

PROPERTY WATCH®

Sydney Hotspots Report 2011

Scope

The purpose of this Property Watch report is to assess suburbs of Sydney that have the potential to perform over the coming year. Suburbs have been chosen based on current pricing levels, infrastructure, property trends, access to amenity and other factors.

What happened in 2010?

As seen from the map to the right, 132 suburbs recorded at least ten per cent growth over the year, backed by a significant number of transactions. The Hotspots 2010 table shows the suburbs within Sydney that achieved the highest median price growth over the year. The highest growth in the house market occurred in suburbs along the M2 Motorway and in the Inner west, where the suburb of Newtown saw its median house price increase 29 per cent over the year from \$662,500 in September 2009 to \$857,250 in September 2010. Newtown has experienced a process of gentrification in recent years, attracting young professionals who seek inner city living and close proximity to entertainment and dining venues. The highest priced house sale in Newtown during the year was for a property off of Copeland Avenue transacting for \$3,200,000. The Eastern Suburbs and Lower North Shore dominated Sydney's unit market, where the suburb of Rose Bay achieved the highest median unit price growth, increasing 43 per cent in the year to September 2010. The change in median price is associated with the type of market participants; while first home buyers dominated the market in 2009, buying at the lower end of the market, the 2010 market was dominated by second and third home buyers buying at the top end.

Rents

House rental growth outperformed that of unit in the 12 months to September 2010. The Leichhardt LGA topped the rental growth list, experiencing an increase of 18.3 per cent in rental price between September 2009 and 2010. After a strong growth in property prices in 2010 rent prices are expected to stay firm in 2011, returning to the long term rental yield equilibrium.

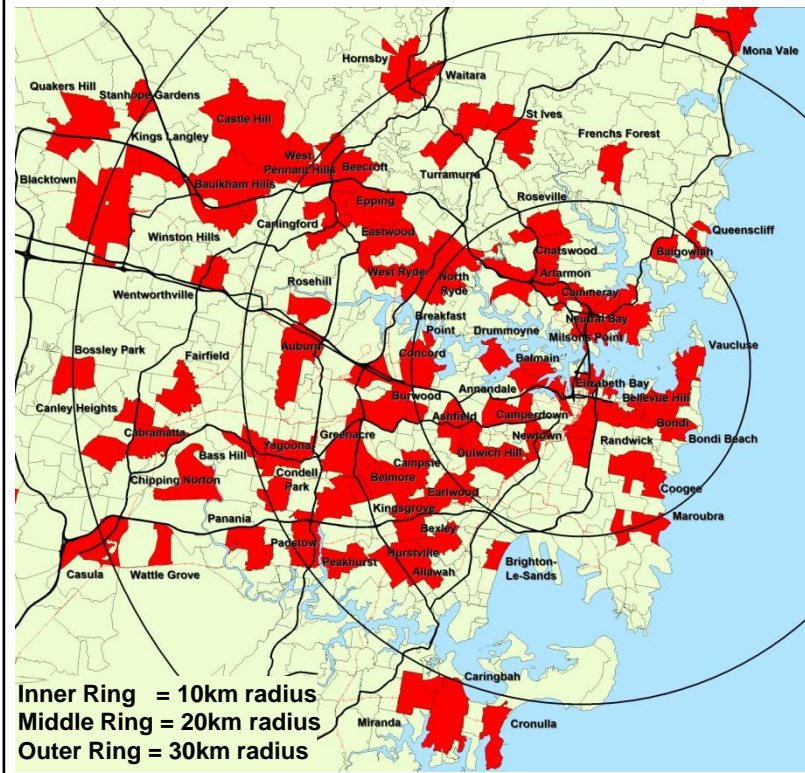
Hotspot picks for 2011

What is the market going to do in 2011? At this stage, the coming year appears to be one of consolidation for some and strategic positioning for others. The strong capital growth demonstrated in 2010 is not likely to repeat itself, however, buyers now have greater control on the market, and can expect greater flexibility when negotiating on prices. Interest rates are likely to play a pivotal role in the coming year, with a mid year increase tipped to affect price growth on the one hand and housing affordability on the other, while negatively impacting buyers confidence. 2011 may pose a great opportunity to repositioning or investment in well located properties, with potential for capital growth and increase in rental yields. Three key factors assist us in determining the most likely suburbs to experience strong capital growth in 2011. They are:

- **Population growth**, which generally puts pressure on property prices.
- **Infrastructure and investment** to support current and future population increases and development of amenities.
- **Employment opportunities** and diversity which includes proximity to employment nodes or potential job growth.

The top picks for 2011 are well located suburbs that were mostly overlooked during 2010. They are supported by good infrastructure and population growth and in many cases, are within close proximity to suburbs that have been in the top performers list in 2010.

Suburbs of Sydney Statistical Division recording at least ten percent growth in median house or unit price – Sep. 2009 to Sep. 2010



Hotspots 2010

Suburb	LGA	Property Type	September 2009 Median	September 2010 Median	Change
ROSE BAY	Woollahra	Unit	\$580,000	\$830,000	43%
ROSEHILL	Parramatta	Unit	\$304,000	\$432,000	42%
MILSONS POINT	North Sydney	Unit	\$715,000	\$985,000	38%
NORTH SYDNEY	North Sydney	Unit	\$445,000	\$610,000	37%
NEWTOWN	Sydney	House	\$662,500	\$857,250	29%
REDFERN	Sydney	House	\$697,500	\$895,000	28%
LEICHHARDT	Leichhardt	House	\$689,375	\$876,750	27%
NEUTRAL BAY	North Sydney	Unit	\$505,000	\$641,700	27%
SURRY HILLS	Sydney	Unit	\$440,000	\$550,000	25%
EASTWOOD	Ryde	House	\$755,000	\$938,888	24%
AVALON	Pittwater	House	\$910,000	\$1,130,000	24%
CAMPSIE	Canterbury	Unit	\$300,000	\$371,000	24%
ULTIMO	Sydney	Unit	\$410,000	\$507,000	24%
MAROUBRA	Randwick	House	\$961,000	\$1,180,000	23%
SURRY HILLS	Sydney	House	\$775,000	\$950,000	23%
EASTWOOD	Ryde	Unit	\$370,500	\$453,000	22%
CONCORD	Canada Bay	House	\$900,000	\$1,100,000	22%
KINGSGROVE	Canterbury	House	\$584,500	\$712,500	22%
EPPING	Parramatta	House	\$785,000	\$952,500	21%

Prepared by PRDNationwide Research Source: PDS Live

Rental Growth 2010

3 Bedroom House		2 Bedroom Unit	
LGA	Rental Growth Sept 09 to Sep 08	LGA	Rental Growth Sept 09 to Sep 08
Leichhardt	18.3%	Ku-Ring-Gai	18.0%
Willoughby	18.1%	Fairfield	12.5%
Kogarah	15.6%	Waverley	11.1%
Marrickville	15.4%	Lane Cove	10.3%
Campbelltown	13.3%	North Sydney	10.0%
Pittwater	12.1%	Burwood	10.0%
Baulkham Hills	11.6%	Randwick	9.4%
Rockdale	11.1%	Bankstown	9.4%

Prepared by PRDNationwide Research Source: NSW Housing

Sydney's Inner West**Enmore (Units)**

Approx distance from CBD 4 Km
Median unit price: \$487,500

Enmore's location, only four kilometres to the city and a short walk to the amenities in the neighbouring suburb of Newtown, makes it an easy pick for both investors and first home buyers in 2011. Easily accessible by both road and rail, the suburb is known for its acclaimed Enmore Theatre and educational facilities including the Design Campus of the Sydney Institute and the Enmore Boys High School.

North Strathfield (Units)

Approx distance from CBD 11Km
Median unit price: \$505,000

Location, transport and amenities are the three key fundamentals to drive North Strathfield's unit market into 2011. Serviced by Parramatta and Concord Roads, as well as a direct rail line to Sydney's CBD and Epping, it provides residents with easy access to all areas of Sydney. In the centre of the suburb is the Bake House Quarter, a refurbished and lively shopping precinct adjacent to the train station.

Sydney's Southwest**Campsie (Houses and Units)**

Approx distance from CBD 10 Km
Median house price: \$689,500
Median unit price: \$371,000

Campsie has village type centre offering a variety of shopping outlets. They are located on both sides of the railway line which links the suburb to the Sydney CBD, while health services are provided by the Canterbury hospital. The DCP and master plan for the proposed Campsie Civic Centre Redevelopment are now in place, pointing to future infrastructure growth in the suburb.

Riverwood (Houses and Units)

Approx distance from CBD 18 Km
Median house price: \$531,500
Median unit price: \$425,250

Riverwood is likely to benefit from the current quadruplicating of the East Hills Rail line between Kingsgrove and Revesby stations. The project is currently under way with the promise to provide a more reliable and higher frequency service to the Sydney CBD. The location of the suburb between the major industrial centres of Peakhurst to the east and Padstow to the west, provides the residents with local employment opportunities.

Sydney's West**Rosehill (Units)**

Approx distance from CBD 22 Km
Median unit price: \$345,750

The latest announcement by the NSW state government has confirmed that the \$2.6 billion Parramatta to Epping rail line will commence construction by 2015, further cementing the role of Parramatta as Sydney's 'second CBD'. The CBD has become a major centre attracting national businesses to set up their headquarters and therefore provide greater employment opportunities for the local region. Combined with easy access to major roads and set on the rail network ensures a positive outlook for Rosehill.

Sydney's Ryde Area**West Ryde (Houses and Units)**

Approx distance from CBD 16 Km
Median house price: \$770,000
Median unit price: \$391,000

The recent completion of the Epping to Chatswood rail link and redevelopment of the Top Ryde shopping centre, and existing and future developments in the Meadowbank area will ensure continued growth in the Ryde LGA. Employment growth in the region is strong due to a number of large companies attracted to the lower rents available in the business parks within Homebush and Rhodes.

Sydney's Northern Beaches**Dee Why (Units)**

Approx distance from CBD 14 Km
Median unit price: \$475,000

Situated on Sydney's Northern Beaches the suburb of Dee Why has seen an increase in interest from developers in recent years. The median price of units in Dee Why is lower than that of its surrounding suburbs and that of the Northern Beaches in general, however, given the nature of recent off-the-plan sales this price is tipped to increase in coming years. This is fuelled by strong investment in large scale infrastructure projects.

North Narrabeen (Houses)

Approx distance from CBD 18 Km
Median house price: \$840,760

Located between the centre of Mona Vale and Manly, North Narrabeen has slipped out of the radar of many investors, much to the delight of the locals. This is about to change. As houses in suburbs like Manly and Balgowlah are out of reach for many home buyers, the beachside and lakeside community of North Narrabeen offers a viable lifestyle alternative, only 18 km from Sydney's CBD.

Prepared by PRDnationwide Research © For further details contact:

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