

FITZPATRICKS REPORT

FINANCIAL YEAR 2019

19TH EDITION



fitzpatricks
real estate

always there





THE FITZPATRICKS REPORT FINANCIAL YEAR 2019

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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.

The Directors hope you enjoy reading the 2019 Fitzpatricks Report, our 19th edition. We produce the Report each year to:

- provide you with the latest market data
- provide the professional real estate staff at Fitzpatricks Real Estate with accurate information to pass on to our clients
- to highlight growth, predict trends and to provide sound information for real estate investors

2018/19 saw an 9.2% decrease in the volume of house sales. Investors continued to support the residential sector of this market and this should continue with the falling cash rate. There has been a large fall in the volume of unit sales, dropping to 102 sales from last years 192 sales, reflecting a tightly held commodity.

The financial year 2018/19 saw Wagga's median unit price at \$250,000. This was a product of investors not bringing stock to the market, highlighting they are happy with their return. The median house price for the same period was \$370,000. The median house price increase in Wagga of 4.37% reveals the underlying strength of regional properties, compared to a 9.7% decrease of the median house price in Sydney. It is very likely this outcome could be repeated in the coming year, after our 2 yearly increase of 8.6%. Median unit and house prices in Wagga compare favourably with Sydney's median unit and house prices for the June quarter of \$688,000 and \$1,032,000.

Fortunately the supply of land increased slightly over the previous period, providing an additional 35 lots (ie. 280 sales). With the 311 residential building approvals for new houses, the supply/demand ratio continues to be out of balance.

The constraints restricting the supply side of land have been well documented over the last few years. It is important Council addresses these matters or Wagga will witness serious upward pressure on price and its housing affordability. Land sales in Lloyd and particularly the northern estates of Boorooma and Gobbagombalin continue to be strong.

Residential vacancy factors continue to be low, a trend we have witnessed for many years now. Fitzpatricks Real Estate's vacancy rate averaged 2.32%. Minor fluctuations occurred to rental values. Wagga's median rentals for houses and units at \$340 and \$230 per week, highlight the city's affordability when compared to Sydney City's medians of \$793 and \$650 per week (June 2019 quarter).

Building approvals fell by 32 new homes, a decrease of 9.6%. Wagga's current estimated population of 67,673 is expected to grow at a rate of 1.18% per annum, now predicted to reach 80,984 by 2036. If the city is to grow by this amount of people, substantial land, new houses and units must be produced.

Commercial sale numbers were virtually identical to the last 3 years. Once again, commercial leasing has been strong during the year and current enquiry levels indicate this is likely to continue. City industrial land sales have continued, which is a good sign for commercial development close to the city.

Large public investment and infrastructure projects are under way and new projects are being announced, suggesting a strong economic boost to the city's economy over the next few years.

The Bomen precinct, including the Inter-Modal Hub, has been declared a State Activation Precinct, which should see a significant boost in State funding incentives and simplification of planning approval processes. Whilst it will be a slow burn, this declaration will see a significant boost in the industrial sector (and hence jobs) in the medium to long term.



POPULATION AND FINANCE

67,673

Estimated Wagga
resident population

18-49

Represent 42.9%
of the population

80,984

Estimated Wagga
population by 2036

1.18%

Population growth
projection on
average per annum

2.49

Average
household size

25.85%

Of household
income spent on
mortgages in Wagga

1.25%

Official cash rate
June 2019

1.6%

Inflation rate
June 2019

POPULATION

- Wagga Wagga's community has an estimated resident population of 67,673.⁵
- The population is expected to increase to 80,984 by 2036, at an average annual growth rate of 1.18% 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 18-49 years of age represent 42.9% of the population.⁶

FINANCE

- The Reserve Bank of Australia decreased the official cash rate to 1.25% in June after it held steady at 1.5% from July to May 2018.¹
- The inflation rate as of June 2019 was 1.6%, compared to 2.1% from June 2018.¹²

AFFORDABILITY

Wagga Wagga continues to provide very affordable housing options.

- The average mortgage repayment in Wagga Wagga equates to 25.86% of the average household income, compared to Sydney at 28.58% and 30.84% across New South Wales.¹

FIRST HOME OWNER GRANTS & CONCESSIONS

- The total number of Grants paid in NSW in the 2018/19 financial year was 37,388 totalling of \$553,574,835.³
- In Wagga Wagga 528 grants were paid totalling \$5,129,333 in the last financial year.³

HOUSES

The **median house price in Wagga Wagga** for the 12 months from July 2018 to June 2019 was **\$370,000**. This is a **4.37% increase** from the last financial year.²

For the **June 2019 quarter** the median house price in **Sydney** for the June quarter was **\$1,032,338**.⁸

House prices in Sydney have **decreased 9.7%** in the last financial year.⁸

Strong residential markets in Wagga Wagga include:

Koorungal 124 sales (11.74%)²

Central Wagga 113 sales (10.7%)²

Glenfield Park 103 sales (9.75%)²

In the 2018/2019 financial year **November had the most activity with 131 sales**, this was followed by **103 sales in October** and **98 sales in December**. **The total number of sales was 1055**, compared to 1164, a decrease of 9.27% from the 2018 financial year.²

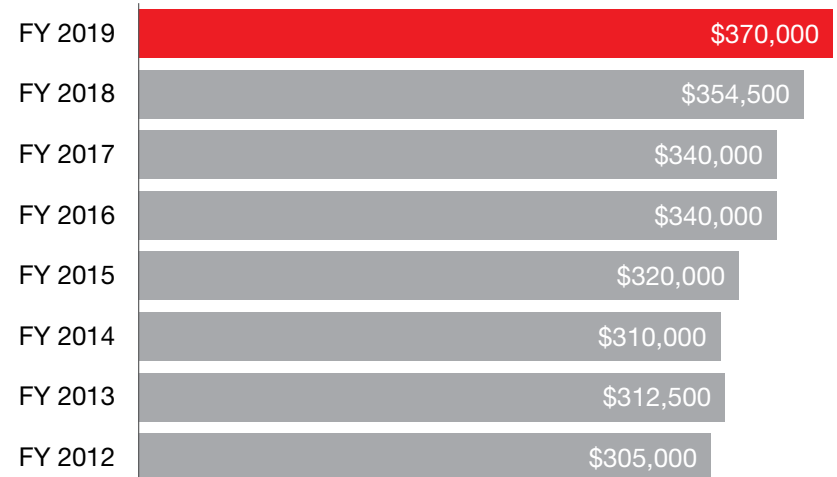
Springvale recorded the **highest median price of \$825,000** followed by **San Isidore \$632,500**.² These homes are typically larger lifestyle homes on large blocks or small acreage.

Tatton recorded the highest suburban median price of **\$560,000**.²

The **highest house sale** in the 2018-19 financial year was a river frontage property sold by **Fitzpatricks Real Estate**.

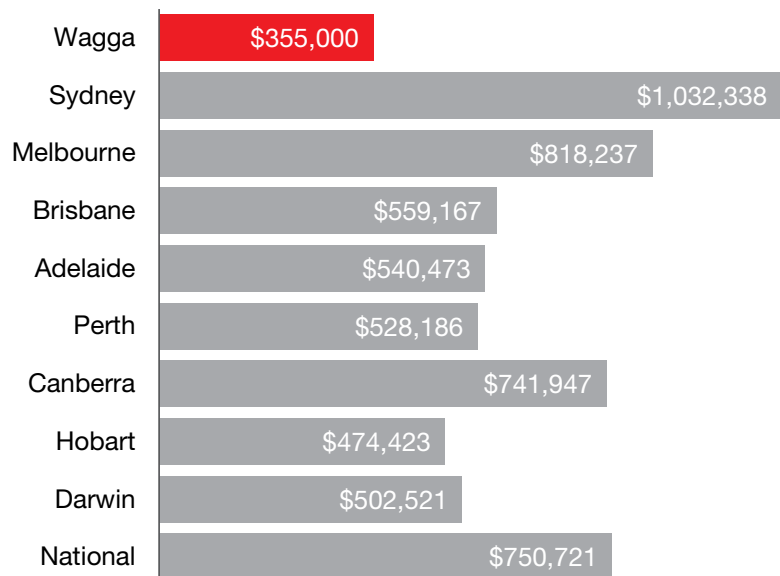
The **\$300,001-\$400,000 price bracket** registered the most activity accounting for **335 sales** or 31.7%, followed by the **\$400,001-\$500,000 price bracket** with **226 sales** at 21.4%.²

WAGGA WAGGA FINANCIAL YEAR MEDIAN HOUSE PRICES



Source: Pricerfinder, RP Data, REINSW, PDS Live

MEDIAN HOUSE PRICES - JUNE 2019 QUARTER



Source: Pricerfinder, Domain

UNITS

The **median unit price in Wagga Wagga** for the 12 months from July 2018 to June 2019 was **\$250,000**. This is a decrease of 8.75% from last financial year.²

For the **June 2019 quarter** the median unit price in **Sydney** for the June 2019 quarter was **\$688,652**.⁸ Unit prices in Sydney have **decreased 6.5%** in the last financial year.⁸

There was a **total of 102 unit sales in Wagga Wagga** for the last financial year compared to 192 of the previous year.²

The strongest suburb for sales was **Central Wagga** with **52 sales**, 50.98% of all unit sales.²

601/138 Tarcutta Street Central Wagga was the **highest unit sale for \$1,067,500**. This 3 bedroom, 2 bathroom unit is in the Waterview Gardens Complex and was sold by Fitzpatrick's Real Estate.²

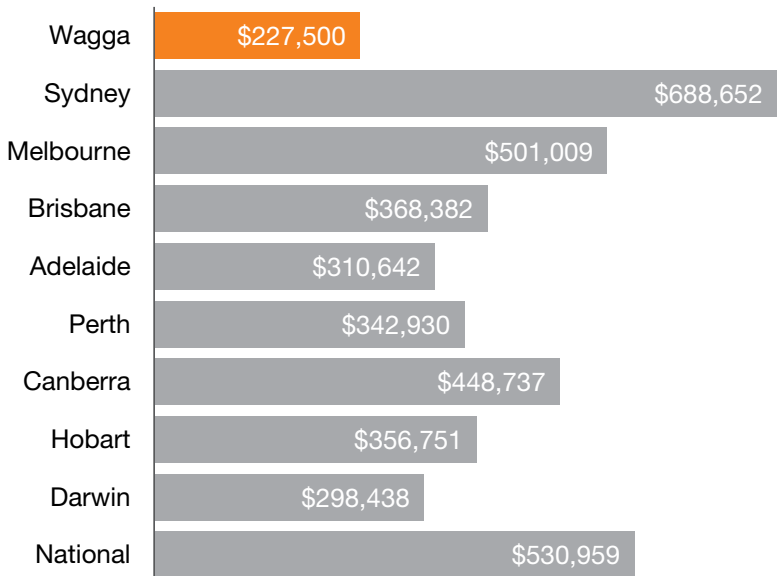
The **price bracket of \$200,001 - \$300,000** registered the most activity with **49 sales**, being **48.04%** of the market.²

WAGGA WAGGA FINANCIAL YEAR MEDIAN UNIT PRICES



Source: Pricerfinder, RP Data, REINSW, PDS Live

MEDIAN UNIT PRICES - JUNE 2019 QUARTER

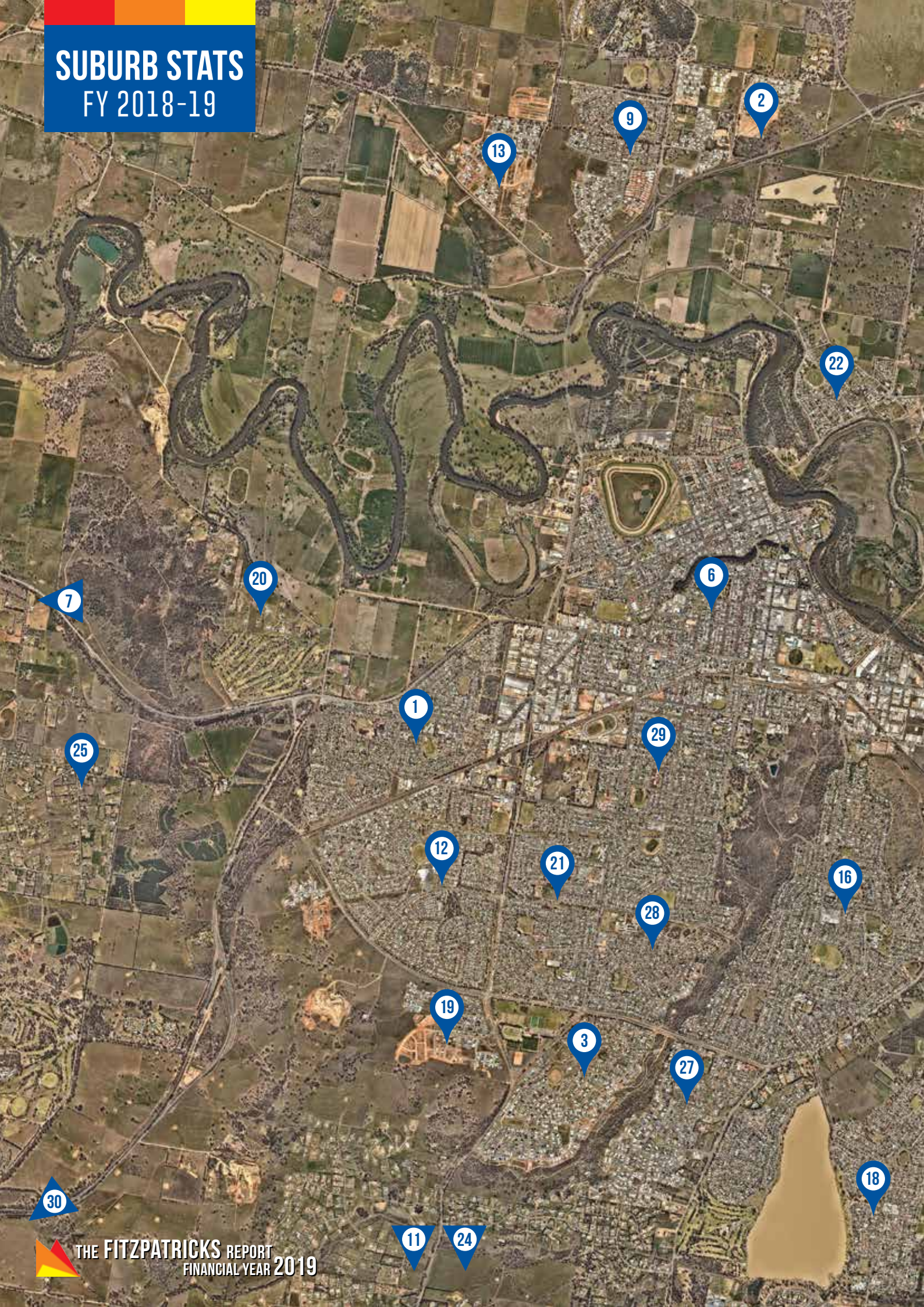


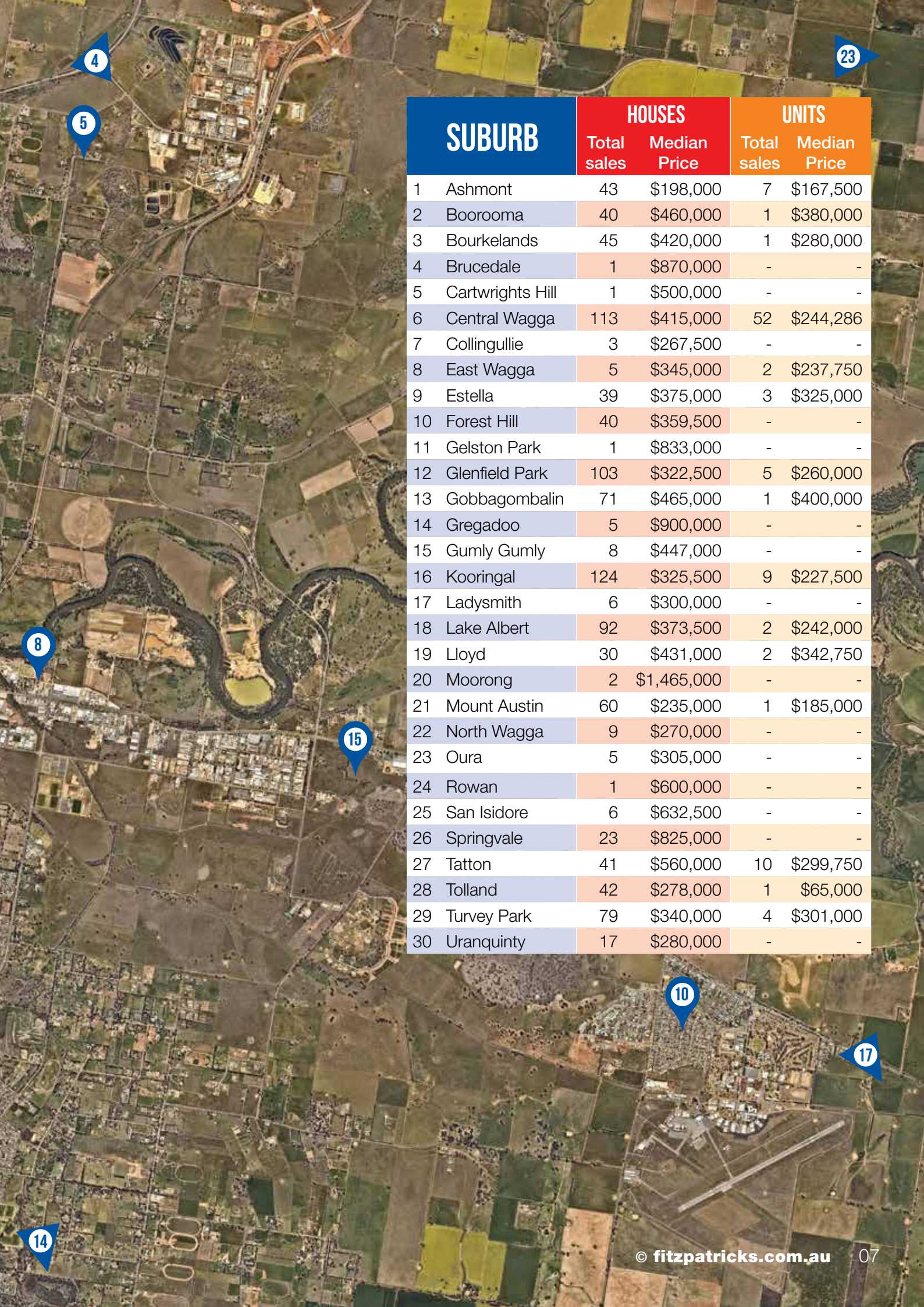
Source: Pricerfinder, Domain

Fitzpatrick's Real Estate held **1094 open homes**, welcomed **3257 group attendees** to our open homes, an **average of 3 groups per open**. **1751 private inspections** were also conducted.¹⁰

SUBURB STATS

FY 2018-19





SUBURB		HOUSES		UNITS	
		Total sales	Median Price	Total sales	Median Price
1	Ashmont	43	\$198,000	7	\$167,500
2	Boorooma	40	\$460,000	1	\$380,000
3	Bourkelands	45	\$420,000	1	\$280,000
4	Brucedale	1	\$870,000	-	-
5	Cartwrights Hill	1	\$500,000	-	-
6	Central Wagga	113	\$415,000	52	\$244,286
7	Collingullie	3	\$267,500	-	-
8	East Wagga	5	\$345,000	2	\$237,750
9	Estella	39	\$375,000	3	\$325,000
10	Forest Hill	40	\$359,500	-	-
11	Gelston Park	1	\$833,000	-	-
12	Glenfield Park	103	\$322,500	5	\$260,000
13	Gobbagombalin	71	\$465,000	1	\$400,000
14	Gregadoo	5	\$900,000	-	-
15	Gumly Gumly	8	\$447,000	-	-
16	Koorinal	124	\$325,500	9	\$227,500
17	Ladysmith	6	\$300,000	-	-
18	Lake Albert	92	\$373,500	2	\$242,000
19	Lloyd	30	\$431,000	2	\$342,750
20	Moorong	2	\$1,465,000	-	-
21	Mount Austin	60	\$235,000	1	\$185,000
22	North Wagga	9	\$270,000	-	-
23	Oura	5	\$305,000	-	-
24	Rowan	1	\$600,000	-	-
25	San Isidore	6	\$632,500	-	-
26	Springvale	23	\$825,000	-	-
27	Tatton	41	\$560,000	10	\$299,750
28	Tolland	42	\$278,000	1	\$65,000
29	Turvey Park	79	\$340,000	4	\$301,000
30	Uranquinty	17	\$280,000	-	-

LAND

280 residential blocks were sold in Wagga Wagga in 2017-18 financial year, compared to 245 blocks last year, an increase of 14.28%.²

The **median land price** was **\$145,000** which has held steady from the last financial year.

In the Wagga Wagga LGA, there were **311 residential building approvals for new houses** in the financial year 2018-19, a drop of 32 approvals.¹¹

The **highest land sale** was in **Lake Albert** for **\$375,000** with a land size of 1443 square metres.²

The month of **October** registered **the most activity**, with **52 land sales**.²

Lake Albert and Springvale registered the **highest median land price of \$305,000**.²

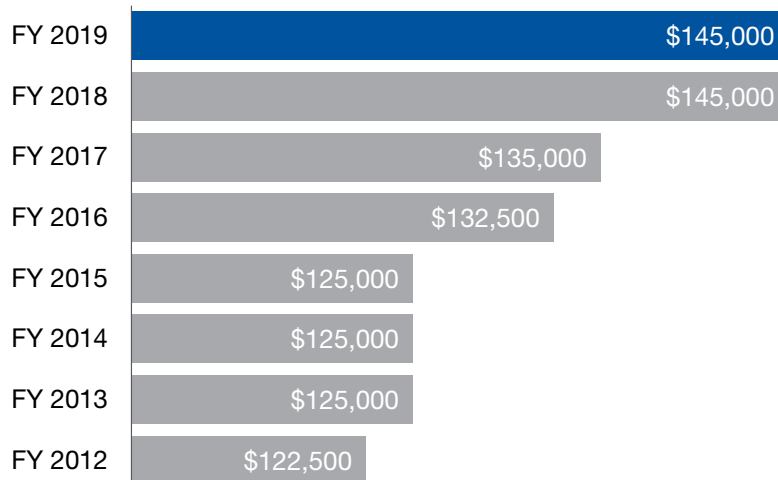
Most popular suburbs for land sales in Wagga Wagga include:

Gobbagombalin 115 sales (41.07%)²

Lloyd 52 sales (18.57%)²

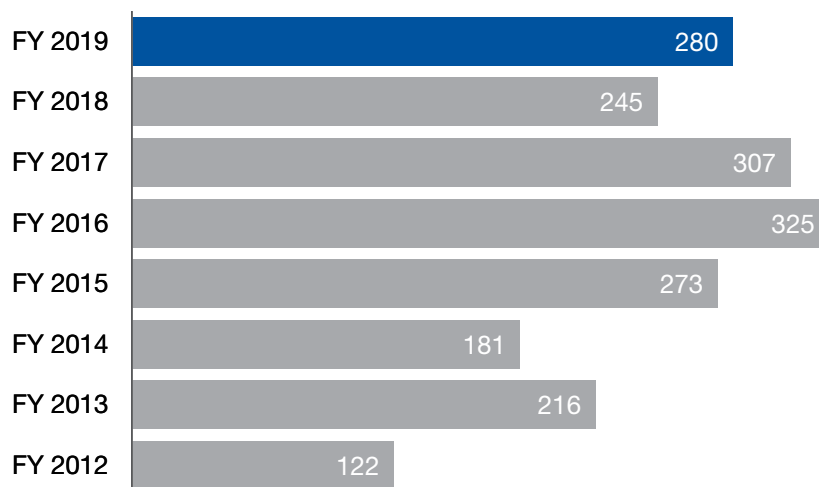
Boorooma 35 sales (12.5%)²

WAGGA WAGGA FINANCIAL YEAR MEDIAN LAND PRICES



Source: Pricefinder, RP Data, REINSW, PDS Live

NUMBER OF LAND SALES IN WAGGA



Source: Pricefinder, RP Data

The land supply of 2018/2019 has barely met demand. Bourkelands sold out in 2018. Lloyd has experienced a strong uptake in the last 12 months. With little land available for sale at Gobbagombalin, Boorooma and Estella continue to experience huge demand due to the supply side being restricted due to zoning and infrastructure issues. At times, the availability of land ready to build on has been less than 20-40 new lots. This is an unacceptable situation for a city needing to grow and needing to maintain a price affordability point. Lifestyle allotments are extremely hard to source and need urgent consideration by Council.

RESIDENTIAL INVESTMENT

The **median weekly rent** for a **house** in Wagga Wagga for the June 2019 quarter was **\$340**.⁴

The **median weekly rent** for a **unit** was **\$230**.⁴

Riverina's average vacancy rate average for the 2018/19 financial year was 2.49%.⁹

Fitzpatricks vacancy rate average remained lower at **2.32%**.¹⁰

The lowest vacancy rate month for Riverina was June (1.6%)⁹ and September for Fitzpatricks at a low rate of 1.47%.¹⁰

Fitzpatricks conducted a total of **2558 rental inspections**.¹⁰

3997 prospective tenants visited our open homes.¹⁰

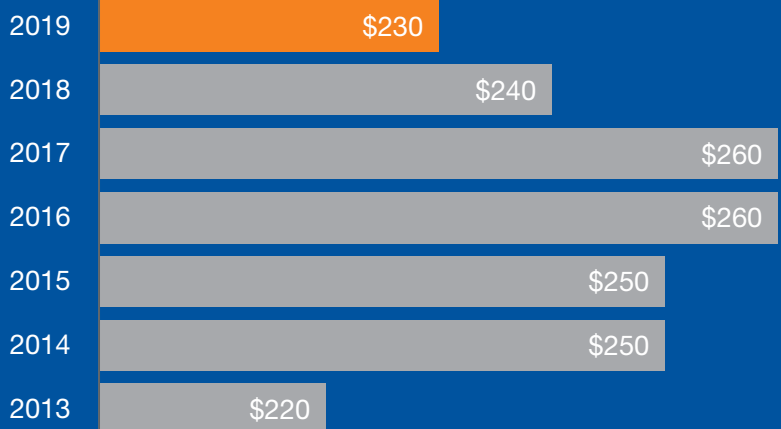
Fitzpatricks **leased 603 properties**, an increase of 30 properties, with 1473 rental applications lodged.¹⁰

WAGGA WAGGA MEDIAN RENT JUNE QTR - HOUSES



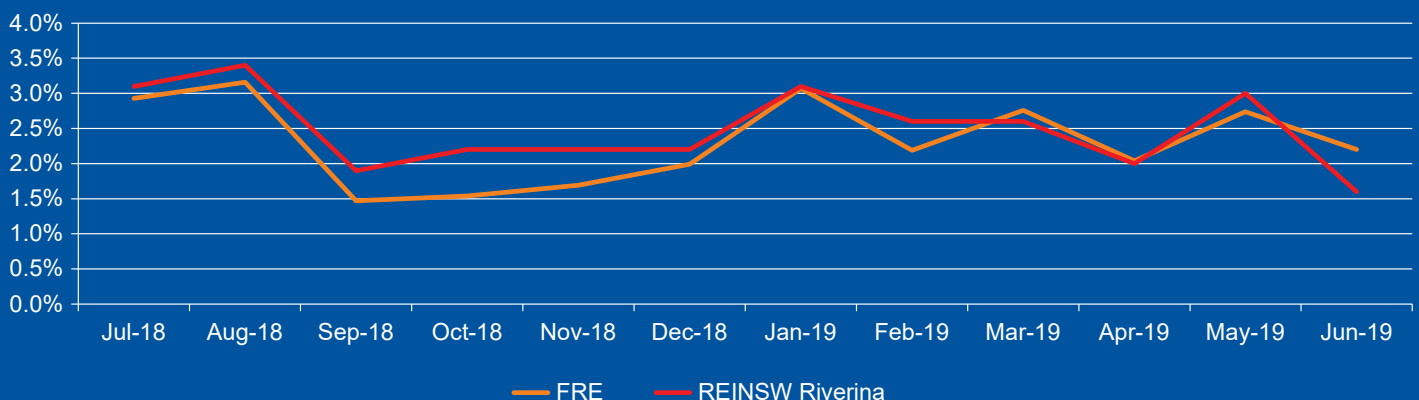
Source: NSW Family and Community Services - Housing NSW

WAGGA WAGGA MEDIAN RENT JUNE QTR - UNITS



Source: NSW Family and Community Services - Housing NSW

Vacancy Rate Comparison



SALES

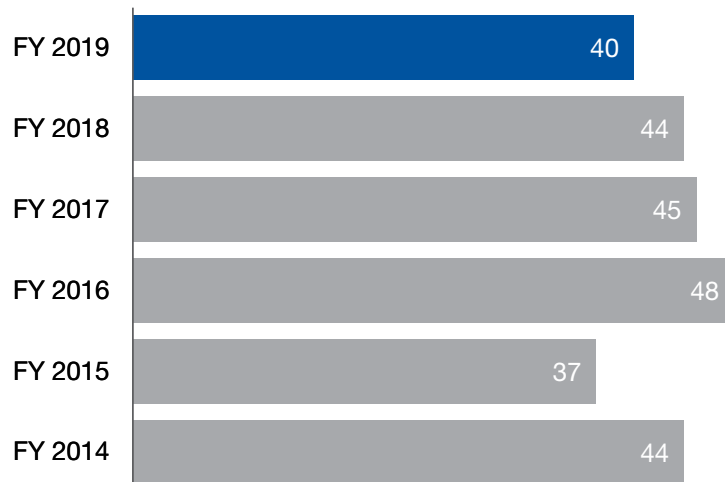
There were around **40 arms length commercial sales in Wagga Wagga** in the last financial year². Of these **Fitzpatrick's Commercial negotiated 14, equating to 35%**. These sales ranged across Baylis Street and Fitzmaurice Street properties, a car wash, a bottle shop, a service station, hotels and motels, however as per last year, the majority were industrial warehouse premises. These sales show static market conditions with 44 sales (FY 18) and 45 (FY17).

Major notable sales included:

- 147 Baylis Street, the ex Thomas Jewellers site, sold with a new lease to the Commonwealth bank
- 2 Ball Place, the purpose built home of Master School Photography
- 2 Nesbitt Street, sold with a new 10 year lease in place to BOC gases
- 3 Moorong Street, 4 tenancies including Moorong Street Veterinary Clinic
- 407 Lake Road, sold with a new lease to Wagga Cellars

There were only 4 sales in Fitzmaurice and Baylis streets, reflecting caution in this sector of the market and a slowing in demand for retail assets. There was further yield compression on previous years and the city remains a strong target region for investors with investment yields ranging from 6.5% to 8.75%.

NUMBER OF COMMERCIAL SALES IN WAGGA



Source: Pricefinder, RP Data

DEVELOPMENT AND LAND SALES

Speculative industrial development has remained quiet due to continuing large industrial vacancy. This vacancy factor is exacerbated if market design requirements are not met, such as clear span, internal clearance height and truck movement capability. Leasing enquiry overall is irregular with prospective tenants having choice across a range of industrial building grades. Owner occupiers continue to build in the eastern precinct with cost of capital at all time lows.

A pleasing sign for the City reveals enquiry for vacant industrial land has seen a resurgence, with limited stock now available. Minimal land remains in Jones and Nagle Streets inside the levee.

Further land sales east along Copland Street and through Houtman Street are also attracting good interest, with levels between \$85 and \$136 per square metre being achieved dependant on certified fill compaction. Land stock continues to reduce in this precinct with further land options being restricted to areas such as Dangar Place and north of the river in Bomen. This growth in activity is a good sign for the City.

The announcement of the Special Activation Precinct (SAP) by the NSW Government is positive news for the northern precinct and forms part of the Federal and State Governments 20 year economic vision for regional Australia. These projects are being partially funded from the \$4.2 Billion Snowy Hydro Legacy Fund. Key elements are:

- Faster and easier planning processes for businesses
- Government led development in some locations
- Investment in to infrastructure
- Co-ordinated land uses and infrastructure planning
- Business concierge services to assist with grants and interest free loans

Further information can be found at <https://www.nsw.gov.au/improving-nsw/regional-nsw/activation-precincts/>

COMMERCIAL AND INDUSTRIAL

Estella and Boorooma residents are eagerly waiting to see if they will get a shopping centre in Estella or Boorooma with proposals and feasibilities continuing to be done across both sites. The Tatton supermarket development site has also hit the market offering 4997 square metres next to the existing medical centre and child care centre.

The high rise residential development planned for Sturt Street has now been exhibited. The two tower development consists of a main tower of 17 storeys overlooking the Murrumbidgee River with 67 apartments in total and 3 commercial tenancies.

The new BP Service station and truck stop has opened on the corner of the Sturt Highway and Tasman Road.

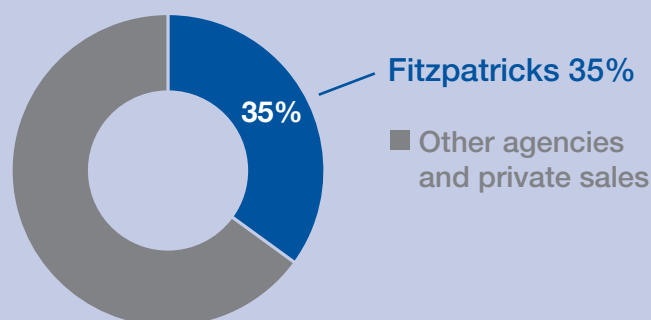
Stage three of the Regional Referral Hospital is underway. The new Ambulatory Care building will provide sub acute, ambulatory, community and primary health care services to the precinct.

IN THE LAST FINANCIAL YEAR

Fitzpatrick's Commercial **leased 154 properties** which is comparable to last years' 150.¹⁰

Our team **sold 14 commercial properties** representing approximately **35% of the total commercial sales in Wagga Wagga** in the last financial year.²

COMMERCIAL SALES IN WAGGA LAST FINANCIAL YEAR



LEASING

Fitzpatrick's Commercial leased 154 properties which was on par with the previous year and continues on our strong leasing success. Small style storage facility developments continue to be popular across the city with another development close to completion at 7 Houtman Street. This is reflective of the continued strong performance of the small industrial sector (60 to 250 square metres) with a number of multi-tenant properties remaining fully leased during the period and excess properties being absorbed.

Main street retail and food outlet vacancies are persisting, however, we are seeing repurposing of shops with more services such as banking, social services and health moving into the main street and fringe CBD areas. The strategic focus upon CBD living and increasing population (towards 100,000) will certainly assist with this matter over the coming years.

Large format office leasing saw The Department of Corrective Services relocate from Kincaid Street into 222 Baylis Street opposite Myer. The small to medium office market remains active with the fringe CBD streets such as Peter, Berry and Blake Streets being in demand areas.

Medical leasing continues to be strong in the medical precinct, Edward Street and fringe CBD areas. A notable lease agreement was negotiated with Murrumbidgee Health for their new BreastScreen NSW centre in Berry Street which saw the repurposing (from retail) and redevelopment of this site.

WAGGA WAGGA LIFESTYLE

VISITORS



↑ **1.3 mil**

Visitors to Wagga Wagga each year



↑ **140**

Regular weekly passenger flights



3 nights

Average stay in Wagga Wagga



\$335

Approximate spend per day for overnight visitors



↑ **860,000**

Average day visitors each year



\$168

Approximate visitor spend per day tip

BUSINESS & RETAIL

- There are over **5500 registered businesses in Wagga Wagga** with **public administration and safety** being the largest industries.
- It is the **largest retail, commercial, administrative and population centre in the Riverina region**
- Wagga Wagga provides a wide range of services and infrastructure, servicing a **retail catchment area of approximately 190,000 people**.
- The city has a strong retail sector, representing a significant component of the economy with **nine shopping districts employing over 3700 people**.

FACILITIES

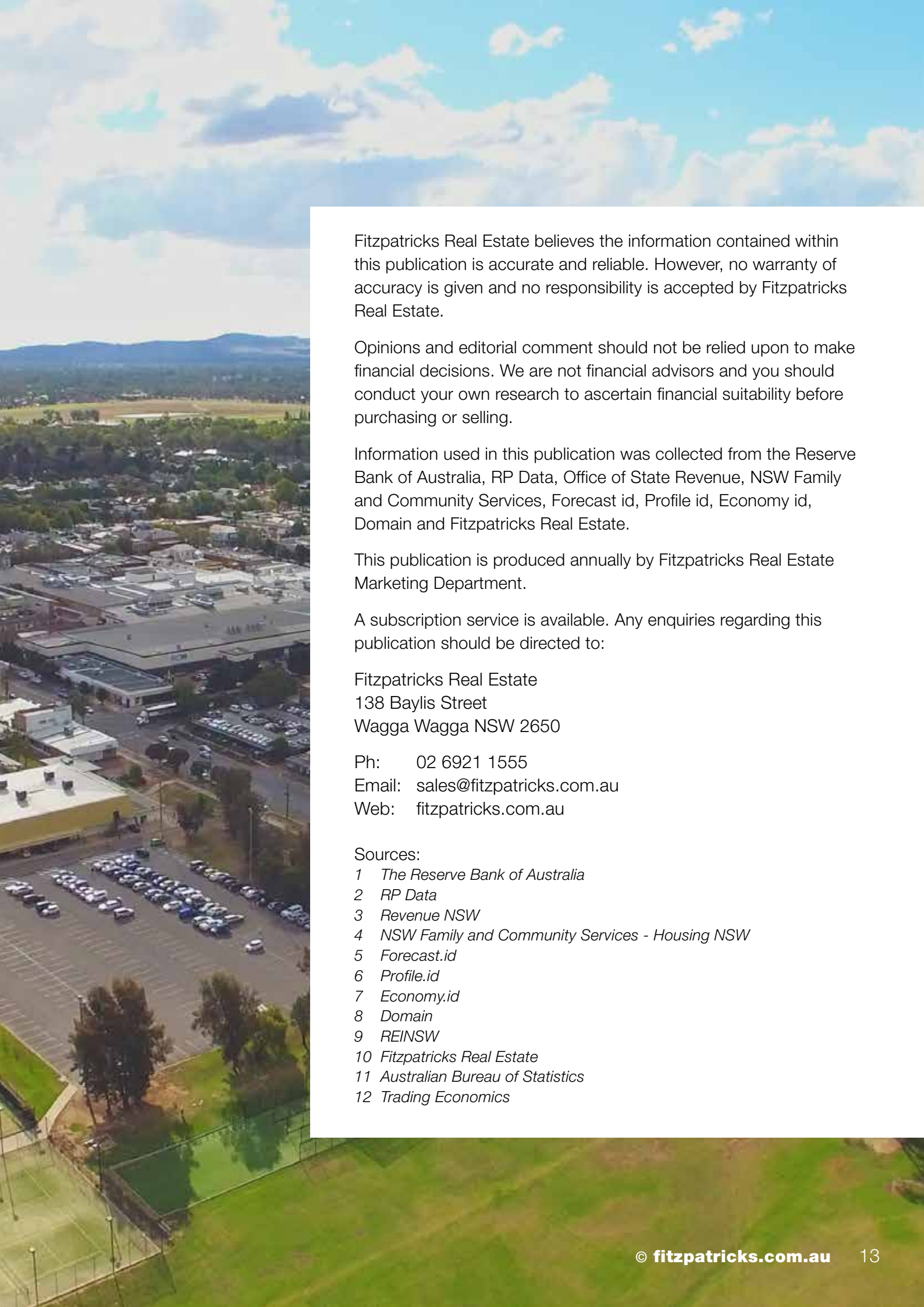
The city has:

- 100+ medical specialists
- 1400+ midwifery, nursing and medical practitioners
- 90+ playgrounds
- 110+ developed parks
- 65 sporting facilities
- 13 community centres
- 34 club and meeting facilities
- 68 educational facilities: 2 tertiary, 9 high schools, 23 primary schools and 34 pre-schools

WORK

- Wagga Wagga has a total **labour force of over 32,000 people**
- **65% of employees having a certificate level qualification or higher**
- **64% of residents in Wagga Wagga work full time** with over 80% of the workforce performing 25 hours or more of paid work per week.

Data sourced from the Wagga Wagga City Council Economic Snapshot 2018



Fitzpatricks Real Estate believes 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.

Opinions and editorial comment should not be relied upon to make financial decisions. We are not financial advisors and you should conduct your own research to ascertain financial suitability before purchasing or selling.

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.

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Sources:

- 1 *The Reserve Bank of Australia*
- 2 *Pricefinder*
- 3 *Revenue NSW*
- 4 *NSW Family and Community Services - Housing NSW*
- 5 *Forecast.id*
- 6 *Profile.id*
- 7 *Economy.id*
- 8 *Domain*
- 9 *REINSW*
- 10 *Fitzpatricks Real Estate*
- 11 *Australian Bureau of Statistics*
- 12 *Trading Economics*



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