PROPERTY POWER

REPORT

Australian housing investment opportunities in your selected areas of choice
that best meet your goals for short term rent and/or price growth

**Property Power
Partners**

Property Power Partners Pty Ltd
7 South Avenue
Leichhardt NSW 2040
Phone: 02 9568 1653
Email: johnl@propertypowerpartners.com.au
ABN 90 146786889

Property Power Report

Your Property Power Report

It is my pleasure to present you with this report on Australian housing investment opportunities in your chosen property markets. I trust that this report will support you in making informed property investing decisions, and that with this information you'll be able to add to the income or asset growth that you are seeking.

Housing sub-markets selected in this report

The following housing sub-markets have been selected in this report as a result of your preferences or following your discussions with our consultants.

> **Location: Sydney Hills District**
> **Style of housing: Houses**
> **Type of housing: Established**
> **Price range: $600,000 to $800,000**

I wish you every success in achieving your investment goals now and into the future.

John Lindeman
Chief Property Consultant

Introduction

This report provides short term rent forecasts and price change predictions for up to twenty suburbs in your preferred asking price range, locality and type of housing market for houses or units.

Capital growth and rents are the bread and butter of property investment, yet the demand dynamics of each are quite different. For each suburb we have researched and analysed both its rental market, which consists of private renters and properties owned by private investors and its buyer and seller market, which is comprised of intending sellers and purchasers.

These two housing markets behave according to the laws of supply and demand in every city, region or suburb. If there is more demand for rental properties than there are rental properties available, rents may rise. If the number of intending buyers exceeds the number of properties for sale, prices will rise. On the other hand, if there are more investor owned properties in an area than potential renters, rents may fall and if there are more properties listed for sale than there are intending buyers, prices will fall.

Naturally, buyers and renters have choices - they can look elsewhere if prices or rents are too high or have risen too much in any suburb, so you need to know not just how the supply and demand relationships are playing out between suburbs right now, but you need an eye into the future to see how the rental and purchase housing markets in each suburb are forecast to change.

The *Housing market summary* provides you with a snapshot of current median asking prices and weekly rents for each suburb with a statistically generated forecast for short term (one year) rent demand forecast and (one to three year) capital growth predictions.

The *Rental housing market analysis* and *Buyer and seller housing market analysis* provide detailed statistical data giving you a complete picture of the current and forecast housing market in each suburb, including rent trends, current rental yield, current asking prices, sales and listings trends and buyer and seller demand trends.

How to read your Property Power Report

Rental housing markets

The analysis in this report compares the numbers of private investor owned properties to renters in each suburb and reveals whether there is a surplus or shortage of rental stock or whether supply and demand are balanced in each suburb, indicating whether rents are likely to rise, fall or not to change.

RENTER MARKETS	BALANCED MARKETS	INVESTOR MARKETS
⟵ RENTS FALLING	RENTS RISING ⟶	
SURPLUS	BALANCED	SHORTAGE

Each suburb's rental stock forecast is identified as follows:

Surplus: More available investor owned stock than potential renters (Rents may fall)
Balanced: Equal numbers of investor owned stock and renters (No change in rents)
Shortage: More potential renters than available investor owned stock (Rents may rise)

Buyer and seller housing markets

Our analysis in this report compares the numbers of intending buyers and potential sellers in each suburb and shows you the type of housing market this is creating as well as the type of housing market the suburb is predicted to become in the next one to three years based on current trends.

BARGAIN MARKETS	BUYER MARKETS			SELLER MARKETS
	PRICES FALLING		PRICES RISING	
STRESSED	BUYER	NEUTRAL	SELLER	BOOM

The types of buyer and seller housing market in each suburb are identified as follows:

Stressed: Many potential sellers and few intending buyers (Prices will continue to fall)
Buyer: More potential sellers than intending buyers (Prices are falling)
Neutral: Equal numbers of potential sellers and intending buyers (Little or no price growth)
Seller: Fewer potential sellers than intending buyers (Prices are rising)
Boom: Few potential sellers and many intending buyers (Prices will continue to rise)

These types of buyer and seller housing markets identify suburbs where you can find bargain priced properties, or select those where prices are at their lowest and also those areas where prices are about to rise. In addition they also indicate suburbs where rising prices will continue, where they are likely to boom or where rising prices are about to come to an end.

Housing market summary

This summary gives you a snapshot of current median asking prices and weekly rents for each suburb with a statistically generated forecast for short term (one year) rent demand forecast and (one to three year) capital growth predictions.

Suburb or town	Post Code	Current weekly asking rents	Median of listed stock asking prices	Rental stock forecast	Current housing market	Housing market prediction
Houses						
Baulkham Hills	2153	$ 500	$ 620,000	shortage	seller	buyer
Beaumont Hills	2155	$ 640	$ 680,000	surplus	neutral	buyer
Carlingford	2118	$ 510	$ 720,000	shortage	seller	boom
Castle Hill	2154	$ 600	$ 760,000	shortage	seller	buyer
Galston	2159	$ 560	$ 620,000	shortage	neutral	buyer
Kellyville	2155	$ 610	$ 660,000	surplus	seller	buyer
Kellyville Ridge	2155	$ 580	$ 600,000	surplus	seller	buyer
North Rocks	2151	$ 580	$ 695,000	shortage	seller	neutral
Rouse Hill	2155	$ 580	$ 630,000	shortage	neutral	buyer
Winston Hills	2153	$ 485	$ 580,000	shortage	seller	buyer
Beverley Hills	2155	$ 640	$ 680,000	shortage	neutral	buyer

How to read the housing market summary

Current weekly asking rents

This is the current median weekly advertised rent (the rent being asked by landlords) in each suburb at the time the report was produced. The actual median rents being paid by tenants in any suburb will be significantly lower, as landlords can only raise rents to current asking levels at the expiration of leases, and often do not do so in order to retain good tenants. From an investor's viewpoint, the current median asking rent is the only effective way to compare the rental opportunities of suburbs.

Median of listed stock asking prices

This is the current median of property prices listed for sale in a suburb, which is the price that an investor would be asked to pay for an average house or unit. This is usually higher or lower than the median sale price for the same suburb. The suburb's median sale price is likely to be slightly lower to the median asking price in *stressed* or *buyer* market suburbs due to vendor discounting and would be higher in *seller* or *boom* market suburbs due to competition between intending buyers (usually at auction). This is why we use the median asking price, as it enables you to make an adjustment to the likely sale price depending on the type of housing market prevailing in the suburb.

Rental stock forecast

This is an analysis of the supply of private rental stock compared to the demand for such rentals for each suburb. The forecast shows whether the suburb suits renters, as there is a *surplus* of private rental stock compared to the demand and rents may fall, whether supply and demand are *balanced,* or whether the suburb suits investors, as it has a *shortage* of private rental stock and rents can be expected to rise.

Current housing market and *Housing market prediction*

These two columns should be used together, as they show you the type of housing market created by the numbers of intending buyers and potential sellers in each suburb as well as the type of housing market the suburb is predicted to become in the next one to three years based on current trends.

The key to successful buying is to choose the best location at the right time. Although bargains can easily be found in *stressed* housing market suburbs, prices may still be falling for some time and so the bargain turns out to be an illusion. Price falls may be just beginning or ending in *buyer* market suburbs, and the *Housing market prediction* tells you which way the suburb is moving. Buyers with cosmetic renovations or passive short term growth in mind should purchase in a suburb with a *neutral* type of market which is about to become a *seller* or *boom* market, to maximise their passive capital growth potential.

The key to successful selling is to pick the right time. This is when the *Current housing market* and the *Housing market prediction* columns show you that the suburb is about to turn from a *seller* or **boom** market to a *neutral* or *buyer* market and well before it becomes a *stressed* market.

You can easily see the relative purchase, selling and rental potential of any suburb by comparing the *Rental stock forecast* with the *Current Housing Market* and *Housing Market Prediction* column. If, however you wish to analyse the data from which the forecasts are generated, it is provided in the following tables.

Rental housing market analysis

Suburb or town	Post Code	Current weekly asking rents	Current private rental demand	Rental supply compared to demand	Change in weekly rent over the last year	Current rent yield	Rental stock forecast
Baulkham Hills	2153	$ 500	80	38.6%	4%	4.0%	shortage
Beaumont Hills	2155	$ 640	15	119.0%	15%	4.2%	surplus
Carlingford	2118	$ 510	63	59.0%	9%	3.4%	shortage
Castle Hill	2154	$ 600	84	66.5%	3%	4.0%	shortage
Galston	2159	$ 560	11	74.2%	4%	4.5%	shortage
Kellyville	2155	$ 610	56	110.3%	7%	4.5%	surplus
Kellyville Ridge	2155	$ 580	21	116.7%	7%	4.7%	surplus
North Rocks	2151	$ 580	24	62.0%	18%	3.7%	shortage
Rouse Hill	2155	$ 580	18	68.3%	5%	4.5%	shortage
Winston Hills	2153	$ 485	22	67.2%	8%	4.0%	shortage
Beverley Hills	2155	$ 640	31	57.7%	15%	4.2%	shortage

How to read the rental housing market analysis

Current weekly asking Rents

This is the current median weekly advertised rent in each suburb at the time the report was produced. The actual median rents being paid by renters in any suburb will be significantly lower, as landlords can only raise rents to current asking levels at the expiration of leases, and often do not do so in order to retain good tenants. From an investor's viewpoint, the current median asking rent is the only effective way to compare the rental opportunities of suburbs.

Current private rental demand

This figure is a statistically generated estimate of the number of households (singles, couples or families) currently seeking private rental accommodation for either units or houses in each suburb. It does not include rental demand for accommodation owned by state or territory governments, holiday lettings or other forms of temporary accommodation as these are not normally part of the private rental housing market.

We calculate the private rental demand estimate from ABS statistics of population size, growth, number, type and size of renter households, average length of tenure and the number and type of privately owned rental accommodation in each suburb. We update this data to the present time and employ our patented algorithms to generate highly accurate estimates of the current private rental demand for houses or units in each suburb.

Rental Supply compared to Demand

This figure compares the number of houses or units available for private rent in each suburb to the current private rental demand in that suburb. In other words, if the supply is greater than the demand, the figure will be over 100%, while if there is a shortage of rental stock compared to the estimated demand, the result will be less than 100%.

In doing your own research for the suburb, we suggest you also look for new property developments proposed for the area that may increase supply, and whether the level of future rental demand is likely to fall as a result of changes to overseas migration or first home buyer incentives. The type of market you choose will tell you what type of renters prefer the area, and help you to come to some valid conclusions about them.

It is also important to keep in mind that private renters move far more frequently than home owners, with the average period of rental being around three years. This means that when potential renters look for rental accommodation they tend to "shop" between similar suburbs that meet their needs and one of their most important needs is paying the lowest possible weekly rent. Unless potential renters are tied to an area, such as a regional centre or mining town, they will compare weekly rental prices and in doing your research, we suggest you do the same.

In conclusion, if your preferred suburbs have low *Rental supply compared to demand* and the *Current weekly asking rents* are also lower than nearby similar areas, the chances of good rental growth are high.

Change in Weekly Rent over the last year

This shows you the percentage change in the weekly asking rent that has occurred during the last year in each suburb. If median rents have risen in the last twelve months and there is still a *shortage* of rental stock forecast in the last column of the table, further rent rises are likely, but if there is a *surplus* of stock shown in the last column, further rises are unlikely. You should also take into account how the median rents shown for each suburb compares to other similar suburbs, as renters will "shop" around to take advantage of lower asking rents.

Current rent yield

This information is particularly relevant as a comparative guide for investors. The percentage shown is the rental yield (also known as rent return or rent rate, which is the total rent an investor is expecting to receive in a year shown as a percentage of the asking price for a median priced house or unit in the suburb). It is an indication of the gross return you can expect from a typical property in terms of rent, compared to the return you might get from another form of investment, or from a property in another area.

A high rental yield is desirable, not just in terms of cash flow, but as this sort of data is widely published, it is also likely to attract other investors to buy properties in the suburb which can lead to price rises. Be careful, though as rental yield is a function of both rent and price, and if a suburb has a high rental yield but is a *stressed* housing market (as shown in the *Current housing market* columns of the tables), the high rent yield may have been caused by falling prices rather than rising rents. It could even mean that prices are falling more quickly than rents. Knowing the type of buyer and seller housing market in the suburb is therefore crucial to successful investment.

Rental stock forecast

This is an analysis of the supply of private rental stock compared to the demand for such rentals for each suburb. The forecast shows whether the suburb suits renters, as there is a *surplus* of private rental stock compared to the demand and rents may fall, whether supply and demand are *balanced,* or whether the suburb suits investors, as it has a *shortage* of private rental stock and rents can be expected to rise.

Buyer and seller housing market analysis

Suburb or town	Median of listed stock asking prices	Change in buyers over the last year	Change in listings over the last year	Listings compared to monthly sales	Listings to sales trend	Current housing market	Housing market prediction
Baulkham Hills	$ 620,000	-14%	20%	4	29%	seller	buyer
Beaumont Hills	$ 680,000	-24%	59%	13	52%	neutral	buyer
Carlingford	$ 720,000	5%	-11%	5	-18%	seller	boom
Castle Hill	$ 760,000	-19%	52%	5	47%	seller	buyer
Galston	$ 620,000	-24%	6%	25	28%	neutral	buyer
Kellyville	$ 660,000	-12%	43%	5	38%	seller	buyer
Kellyville Ridge	$ 600,000	-21%	38%	9	42%	seller	buyer
North Rocks	$ 695,000	-13%	2%	7	14%	seller	neutral
Rouse Hill	$ 630,000	-17%	41%	13	41%	neutral	buyer
Winston Hills	$ 580,000	-7%	33%	8	30%	seller	buyer
Beverley Hills	$ 680,000	-24%	59%	13	52%	neutral	buyer

How to read the buyer and seller housing market analysis

Median of listed stock asking prices

This is the current median of property prices listed for sale in a suburb, which is the price that an investor would be asked to pay for an average house or unit. This is usually higher or lower than the median sale price for the same suburb. The suburb's median sale price is likely to be slightly lower to the median asking price in *stressed* or *buyer* market suburbs due to vendor discounting and would be higher in *seller* or *boom* market suburbs due to competition between intending buyers (usually at auction). This is why we use the median asking price, as it enables you to make an adjustment to the likely sale price depending on the type of housing market prevailing in the suburb.

Change in buyers over the last year

This figure shows you how the numbers of buyers has changed in the last year and is expressed as a percentage rise or fall. Generally, an increasing number of buyers is good for sellers, and a falling number of buyers is good for potential buyers, but it is the changing relationship between the number of potential buyers and intending sellers that determines the type of market, and the change in listings over the last year (shown in the next column) should also be taken into consideration.

Change in listings over the last year

This figure shows you how the numbers of listings (intending sellers) has changed in the last year and is expressed as a percentage rise or fall. Generally, an increasing number of intending sellers is good for potential buyers, and a falling number of sellers is good for intending sellers, but it is the changing relationship between potential buyers and intending sellers that determines the type of market.

For example, if the numbers of intending sellers and buyers are both falling, or both are rising, it is the changing ratio that matters, which is shown in the *Listings to sales trend.*

Listings compared to monthly sales

This shows you the number of current listings (intending sellers) compared to the average monthly total of annual sales. This statistic performs two extremely useful functions.

Firstly, it shows you how quickly or slowly properties are selling in a suburb. The lower the number, the quicker that properties are selling, so that a number of 2 or 3 indicates that properties are being sold almost as soon as they come on the market. Price bargaining is unlikely to be successful in such suburbs. The higher the number, the more likely that bargaining is possible, and a number of 10 or more indicates that properties are selling more slowly with price discounting occurring. A number of 30 or higher indicates there is a large surplus of properties on the market and few potential buyers. In such suburbs, substantial price discounting is occurring, with stressed sellers, vendors frequently relisting and properties being taken off the market unsold.

Secondly, the number in this column has been designed to show you what the average time on market would be if properties were listed and then left on the market until sold. It is the theoretical, rather than the actual average time on market for listed properties in the suburb – so that 2 or 3 indicate a very short average time on market of two or three months to sell a property. When the number is higher than 9 the theoretical and actual times on market start to diverge, because when actual time on market reaches this point, vendors get fed up waiting and often relist with another agent, or take properties off the market altogether. Vendors are turning the market into a *buyer* or even a *stressed* market with such actions.

Listings to sales trend

This shows you how much the proportion of intending sellers to buyers in the suburb has changed over the last twelve months. The trend is expressed as a percentage, with a positive percentage indicating that listings are growing faster than sales, while a negative percentage shows you that buyers are growing at a faster rate than intending sellers (listings). This shows you which way the market is moving, with a lower or negative figure representing a move to a *seller* or *boom* market, while the higher the percentage, the more a suburb is moving to a *buyer* or even *stressed* market.

Current housing market and *Housing market prediction*

These two columns should be used together, as they show you the type of housing market created by the numbers of intending buyers and potential sellers in each suburb as well as the type of housing market the suburb is predicted to become in the next one to three years based on current trends.

The key to successful buying is to choose the best location at the right time. Although bargains can easily be found in *stressed* housing market suburbs, prices may still be falling for some time and so the

bargain turns out to be an illusion. Price falls may be just beginning or ending in *buyer* market suburbs, and the ***Housing market prediction*** tells you which way the suburb is moving. Buyers with cosmetic renovations or passive short term growth in mind should purchase in a suburb with a *neutral* type of market which is about to become a *seller* or *boom* market, to maximise their passive capital growth potential.

The key to successful selling is to pick the right time. This is when the ***Current housing market*** and the ***Housing market prediction*** columns show you that the suburb is about to turn from a *seller* or **boom** market to a *neutral* or *buyer* market and well before it becomes a *stressed* market.

The graded colour scales

If you wish to check how the information in the columns showing the changing proportions of intending sellers to buyers for any suburb compares to the others in the table, the graded colour scales show you. These colour gradings allow you to assess the relative investment merits of any suburb and then to compare the potential of each suburb with the other selected suburbs.

Total return forecasts

By comparing the best potential ***Rent demand forecast*** suburbs with those suburbs showing the ***Current housing market*** and ***Housing market prediction*** that best meet your goals, you can quickly assess the potential of selected suburbs for both rental growth and capital growth over the forecast period.

Be well informed

The actions of buyers, sellers, renters and investors in a suburb play a large part in determining the level of supply and demand in any suburb or town, and the purpose of the tables provided in this report is to show you what the relationship is and how it is changing. There are other dynamics that can impact on both prices and rents in any market, and you need to take into account as much information as you can gather about possible changes to the population, household composition, the local economy and the supply of dwellings in the suburbs you are interested in.

Our prediction methodology

To provide the information in this report to you, Property Power Partners uses our own patented Property Power Database which is a continuously updated residential property market research resource employing a highly effective deductive demand trend methodology, specifically invented by John Lindeman to forecast short term house and unit price and rent movements down to suburb level. The results in this report are intended to give you accurate and crucial information on the best investment areas based on your own preferred types of property, asking price range, preferred location, and desired returns.

The Property Power Database collates and analyses the changing relationships between asking prices, sales, listings and rents in combination with population, demographic, finance, economic and climatic information at suburb level to measure and interpret the intending behaviour of buyers, sellers and investors in housing markets and to predict how these will affect housing prices and rents in the short term. Suburbs and towns in these areas are ranked according to local housing demand and supply indicators which forecast their likely performance trends for both rent and price movements.

How we source our data

Population, demographic, household, housing, finance, economic, climatic and resource related data that we analyse is adapted and aggregated to suburb level from information provided to the general public by the Housing Industry Association, Australian Bureau of Statistics, Bureau of Meteorology, Australian Bureau of Agricultural and Resource Economics and from main media housing related publications. In this report, we gratefully acknowledge the following sources:

Urban Development Institute of Australia

State of the Land Report, Urban Development Institute of Australia 2011

Housing Industry Association of Australia

Housing Forecasts, HIA Economics Group July 2011

Australian Government

Sustainable Australia, Sustainable Communities, Department of SEWP&C 2011
Our Cities our Future, Department of Infrastructure and Transport 2011
State of Supply Report, National Housing Supply Council 2011
Rainfall and Temperature Deficiencies and Anomalies, Bureau of Meteorology 2011

Australian Bureau of Statistics

Housing Finance Australia 5609.0 Released monthly
Australian Demographic Statistics 3101.0 Released quarterly
Dwelling Unit Commencements Australia 8750.0 Released monthly

Data calculating current asking rents, rental yields, asking prices, sales and listings is adapted and aggregated to suburb level from property listing sites on the internet.

Unauthorised Disclosure

Any unauthorised disclosure, use, reproduction, or distribution of the descriptive, analytical or predictive information provided to you as part of your Property Power Report is not permitted and Property Power Partners Pty Ltd asserts its copyright.

Disclaimers

This report provides general information on the residential property market. It does not claim or intend to provide financial or personal investment advice. Property Power Partners recommends that you obtain financial advice specific to your situation before making any financial investment or decision based on the information contained herein. It always remains the responsibility and choice of our clients using this report to make their own individual decisions with regard to their property investments.

In providing this report, Property Power Partners relies on information from a number of external sources. While Property Power Partners takes every care in the collection of the information contained

herein and believes it to be correct at the time of publication, it does not warrant the accuracy or completeness of its analysis and information services. Property Power Partners takes no responsibility or accepts any liability for any loss or damage arising from decisions made as a result of information contained in this report and urges its clients to make independent inquiries to satisfy themselves as to the accuracy or completeness of the information provided herein.

Feedback and more information

We value your feedback on this report, and you are welcome to discuss any aspect of it with us. Please email johnl@propertypowerpartners.com.au or phone us on 02 9568 1653.

For more information about Property Power Partners, and to view some interesting articles and vids about the housing market, visit www.understandproperty.com.au

Wishing you successful investing,

John Lindeman
Chief Property Consultant
Property Power Partners Pty Ltd