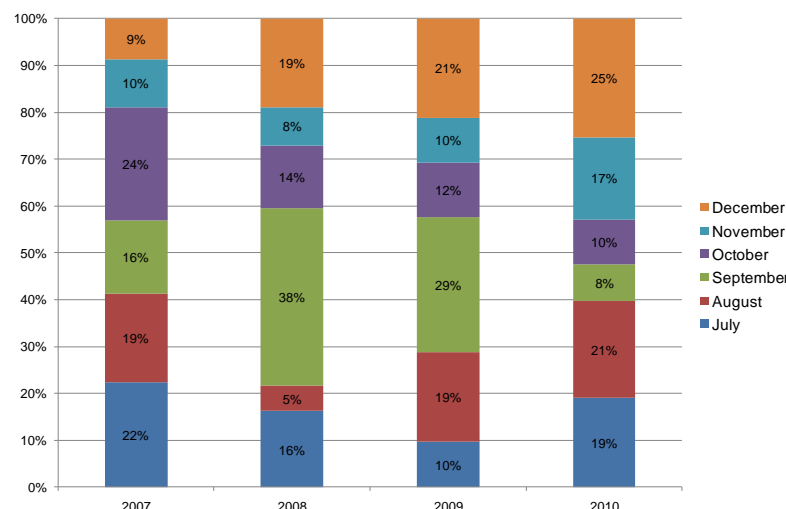
Prepared by PRDnationwide Research. Source: PDS Live

House Price Points - Six Months to December 2010



Prepared by PRDnationwide Research. Source: PDS Live

Monthly Share of Unit Sales - Six Months to December



Prepared by PRDnationwide Research. Source: PDS Live

Prepared by PRDnationwide Research. Source: PDS Live, 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.

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