

the fitzpatrick's report

financial year 2015

always there



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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 2015 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.

2014/15 saw a 4.8% increase in the volume of house sales, and also a 3% increase in the median house price. The median house price is currently \$320,000. There is a strong likelihood the median prices will lift slightly next year.

There has been a 25% increase in the volume of unit sales, an indication of the renewed confidence of investors.

There has been a 50% increase in vacant land sales in Wagga Wagga. Interest for land in the northern estates, namely Boorooma, Estella and Gobbagombalin has increased dramatically – this is expected to continue.

Residential vacancy factors continue to be exceptionally low, with Fitzpatrick's Real Estate vacancy rate at 2.02% for the 2014/15 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 Wagga Wagga, there were 381 residential buildings approved to be built in the financial year 2014-15. This has increased by 7.9% from the previous year. This can be attributed to some pent up demand, lower interest rates and renewed confidence in the real estate sector.

Wagga Wagga's population has increased by 740 people and the population is expected to grow at a rate of approximately 1.1% per annum, reaching 80,410 people by 2036.

Over 50% of our population is in the 20-59 age demographic, providing a strong, young workforce.

There were 37 commercial sales in the last financial year, totalling \$26 million. This is a decrease from the last year due mainly to the lack of new stock. Small industrial warehouses performed well again this year as they are affordable for many tenants and include a large variety of uses eg: storage, small or start up business, mechanics, freight, etc. There is currently a large supply of vacant industrial warehouses. Industrial land sales have been minimal.



population

- Wagga Wagga's population has continued its growth, with an estimated residential population of 63,851, an increase of 740 people, i.e. a 1.1% growth rate.¹⁰
- The average household size of Wagga Wagga residents is 2.15.¹⁰
- The population is expected to experience an increase to 80,410 by 2036, at an average annual growth rate of 1.1% per annum.
- Persons aged 20-39 years of age represent the largest age group percentage in Wagga Wagga at 28%. This is followed by 25% in the 40-59 year old age group.¹⁰
- The bulk of recent growth has been in the areas of Bourkelands – Tatton, Glenfield Park and Springvale.¹⁰

affordability

- Wagga Wagga continues to provide very affordable housing options.
- 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
- 2014 information for mortgage/affordability is unavailable, we have continued to rely on the 2011 Census information.
- Wagga Wagga's unemployment rate is 4.9%, the New South Wales unemployment rate is 5.9%.⁶

finance

- The Reserve Bank of Australia has decreased the official cash rate from 2.5% to 2% within the last 14 months (July 2014 - September 2015).²
- The annual inflation rate as of June 2015 was 2%.
- Inflation is expected to be consistent with maintaining a target between 2-3% in the coming two years.²
- The cost of money, affordability and population growth should continue to fuel our market.



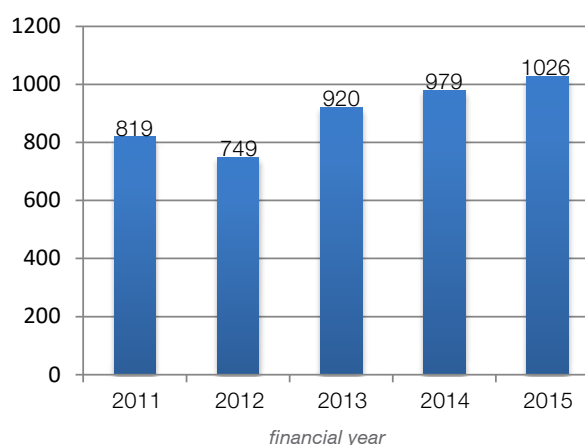
houses

- The median house price in Wagga Wagga for 12 months from 1 July - 30 June was \$320,000. This has increased by 3%.³
- The median house price for Sydney for 12 months from 1 July - 30 June was \$773,000.⁶
- The median house price for New South Wales for 12 months from 1 July - 30 June was \$570,000.⁷
- Strong residential markets in Wagga Wagga include:
 1. Koorinal (135 sales) 13%
 2. Central Wagga (119 sales) 12%
 3. Lake Albert (106 sales) 10%⁶
- The 2014/2015 financial year saw February with the most activity at 118 sales, this was followed by 98 sales in December and 92 sales in June. The total number of sales was 1026.³
- Mount Austin offered the most affordable median house price of \$215,000.
- Moorong (Riverview Estate) recorded the highest median house price of \$1,062,500.
- The \$201,000 - \$300,000 price bracket registered the most activity with 34% of sales.³
- The average days on market for houses in Wagga Wagga was 144 days. This has decreased from 2014, where the average home sat on the market for 173 days, i.e. a 20% decrease.⁷
- Fitzpatricks Real Estate's average days on market was significantly lower at 78 days.
- Fitzpatricks Real Estate welcomed 3,982 group attendees to our open homes, an average of 4.17 groups per open.
- Whilst taking some time to reach the million dollar mark, this price barrier is now regularly achieved, with eight homes selling between \$1,000,000 and \$1,625,000. Of these, Fitzpatricks Real Estate sold seven homes including the highest.

wagga wagga median sale prices

2015 financial year	\$320,000
2014 financial year	\$310,000
2013 financial year	\$312,500
2012 financial year	\$305,000

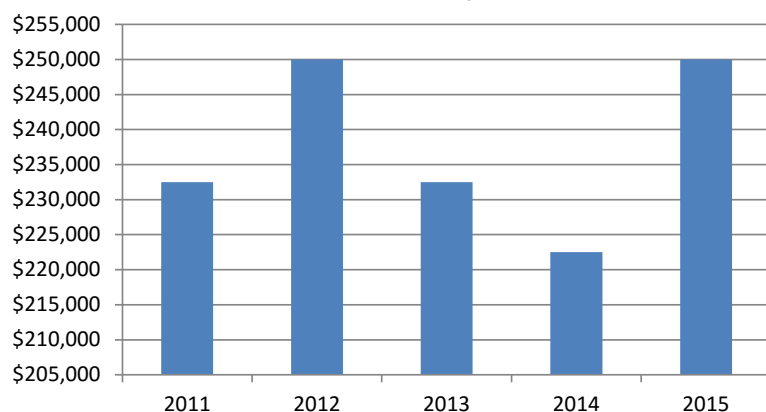
**residential house sales - wagga wagga
2011 - 2015**



units

- The median unit price in Wagga Wagga for 2014/2015 was \$250,000. This has increased by 12% from the previous year.⁵
- The median unit price for New South Wales for 12 months from 1 July - 30 June was \$595,000. This is up 11.1% on the previous financial year.⁷
- There were a total of 188 unit sales in Wagga Wagga for the past financial year. This is 25.7% greater than the year before.³
- The price bracket of \$200,001 - \$300,000 registered the most activity with 92 sales, being 49% of the market.³
- The strongest suburb for sales was Central Wagga Wagga (74 sales) – 39.8% of all unit sales with the highest sale of \$865,000 for a three bedroom, two bathroom unit.³ (A Fitzpatricks Real Estate sale)
- The average days on market for units (two bedroom) in Wagga Wagga was 139 days.⁷ (188 as per APM)
- It is likely we will continue to see growth in the median price over the next few years.

**Residential Unit Sales Median Wagga Wagga
from 2011 - 2015 financial year**



Source: RP Data

median sale price

City	June 2015
Wagga Wagga	\$250,000
Sydney	\$810,000
Melbourne	\$449,100
Brisbane	\$495,000
Adelaide	\$395,000
Perth	\$485,000
Hobart	\$445,500
Darwin	\$465,000
Canberra	\$440,000

Source: realestate.com.au

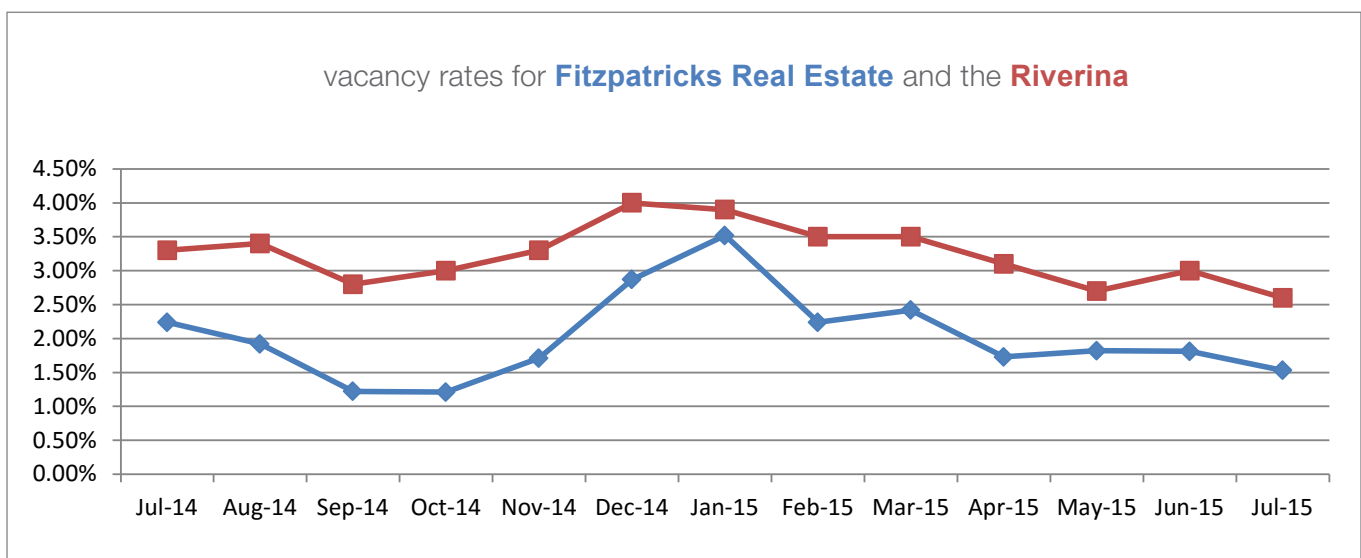
residential land

- 273 residential blocks sold in Wagga Wagga in the 2015 financial year, with the median land price being \$125,000, no change from 2014. 181 blocks of land sold last financial year revealing an increase of 50%.
- As at 30 June 2014, there were 775 vacant residential lots in Wagga Wagga. 421 lots were vacant for more than four years.⁹
- The highest land sale was in Central Wagga for \$675,000 for a 585 square metre residential block.³
- The month of August registered the most activity with 31 land sales.³
- Lake Albert and Springvale registered the highest median price at \$200,000.³
- Bourkelands/Hilltop has been the most popular suburb for land sales, accounting for 20% of the total sales. This was followed by Boorooma taking up 15% of the sales.³
- In Wagga Wagga there were 381 residential buildings approved in the financial year 2014-15. This has increased by 7.9% from the previous year.¹⁰
- Demand for rural residential lots has remained constant over the last two years at about 15% of sales.⁹
- Central Wagga Wagga remains our most expensive suburb per square metre due to a limited supply of land.⁹
- Increased building activity can be attributed to first home buyers taking advantage of the \$15,000 building grant and the \$5,000 grant for non-first home buyers, lower interest rates and renewed confidence in the real estate sector.
- Fitzpatricks Real Estate released Stage 3 at Boorooma, with an uptake of 35 of 40 lots, after a 100% take up of Stage 2 lots.
- Fitzpatricks Real Estate released 49 lots, and sold 32, in Stage 5 at Lloyd. This land, plus other releases, has turned around the under supply of land in Wagga Wagga.
- Fitzpatricks Real Estate will release more land in Stage 6 in Lloyd, as well as another 50+ blocks in Boorooma Stage 4 next financial year.
- Interest in the land estates north of the city, namely Estella, Gobbagombalin (Estella Rise) and Boorooma has increased significantly. This trend is likely to continue.
- We expect to see growth in land prices in the next 12 months.



residential rentals

- The median weekly rent for a two bedroom unit for August 2015 was \$250. This has shown no movement compared to July 2014.
- The median weekly rent for a three bedroom house for August 2015 was \$320. This has decreased by 6.25% on the previous year.⁸
- Riverina's vacancy rate for the 2014/15 financial year was 3.24%, which is a slight 1.8% decrease on the previous year.³
- Fitzpatrick's Real Estate's vacancy rate for 2014/15 financial year is lower at 2.02%, an 8.9% decrease on the previous year. The lowest recorded month for Fitzpatrick's Real Estate's vacancy rate was October 2014 at 1.21%.
- The New South Wales median rent for the June 2014 quarter was \$385 per week for a three bedroom home.⁸
- Fitzpatrick's Real Estate had 10,679 enquiries on rental properties, with 2,767 inspections conducted.
- We welcomed 4,094 prospective tenants to our open homes.
- 578 properties have been leased at Fitzpatrick's Real Estate in the past financial year, with 1,157 applications received.
- Fitzpatrick's Real Estate expects rental prices to remain steady.



Source: Real Estate Institute of New South Wales



sales

- There were 37 commercial sales in the 2014-15 year. The annual number of sales is down seven on the previous year.
- The average sale price was \$782,000.
- There was an even spread between the sales of investors and owner occupiers.
- At 30 June 2014 there were 30 vacant commercial land parcels in the city, four being developed during 2013-14.³

leasing

- Small office space was a popular choice for tenants this year.
- Small industrial warehouses performed well again this year as they are affordable for many tenants and include a large variety of uses eg: storage, small or start up business, mechanics, freight, etc. There is currently a large supply of vacant industrial warehouses. Industrial land sales has been minimal.
- There is increased pressure on rents, particularly with a large supply of new properties on the market.

development

- Developments nearing completion include the re development of the Wagga Base Hospital, Docker Street Specialist Medical Consulting, Morgan Street Office development, Boorooma Childcare Centre The Marketplace expansion, Xcelerate Gymnasium, Fitzmaurice Street KFC and NRMA Service Centre. The current redevelopment of the Wagga Wagga Base Hospital is the largest single investment in health in regional New South Wales.
- The Mill residential development is expected to be completed soon with commercial tenancies available on the ground floor.
- Fitzpatrick's PCI Commercial were the leasing agents of the site on the corner of Hammond Avenue and Koorlingal Road which saw the opening of a McDonalds restaurant and a United service station.
- Confidence is quite strong in the development sector, with a good number of developments in the pipeline.



first home owner benefits

- In the last financial year there were 110 First Home Buyer Grants paid, totalling \$1,650,000. This is up on last year by 63 grants.
- Since the inception of the first home owners 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.⁴
- February recorded the most grants with 15 grants distributed.
- Wagga Wagga and Queanbeyan are the only two regional based towns to be in the top 20 postcodes in New South Wales.
- Since the grants became available, Wagga Wagga First Home Buyers have taken up \$46,585,000 worth of grants.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 (contract date) is on or after 1 January 2016.⁴

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 \$750,000 (from 1 July) 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 www.osr.nsw.gov.au. **conditions apply.*⁴



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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 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, RP Data and Fitzpatricks Real Estate.

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

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Sources:

- 1 Australian Bureau of Statistics
- 2 The Reserve Bank of Australia
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- 5 The Real Estate Institute of NSW
- 6 Economic Snapshot 2015
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- 8 NSW Housing (Family and Community Services)
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- 10 Forecast.id



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