

## PROPERTY WATCH®

First Quarter 2011

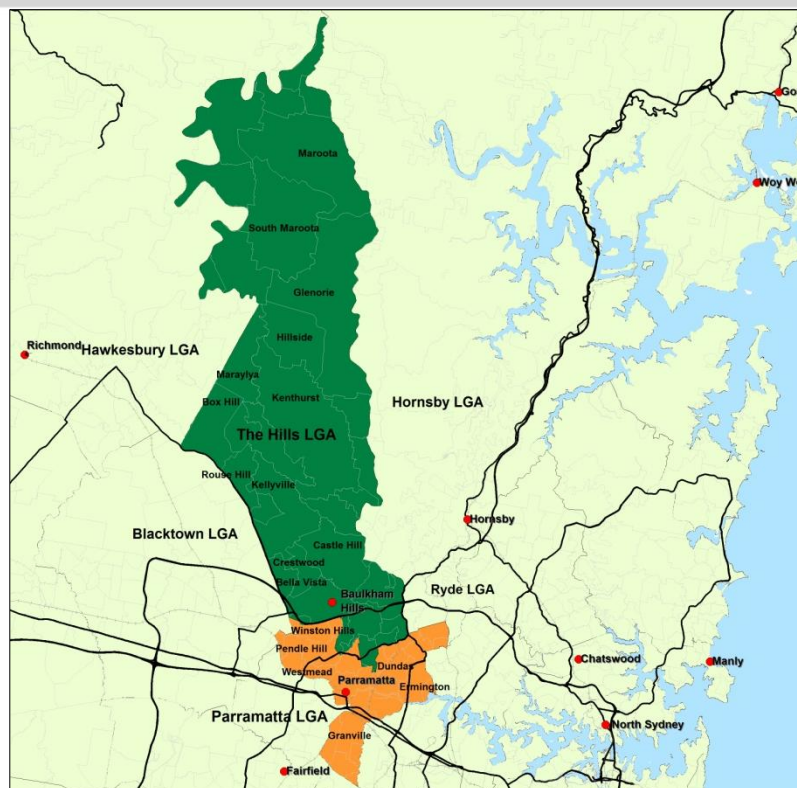
## Sydney's Northwest Region

## Scope

This report analyses The Hills and Parramatta Local Government Areas (LGAs). It highlights the region's characteristics and demographics, as well as the performance of the house, unit and vacant land markets in the area.

## Area Characteristics

Sydney's Northwest Region is located approximately 25 kilometres north west of Sydney's CBD, covering an area of 462 square kilometres. Road transportation to the area is provided through the M2 and the Westlink M7 freeways while links to the Sydney CBD are provided via City Rail's Northern and Western Lines and by the express Hills Bus line. The new Parramatta to Epping Rail Line due for completion in 2017 is expected to further strengthen Parramatta's role as Sydney's 'second CBD', which has in recent years become the office location of choice for many private companies and Government agencies. The Hills District boasts many quality educational institutions, with over 70 public and private schools located within the region. Major shopping facilities can be found in Parramatta, Castle Hill and Rouse Hill town centres, with supporting services provided at the Norwest Business Park.



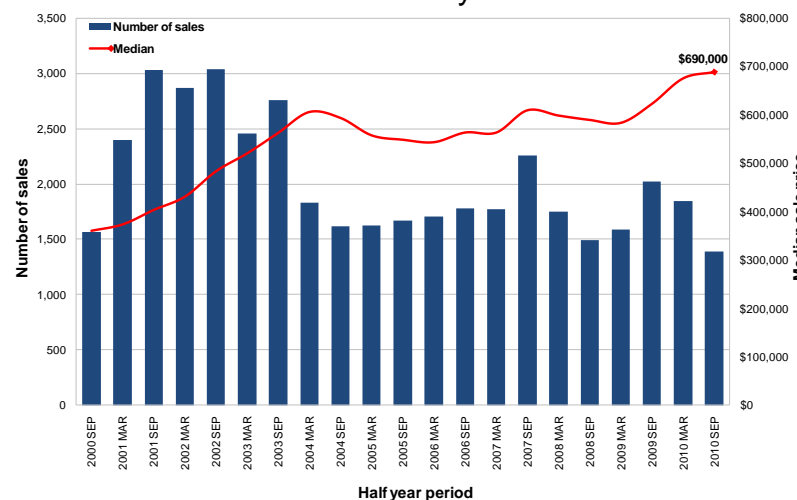
## The Hills LGA House Market

Houses are the dwelling type of choice in The Hills LGA, making up 86 per cent of properties in the region. The LGA closed the September 2010 half year with a median price of \$690,000 which represents a growth of 10.5 per cent from the September 2009 median of \$624,500. The price growth for the region can be attributed to a strong population growth of 3.2 per cent for the year ending June 2009. The five year growth rate of 4.6 per cent per annum suggests that recent increases were overdue, after nearly five years where the median price remained around the \$560,000 level. There were 1,392 house sales recorded throughout the six months to September 2010. This level of activity represents a 31 per cent decline from the 2,026 transactions recorded during the same period in 2009, and a 21 per cent decline from the five year average of 1,761 sales per six month period.

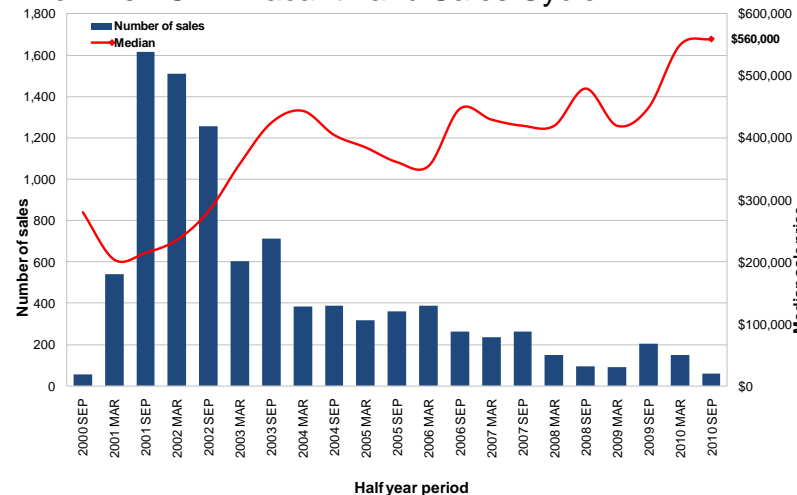
## The Hills LGA – Vacant Land

New land release areas within The Hills LGA include subdivisions in Kellyville, Bella Vista and Box Hill. The median price for vacant blocks has risen 9.2 per cent per annum over the past five years to register \$560,000 in September 2010. This came despite a softening trend in sales activity over the past five years with activity decreasing an average of 30 per cent per annum. A comparative analysis between median house price and land prices in the LGA reveals that the September 2010 median land price was 81 per cent of the median house price, comparing to only 66 per cent in September 2005 suggesting that land affordability in the area has all but disappeared.

## The Hills LGA – House Sales Cycle



## The Hills LGA – Vacant Land Sales Cycle



Graphs prepared by PRDnationwide Research. Source: PDS Live

### Parramatta LGA House Market

Price growth continued in Parramatta's house market despite a fall in volume. The region saw the median price increasing to \$546,500 in September 2010, representing a one year growth of 11.5 per cent. The five year annual growth rate of 4.7 per cent indicates a stable long term growth and takes into account the slow growth period during the Global Financial Crisis. The region recorded 740 sales transactions for the September 2010 half year period representing a decrease of 28 per cent from the same period in 2009. However, volumes were only slightly below the five year average of 765 transactions per six month period. The price points analysis shows the bulk (27 per cent) of sales took place in the \$400,000 to \$499,999 price bracket, representing an affordable housing option when compared to a Sydney Metropolitan median of \$589,000. While sales below \$300,000 represented four per cent of the total house market, houses selling in the \$300,000 to \$399,999 accounted for 10 per cent of sales offering a viable option for many first homebuyers.

PRDnationwide Research conducted a resale analysis for house sales over the six months to September 2010. The analysis revealed that an average annual capital appreciation of 5.5 per cent per annum was achieved for the LGA, with an average holding period of 5.6 years.

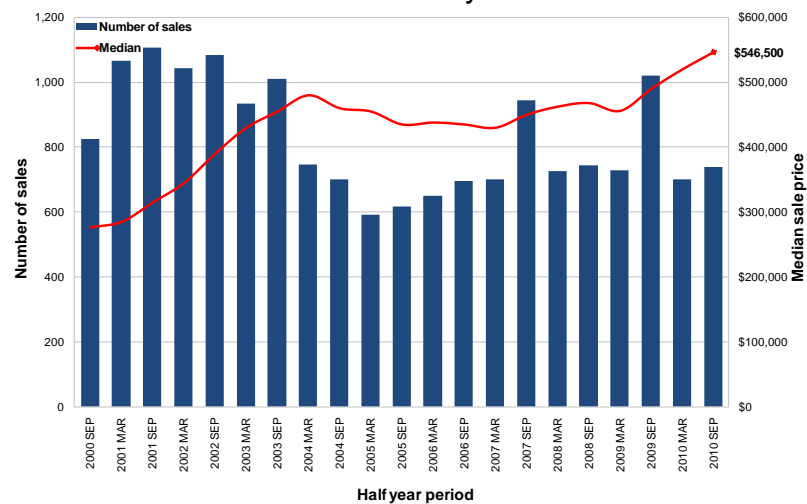
### Parramatta LGA Unit Market

The latest census figures reveal that units and townhouses make up 41 per cent of dwellings in the Parramatta LGA. The median unit price for the six months to September 2010 closed at \$361,050, representing a yearly growth of 3.2 per cent. Sales volumes decreased 39 per cent to record 1,054 transactions for the September 2010 half year period, and were nine per cent below the five year average of 1,155 transactions per six month period. The unit price points analysis shows the largest number of sales took place in the \$300,000 to \$349,000 price bracket, accounting for 23 per cent of transactions. Toward the bottom end of the market, units selling below \$250,000 represented six per cent of total transactions, while toward the top end, units selling in the \$550,000 plus price bracket accounted for 10 per cent of all sales transactions. A geographical analysis of sales across the LGA reveals Parramatta as the suburb recording the highest level of activity with 308 transactions for the September 2010 half year. This was followed by North Parramatta with 120 of transactions and Westmead, attracting 110 transactions for the period.

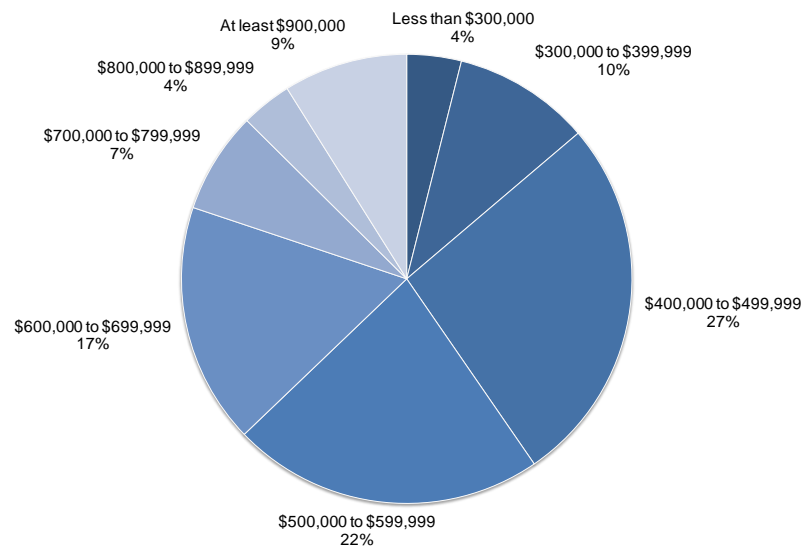
### Sydney's Northwest Rental Market

Sydney's Northwest offers affordable unit rental prices compared with the Sydney Statistical Division, despite an average annual increase of 5.3 per cent per annum over the past 10 years. In September 2010 the median rent for a two bedroom unit was \$400 per week in The Hills LGA and \$360 per week in the Parramatta LGA, representing a twelve month rental growth of 8.8 per cent and 2.8 per cent respectively. The median rent for a three bedroom house in The Hills LGA was \$480 per week while the Parramatta LGA registered a median rent of \$420 per week.

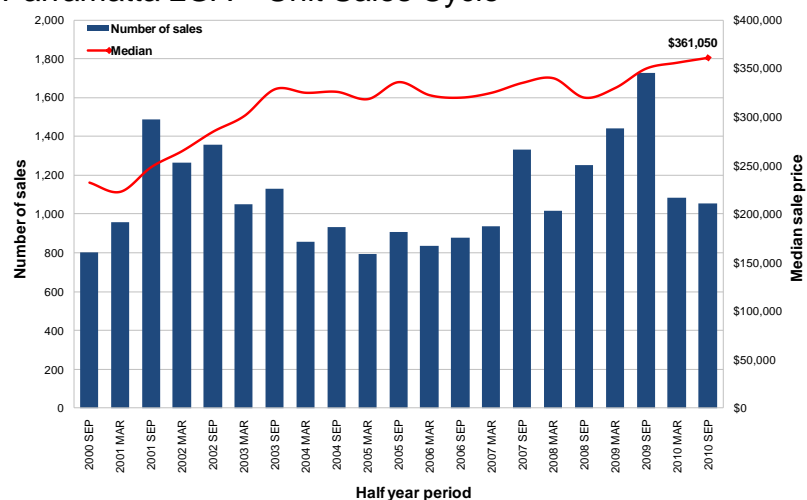
### Parramatta LGA- House Sales Cycle



### House Price Points - Six Months to September 2010



### Parramatta LGA – Unit Sales Cycle



Graphs 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](http://www.prdnationwide.com.au/research).

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