

## PROPERTY WATCH®

Second Quarter 2011

## NSW Southern Highlands

## IN BRIEF

- The Southern Highlands median house price was \$446,000, equating to a softening of seven per cent.
- The median house rental price has increased by 13.8 per cent over 12 months.
- Demand for vacant land has increased by 11.3 per cent to record 128 sales.

## Scope

This report analyses New South Wales's Southern Highlands. The report highlights the area's characteristics, demographics and the performance of the property market within the region.

## Area Characteristics

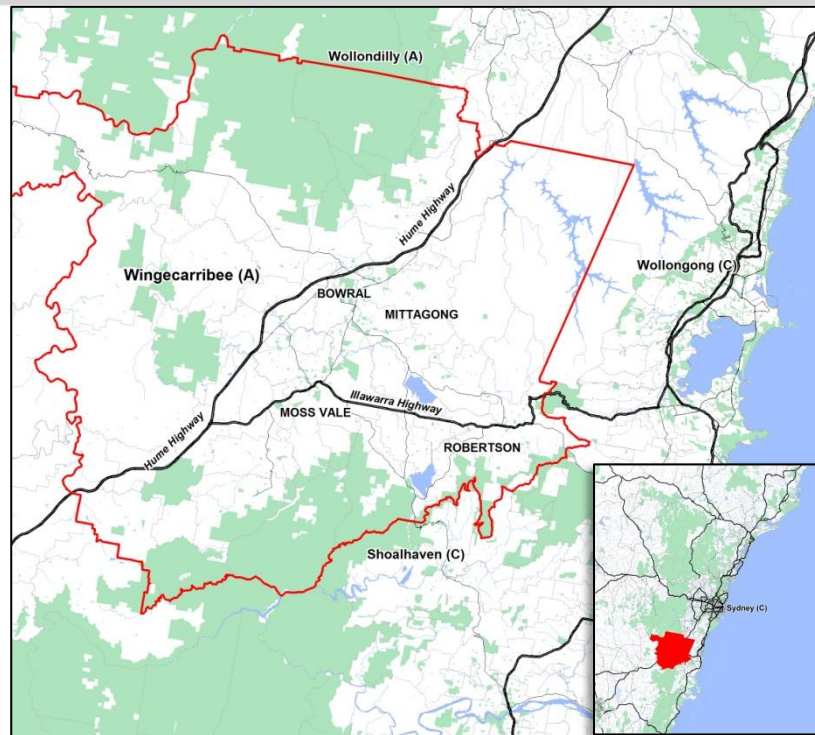
The New South Wales Southern Highlands is made up of the Wingecarribee Local Government Area (LGA). Situated about 110 kilometres south west of Sydney's CBD and 140 kilometres north east of Canberra, the region covers an area of approximately 2,689 square kilometres. The region is easily accessible, located an hour and a half's drive along the Hume Highway from Sydney or a short drive from Wollongong via the Illawarra Highway from the east. The region is also accessible via the Southern Highlands Railway line. The town of Bowral is considered the commercial capital of the Southern Highlands and is well known for its quality cafes and restaurants, as well as the Bradman Museum. Other attractions within the Southern Highlands include the Fitzroy Falls located in the Morton National Park, the Wombeyan Caves, as well as the many wineries that are scattered across the region.

## Demographics Snapshot

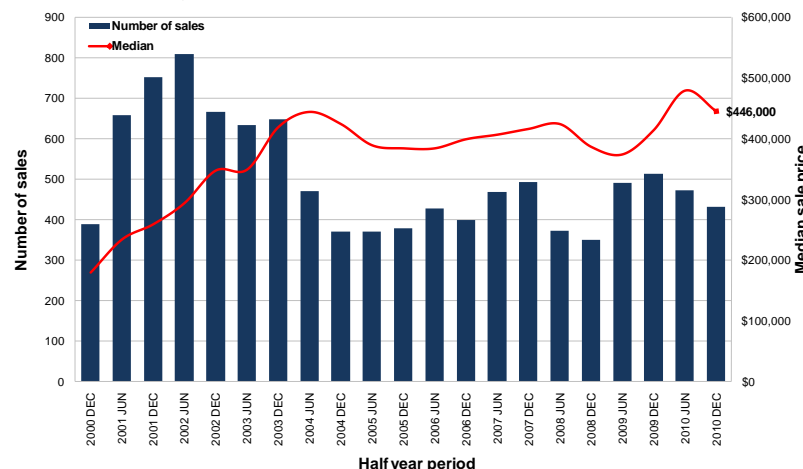
According to the Australian Bureau of Statistics, the estimated residential population of the Wingecarribee LGA was 46,960 residents as at June 2010. This equates to an increase of 1.4 per cent over the year from 46,317 residents in June 2009. The region is popular with retirees and empty nesters as well as those that are looking to make a 'tree change' out of the busy city to a quieter country lifestyle. This is evident from the average age of the region at 42 years, compared to the national average of 37 years. Another indicator is that 32 per cent of households are made up of a 'couple without children' household type. A further 30 per cent of households live in what can be described as a nuclear family, consisting of a 'couple with children'. The income distribution of the Southern Highlands shows a vast mix of income types with 21 per cent of households earning between \$800 and \$1,200 per week while a further 10 per cent earn more than \$2,500 per week.

## House Market

Residents in the Southern Highlands house market appeared to have taken advantage of low interest rates and a stimulus driven economy during the recent period. In the past two years activity has averaged 478 settled sales per six month period, an increase of 14 per cent from the prior two years. However, for the most recent six month period ending December 2010 a total of 432 settled sales was recorded, equating to a softening of 16 per cent from the previous year. The House Price Points graph shows the price range which detached houses sold within the Southern Highlands during the six months to December 2010. The majority of sales took place within the price bracket of \$300,000 to \$399,999, with 26 per cent of



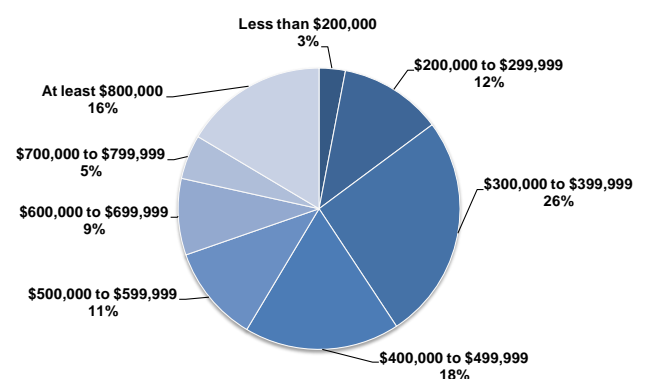
## Southern Highlands House Sales Cycle



Graphs prepared by PRDNationwide Research. Source: PDS

## Southern Highlands House Price Points

## Dec 2010 Six Month Period



Graphs prepared by PRDNationwide Research. Source: PDS

the total 432 sales. The top end of the market experienced a further 18 per cent sell for more than \$800,000. When compared to the previous year, the price bracket that has shifted the most was the sub \$200,000 bracket, contracting by 43.5 per cent. Over the six months to December 2010, the Southern Highlands registered a median house price of \$446,000, softening from the June 2010 half year period by seven per cent. To gauge returns to investors within the Southern Highlands, PRDnationwide Research conducted a resale analysis. This analysis revealed home owners who exited the market over the six months to December 2010, benefited from an average annual capital growth of just over five per cent per annum. These houses were held for an average period of just over six years.

When analysing suburbs, Bowral experienced the most sales for the second half of 2010 with 100 settled transactions, followed by Moss Vale with 66. Burradoo maintained the highest median price of all the Southern Highland suburbs, at \$952,500, while Yerrinbool was the most affordable, at \$347,000. When looking at long term median price growth, houses in Robertson have experienced the most growth at 5.9 per cent per annum over five years, while Bundanoon houses decreased at 0.3 per cent per annum.

### Unit Market

The number of medium and high density developments have slowly increased in the region over the past 10 years with the majority of these being built around the main town centres, close to amenities and services. However, the Southern Highland unit market still only occupies a small segment of the property market at nine per cent of total property sales for the December 2010 half year period. A total of 56 settled sales were recorded over the six month period, just two more than the ten year average of 54. The price bracket to account for the most sales was the \$400,000 to \$449,999 bracket with 20 per cent of the total unit market, followed by the \$200,000 to \$249,999 bracket with 19 per cent.

The median unit price has fluctuated over the past decade through small levels of activity. For the December 2010 half year a final median unit price of \$357,500 was recorded, equating to a decline of four per cent from the previous six month period. A resale analysis of Southern Highland units revealed an average annual capital growth of 3.3 per cent per annum, with an average holding period of six years. At the suburb level, Bowral recorded 33 transactions with a median unit price of \$400,000, while Moss Vale registered 18 with a median price of \$341,000.

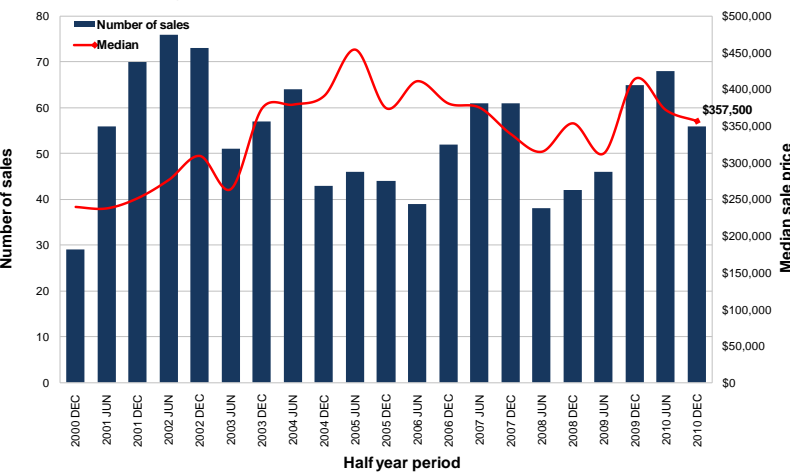
### Rental Market

A total of 22 per cent of dwellings are rented in the Southern Highlands and as of March 2011 the median weekly rent for a three bedroom house was \$330 per week, equating to a high 12 month increase of 13.8 per cent. A standard two bedroom unit rented for a median weekly price of \$250 per week.

### Vacant Land Market

The most recent six month period ending December 2010 experienced 128 sales, an increase of 11.3 per cent from the previous year. In terms of price points, the bulk of transactions occurred within the \$100,000 to \$199,999, with 54 per cent of sales. This was followed by the \$200,000 to \$299,999 price point with 14 per cent. The suburb of Moss Vale experienced the highest number of vacant land sales with 24 sold, followed by Bundanoon with 22.

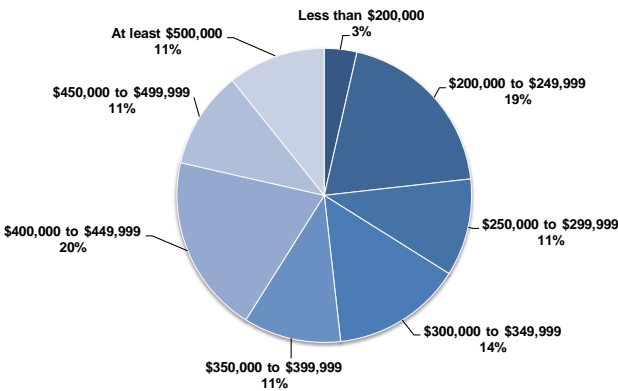
### Southern Highlands Unit Sales Cycle



Graph prepared by PRDnationwide Research. Source: PDS

### Southern Highlands Unit Price Points

#### Dec 2010 Six Month Period



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### Top Sales Suburbs For Dec 2010 Six Month Period

Suburb	Median Price		Activity		Dwelling Type
	Dec 2010	Annual Change	Dec 2010	Annual Change	
Bowral	\$ 560,500	12.1%	100	-13.0%	House
Moss Vale	\$ 377,500	14.4%	66	-13.2%	House
Mittagong	\$ 390,000	1.6%	58	1.8%	House
Burradoo	\$ 952,500	20.6%	26	-18.8%	House
Bundanoon	\$ 365,000	-6.4%	23	-39.5%	House
Robertson	\$ 375,000	-2.8%	19	-42.4%	House
Yerrinbool	\$ 347,000	36.3%	16	100.0%	House
Colo Vale	\$ 380,000	7.8%	14	-36.4%	House
Bowral	\$ 400,000	-2.4%	33	-8.3%	Unit
Moss Vale	\$ 341,000	-7.8%	18	50.0%	Unit

Graph prepared by PRDnationwide Research. Source: PDS