

the fitzpatrick's report

financial year 2013

always there

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Fitzpatrick's Real Estate Directors

Left to right: Richard Fitzpatrick, Brendan Madigan,
Matt Newley, Lyn Kimball, Shaun Lowry,
Andrew McLeod, Adam Drummond

*Definition: The **Median** is the "middle number" (in a sorted list of numbers). Half the numbers in the list will be less, and half the numbers will be greater. The **Mean** is the average of a set of data.*

property at a glance

always there



property at a glance

The Directors hope you enjoy reading the 2013 Fitzpatrick's Report. We produce the Report each year to:

- Provide you with the latest market data
- Provide the professional real estate staff at Fitzpatrick's Real Estate with accurate information for our clients
- To predict trends, growth and to provide sound information for real estate investors.

Wagga Wagga's real estate and quality of life continues to deliver population growth and substantial ongoing commercial and industrial investments, with over \$450 million in private and public projects on the 3 year planning/completion horizon.

2013 saw a significant increase in the volume of house and land sales, with a slight decrease in unit sales. The median house price of \$312,500 also increased from the previous year. Early indications for 2013/14 are revealing an increase in residential sales volumes across all three mediums.

Residential vacancy factors continue to be exceptionally low, with Fitzpatrick's Real Estate vacancy rate at 1.7% for 2013.

We predict an increase in residential rents, providing a sound return to investors when coupled with the low vacancy factor.

It is expected the number of land sales will increase, which in turn should see renewed housing construction, providing a strong stimulus to the local economy. The increased first home buyers grant will also help this sector, as our entry point is so much more affordable compared to the capital cities.

The commercial real estate sector is showing indications of further activity. The demand for tenanted, commercial real estate by investors is not being met. Land sales and industrial leasing for 2013 are below industry averages. It is expected a commercial real estate recovery will be revitalised by the upturn in residential real estate.

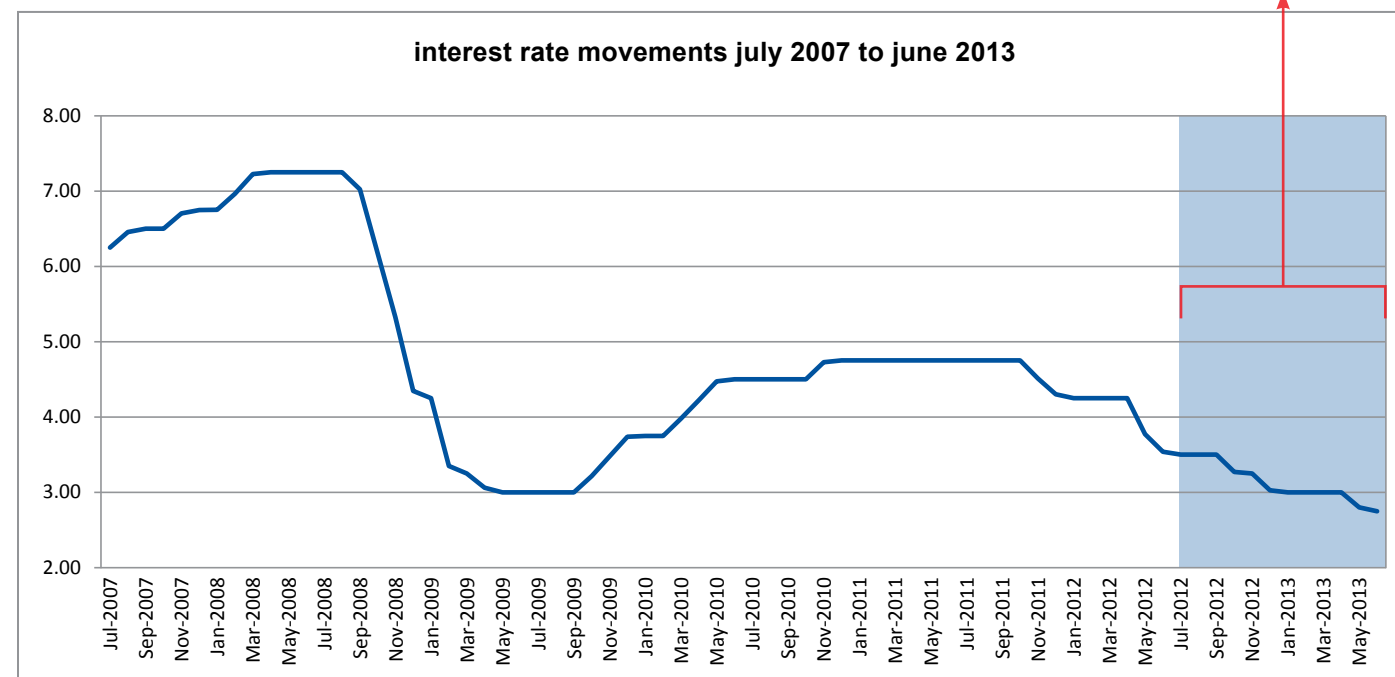
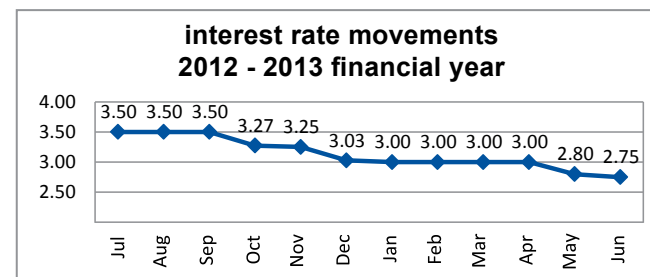
Fitzpatrick's Real Estate
December 2013

population

- Wagga Wagga has an estimated residential population of 63,115.⁶
- Wagga Wagga's population is expected to experience an increase to 77,966 by 2031, at an average annual growth rate of 1.1% per annum.^{6 8}
- Persons aged 20-24 years of age represent the largest age group percentage in Wagga Wagga.⁶

housing affordability

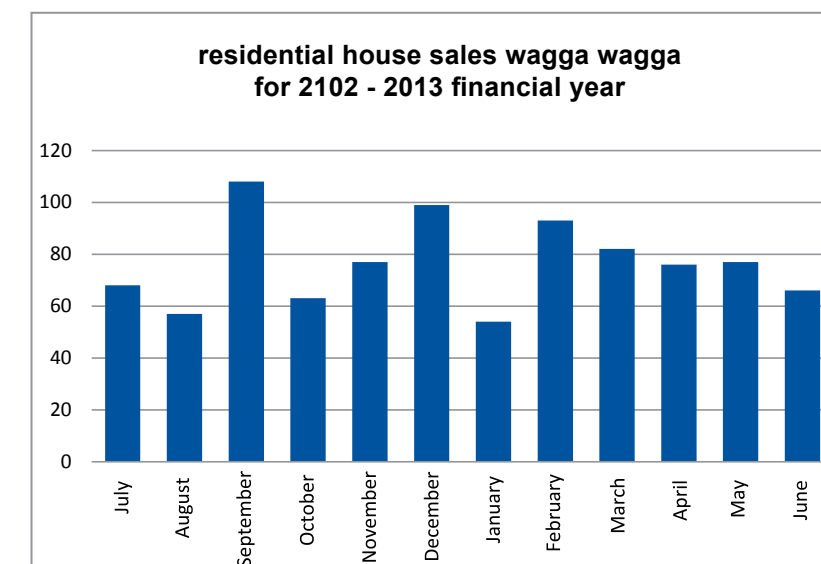
- The average mortgage repayment in Wagga Wagga equates to 31.1% of the average household income, compared to an average of 37.18% across New South Wales.¹
- Wagga Wagga will continue to provide very affordable housing options in the coming years.
- Financial year 2012/2013 interest rates have dropped by 0.75%.¹
- The annual inflation rate was 2.4%.¹



Source: RBA

houses

- Strong residential markets in Wagga Wagga include:²
 - Central Wagga (138 sales)
 - Koorinal (108 sales)
 - Lake Albert (102 sales)
- The median house price in Wagga Wagga for 12 months from 1 July - 30 June is \$312,500. This has increased by \$7,500 since last year.²
- The median house price for NSW for 12 months from 1 July - 30 June is \$454,500.¹¹
- September 2012 saw the most activity with 136 sales, this was followed by 117 sales in December and February. The total number of sales was up by 174.²
- Ashmont and North Wagga offered the most affordable median house price of \$185,000. At the other end of the scale, Gelston Park recorded the highest median house price of \$730,000. This is an increase of 17.03 percent from the 2012 financial year.²
- The \$201,000 - \$300,000 price bracket registered the most activity with 37 percent of sales.²
- The \$101,000 - \$200,000 price bracket registered the least activity, accounting for 9.7 percent of the total sales.²
- The average days on market for houses in Wagga Wagga is 187 days. This has slightly increased from 2012, where the average home sat on the market for 171 days.⁹
- The number of private dwellings in Wagga Wagga is forecast to increase to 26,614 by 2016 with Estella, Boorooma and Lloyd being the highest growth areas.⁶



Source: Price Finder

wagga wagga median sale prices	
2011 financial year	\$305,000
2012 financial year	\$305,000
2013 financial year	\$312,500

median sale prices		
City	June 2013	12 month growth
Wagga Wagga	\$312,500	2.45%
Sydney	\$690,064	7.41%
Melbourne	\$553,447	4.19%
Brisbane	\$440,454	2.92%
Adelaide	\$435,153	-0.25%
Perth	\$584,487	9.01%
Hobart	\$317,659	-2.06%
Darwin	\$640,665	5.22%
Canberra	\$576,248	0.07%

Source: Price Finder, Australian Property Monitors

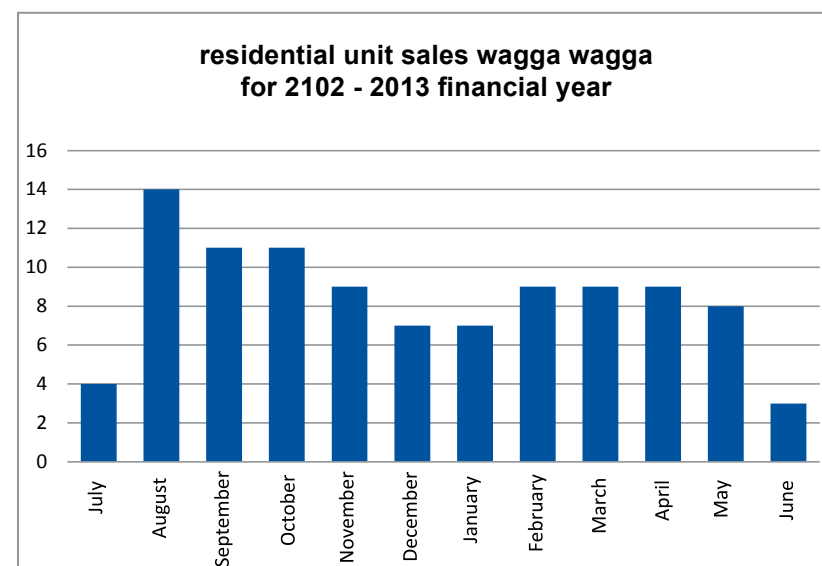
units

- The median unit price in Wagga Wagga for 2012/2013 was \$232,500. This has decreased by 7.7 percent from last year. This is a reflection of the limited new units erected.²
- The median unit price for NSW for 12 months from 1 July - 30 June is \$457,500.¹¹
- There were a total of 101 unit sales in Wagga Wagga for the past financial year. This is 4.7 percent less than the year before.²
- The price bracket of \$200,001 - \$300,000 registered the most activity with 49 sales, taking up 53.47% of the market.²

Strong markets include: ²

1. Central Wagga (38 sales)
2. Glenfield Park (26 sales)

- The average days on market for units in Wagga Wagga is 179 days.⁹
- New unit (and house) sales are expected to increase over 2013/2014



Source: Price Finder

median sale prices	
City	June 2013
Wagga Wagga	\$232,500
Sydney	\$491,845
Melbourne	\$411,714
Brisbane	\$346,964
Adelaide	\$280,219
Perth	\$386,798
Hobart	\$252,050
Darwin	\$425,959
Canberra	\$409,831

Source: Price Finder, Australian Property Monitors

residential land

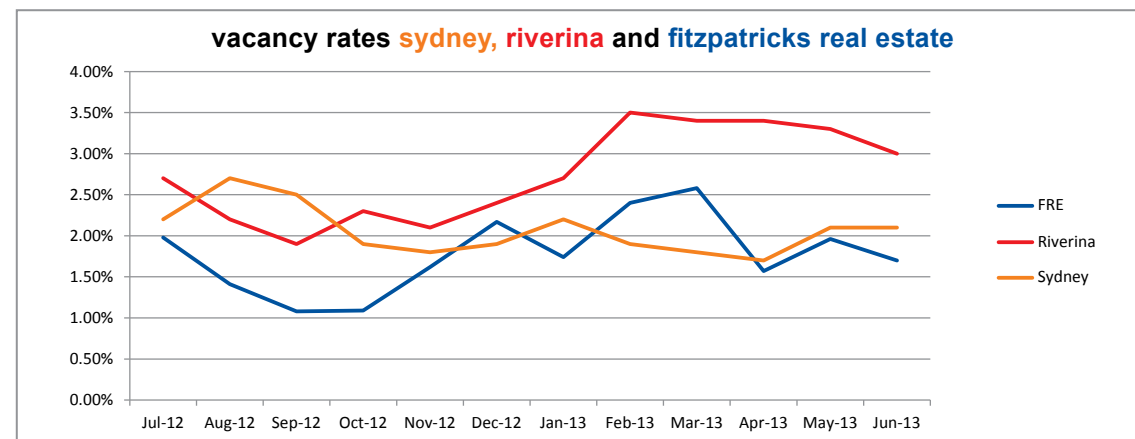
- 217 residential blocks sold in Wagga Wagga in the 2013 financial year, with the median land price being \$125,000. This is a large increase from 2012, with 122 blocks selling and the median price being \$122,500.²
- The highest land sale was in Central Wagga for \$512,500 for a large 1,271 square metre multiple use residential block.²
- The month of October registered the most activity with 34 land sales.²
- Gregadoo registered the highest median price at \$285,000. This was followed by Central Wagga with a median price of \$269,500.²
- In Wagga Wagga there were 256 residential buildings approved to be built in the financial year 2012/13. This has increased by 15.3% from the previous year.⁷
- It is anticipated building activity will increase in the following year, as we see an influx of first home buyers taking advantage of the new \$15,000 building grant and greater confidence in real estate markets.
- Fitzpatricks Real Estate released stages at Boorooma, with 17 of the total 39 lots sold by Fitzpatricks.
- Tatton stage 12 was the final release of land at Tatton, with the residential and unit sites all selling in the off-market release. The financial year saw another 31 land sales in Tatton, in which Fitzpatricks listed and sold 15 of these properties.
- A further 6 sales were recorded in Lakehaven Estate.
- Releases at Lloyd West Estate are under way, with reports of poor sales activity for house and land packages.
- Fitzpatricks Real Estate will release more land at Lloyd next year, plus another stage at Boorooma. This land plus other releases, has turned around the under supply situation of land in Wagga Wagga.
- Interest in the land estates north of the city, namely Estella and Boorooma has increased significantly. This trend is likely to continue.

median land prices	
2013	\$125,000
2012	\$122,500
2011	\$120,000
2010	\$115,000
2009	\$112,000
2008	\$102,000
2007	\$97,100

Source: Land Management Authority, Price Finder

residential vacancy

- The median weekly rent for a two bedroom unit in Wagga Wagga is \$220. This has shown an decrease of 8.3 per cent from the previous year.¹¹
- The median weekly rent for a three bedroom house in Wagga Wagga is \$300. This is up 3.4 per cent on the previous year.¹¹
- Riverina's vacancy rate for the 2012/13 financial year is 2.74 per cent.³
- Fitzpatricks Real Estate's vacancy rate for 2012/13 financial year is lower, at 1.7 percent (a fall of 1.1%).³
- The New South Wales median rent for the June 2013 quarter is \$360 per week for a three bedroom home.¹¹
- The Rental Bond Board recorded 3,389 bonds held for houses in the June 2013 quarter and 2,206 for units and flats. This reflects a total increase of 3 per cent for the quarter and an annual increase of 6 per cent. These figures apply to Housing New South Wales rural statistical subdivision for Wagga Wagga.¹¹
- Fitzpatricks Real Estate expects rental rates to trend upwards over the next 12 months.



median rental prices						
	houses			units		
	June 2013	June 2012	June 2011	June 2013	June 2012	June 2011
Wagga Wagga	300	290	320	220	240	220
Sydney	500	500	495	475	470	460
Melbourne	360	360	360	360	350	350
Brisbane	390	380	370	360	360	360
Perth	490	430	380	425	380	370
Canberra	480	490	475	410	430	430

Source: Australian Property Monitors

leasing

- In the last 12 months there has been revived interest from franchise groups. In the CBD we have seen Zambrero, Aussie Home Loans, Slater & Gordon, Bonds, Optus, Ishka, Furniture 1825 and industrial leasing for Masters, Pillow Talk & Pet Barn.
- Landlords still need to consider the low profitability of retail when negotiating leases. ABS research shows a 3.6% increase in retail turnover in the past year with a 0.9% increase in September influenced by the better weather.
- The number of retail vacancies has declined but there is still a large amount of office space vacant in the CBD, which many of these have been long term vacancies.
- Industrial leasing activity continues to be slow, apart from an increasing demand for recreational facilities. This trend has been driven by the fitness industries search for suitable properties for group classes and boot camp style training.

sales

- There was an increase in sales activity by 50% with 48 sales recorded compared to 32 the previous year. Interest in multiple tenancy properties with a long lease and long term tenants remained high.
- Expected return from investors is around 8.0 - 9.5% as in the previous 12 months.
- While prices remained stagnate, an encouraging sign from the past 12 months is the increased activity, past market trends show prices will follow.
- Properties being purchased by Self Managed Super Funds remained popular.
- We have also seen a small number of tenants purchase property as interest verse rent is now quite competitive.
- The sale of vacant land remains low with 8 sales.

development

- Wagga's development activity is upbeat with construction at numerous sites beginning this year.
- Construction of the new Dan Murphys got underway and demolition of properties in Docker Street, Chaston Street and Meurant Avenue started to make way for a new Day hospital/surgery.
- Positive steps have been made in the advancement of Bomens Riverina Intermodal Freight and Logistics (RIFL) hub. A link can be found online at: <http://yoursaywagga.com.au/rifl>

key developments completed:

The completion of Wagga Base Hospital staged redevelopment is near and ahead of schedule, due to be finished late 2015.

Masters opened in March & is now joined by large scale bedding, pet and recreational retailers

The International Hotel was completed at the corner of Lake Albert Road and Edward Streets.

Wagga's new bowling alley opened in Trail Street in late December.

first home owner benefits

- In the 2012/13 Financial year, 158 Wagga Wagga residents received a First Home Owners Grant, with a total value of \$1,417,000. This is down from the previous financial year which saw 277 grants paid out at a value of \$1,959,500.⁴
- The current grants available to first and other home owners include:

NSW First Home Owner Grant (New Homes)*

First home owners who purchase or build a new home may be eligible for a \$15,000 grant. The grant will reduce to \$10,000 in 2016 when the commencement date is (contract date) on or after 1 January 2016.

NSW New Home Grant Scheme (non first home buyers)*

The scheme provides a grant of \$5,000 towards the purchase of new homes, homes off the plan and vacant land on which a new home will be built. There is no limit to the number of grants you can receive.

To be eligible to receive the grant, the value of the new home must not exceed \$650,000 and the value of the land must not exceed \$450,000.

To receive the grant for vacant land purchases, construction of the home (laying of foundations) must commence within 26 weeks of the completion of the purchase. There is no limit on the completion of construction.

Applications for the grant must be made within three months of the date of the agreement.

For more information on current government grants available visit osr.nsw.gov.au

**conditions apply*

wagga wagga first home owner grants for the 2012 - 2013 financial year		
month	number of grants paid	grant values
June 2013	7	\$89,000
May 2013	6	\$90,000
April 2013	4	\$60,000
March 2013	5	\$67,000
February 2013	3	\$45,000
January 2013	6	\$66,000
December 2012	1	\$51,000
November 2012	17	\$167,000
October 2012	43	\$341,000
September 2012	24	\$168,000
August 2012	23	\$161,000
July 2012	16	\$112,000
Total	158	\$1,417,000

Source: Office Of State Revenue

Fitzpatricks Real Estate believe the information contained within this publication is accurate and reliable. However, no warranty of accuracy is given and no responsibility is accepted by Fitzpatricks Real Estate.

Information used in this publication was collected from the Australian Bureau of Statistics, PDS Live, Real Estate Institute of NSW, Office of State Revenue, Land Management Authority, Forecast i.d, Profile i.d, Wagga Wagga City Council, Australian Property Monitors, Reserve Bank of Australia, NSW New South Wales Department of Housing and Fitzpatricks Real Estate.

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A subscription service is available. Any enquiries regarding this publication should be directed to:

Fitzpatricks Real Estate

138 Baylis Street
Wagga Wagga NSW 2650

Ph: 02 6921 1555

Fax: 02 6921 4369

Email: sales@fitzpatricks.com.au

Web: fitzpatricks.com.au

- 1 Australian Bureau of Statistics (ABS)
- 2 Property Data Solutions (PDS Live)
- 3 Real Estate Institute of NSW
- 4 Office of State Revenue
- 5 Land Management Authority
- 6 Forecast.id
- 7 Profile.id
- 8 Wagga Wagga City Council
- 9 Australian Property Monitors
- 10 Reserve Bank of Australia
- 11 NSW Housing (Family and Community Services)



fitzpatrick's real estate

138 baylis street
wagga wagga nsw 2650

ph: 02 6921 1555

fax: 02 6921 4369

email: sales@fitzpatrick's.com.au

web: fitzpatrick's.com.au

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