

PROPERTY WATCH®

Second Quarter 2011

Dubbo LGA

IN BRIEF

- The median house price in the Dubbo LGA closed the second half of 2010 at an affordable \$257,000.
- Strong rental yield above 5% and a steady growth in rental price will appeal to investors.
- Land sales have declined but the median price rebounded to \$120,000, representing a 12 month growth rate of 14.3%.

Scope

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

Area Characteristics

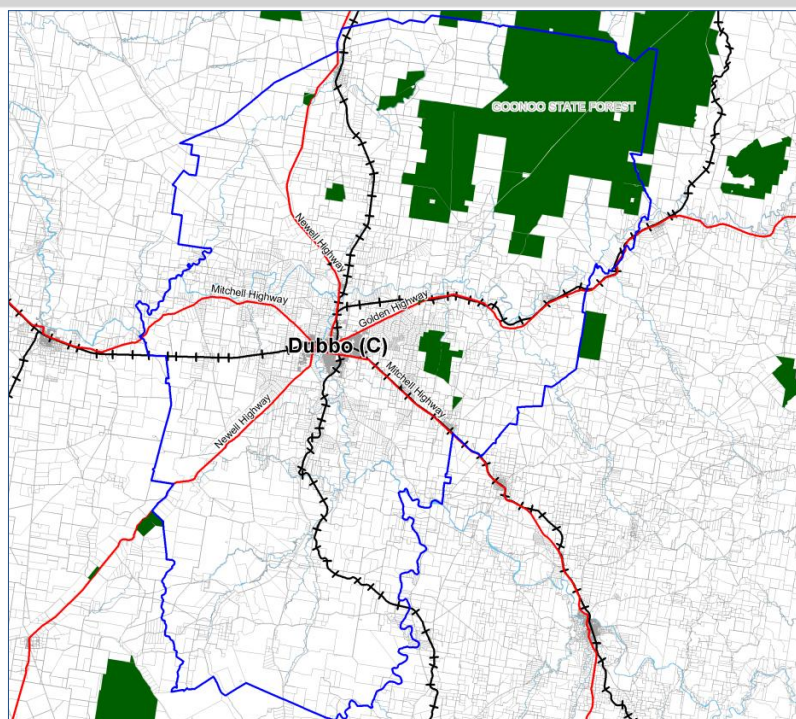
The Dubbo LGA is located approximately 300 kilometres north-west of Sydney at the Orana Region of NSW, at the intersection of major transport routes for road, rail and air. The City of Dubbo is the commercial centre for the area with several shopping complexes including the Orana Mall, Macquarie and Talbragar streets strip malls and Centro Dubbo. The main arterial roads of Golden, Mitchell and Newell Highways link Dubbo with the regional centres of Orange, Parkes and Narromine. Train links are available through a CountryLink service to Sydney, while the Council operated Dubbo Airport provides daily air links to Sydney and other regional centres. Major industries in the region include education and training, wholesale trade and health care.

Demographic Snapshot

As at June 2010 the estimated population of the Dubbo LGA was 41,763 residents, equating to an increase of 1.4 per cent from June 2009. Unemployment in Dubbo remains relatively low at 4.6 per cent, compared to 6.5 per cent in the Orana Region, while the average age of 35 is the result of a large population under 15 years of age. Within Dubbo, 74 per cent of residents live in a household that is classified as a family variation, with detached houses comprising the majority of dwelling. The Dubbo LGA has a strong investment market accounting for 30 per cent of dwellings, while the remaining 69 per cent are occupied by owners either servicing a mortgage or owning their property outright.

Rental Market

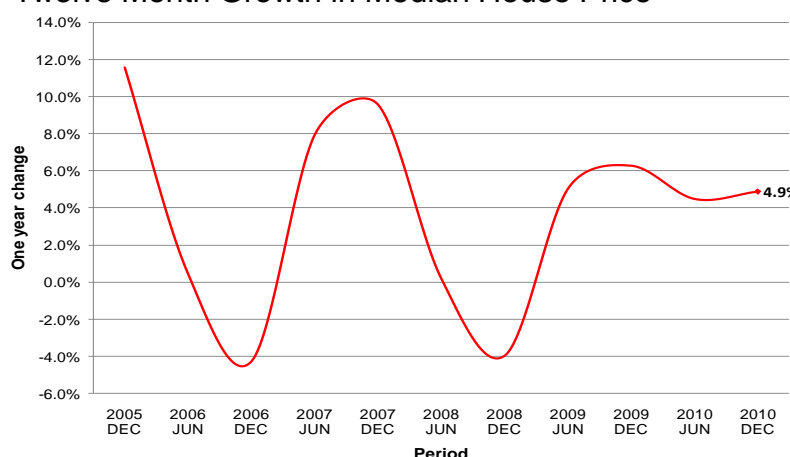
Rental accommodation within the Dubbo LGA is generally concentrated around the Dubbo town centre. Much of the rental stock is older type houses and apartments, with NSW Department of Housing data suggesting that new housing stock is predominantly owner occupied. The March 2011 median rent for a three bedroom house in the LGA was \$260 per week, representing a four per cent growth from March 2010. The median weekly rent for a two bedroom apartment closed the March 2011 quarter at \$170, representing an annual growth of 6.3 per cent, compared to only 3.8 per cent in both Parkes and Bathurst Regional LGAs. The Median Weekly Rents table shows rental yields exceeding five per cent for both house and unit product.



Demographic Snapshot	Dubbo	Dubbo LGA
Population 2010	31,161	41,763
Population 2009	30,701	41,169
Population growth rate 2009 to 2010	1.5%	1.4%
Proportion of people aged 65 years and over	14%	13%
Proportion of people aged 15 years and younger	23%	24%
Median age	35	35
Median weekly household income	\$908	\$970
Average number of people per household	2.5	3

Prepared by PRDNationwide Research. Source: ABS

Twelve Month Growth in Median House Price



Prepared by PRDNationwide Research. Source: PDS Live

Median Weekly Rents – December 2010

	Median Price	Median Weekly Rent	Rental Yield
HOUSES	\$257,000	\$260	5.3%
UNITS	\$172,500	\$170	5.1%

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

House Market

The Dubbo LGA house market offers an affordable option when compared to other parts of NSW. The median house price in the region closed the December 2010 half year period at \$257,000, representing a 4.9 per cent increase from 2009. Activity levels have decreased since the June 2009 spike to record 337 house transactions in the second half of 2010. This equates to a decrease of 16.6 per cent from the long term average measured over the past five years. The price point chart indicates the disparity of sales. It reveals that most transactions occurred toward the bottom end of the market, where houses selling below \$200,000 equated to 24 per cent of the market. Houses selling between \$200,000 to \$249,999, and between \$250,000 to \$299,999 accounted for 21 per cent each, while toward the top end stock selling for \$500,000 plus, represented six per cent of the market.

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 an average annual capital growth of 4.5 per cent per annum, and an average holding period of 5.3 years.

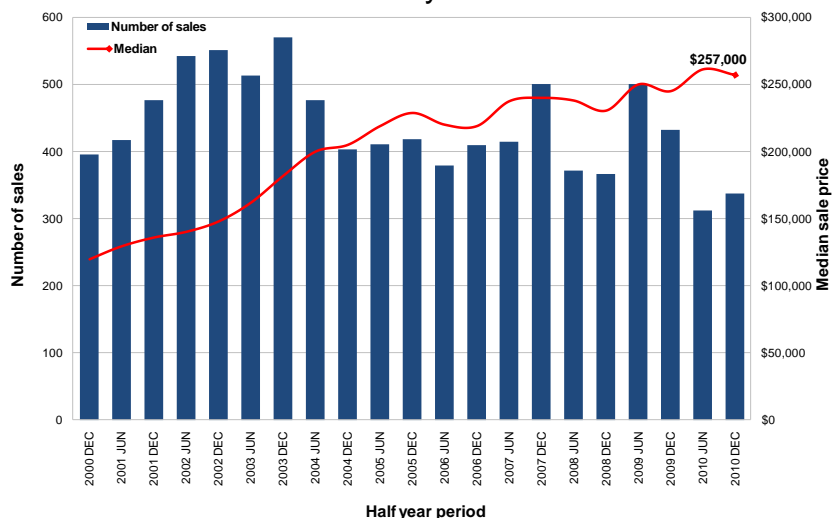
Land Market

Sales of residential land returned to equilibrium after a strong sales period over 2009. The median lot price closed the second half of 2010 at \$120,000, culminating from 71 sales for the period. The land market recorded a growth of 14.3 per cent in median price during the period, with the long term trend remaining at a sound five per cent per annum. Activity has declined 47 per cent from the 2009 December half year, resulting from the withdrawal of stimulus at the end of 2009. The median lot size was 1,360 square metres, while at both ends of the size spectrum lots sized 20ha plus and lots sized 750 square metres or less each accounted for eight per cent of the market. The dominant land price bracket was between \$100,000 to \$150,000, representing 46 per cent of the market while towards the bottom end, lots selling for less than \$50,000 represented 13 per cent. New land releases can be found in Delroy Park in western Dubbo and South Lakes in South Dubbo, where land is also available in the council's Keswick Estate release.

Unit Market

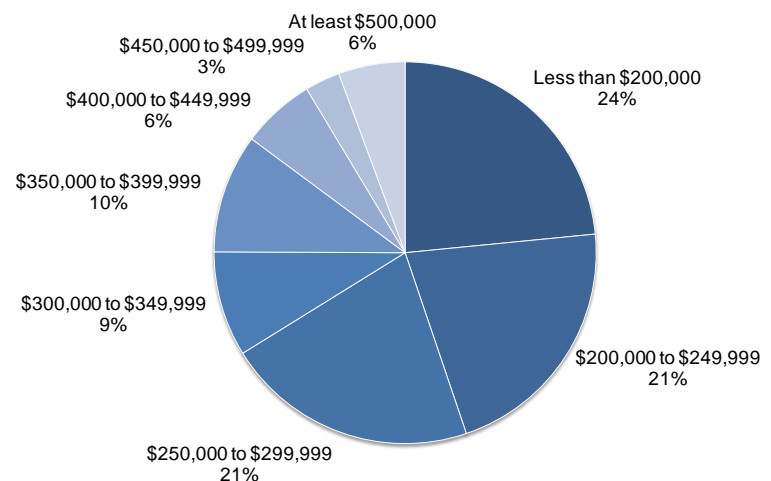
Unit type product accounts for 13 per cent of dwellings in the Dubbo LGA and 17 per cent in the City of Dubbo. Units generally offer similar rental return to that of houses with a lower initial capital investment. As at December 2010 the median price for units in the LGA was \$172,500, representing a 15 per cent increase from the December 2009 median. Sales activity declined from the highs recorded in the peak of the Global Financial Crisis to record 19 transactions in the December 2010 half year period, but only four transactions below the same period in 2009. A monthly analysis of activity levels revealed that unlike 2008 and 2009, in the December 2010 half year 42 per cent of sales occurred in July, prior to the elections. They then decreased to only one transaction during November, possibly as a result of a rise in interest rates, and only three transactions during the month of December compared with seven sales in 2008 and six in 2009.

Dubbo LGA – House Sales Cycle



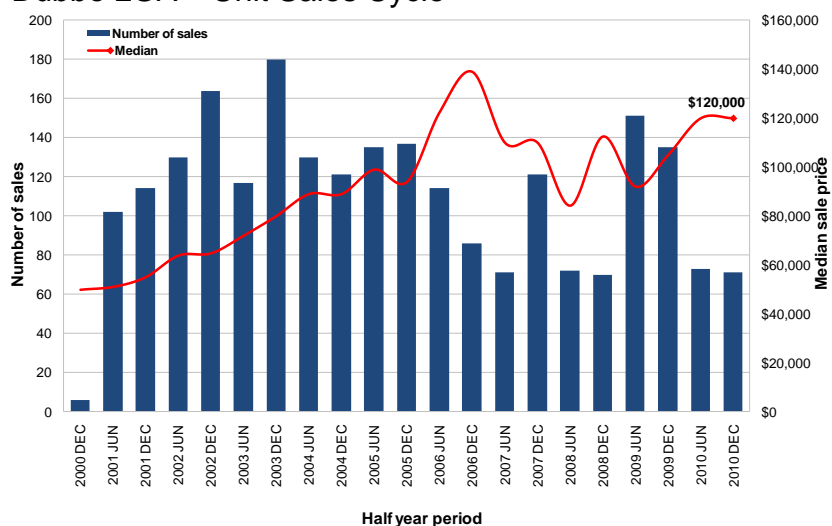
Prepared by PRDnationwide Research. Source: PDS Live

House Price Points - Six Months to December 2010



Prepared by PRDnationwide Research. Source: PDS Live

Dubbo LGA – Unit Sales Cycle



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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