



neutral bay **2089**
june quarter 2011



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UPDATED INFORMATION

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Date compiled 8 July 2011.

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2089 - Neutral Bay

SNAPSHOT

ASHTON ROWE IS ONE OF AUSTRALIA'S LEADING PROPERTY RESEARCH AND INVESTMENT FIRMS, SPECIALISING IN RESIDENTIAL PROPERTY.

Our experienced research analysts have conducted extensive and objective research about the postcode 2089 residential market (Neutral Bay) which is comprised of 2,820 houses and 11,386 units.¹

CAPITAL GROWTH

	10 YEAR AVERAGE	LAST 12 MONTHS*
UNITS	5.3%	4.9%
HOUSES	7.1%	4.8%

*Median capital growth over the last 12 months

Source: Ashton Rowe Research & Residex Suburb Report May 2011

In the 12 months to June 2011, 93 houses and 343 units have sold.² The 2089 residential market has underperformed the greater Sydney market over the last three years on average by 2.9% per year for units and 1.3% per year for houses. The total rate of capital growth over the last three years was 10.4% (average 3.3% per annum) for units and 10.8% (average 3.5% per annum) for houses while the average rate of growth over the last 10 years for units was 5.3% compared to 7.1% for houses.³

RENTAL YIELD

	10 YEAR AVERAGE	LAST 12 MONTHS*
UNITS	4.0%	4.1%
HOUSES	2.6%	2.3%

*Median rental yield over the last 12 months

Source: Ashton Rowe Research & Residex Suburb Report May 2011

The median rental yield for units over the last quarter in postcode 2089 was 4.2% at the end of May 2011, just above the 10 year average of 4.0%. The median rental yield for houses over the last quarter was 2.6% at the end of May 2011, on par with the 10 year average of 2.6%.⁴

OUTLOOK

Within the unit market, all segments are broadly in balance however the one and three bedroom segments are certainly ones to watch for positive growth in the short term. In the housing market, there is little to celebrate when looking at the data with all segments forecast to remain steady or soften. The three bedroom housing segment represents good long term buying.

¹ Australian Bureau of Statistics

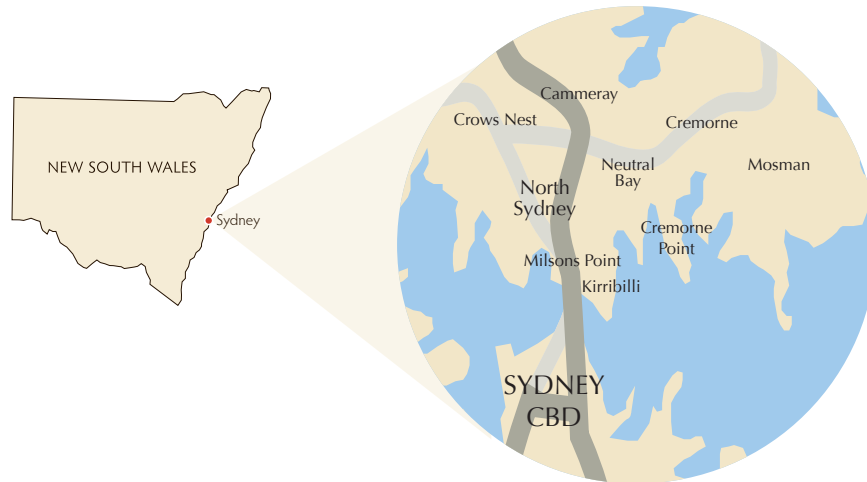
² Ashton Rowe Research, RP Data and Price Finder

³ Ashton Rowe Research & Residex Suburb Report May 2011

⁴ Ashton Rowe Research & Residex Suburb Report May 2011

SECTION I

LOCATION



The postcode of 2089 is a predominantly residential area consisting mainly of medium density dwellings, affluent households, many parks and views which cover most possible aspects. Part of the Lower North Shore region of Sydney, it is located just 6km north of Sydney's CBD and is bordered by Cammeray (north), Cremorne (east), North Sydney and Kirribilli (south). The main commercial area is centred around Military Road.

Postcode 2089 is located only moments from the Warringah Freeway via Military Road, giving access south over the Sydney Harbour Bridge and north and west to surrounding regions of Sydney. Neutral Bay is also at the gateway to the northern beaches. The area is well connected to Sydney's CBD and local suburbs via frequent bus services.

An analysis of the jobs¹ held by the resident population of postcode 2089 showed that the three most popular occupation sectors were:

- Professionals (2,596 persons or 41%)
- Managers (1,220 persons or 19%)
- Clerical and Administrative Workers (932 persons or 15%)

In combination these three occupations accounted for 75% of the employed resident population. On closer analysis of the industries of which these occupations apply, the highest concentration is in Finance and Investment Services (6.2%), followed by Legal and Accounting (6.1%) and IT related services (4.6%). With the majority of the workforce in white-collar professions, the postcode of 2089 could be susceptible to economic down turns affecting CBD-based businesses, however, as no one profession dominates, it is well diversified across industries and has very little exposure to industry specific down turns.

SUMMARY

- Affluent and well located residential area on the Lower North Shore
- 6km north-east of Sydney's CBD
- Good transport links via road, with frequent bus services
- Blue-chip suburb appealing to mainly owner occupiers

¹ Australian Bureau of Statistics

SECTION II

MARKET ANALYSIS

Ashton Rowe's market analysis is broken down into two parts. First, an assessment of the overall demographics of the postcode (compared to the wider Sydney metropolitan and Australia). Secondly, an analysis of the types of units and houses sold in postcode 2089 (Neutral Bay).

KEY DEMOGRAPHICS

	2089	SYDNEY	AUSTRALIA
MEDIAN AGE	35	35	37
AVERAGE HOUSEHOLD SIZE	1.7	2.7	2.6
MEDIAN WEEKLY INCOME	\$1,757	\$1,154	\$1,027
UNEMPLOYMENT	3.1%	5.3%	5.2%
OWNER OCCUPIED	40.3%	61.2%	64.8%
RENTED	48.3%	29.7%	27.2%
STATE HOUSING AUTHORITY	0.6%	15.3%	14.9%

Source: Australian Bureau of Statistics

POPULATION CHANGES (POSTCODE 2089)

	CENSUS 2001	CENSUS 2006	CHANGE
UNDER 15 YEARS	8.6%	9.0%	0.4%
15 - 64 YEARS	81.5%	79.5%	-2.0%
65 YEARS AND OVER	9.9%	11.5%	1.6%

Source: Australian Bureau of Statistics

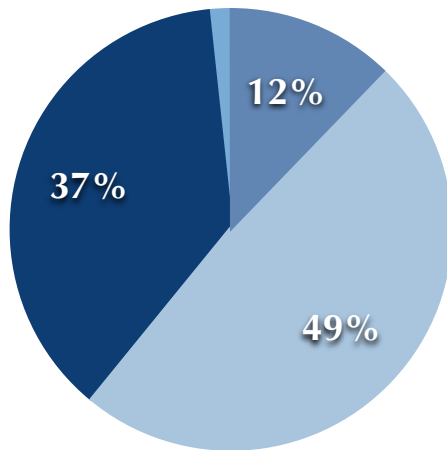
The postcode of 2089 is an affluent area of Sydney with a median weekly household income approximately 50% above that of the Sydney metropolitan area. The area has a healthy owner occupier to rental property ratio. With very low unemployment and state housing, the suburb is predominantly made up of relatively small households compared to its neighbours and the data would suggest an established and well cared for suburb, well suited to owner occupiers and risk averse investors.

SECTION II

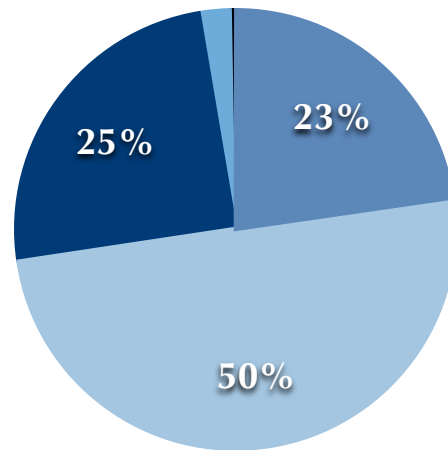
MARKET ANALYSIS

WHICH TYPE OF UNITS ARE SELLING

Last Quarter



Entire Period

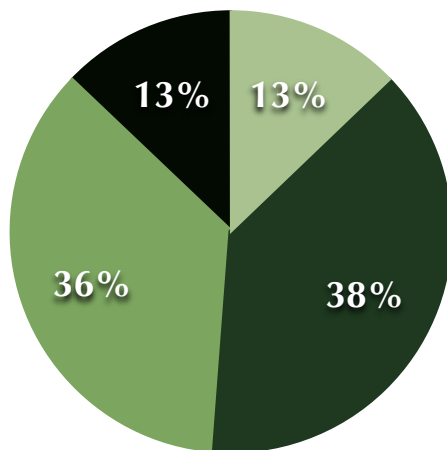


● 1 Beds ● 2 Beds ● 3 Beds ● 4 Beds ● 5+ Beds

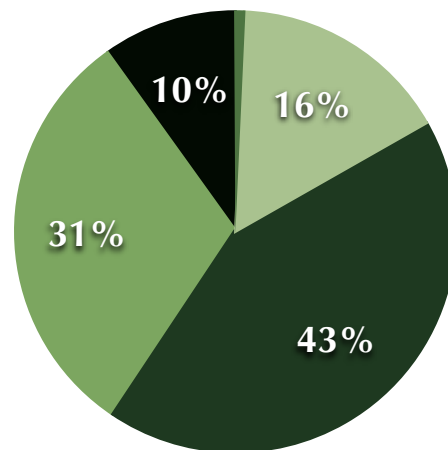
Source: Ashton Rowe Research, RP Data and Price Finder
Note: Segments under 5% are not labelled

WHICH TYPE OF HOUSES ARE SELLING

Last Quarter



Entire Period



● 1 Beds ● 2 Beds ● 3 Beds ● 4 Beds ● 5+ Beds

Source: Ashton Rowe Research, RP Data and Price Finder
Note: Segments under 5% are not labelled

SECTION III

REAL ESTATE TRENDS

HEALTH, LIQUIDITY AND SENTIMENT

The percentage of dwellings sold under the hammer or prior to auction compared to the total number listed for auction is 76% (down from 77%) for units and 75% (up from 73%) for houses¹. Average days on market has increased slightly for both markets by a few days. This indicates that the local unit market is displaying medium levels of sentiment and high levels of liquidity whereas the housing market is showing medium levels of liquidity and sentiment (for auction sales).

	UNITS	HOUSES	SYDNEY
AUCTION CLEARANCE RATE	76%	75%	54%
DAYS ON MARKET	45	58	N/A
AUCTIONS (SHARE OF SALES)	18%	33%	N/A

SNR = Statistically Not Reliable

Source: Ashton Rowe Research, RP Data and Price Finder

HIGHEST SALES PRICES UNITS*

ADDRESS	BEDS	BATH	PRICE
5/2 Baden Rd, Neutral Bay	2	2	\$1,500,000
902/3 Lindsay St, Neutral Bay	3	2	\$1,450,000
10/12 Ben Boyd Rd, Neutral Bay	3	2	\$1,290,000
3/40 Ben Boyd Rd, Neutral Bay	3	1	\$1,240,000
8/189 Ben Boyd Rd, Neutral Bay	3	2	\$1,165,000

* 12 Months to June 2011

Source: Ashton Rowe Research, RP Data and Price Finder

HIGHEST SALES PRICES HOUSES*

ADDRESS	BEDS	BATH	PRICE
3 Baden Rd, Neutral Bay	3	4	\$8,300,000
49-51 Spruson St, Neutral Bay	5	4	\$4,170,000
20 Phillips St, Neutral Bay	4	2	\$2,710,000
42 Phillips St, Neutral Bay	4	2	\$2,300,000
78 Wycombe Rd, Neutral Bay	3	1	\$2,286,000

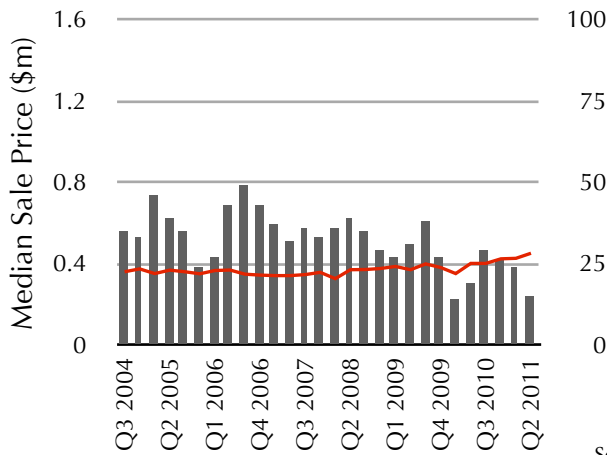
* 12 Months to June 2011

Source: Ashton Rowe Research, RP Data and Price Finder

¹ Ashton Rowe Research, RP Data and Price Finder

SECTION III

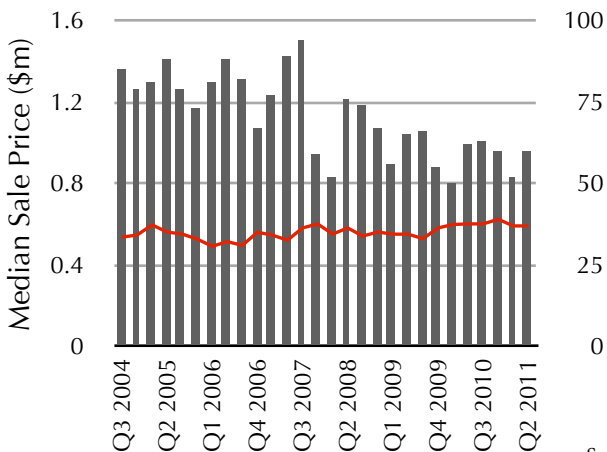
REAL ESTATE TRENDS



1 BEDROOM UNITS

In the last quarter, supply to market dropped 38%, taking it 53% below the 7 year average. Median price in this segment remained more or less stable over the quarter. Ashton Rowe forecast prices to increase further in the near term.

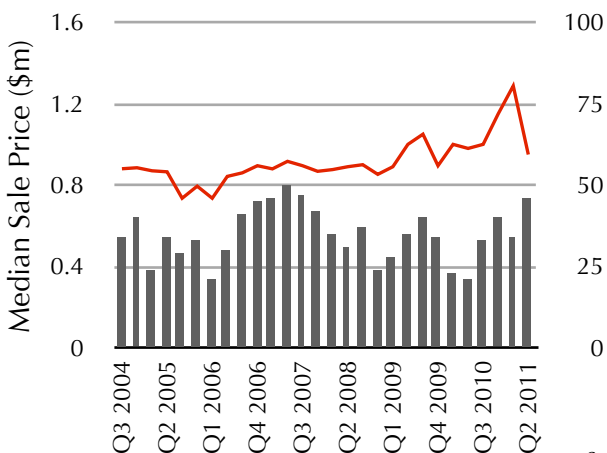
Source: Ashton Rowe Research, RP Data and Price Finder



2 BEDROOM UNITS

In the last quarter, supply to market rose 15%, taking it 15% below the 7 year average. Median price in this segment stayed the same at \$590k. Ashton Rowe expect prices to remain at current levels in the short term.

Source: Ashton Rowe Research, RP Data and Price Finder



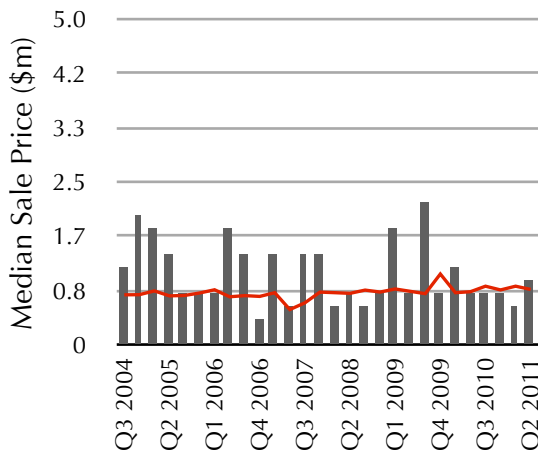
3 BEDROOM UNITS

In the last quarter, supply to market increased 35%, taking it 32% above the 7 year average. Median price in this segment fell slightly last quarter but appears volatile due to statistical outliers. Given these factors and key fundamentals, Ashton Rowe expect prices to plateau in the short term however upward pressure on price does exist.

Source: Ashton Rowe Research, RP Data and Price Finder

SECTION III

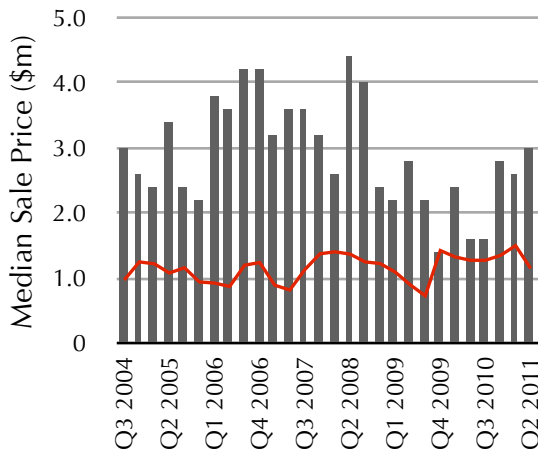
REAL ESTATE TRENDS



2 BEDROOM HOUSES

In the last quarter, supply to market increased 67% albeit off a low base, taking it 9% below the 7 year average. Median price remain stable last quarter as forecast. Ashton Rowe expect prices to hover at current levels in the short term however downward pressure on price does exist.

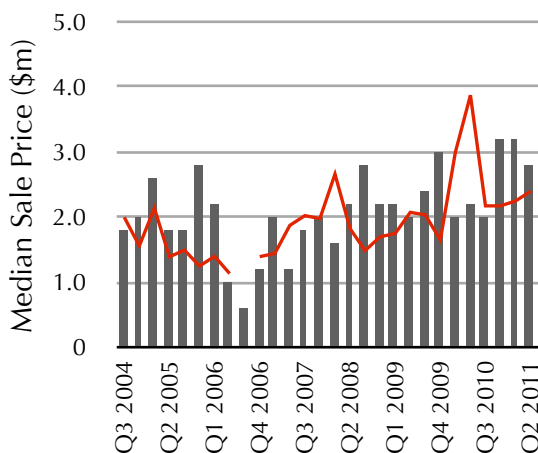
Source: Ashton Rowe Research, RP Data and Price Finder



3 BEDROOM HOUSES

In the last quarter, supply to market rose 15%, taking it 3% above the 7 year average. Median price fell last quarter as forecast coming off its record high. Given these factors and key fundamentals, Ashton Rowe expect prices in this segment to remain unchanged in the short term however downward pressure on price does exist.

Source: Ashton Rowe Research, RP Data and Price Finder



4 BEDROOM HOUSES

In the last quarter, supply to market decreased 13%, still 34% above the 7 year average. Median price in this volatile segment increased slightly last quarter. Given these factors and key fundamentals, Ashton Rowe expect price to soften over the next quarter.

Source: Ashton Rowe Research, RP Data and Price Finder

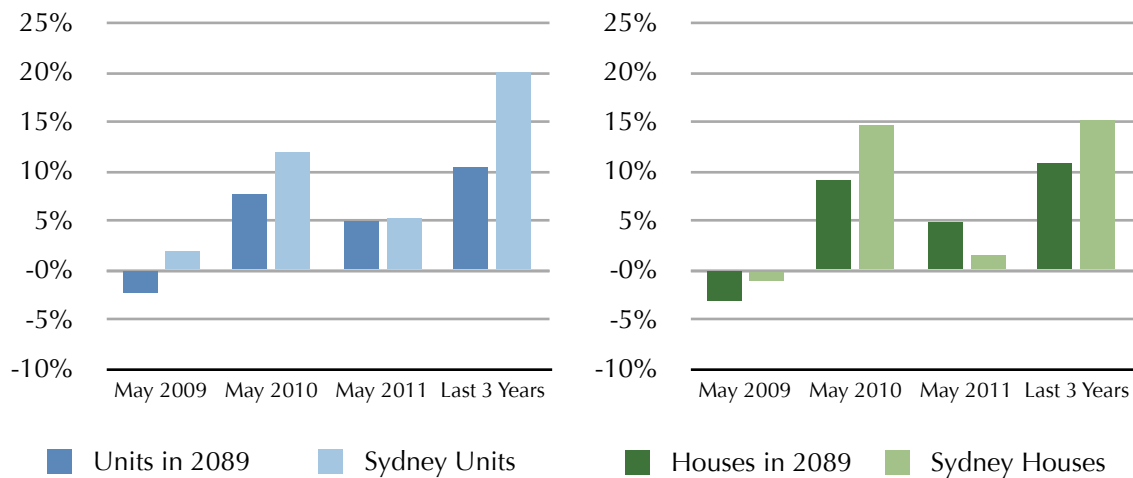
SECTION III

REAL ESTATE TRENDS

CAPITAL GROWTH

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CAPITAL GROWTH IN POSTCODE 2089 v SYDNEY (2009 - 2011)*



* Rolling 12 month periods to quarter end

Source: Ashton Rowe Research and Residex Suburb Report May 2011

RENTAL YIELDS

The median rental yield for units over the last quarter in postcode 2089 was 4.2% at the end of May 2011, just above the 10 year average of 4.0%. The median rental yield for houses over the last quarter was 2.6% at the end of May 2011, on par with the 10 year average of 2.6%.²

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¹ Ashton Rowe Research & Residex Suburb Report May 2011

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