

the **fitzpatricks** report

financial year 2011



NO STOPPING



the **fitzpatrick's** report

financial year 2011

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Fitzpatrick's Real Estate Directors

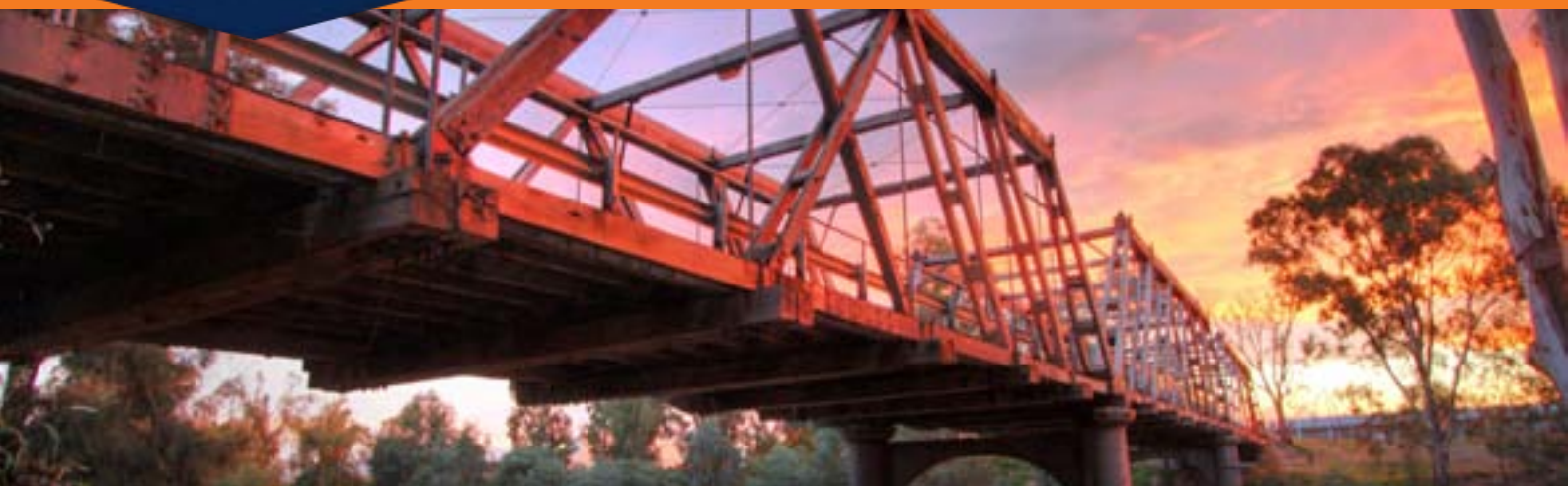
Left to right: Adam Drummond, Andrew McLeod, Lyn Kimball, Shaun Lowry, Richard Fitzpatrick, Brendan Madigan.



cover photograph inspiration

We chose an image that represents the present financial climate surrounding the local residential market. Whilst some stormy weather may be apparent there are glimmers of hope illustrated by the rays of sunshine creeping into the frame along our picturesque horizon. We also thought it poetic to have an image of “making hay while the sun shines”, a sentiment most locals will identify with in the current climate.

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property at a glance

Towards the end of 2010 and right through to present, Wagga Wagga's residential property market has experienced some significant changes compared with the previous 12 months. At a glance, there has been an approximate 11% reduction of the total number of sales transactions compared to the last 12 month period, and prices have decreased anywhere between 4% and 13%, depending on property location and price range.

Having said that, Wagga Wagga's property market has shown considerable strength in many areas, not least of which ranking 12th in the top 100 suburbs to invest in nationally. "Your Property Investment" magazine mentions Wagga Wagga's steady population and capital growth, good employment rate and steady returns on property investment, as well as strong industry infrastructure as a reason to back Wagga Wagga as a sound choice for investing in bricks and mortar. The magazine said "The housing market in Wagga Wagga has been a consistent performer for some years now and there is no sign of this changing any time soon."

Population growth in Wagga Wagga will also remain healthy for the foreseeable future. *Forecast i.d.*, a national population forecasting agency, revealed Wagga Wagga is expected to continue to grow steadily over the next 20 years at an average annual rate of 1.1% pa increasing the population to almost 80,000 residents by 2031. *Forecast i.d.* also provides data relating to average household income, migration patterns in the area, demographic trends and predicted suburb growth patterns.

Fitzpatrick's Real Estate
November 2011

*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.*

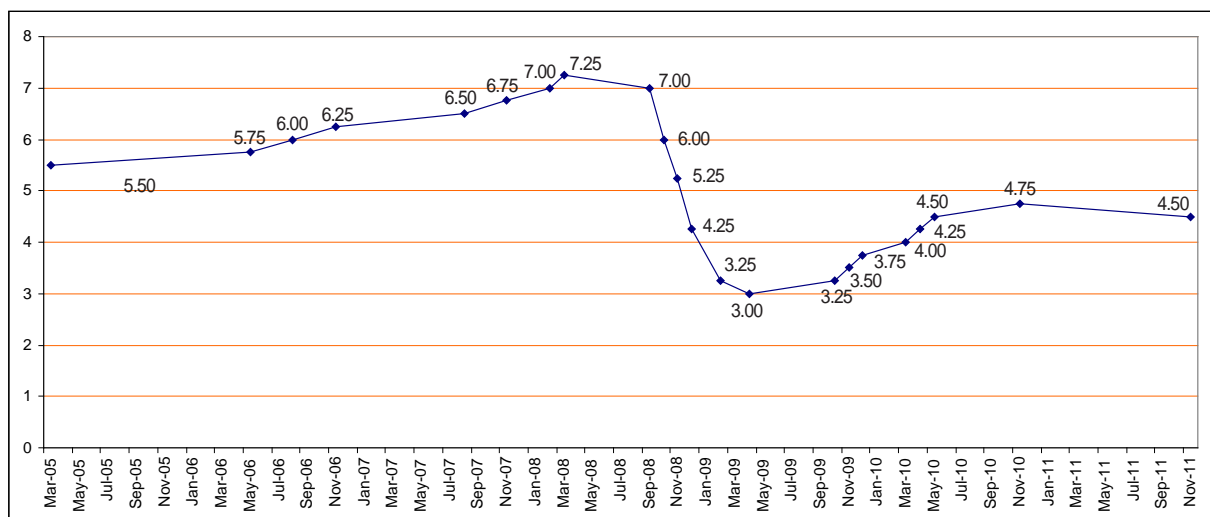
population

- Over the 12 months to December 2010, Australia's population increased by 1.5 percent, its slowest rate of population growth since the 12 months to December 2005.
- On a state-by-state basis, population growth is slowing in each state except for the Australian Capital Territory, with its population growth over the last 12 months the strongest since the 12 months to June 2007.
- Population growth is strongest in Western Australia (2.1%), the Australian Capital Territory (2.0%) and Queensland (1.7%).
- Population growth is slowest in Tasmania and the Northern Territory (both 0.8%). Although population growth is still relatively strong in Queensland, during the past 12 months the rate of population growth was the slowest since the 12 months to March 2000.
- The average hold period for a property between sales is currently 8.6 years, which is 1.8 years longer than it was in 2001.⁴
- Wagga Wagga has an estimated residential population of 62,871.
- Wagga Wagga's population is expected to experience an increase of over 11,100 residents to 70,776 by 2021, at an average annual growth rate of 1.15% per annum over 15 years.
- Estella, North Wagga Wagga - Bomen and Springvale - Lloyd were the fastest growing suburbs, experiencing 5.30, 4.08 and 4.20 per cent growth per annum respectively in 2011.
- Central Wagga Wagga with 7,721 residents, Koorinal with 7,681 residents and Lake Albert with 6,131 residents, support the greatest populations within the Wagga Wagga region.
- Persons aged 15-24 years of age represent the largest age group percentage in Wagga Wagga.
- In 2021 the most populous forecast age group is predicted to be 15-19 year olds, with 5,592 persons.¹¹
- The slowing conditions in the property market, combined with higher transaction costs, are also keeping Australians in the same home longer.¹²

housing affordability

- Residential construction work fell by 4.1 per cent in the June quarter to \$11.4 billion.¹
- Your Investment Property Magazine placed Wagga Wagga in the number 12 position for Australia's best investment locations, with high potential for short to long term capital growth, strong rental returns and minimal risk.
- The HIA-Commonwealth Bank Housing Affordability Index improved by 0.8 per cent in the June 2011 quarter to 56.2 per cent from 55.7 per cent. This outcome took the Affordability Index to a level that is 7.2 per cent above the level registered in the June 2010 quarter.
- The HIA-CBA Housing Affordability Index combines interest rates, household incomes and home prices to determine affordability conditions.²
- Not only is it positive news for first home buyers, but today's market conditions are favouring property investors who are looking to benefit from ongoing seller discounting, healthy rental income and longer-term capital gains.
- In the non-metropolitan regions of the states, affordability improved three per cent in New South Wales, two per cent in Victoria and 2.5 per cent in Western Australia. Affordability in the non-metropolitan regions of South Australia fell 0.4 per cent and by three per cent in Tasmania, while Queensland was unchanged.
- The average mortgage repayment in Wagga Wagga equates to 25% of the average household income, compared to an average of 44% across New South Wales.¹³
- Wagga Wagga will continue to provide very affordable housing options in the coming years.

interest rate movements



1st November 2011 saw the first rate cut since May 2010.

Economists are predicting another interest rate cut early in 2012.

Source: RBA

houses

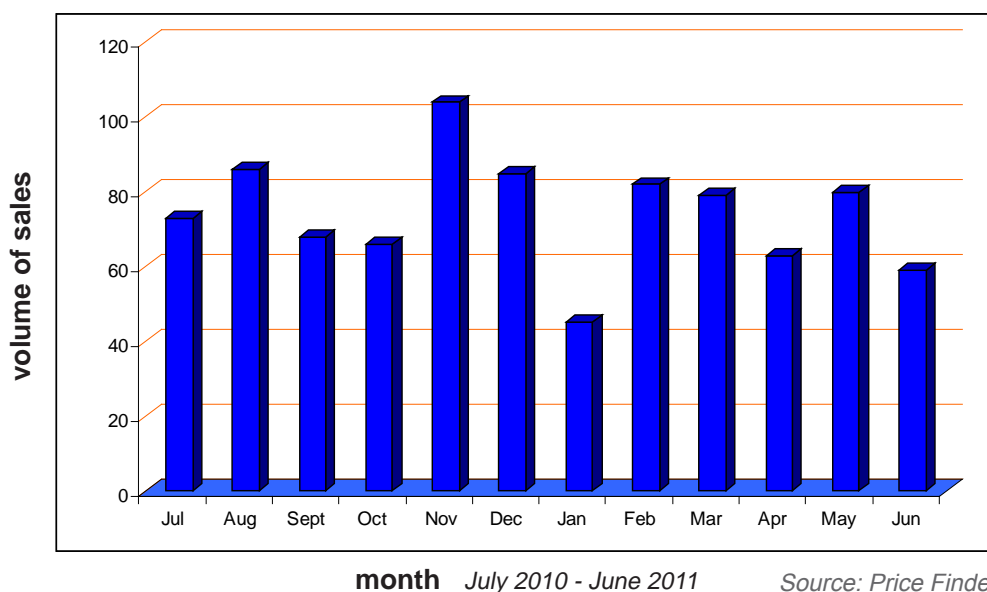
- Strong residential markets in Wagga Wagga include:

Suburb

1. Central Wagga (125 sales)
2. Glenfield Park (111 sales)
3. Lake Albert (102 sales)
4. Koorringal (98 sales)
5. Mount Austin (66 sales)

- The New South Wales median house price dropped from the previous financial year by 5.59% to \$439,000.⁴
- The median house price in Wagga Wagga for 12 months from 1 July - 30 June is \$305,000. (2651, Forest Hill included in figures) This has increased by 4.5 per cent from last financial year.
- The highest recorded sale price was \$1.3 million in Fox Street, Central Wagga Wagga.
- November saw the most activity with 104 sales, this was followed by 86 sales in August.

residential house sales wagga wagga



- Tolland offered the most affordable median house price of \$170,500. At the other end of the scale, Springvale recorded the highest median house price of \$585,000.³
- The \$251,000 - \$350,000 price bracket registered the most activity with 36.6 per cent of sales.



- The \$501,000+ price bracket registered the least activity, accounting for 5 per cent of the total sales.³
- The average days on market for houses in Wagga Wagga is 115 days.¹²
- The number of structural private dwellings in Wagga Wagga has increased by 1.5 per cent over the past financial year to 24,660. ¹¹

Wagga Wagga and capital cities median property prices

capital city	median property price june 2011
Wagga Wagga	\$305,000
Sydney	\$644,658
Melbourne	\$554,610
Brisbane	\$446,778
Adelaide	\$441,775
Perth	\$535,610
Hobart	\$329,307
Darwin	\$593,642
Canberra	\$551,065

Source: RP Data

recent wagga wagga median sale prices

month	wagga wagga
July 2010	\$285,000
August 2010	\$286,500
September 2010	\$286,500
October 2010	\$250,000
November 2010	\$308,750
December 2010	\$302,250
January 2011	\$300,000
February 2011	\$300,000
March 2011	\$289,000
April 2011	\$289,500
May 2011	\$280,000
June 2011	\$295,000

The mean is \$288,982

units

- The median unit price in New South Wales is \$422,000.⁴
- The median unit price in Wagga Wagga from 1 July 2010 - 30 June 2011 was \$232,500. This has increased by 3.3 per cent from last financial year.
- July and February saw the most activity with 17 sales apiece, closely followed by March with 16 sales.
- The highest recorded unit sale price was \$475,000 in Day Street, Central Wagga Wagga.
- There are a total of 148 unit sales in Wagga Wagga for the past financial year. This is 9.2 percent less than the year before.³
- The unit market in Wagga Wagga is largely driven by residents seeking a low maintenance lifestyle in urban areas close the central business districk or public infastructure.
- Throughout the capital city markets, Hobart has the most affordable units with a median price of \$247,347, while Sydney was the most expensive with a median price of \$650,000.
- Tolland offered the most affordable units with a median price of \$122,500.
- At the other end of the scale, Tatton recorded a median unit price of \$335,500.
- The price bracket of \$150,000 - \$250,000 registered the most activity with 55 per cent of sales.
- The \$450,000+ price bracket registered the least activity, making up less than 1 per cent of the total sales.

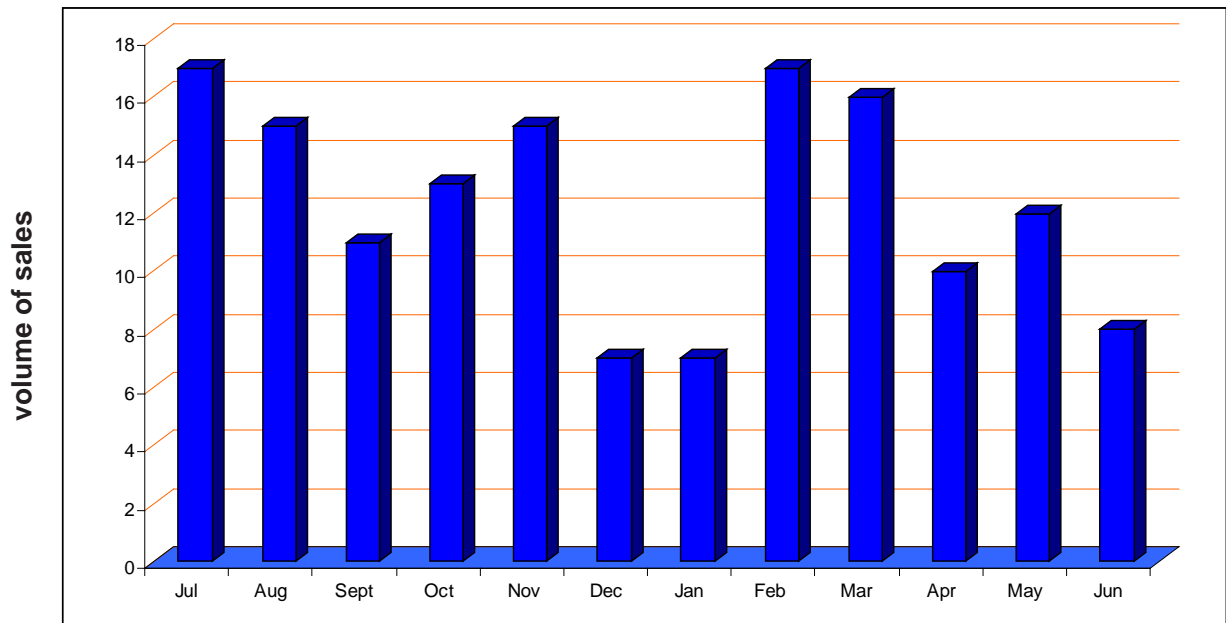
Strong markets include:

1. Central Wagga Wagga (62 sales)
2. Koorinal (21 sales)
3. Ashmont (13 sales)

- The average days on market for units in Wagga Wagga is 97 days.¹²



residential unit sales wagga wagga



month July 2010 - June 2011

Source: Price Finder

wagga wagga and capital city median unit price 2010-2011

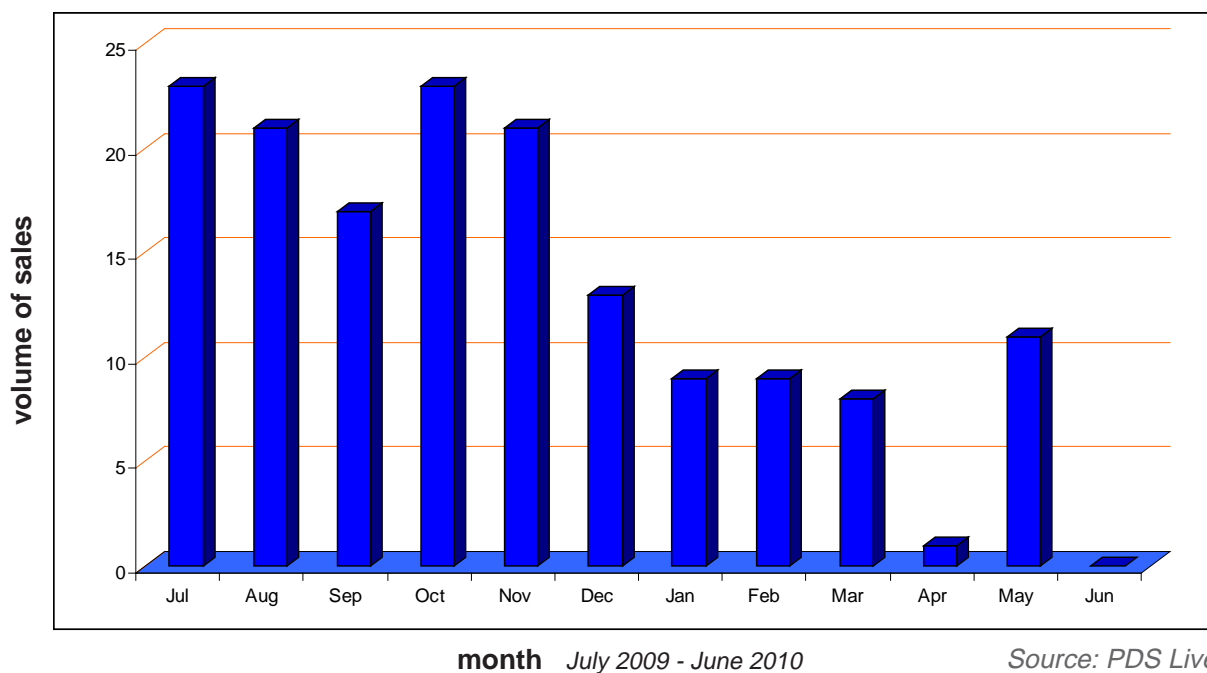
location	median price
Wagga Wagga	\$232,500
Canberra	\$405,000
Sydney	\$650,000
Melbourne	\$414,195
Brisbane	\$462,500
Adelaide	\$410,000
Hobart	\$247,347
Darwin	\$425,525
Perth	\$460,000

Source: RP Data

residential land

- 162 residential blocks sold in Wagga Wagga in the 2011 financial year, with the median land price being \$137,050.
- The most affordable vacant land sale took place in Ashmont at \$45,000 for a 747 square metre block.
- The highest sale took place in Lake Albert for a multi residential block for \$300,000 for 1,811 square metres.
- For a single use residential block, the highest sale price took place in Lakehaven for \$275,000 for a 3,026 square metre lifestyle block.
- The month of October registered the most activity with 24 land sales.

12 month residential land sales wagga wagga



- Land in Ashmont offered the most affordable lots, with a median price of \$76,000, while Lake Albert/Lakehaven registered the highest median price at \$202,500. This was closely followed by Springvale with a median sale price of \$195,000. ³



- Residential building activity in Wagga Wagga over 2010 has increased by an average of 0.5% compared to 2009, with 374 construction certificates being issued in 2010. This was well above the average number of construction certificates issued over the past five years and is reflective of the strength of household finances and affordability of housing in Wagga Wagga.¹³
- Fitzpatricks Real Estate will be releasing Tatton Stage 12, the final stage of this subdivision, early in 2012, with approximately 45 blocks expected to be available.
- Fitzpatricks Real Estate will also be releasing a 50 lot estate in Lloyd and a 30 lot estate in Boorooma.
- A large increase of lots released to the market in 2012 will go a long way towards relieving the pent up demand for residential allotments.
- It is our expectation that Lloyd and Boorooma will take up the demand previously met by Tatton.
- Generally, in most Wagga Wagga suburbs, median land prices have increased 4.34 per cent over the last 12 months.
- The value of commercial, rural and rural residential land generally remained steady, while the value of industrial land showed a slight increase.¹⁰

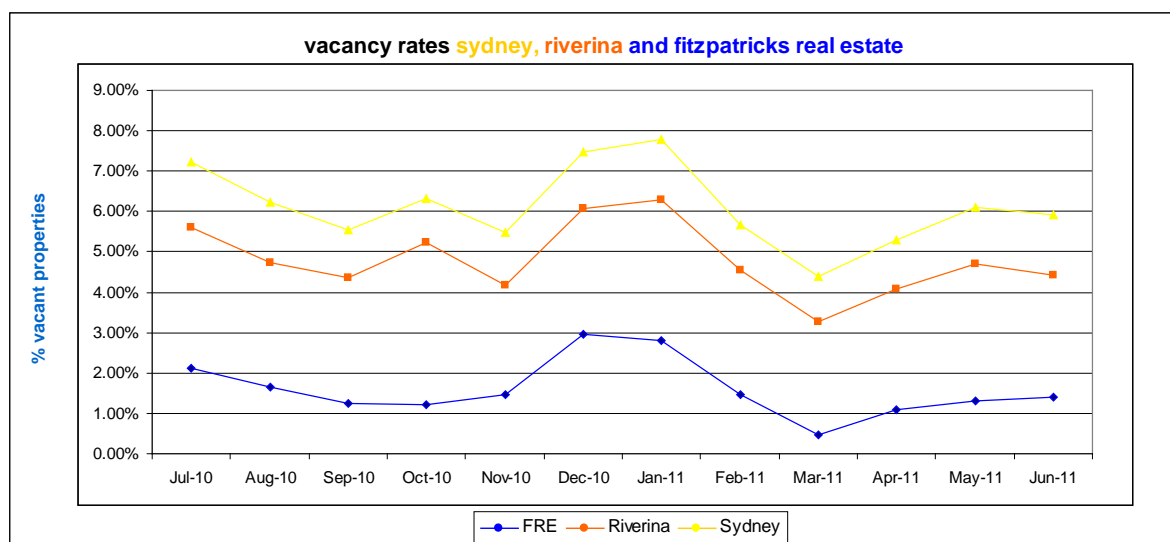
wagga wagga median land prices

year	wagga wagga
1996	\$50,100
2004	\$64,300
2005	\$80,300
2006	\$88,300
2007	\$97,100
2008	\$102,000
2009	\$112,000
2010	\$115,000
as at July 2011	\$120,000

Source: Land Management Authority

residential vacancy

- The median weekly rent price for a one bedroom unit in Wagga Wagga is \$107.
- The median weekly rent for a two bedroom unit in Wagga Wagga is \$220.
- The median weekly rent for a three bedroom house in Wagga Wagga is \$300.
- Riverina's vacancy rate for the 2010/11 financial year is 3.19 per cent.
- Fitzpatrick's Real Estate's vacancy rate for 2010/11 financial year is considerably lower, at 1.6 per cent.
- Vacancy rates in the Riverina region have decreased from 3.3 per cent to 3.2 per cent in the past financial year. ¹⁶
- The New South Wales median rent for the June 2011 quarter is \$380 per week.
- Canberra and Sydney led the way in annual growth of house rentals, increasing by 3.3% and 3.1% respectively over the year.
- The Rental Bond Board recorded 2,045 bonds held for houses in the June quarter and 1,765 for units and flats. This reflects a total increase of 1.6 per cent for the quarter and an annual increase of 5.1 per cent. These figures apply to Housing New South Wales rural statistical subdivision for Wagga Wagga. ¹³



	median weekly asking rents - houses				
	June 2011	June 2010	March 2010	June 2009	Yearly change
Sydney	495	480	460	460	3.1%
Melbourne	360	360	370	360	0.0%
Brisbane	370	360	365	350	2.8%
Perth	380	370	370	360	2.7%
Canberra	475	450	440	415	5.5%
Wagga	320	270	288	274	18.5%

	median weekly asking rents - units				
	June 2011	June 2010	March 2010	June 2009	Yearly change
Sydney	460	440	420	420	4.5%
Melbourne	350	350	340	335	0.0%
Brisbane	360	340	345	340	5.9%
Perth	370	360	360	360	2.87%
Canberra	430	413	405	400	4.16%
Wagga	220	195	210	194	12.8%

Source: apm & Department of Housing

first home owner benefits

- Even though first home purchases have reduced, Wagga Wagga still remains in the top 20 postcodes in New South Wales for benefits received from the First Home Owner Benefits. Wagga Wagga has remained in the top 20, since the scheme commenced in July 2000.
- Wagga Wagga is the only regional city in New South Wales to remain in the top 20 postcodes for First Home Buyer Benefits received, ranking 12th in the state.
- There have been an additional 4,916 applications in Wagga Wagga for the First Home Plus Grant, 204 of which were between 1 July 2010 and 30 June 2011.
- In New South Wales as a whole the scheme has helped 493,436 first home buyers realise their goal of home ownership, totalling \$4,256,091,763.
- Since the First Home Owner Grant Scheme was introduced in 2000, more than 4700 Wagga Wagga residents have received the grants, totalling more than \$40,000,000.
- It is hoped first home buyers purchasing an existing home will act now to ensure they don't miss out on receiving the State Government's Stamp Duty exemption before it becomes obsolete on the 1st of January 2012.
- First home buyers have dropped out of the real estate market dramatically across the state, and in Wagga Wagga with only 218 grants being issued in the past financial year.
- First home owner activity was at its height in 2001/02 financial year where there were 650 grants issued in Wagga Wagga alone, this has now more than halved.⁹
- Australia's first-home buyers are now six years older than four decades ago. Borrowers are now waiting until their 30s before taking on large amounts of debt.¹⁴

wagga wagga first home owner grant scheme 2010/11 financial year

month	number of grants paid	grant value
June 2011	19	\$133,000
May 2011	16	\$112,000
April 2011	13	\$91,000
March 2011	28	\$196,000
February 2011	14	\$122,000
January 2011	21	\$181,000
December 2010	16	\$112,000
November 2010	19	\$136,000
October 2010	23	\$205,000
September 2010	17	\$139,000
August 2010	13	\$101,000
July 2010	19	\$188,000
total	218	\$1,716,000

Source: Office Of State Revenue

first home benefits - top 20 postcodes by value 1 july 2000 - 30 june 2011

	Postcode	Suburb/Town	First Home Owner Grant		First Home Plus		Total benefits
			No.	Value	No.	Value	
1	2170	Liverpool	9,163	\$80,736,300	8,490	\$70,536,932	\$151,273,232
2	2145	Wentworthville	6,647	\$60,048,500	6,096	\$59,112,687	\$119,161,187
3	2148	Blacktown	6,262	\$55,987,000	6,080	\$50,100,365	\$106,087,365
4	2560	Campbelltown	6,669	\$57,443,500	6,586	\$45,188,563	\$102,632,063
5	2250	Gosford	5,107	\$43,008,500	4,915	\$36,957,937	\$79,966,437
6	2166	Cabramatta	5,308	\$43,172,000	5,226	\$34,460,461	\$77,632,461
7	2200	Bankstown	4,372	\$39,094,500	4,224	\$33,934,524	\$73,029,024
8	2770	Mount Druitt	5,000	\$41,446,000	4,850	\$31,118,598	\$72,564,598
9	2077	Hornsby	3,942	\$33,193,500	3,142	\$35,715,402	\$68,908,902
10	2150	Paramatta	3,737	\$33,733,500	3,961	\$34,469,192	\$68,202,692
11	2155	Kellyville	3,677	\$40,232,000	2,084	\$24,266,273	\$64,498,273
12	2650	Wagga Wagga	4,700	\$40,358,000	4,916	\$23,810,104	\$64,168,104
13	2763	Quakers Hill	3,733	\$31,415,500	3,058	\$30,516,819	\$61,932,319
14	2153	Dee Why	3,496	\$29,292,000	2,527	\$32,396,270	\$61,688,270
15	2099	Baulkham Hills	3,664	\$31,802,000	2,580	\$29,853,525	\$61,655,525
16	2750	Penrith	3,723	\$30,384,000	3,838	\$29,028,936	\$59,412,936
17	2220	Hurstville	3,186	\$29,934,000	2,647	\$27,430,813	\$57,364,813
18	2259	Wyong	3,606	\$33,820,000	3,585	\$22,666,705	\$56,486,705
19	2144	Auburn	3,293	\$28,648,000	3,154	\$27,136,579	\$55,784,579
20	2165	Fairfield	3,437	\$29,398,500	3,328	\$26,193,467	\$55,591,967
Top 20 Total			92,722	\$813,147,300	85,287	\$704,894,150	\$1,518,041,450
NSW Total			493,436	\$4,256,091,763	429,801	\$3,388,387,495	\$7,644,479,258

Data as at 7 July 2011

Source: Office Of State Revenue

First Home Owners Grant Scheme includes:

- \$7000 additional grant for new homes where contracts were signed between 9 March 2001 and 31 December 2001.
- \$3000 additional grant for new homes where contracts were signed between 1 January 2002 and 30 June 2002.
- \$7000 Boost Payment for established homes where contracts were signed between 14 October 2008 and 30 September 2009.
- \$3500 Boost Payment for established homes where contracts were signed between 1 October 2009 and 31 December 2009.
- \$14 000 Boost Payment for new homes where contracts were signed between 14 October 2008 and 30 September 2009.
- \$7000 Boost Payment for new homes where contracts were signed between 1 October 2009 and 31 December 2009.
- \$3000 NSW New Home Buyers Supplement for new homes where contracts were signed between 11 November 2008 and 30 June 2010.





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Information used in this publication was collected from the Reserve Bank of Australia, Residex, Real Estate Institute of NSW, Real Estate Institute of Australia, RP Data, Fitzpatricks Real Estate, NSW Office of State Revenue, PDS Live, Land Management Authority, Bankwest, HIA/CBA, Rental Bond Board, Australian Property Monitors, New South Wales Department of Housing, Retail Finance Intelligence, SMQ Research and the Australian Bureau of Statistics, Forecast i.d.

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