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Buyers scoop up all 191 units in western Sydney project

Exclusive

Su-Lin Tan

Property buyers snapped up \$101 million worth of apartments in western Sydney in five hours on Saturday, and auction clearances remain strong before Tuesday's Reserve Bank meeting.

At Penrith in western Sydney, the Thornton Central project sold 191 apartments by mid-afternoon on Saturday after a similar 151-unit sellout in April.

"We had strong interest from first-home buyers as expected, because the pricing is below the stamp duty threshold and attracts the first-home buyers grant," First Point Projects' executive director Mark Hovey said.

While auction clearance rates in Sydney dipped just below 80 per cent, the national clearance rate was 75.7 per cent, higher than 68.9 per cent the same time last year.

The Reserve Bank of Australia was expected to keep the 2 per cent cash rate on hold, despite property prices in the major cities surging 2.8 per cent in July, because of the falling Chinese stockmarket and as concerns eased over the Greek debt default. The market saw a 12 per cent chance of a rate cut.

"The RBA should hold its policy rate steady, with a bias towards raising it soon in order to address the continued overheating in the housing market," said Australian National University RBA shadow board member James Morley.

"However, they will want to see some indication of inflationary pressures before starting the raising cycle. The current low level of the Australian dollar gives scope for holding steady or starting the raising cycle."

Retail and community developer First Points Projects and property group St Hilliers First Point are developing the Thornton project, which was expected to be completed by mid-2016.

Thornton apartments cost \$395,000 for a one-bedroom and \$712,000 for a three-bedroom unit. In inner-city Sydney, the median price for units was close to \$700,000 and house prices had soared past \$1 million.

First home-buyer Nicolas Fameli, 22, said the two-bedroom unit he bought for \$534,000 to live in was "good value".

As affordability falls in inner city Sydney – the Housing Industry Association reported a fall in its Affordability Index for the June quarter – property buyers were heading out west and north-west where major developments were in

progress following the commencement of the North West Rail Link and the go-ahead on Badgerys Creek Airport.

"The population catchment of this region is expected to top \$1 million by 2031. Emerging employment hubs in western Sydney, such as Badgerys Creek Airport, are making regional cities like Penrith more attractive," said St Hilliers' executive chairman Tim Casey.

Supporting the trend in Sydney's north-west was the auction of the five-bedroom, 17 McIntyre Place in Castle Hill for \$2.38 million over the weekend, one of McGrath's most expensive sales.

Sydney's clearance rate for the week was 78.8 per cent, below the 80 per cent mark for the fourth week in a row, but still higher than the same time last year, Corelogic RP Data reported.

While auctions were down to 816 from 906 last week, the Blacktown sub-region in Sydney's west showed the strongest performance.

Melbourne's clearance rate was equally strong, at 76.8 per cent, rising from a recent low of 75.7 per cent. All capital cities recorded the same trend except for Tasmania, with lower clearances than last year, and Perth, which was falling closer to last year's rate of 41 per cent.

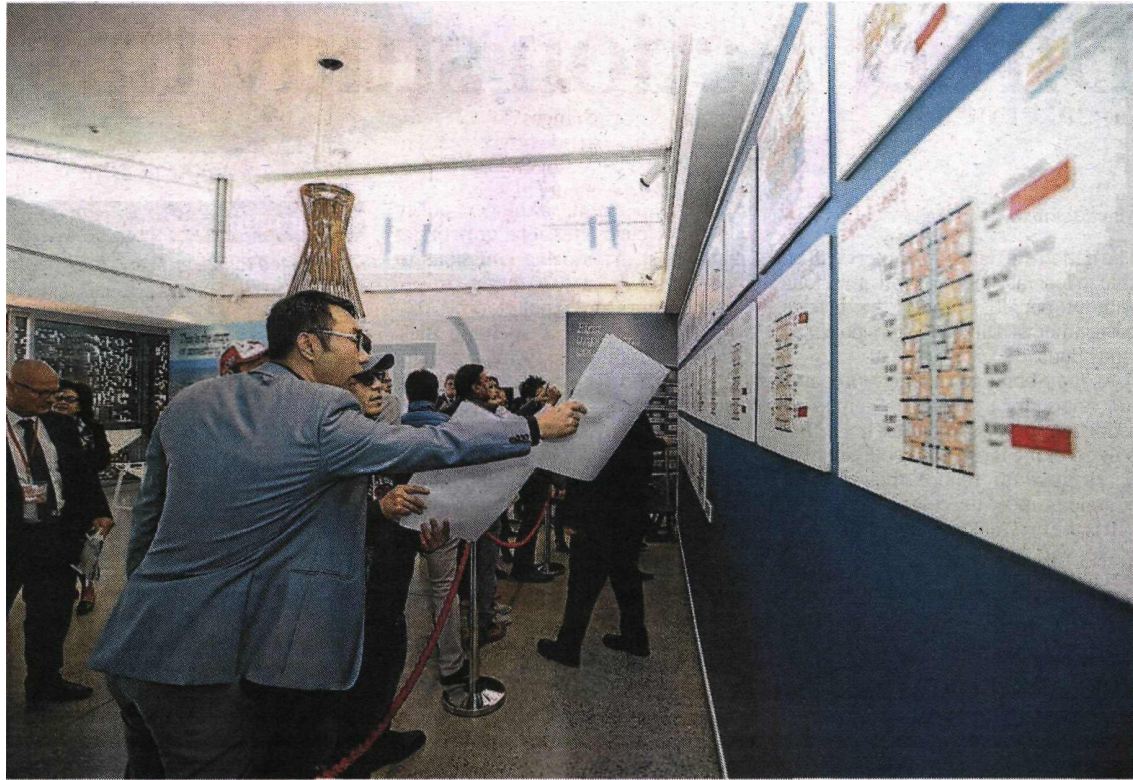


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Investors favour Sydney's west as auctions stay strong before Tuesday's Reserve Bank meeting.