



Custom Report

NSW Houses & Townhouses



RISKWISE
PROPERTY REVIEW

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Executive Summary

Objectives

The objective of this research was to identify potential suburbs, property types and configurations that meet the following criteria:

Location:	Greater Sydney including North-West, Northern Beaches and Southern Suburbs.
Budget:	Below \$1.2m
Property Type:	House & Townhouse
Equity Risk:	Low to Low-Medium.
Configuration:	3 beds, 1+ bath, 1+ car spaces.
Growth:	Solid Capital Growth.

Data and Information Sources

RiskWise use highly-regarded and reputable sources to provide data and information, including: CoreLogic; Australian Bureau of Statistics; and the Reserve Bank of Australia. RiskWise also gather information from Federal and State governments, local councils and other sources, as applicable.

Research results

RiskWise have identified the top suburbs in these areas that meet the research criteria. The median prices of these suburbs are below the budget of \$1.2m. We focused on suburbs with a median price of approximately \$1m to increase the likelihood that high quality properties, that are likely in upper price-percentiles, will be purchased in the competitive market of Sydney. For Kingsgrove, where median house prices are higher, a townhouse is an alternative dwelling alternative within the required budget.

Results: Greater Sydney

- | | | |
|--------------------------|------------|---|
| 1) Baulkham Hills | Houses | 31 kilometres north-west of central Sydney. |
| 2) Kellyville | Houses | 36 kilometres north-west of central Sydney. |
| 3) Kingsgrove | Townhouses | 13 kilometres south of central Sydney. |

These suburbs and the Greater Sydney area have delivered, and are projected to continue delivering, a solid capital growth, both in the short and long-term.

While this market is competitive with a low number of 'days on the market', these are currently less competitive than the market in inner-Sydney. High quality properties are often sold through a standard selling process (i.e. not all properties are sold by an auction).



Greater Sydney

Baulkham Hills NSW 2153

Suburb Metrics

Preferred Property Configuration: For Houses



3-4

Bedrooms



1-2

Bathrooms



1-2

Car Parks

High
Projected
Demand

Low
Short Term
Equity Risk

Strong
Long Term
Capital
Growth

Median
House Value
\$1.76m

Low
Rental Return

Key Property Indicators

Data Type	Investment Indicators	Houses
Sales Price & Median Growth	Median sales price last 12 months	\$1.176m
	12 month change in median sales price (12 months)	11.6%
	36 month change in median sales price (12 months)	58.4%
	60 month change in median sales price (12 months)	87.3%
12 Month Rental Return	Median advertised rent last 12 months	\$600
	Estimated 12 months gross rental return (%)	2.9
	12 Months Surplus / (Shortfall) Ratio*	-0.6%
Projects in the Pipeline	New properties in the pipeline next 24 months	104
	New properties next 24 months as % of current stock	<1%

Source: CoreLogic, RiskWise Property Review, ABS

* The % surplus or shortfall of the actual rental return versus the required rental return to service an 80% LVR mortgage. Based on discounted standard variable interest rate. For more details refer to the Data Dictionary.

Baulkham Hills NSW 2153

Suburb Profile

Found in Sydney's north-west, Baulkham Hills offers suburban residences suitable for families, professionals, and retirees. The suburb is a relaxed and quiet area surrounded by low-density suburbs. Its strong suburb attributes makes it increasing popular in the the competitive property market.



Distance
from City

31

Kilometers

Bus to CBD

35

Minutes

Schools

10

Shopping
Areas

3

Location

Baulkham Hills is located in the Hills Shire, NSW, 31km north-west of the Sydney's CBD and 7km to Parramatta's CBD. It is governed at the local level by The Hills Shire.

Demographics

Baulkham Hills is popular among families, professional singles and retirees. It comprised of mostly Australian-born residents, with approximately 30% born overseas. The largest contingent of those born overseas are of Chinese, British or Indian origin.

Local Facilities

The central shopping strip is found along Old Northern Road and offers everything from retail shops to restaurants. In the heart of the suburb, Stockland Baulkham Hills Shopping Centre is home to more than 50 shops (including three supermarkets) and is frequented by locals. An array of small parks are scattered throughout and offer relaxing walking tracks and family-friendly areas. In the suburb's north, Norwest Marketown attracts busy locals and professionals to this newly developed area. The suburb is also close to Castle Hill which offers many facilities.

Transport

The suburb is well-connected by bus to the city. The journey time takes approximately 35 minutes and typically operates every 5-10 minutes. While there is no train linking to the suburb, tis bus route does provide efficient access to the city. It takes approximately 30 minutes to travel to the city by car.

Education

The suburb has a number of strong schools. This includes being in the catchment of the high-achieving Matthew Pearce Public School and Baulkham Hills High School.

Level	No.	Type
Primary	6	Govt. or Catholic
Secondary	3	Govt.
Other	1	Autistic needs

Baulkham Hills NSW 2153

Market Overview

Our analysis indicates a history of strong capital growth for houses which is driven by affordable housing; very good education; a good bus route to the city; and good amenities. It is likely for the suburb to experience ongoing growth due to its relative affordability and its popularity among families and retirees.

Houses: Current State

Mainly driven by a relative affordability, limited supply and a very strong demand for houses in the entire 'Greater Sydney' area, Baulkham Hills has demonstrated a very solid capital growth of 87.3% in the last 5 years, of which 11.6% was in the last year.

Currently, there is a relatively low number of new house building approvals in Baulkham Hills and the surrounding areas. This has had a very limited impact on the house prices in the area. There has also been very strong demand for houses by owner occupiers, which is reflective of the large number of families and retirees living in the suburb.

Market Outlook

The popularity of this suburb, proximity to Parramatta, facilities, and an easy access by bus to central Sydney, will likely enable this suburb to experience good capital growth in the medium and long term.

With a low median number of days for houses on the market, this suburb is likely to experience ongoing demand. This is supported by the recent reduction of sales volumes for houses in the area over the past 12 months (-18.35%).

Cash Flow: The current estimated gross rental return of 2.9% is a low rental return. With potential land tax, mortgage repayments and other costs, investors might be required, on a regular basis, to cover a shortfall between the actual rental return and the ongoing costs associated with the property. Therefore, they have to rely on negative gearing, as applicable to them.

Kellyville NSW 3038

Suburb Metrics

Preferred Property Configuration: For Houses



4

Bedrooms



2

Bathrooms



2

Car Parks

High

Projected
Demand

Moderate

Short Term
Equity Risk

Strong

Long Term
Capital
Growth

Median
House Value
\$1.16

Low

Rental Return

Key Property Indicators

Data Type	Investment Indicators	Houses
Sales Price & Median Growth	Median sales price last 12 months	\$1,161,000
	12 month change in median sales price (12 months)	7.0%
	36 month change in median sales price (12 months)	49.1%
	60 month change in median sales price (12 months)	67.9%
12 Month Rental Return	Median advertised rent last 12 months	\$650
	Estimated 12 months gross rental return (%)	3.4%
	12 Months Surplus / (Shortfall) Ratio*	-0.1%
Projects in the Pipeline	New properties in the pipeline next 24 months	724
	New properties next 24 months as % of current stock	9.6%

Source: CoreLogic, RiskWise Property Review, ABS

* The % surplus or shortfall of the actual rental return versus the required rental return to service an 80% LVR mortgage. Based on discounted standard variable interest rate. For more details refer to the Data Dictionary.

Kellyville NSW 2155

Suburb Profile

Found in Sydney's north-west, Kellyville offers a combination of semi-rural, older suburban and modern, contemporary residences suitable to a variety of lifestyles. Kellyville is a relaxed and quiet area being surrounded by low-density suburbs.

Location

Kellyville is located in the Hills Shire, NSW, 36km north-west of the Sydney's CBD and 18km to Parramatta's CBD. It is governed at the local level by The Hills Shire.

Demographics

Community orientated, Kellyville is popular with young families, families, professional singles and retirees. It comprised of mostly Australian-born residents, with approximately 30% born overseas. More the 15 percent of residents in Keilor Downs were born in Eastern Europe.

Local Facilities

Kellyville Plaza features a Coles supermarket and 22 shops, Woolworths and ALDI supermarkets next door and various shops located in 'The Village' on Windsor Road. Kellyville offers local pubs, playgrounds and indoor play centres and Rouse Hill, Castle Hill, Bella Vista's business centre, and Castle Hill are a short drive away for further shopping and entertainment.

Transport

Kellyville is currently served by buses and cars, however, from 2019 the suburb will also be serviced by trains. Recent infrastructure development in the Hills District has increased the accessibility of Kellyville, with a faster travel time to the Sydney CBD via the Lane Cove Tunnel and the M2 Hills Motorway.

In the far western side of Kellyville, Hillsbus provide services to Rouse Hill, Parramatta, Castle Hill, Baulkham Hills, Macquarie Park, North Sydney and the Sydney CBD. Busways provide services to Blacktown, Castle Hill, Rouse Hill and Riverstone. While the deficiency of public transport in the area is often criticised, significant development is underway. Due to low density planning, bus services are typically slow and infrequent.

Education

There is an even balance between the number of primary and secondary schools, all of which provide a significant number of options for families.

Level	No.	Type
Primary	4	Govt. or Catholic
Secondary	3	Govt. or Private
Other	1	Special Ed.



Distance
from City

36

Kilometers

Bus to CBD

1

Hour

Schools

9

Shopping
Areas

2

Kellyville NSW 2155

Market Overview

The property market in Kellyville is solid for houses and less so for units, as houses are a preferred dwelling type in Kellyville. Our analysis indicates that there has been a strong capital growth of houses and units, which is driven mainly by relatively affordable prices.

However, a clear distinction should be made between houses and units. Demand in Kellyville is primarily for houses, with a lesser demand for units. Though buyers should be aware that a large number of building approvals have been completed in Kellyville and the surrounding suburbs, which may have an impact in the short term.

Houses: Current State

Mainly driven by a relative affordability, limited supply and a very strong demand for houses in the entire 'Greater Sydney' area, Kellyville has demonstrated a very solid capital growth of 67.9% in the last 5 years, of which 7% in the last year alone.

Currently there is a relatively high number of new house building approvals in Kellyville and the surrounding areas. This currently has only a limited impact on the property market and on the supply of investment properties in the area, as there is a very strong demand for houses by owner occupiers.

Market Outlook

Relatively affordable house prices, proven capital growth and overall good solid suburb fundamentals indicate that Kellyville provides opportunity for good capital growth in the medium long term. However, with over 700 new house building approvals being 9.6% addition to the current stock (ABS data), the number of houses in the Kellyville will increase which could impact capital growth in the short term.

However, in the medium and long term, a solid capital growth is projected for this great suburb. This is mainly driven by a strong demand by owner occupiers to houses in the area. Further, it is likely that the completion of the North West Rail Link in 2019 will further increase the demand for properties in this suburb.

Cash Flow: Also, while the rental return of 3.4% is considered relatively reasonable for houses in Sydney at this point of time, this is a low rate of return. With a potential land tax, mortgage repayments and other costs, investors might be required, on a regular basis, to cover a shortfall between the actual rental return and the ongoing costs associated with the property. Therefore, they have to rely on negative gearing, as applicable to them.

Kingsgrove NSW 2208

Suburb Metrics

Preferred Property Configuration: For Houses



3-4

Bedrooms



1-2

Bathrooms



1-2

Car Parks

High
Projected
Demand

Low Short
Term Equity
Risk

Strong
Long Term
Capital
Growth

Median
House Value
\$1.29m

Low
Rental Return

Key Property Indicators

Data Type	Investment Indicators	Houses
Sales Price & Median Growth	Median sales price last 12 months	\$1,294,000
	12 month change in median sales price (12 months)	9.6%
	36 month change in median sales price (12 months)	63.3%
	60 month change in median sales price (12 months)	77.8%
12 Month Rental Return	Median advertised rent last 12 months	\$610
	Estimated 12 months gross rental return (%)	2.60%
	12 Months Surplus / (Shortfall) Ratio*	-0.9%
Projects in the Pipeline	New properties in the pipeline next 24 months	70
	New properties next 24 months as % of current stock	<1%

Source: CoreLogic, RiskWise Property Review, ABS

* The % surplus or shortfall of the actual rental return versus the required rental return to service an 80% LVR mortgage. Based on discounted standard variable interest rate. For more details refer to the Data Dictionary.



Kingsgrove NSW 2208

Suburb Profile

Kingsgrove is popular among professionals, families and retirees. It is a diverse suburb consisting of medium to high density residential, commercial and light industrial areas. Kingsgrove has become a sought out location due to its proximity to the Sydney CBD and suburban lifestyle.

Distance
from City

13

Kilometers

Train to CBD

25

Minutes

Schools

6

Shopping
Areas

3

Location

Kingsgrove is located in the inner-west of Sydney, NSW, 13km south-west of the Sydney's CBD. It is governed at the local level by the Bayside Council, Georges River Council and Canterbury-Bankstown Council.

Demographics

Kingsgrove is diverse with a significant immigrant population including Greek, Chinese, Italian and Lebanese communities. Its suburban lifestyle makes it popular among retirees, families and professional singles.

Local Facilities

The main shopping strip is found along Kingsgrove Road and offers a variety of retail shops and restaurants. It is also home to a large industrial and manufacturing area. Despite this, the suburb is family friendly with its surrounding parks and recreational areas, such as Beverly Hills Park. Kingsgrove is also home to two golf clubs.

Transport

Kingsgrove provides frequent trains to central Sydney and the international and domestic airports. The journey time to the central city takes approximately 25 minutes and typically operates every 15 minutes. There is also a bus route that takes about 50 minutes to the city.

The suburb is also well connected by many major roads and highways, including the A1, A3, A36 and M5.

Education

The most notable government school is Kingsgrove High School which is highly regarded for academic achievement and student support. Other private schools can be found in the wider area.

Level	No.	Type
Primary	3	Govt., Cath, or Privte
Sec.	3	Govt. or Cath
Other	0	N/A

Kingsgrove NSW 2208

Market Overview

The property market in Kingsgrove has experienced good capital growth. With a median house price of \$1.29m the suburb offers investors an affordable opportunity to purchase in a family-orientated, multicultural suburb.

Houses: Current State

The Kingsgrove housing market has delivered healthy capital growth. The past five years has seen capital growth of 77.8%, which sits above the greater Sydney average. It is also worth noting that, overall, the growth rates have been consistent and reached 63.3% over the past 3 years, and 9.8% in the past 12 months.

In addition, the low number of building approvals across the suburb have had only a minimal impact over capital growth, as this suburb is popular among owner occupiers and investors.

Market Outlook

With good proximity to the city, strong public transport linkages to the central city, strong suburb amenities (including for retirees), this suburb is likely to experience stable capital growth over the medium to long-term. Its low vacancy rate is also a good indication of its future growth potential.

However, the suburb has experienced a relatively high number of median days on the market for housing in the sales process. This should be of some concern, but is likely due to the increase sales stock over the past 12 months and the general cooling of the wider property market.

Cash Flow: The rental return of 2.8% is considered low for houses in Sydney at this point of time, this is a low rate of return. With a potential land tax, mortgage repayments and other costs, investors might be required, on a regular basis, to cover a shortfall between the actual rental return and the ongoing costs associated with the property. Therefore, they have to rely on negative gearing, as applicable to them.

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Definitions

Field Name	Definition
Median sales price last 12 months	The median sale price of all transactions recorded during the last 12 month period
12 month change in median sales price (12 months)	The percentage change in the median sale prices in the same period compared to 12 months ago.
36 month change in median sales price (12 months)	The percentage change in the median sale prices in the same period compared to three years ago.
60 month change in median sales price (12 months)	The percentage change in the median sale prices in the same period compared to five years ago.
Median asking rent last 12 months	The median value of advertised weekly rents captured during the last 12 months.
Estimated 12 months gross rental return (%)	The median ratio between the weekly advertised rent multiplied by 52 weeks and the median sale price of each property that was sold in the last 12 month period.
12 Months Surplus / (Shortfall) Ratio*	<p>Rental surplus/shortfall Ratio: The % surplus or shortfall achieved over the last 12 months, between actual rental return and the required rental return to service an 80% LVR mortgage, based on a discounted standard variable interest rate.</p> <p>Surplus – the actual rental return was more than the required rental return, enabling the rent to service the mentioned mortgage.</p> <p>Shortfall – the actual rental return was less than the required rental return, meaning the rent would not fully service the mentioned mortgage.</p> <p>The discounted standard variable rate in December 2016 was 4.5% RBA). The required rental return to service an 80% LVR mortgage is 3.6%</p>
Units in the pipeline next 24 months	Number of units with expected end dates in the subsequent 24 hands months based on projects with an approved development application
Units in the pipeline next 24 months as % of units	Number of units with expected end dates in the subsequent 24 months based on projects with an approved development application as a ratio to existing residential units
Average vacancy rate of rental properties last 12 months	Percentage of days the average listed property is vacant over the last 12 months.

Definitions

Field Name	Definition
Potential lending restrictions risk	<p>The risk that the RBA and / or the regulator, and / or a lender and / or any party who has to power to restrict lending for residential property purposes, may implement measures to restrict such lending. Lending restrictions include, but not limited to:</p> <ul style="list-style-type: none">• A limited Loan to Value (LVR) ratio (e.g. 70% or 80%) in specific areas• A limited ratio of property investors in specific areas
Settlement risk	<p>The risk that the value of an OTP property, as assessed by a valuator prior to the settlement, may decrease between the original contract date and settlement. The higher the likelihood and the impact (i.e. the price reduction), the higher the risk.</p>
Short term equity risk	<p>The risk that the price of a property may reduce or the property may deliver poor capital growth in the next 2-3 years. The higher the likelihood and the impact (i.e. the price reduction), the higher the risk.</p>
Medium term equity risk	<p>The risk that the price of a property may reduce or the property may deliver poor capital growth in the next 5-7 years. The higher the likelihood and the impact (i.e. the price reduction), the higher the risk.</p>

