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FITZPATRICKS REPORT

Financial Year 2017

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the fitzpatricks report

Financial Year 2017

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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

The Directors hope you enjoy reading the 2017 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 to pass on to our clients
- to predict trends, growth and to provide sound information for real estate investors

2016/7 saw a 5.9% decrease in the volume of house sales while the median house price remained the same at \$340,000. This is one third of Sydney's median, highlighting the affordability of Wagga Wagga.

There has been a 18.6% decrease in the volume of unit sales, however investors continue to strongly support this sector of the market. Coming off the back of such a strong year in 2015/16, this is no surprise.

There has been a 5.5% decrease in vacant land sales in Wagga Wagga. Strong interest for land in the northern estates, namely Boorooma, Estella and Gobbagombalin has continued. Land at Lloyd has seen a significant uptake, bringing some balance back to the north/south land sales market.

Residential vacancy factors continue to be exceptionally low, with Fitzpatrick's Real Estate vacancy rate averaged at 2.08% for the 2016/17 financial year. We expect residential rents to remain steady, with only minor increases, providing a sound return to investors when coupled with Wagga Wagga's low vacancy factor.

In the Wagga Wagga LGA, there were 277 residential building approvals in the financial year 2016-17. It is likely this number of approvals is likely to be the norm as our population grows.

Wagga Wagga's estimated resident population is 64,085 and is expected to grow at a rate of approximately 1.05% per annum, reaching 80,365 people by 2036.

18.2% of our population is in the 35-49 age demographic, providing a young and well educated workforce.

There were 45 commercial sales in the last financial year, slightly down from last year. Retail and office leasing has been very strong throughout the year and is likely to continue. Industrial leasing, sales and development continues to be subdued. The new intermodal rail/freight hub enabling roads will be completed next financial year and the city is hopeful of attracting new business to town.



POPULATION and finance

64,085

Estimated
Wagga
resident
population

2.49

Average
household size

35-49

Represent 18.2%
of the population

1.05%

Population growth
projection on
average per annum

25.85%

Of household
income spent
on mortgages
in Wagga

4.62%

Unemployment
rate compared to
NSW at 5.2%

1.5%

Cash rate

1.9%

Inflation rate

Population

- Wagga Wagga's community has an estimated resident population of 64,085.¹¹
- The population is expected to increase to 80,365 by 2036, at an average annual growth rate of 1.05% per annum.⁵
- There are 23,564 occupied private dwellings in Wagga Wagga.⁶
- The average household size of Wagga Wagga residents is 2.49.⁶
- Persons aged 35-49 years of age represent 18.2% of the population.⁶

Finance

- The Reserve Bank of Australia has decreased the official cash rate from 1.75% to 1.5% within the last financial year.¹
- The inflation rate as of June 2017 was 1.9%, an increase of 0.9% from June 2016.¹

Affordability

Wagga Wagga continues to provide very affordable housing options.

- The average mortgage repayment in Wagga Wagga equates to 25.85% of the average household income, compared to an average of 30.84% across New South Wales.¹
- For the March 2017 quarter, Wagga Wagga's unemployment rate was 4.62% The New South Wales unemployment rate is 5.2%.⁷

HOUSES

The **median house price in Wagga Wagga** for 12 months from July 2016 to June 2017 was **\$340,000**. This is the same as the last financial year.²

The median house price in NSW for the period 1 July 2016 to 31 March 2017 was **\$635,000**.⁴

The median house price in Sydney for the same period was **\$900,000**.⁴

House prices in Sydney have **increased 12.7%** in the last financial year.⁸

Strong residential markets in Wagga Wagga include:

Central Wagga 121 sales (11.32%)²

Koorringal 118 sales (11.04%)²

Lake Albert 104 sales (9.73%)²

In the 2016/2017 financial year **November had the most activity at 120 sales**, this was followed by **110 sales in December** and **105 sales in March**. **The total number of sales was 1069**, a decrease of 5.98% from the 2016 financial year.²

Moorong recorded the **highest median residential house price** of **\$942,500**.²

The **\$301,000-\$400,000 price bracket** registered the most activity accounting for **318 sales or 29.75%**, followed very closely by the **\$201,000-\$300,000 price bracket** with **300 sales or 28.06%**²

Fitzpatricks Real Estate held **1337 open homes**, welcomed **5,100 group attendees** to our open homes, an **average of 3.8 groups per open**. **2285 private inspections** were also conducted.¹⁰

Median house prices

Wagga Wagga **\$340,000**

NSW **\$635,000**

Sydney **\$900,000**

Wagga Wagga median house prices

2017 **\$340,000**

2016 **\$340,000**

2015 **\$320,000**

2014 **\$310,000**

2013 **\$312,500**

ESTELLA

median house price
\$364,000
total number of sales
46
fitzpatricks sales
30.43%

BOOROOMA

median house price
\$425,000
total number of sales
37
fitzpatricks sales
40.54%

GOBBAGOMBALIN

median house price
\$401,000
total number of sales
34
fitzpatricks sales
8.82%

CENTRAL

median house price
\$395,000
total number of sales
121
fitzpatricks sales
27.27%

ASHMONT

median house price
\$230,000
total number of sales
61
fitzpatricks sales
18.03%

TURVEY PARK

median house price
\$320,000
total number of sales
64
fitzpatricks sales
20.31%

KOORINGAL

median house price
\$322,000
total number of sales
118
fitzpatricks sales
25.42%

GLENFIELD PARK

median house price
\$328,500
total number of sales
100
fitzpatricks sales
26%

TOLLAND

median house price
\$265,500
total number of sales
64
fitzpatricks sales
21.88%

MOUNT AUSTIN

median house price
\$237,000
total number of sales
72
fitzpatricks sales
19.44%

TATTON

median house price
\$534,500
total number of sales
38
fitzpatricks sales
34.21%

LLOYD

median house price
\$433,000
total number of sales
33
fitzpatricks sales
27.27%

BOURKELANDS

median house price
\$410,000
total number of sales
52
fitzpatricks sales
25%

LAKE ALBERT

median house price
\$345,000
total number of sales
104
fitzpatricks sales
20.19%

UNITS

The **median unit price in Wagga Wagga** for 12 months from July 2016 to June 2017 was **\$270,000**. This is the same as last financial year.²

The median unit price in NSW for the period 1 July 2016 to 31 March 2017 was **\$650,000**.⁴

The median unit price in Sydney for the same period was **\$720,000**.⁴

House prices in Sydney have **increased 10.5%** in the last financial year.⁸

There was a **total of 161 unit sales in Wagga Wagga** for the last financial year. This is down from last years 198 sales.²

The strongest suburb for sales was **Central Wagga** with **56 sales**, 34.78% of all unit sales.²

The **highest unit sale was \$979,000** for a 3 bedroom, 2 bathroom brand new unit in Central Wagga Wagga.²

The **price bracket of \$201,000 - \$300,000** registered the most activity with **55 sales**, being **34.16%** of the market.²

There were two multi unit blocks sold in the last financial year, the highest being a **4 unit complex in** for **\$1,146,000** sold by Fitzpatricks Real Estate.

With the Staunton Park development now underway, we expect to see some growth in the Central Wagga median.

Median unit prices

Wagga Wagga **\$270,000**

NSW **\$650,000**

Sydney **\$720,000**

Wagga Wagga median unit prices

2017 **\$270,000**

2016 **\$270,000**

2015 **\$250,000**

2014 **\$223,000**

2013 **\$232,500**

ESTELLA

median unit price
\$290,000
total number of sales
4

BOOROOMA

median unit price
\$354,750
total number of sales
6

GOBBAGOMBALIN

median unit price
\$364,000
total number of sales
3

CENTRAL

median unit price
\$266,500
total number of sales
56

ASHMONT

median unit price
\$143,500
total number of sales
10

TURVEY PARK

median unit price
\$340,000
total number of sales
7

GLENFIELD PARK

median unit price
\$259,500
total number of sales
12

KOORINGAL

median unit price
\$216,500
total number of sales
19

TOLLAND

median unit price
\$125,500
total number of sales
6

MOUNT AUSTIN

median unit price
\$247,500
total number of sales
6

TATTON

median unit price
\$317,500
total number of sales
6

LLOYD

median unit price
\$354,000
total number of sales
3

BOURKELANDS

median unit price
\$335,000
total number of sales
9

LAKE ALBERT

median unit price
\$287,000
total number of sales
8

LAND

307 residential blocks were sold in Wagga Wagga in 2016-17 financial year, a minor decrease of 4.7%.²

The **median land price** was **\$135,000** which is an **increase of 2%** from the previous year.² We expect the median to continue to rise gradually.

In the Wagga Wagga LGA, there were **277 residential building approvals for new houses** in the financial year 2016-17.¹¹

Wagga Wagga median land prices

2017	\$135,000	+2% from 2016
2016	\$132,250	
2015	\$125,000	
2014	\$125,000	
2013	\$125,000	

The **highest land sale** was in **Moorong** for **\$550,000** with a land size of 2.98 acres.²

The month of **February** registered the most activity with **64 land sales**.²

Springvale registered the **highest median land price of \$310,000**.²

Most popular suburbs for land sales in Wagga Wagga include:

Gobbagombalin (Estella Rise) 72 sales (23.45%)²

Boorooma 71 sales (23.13%)²

Lloyd 59 sales (19.22%)²

Land supply is just meeting demand at the moment. Bourkelands is all but sold out. Lloyd has experienced a strong uptake in both estates over the last 12 months, whilst the northern estates continue to provide the bulk of the land sold.

Lifestyle allotments are selling at a premium as supply has dwindled.

RESIDENTIAL RENTALS

The **median weekly rent** for a **house** in Wagga Wagga for the period July 2016 to June 2017 was **\$340**.²

The **median weekly rent** for a **unit** was **\$260**.²

Riverina's vacancy rate average for the 2016/17 financial year was 3.21%.⁹

Fitzpatricks vacancy rate average remained lower at **2.08%**.¹⁰

The lowest vacancy rate month was September for the Riverina (2.4%)⁹ and August for Fitzpatricks at a low rate of 1.25%.¹⁰

Fitzpatricks conducted a total of **3182 rental inspections**.¹⁰

4720 prospective tenants visited our open homes.¹⁰

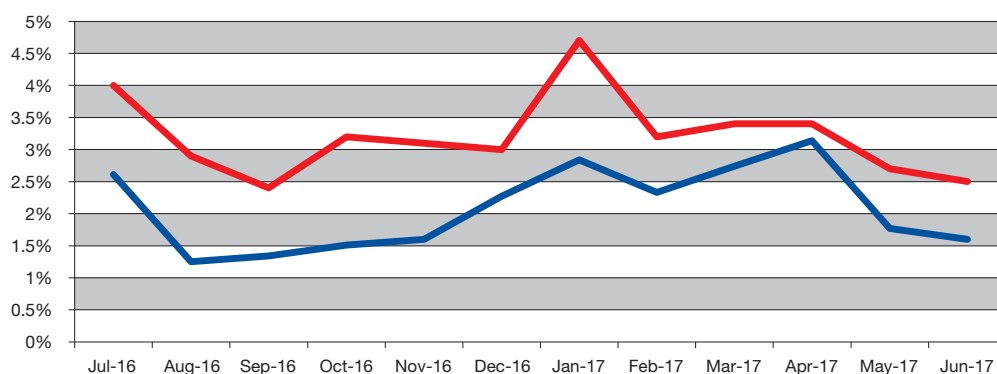
Fitzpatricks **leased 596 properties** with 1281 rental applications lodged.¹⁰

Wagga Wagga median rent houses

2017	\$340	+3.03% from 2016
2016	\$330	
2015	\$320	
2014	\$340	
2013	\$300	

Wagga Wagga median rent units

2017	\$260
2016	\$260
2015	\$250
2014	\$250
2013	\$220



Vacancy rate comparison

— Fitzpatricks Real Estate
— Riverina

SALES

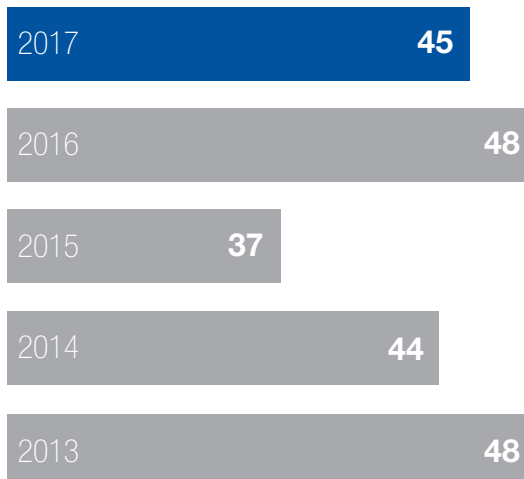
There were **45 commercial sales** in Wagga Wagga in the last financial year. This is down slightly compared to 48 last financial year. The average sale price was around **\$963,000**.

Major notable sales included:

- 12-20 Edward Street
(BCF, The Good Guys and Pet Barn Building)
- 49-51 Moroong Street
(former Duffy Bros. wholesale site)
- 199 Baylis Street
(Phoenix Hall Building south of Myer)
- 175-179 Baylis Street
(multi tenanted site on the corner of Thompson Street)
- 176 Hammond Avenue
(former Eclipse Furniture factory and showroom)

The market once again was evenly spread between investors and owner occupiers. The finished Docker Street medical complex saw 6 strata office units trade for the financial year. Investor demand and enquiry remains strong and continues to exceed supply, as was the case last year. CBD properties in good condition with sound long leases in place to strong tenants are rare and when offered to the market are selling at around a 7 to 7.5% yield.

Wagga Wagga number of commercial sales



DEVELOPMENT

It has been a quieter year in development with many of the 15/16 Financial year projects such as the Rural Referral Hospital, Docker Street Medical complex and the Marketplace expansion now completed.

Many of the storage shed facilities in the construction pipeline last year are now completed. Private developers have been behind these with

- Wagga Self Storage in Wentworth Street now fully leased
- Wagga Secure Storage in Jones Street now fully leased
- East Wagga Storage Solutions has just been completed with uptake and leasing currently underway.

Industrial development remains minimal due to the speculative development occurring over the past few years and the remaining number of vacant industrial properties. Some owner occupiers have built their own industrial complexes particularly in Jones and Houtman Streets in the cities East.

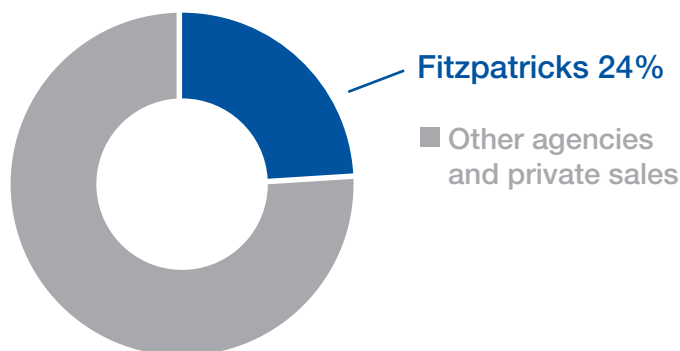
Fitzpatricks PCI Commercial had two industrial land sales, one in Nagle Street and one in Lockyer Street. The majority of industrial land sales in the past few years have occurred inside the levee bank at Jones and Nagle Streets and out further to the East in Houtman Street.

IN THE LAST FINANCIAL YEAR

Fitzpatrick's PCI Commercial **leased 98 properties**. This is up from last years 54.¹⁰

Our team **sold 11 commercial properties** representing approximately **24% of the total commercial sales in Wagga Wagga** in the last financial year.²

Commercial sales in Wagga Wagga



LEASING

Trends in the leasing market change slowly, with the market not too different to last financial year. Office leasing reflects the most activity across all size options. The small office and shared working space continues to be strong with very little vacancy in this segment. Proactive operators are seizing this trend, securing older buildings, renovating and effectively leasing out smaller tenancy areas. The NDIS rollout has also contributed with a number of amalgamations and mergers of providers, with some of these upgrading or increasing their leasing footprint. Notable examples of this is the future opening of an NDIS office and Livebetter (Carewest), both taking substantial space in the ex Franklins Supermarket in Peter Street. This major refurbishment will also see The Daily Advertiser relocate into this same building after 100+ years of occupation in their Trail Street site.

Large industrial space remains as it was last year with numerous large warehouses remaining vacant. Leasing enquiry for large space remains quiet.

Retail leasing remains strong, especially in the core retailing areas of the CBD. Last year we saw the emergence and take-up of space by many food retailers and service industries. This year has seen a return of some traditional clothing retailers. Our office in the past 12 months has leased space to:

- Blowes Menwear
- Wagga Work Locker
- Gazman
- Ed Harry
- Mountain Designs

Pressure across the board on rents continues with minor rental rate growth usually linked to CPI. Tenants are seeking larger leasing incentives and rent free periods, however, well positioned main street properties with good facilities and infrastructure are attracting strong tenants and have low vacancy factors.

FIRST HOME OWNER BENEFITS

Since the inception of the first home owner's scheme in 2000, Wagga Wagga has continued to remain in the top 20 postcodes for overall benefits received.

Wagga Wagga is ranked **13th** in the top 20 postcodes for **NSW** for **taking up the First Home Benefits**.³

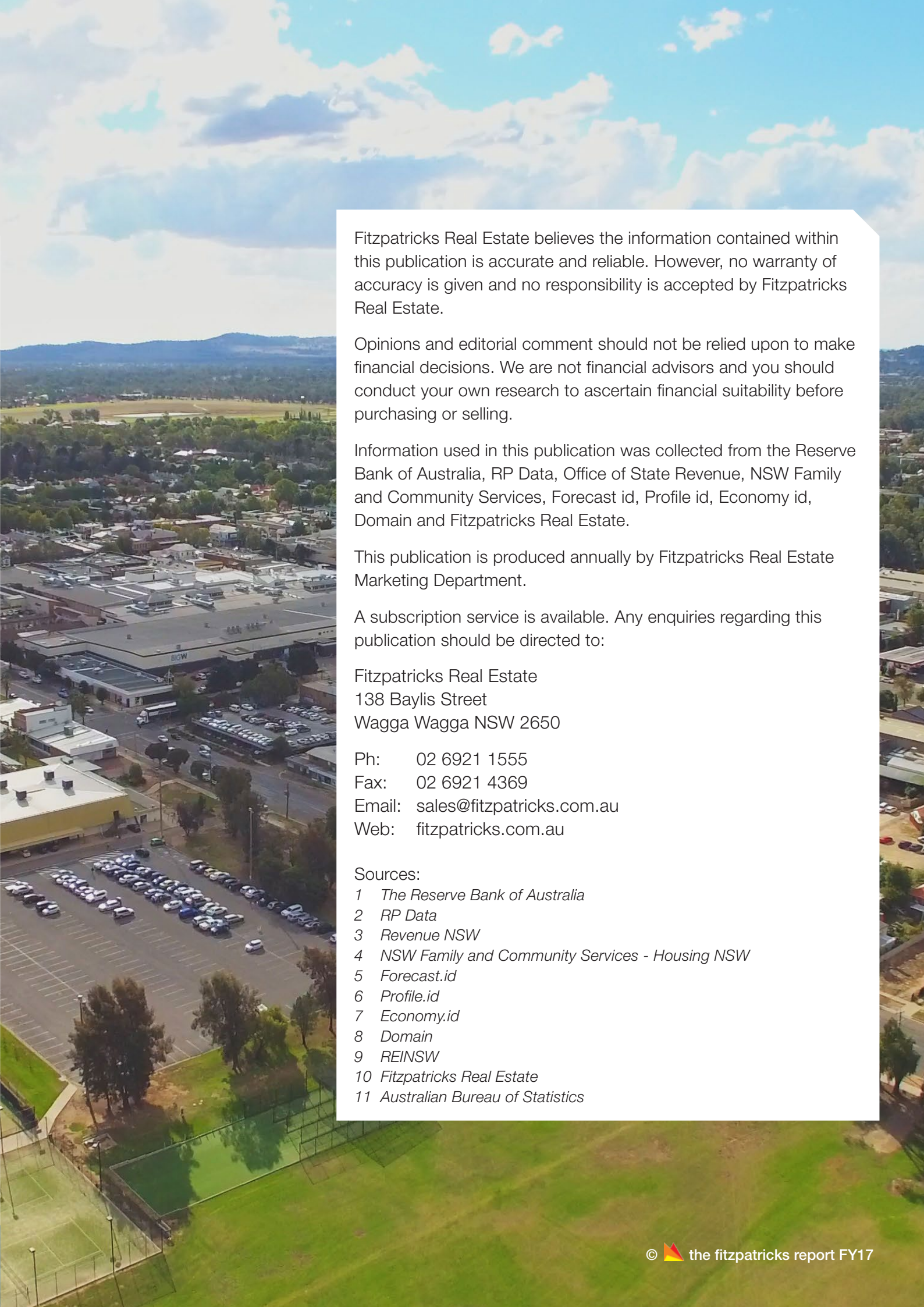
The **total** number of **First Home Owner Grants** distributed in **Wagga Wagga** since the scheme began is **5,523** with a total value of **\$49,047,000**.³

First home exemptions or concessions in **Wagga Wagga** since the beginning of the scheme have **totalled** \$28,789,550 (5,598 grants in total).³

Total number of Grants paid in the **2015/16 financial year** was 18,471 with a total of \$212,367,616. In **Wagga Wagga** last financial year, **195** grants were paid totalling **\$1,640,609**.³

The grants that were available in this financial year have now been replaced with the First Home Buyers Assistance scheme from 1st July 2017.

For more information on current government grants available visit www.revenue.nsw.gov.au **conditions apply*.³



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Information used in this publication was collected from the Reserve Bank of Australia, RP Data, Office of State Revenue, NSW Family and Community Services, Forecast id, Profile id, Economy id, Domain and Fitzpatricks Real Estate.

This publication is produced annually by Fitzpatricks Real Estate Marketing Department.

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Sources:

- 1 *The Reserve Bank of Australia*
- 2 *RP Data*
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- 4 *NSW Family and Community Services - Housing NSW*
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- 7 *Economy.id*
- 8 *Domain*
- 9 *REINSW*
- 10 *Fitzpatricks Real Estate*
- 11 *Australian Bureau of Statistics*



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