



Tamworth

Drought & Pricing Report

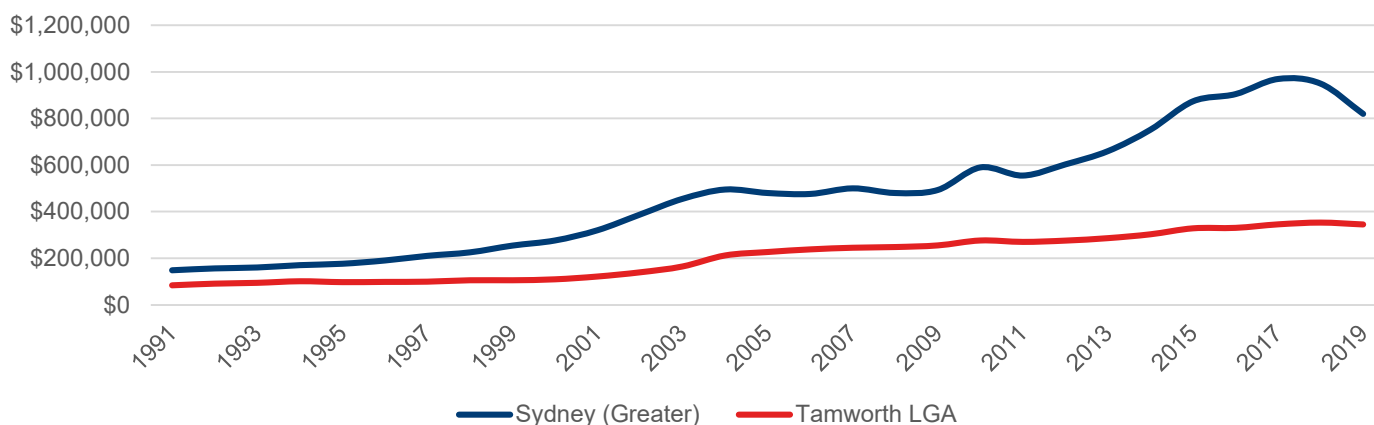
September 2019



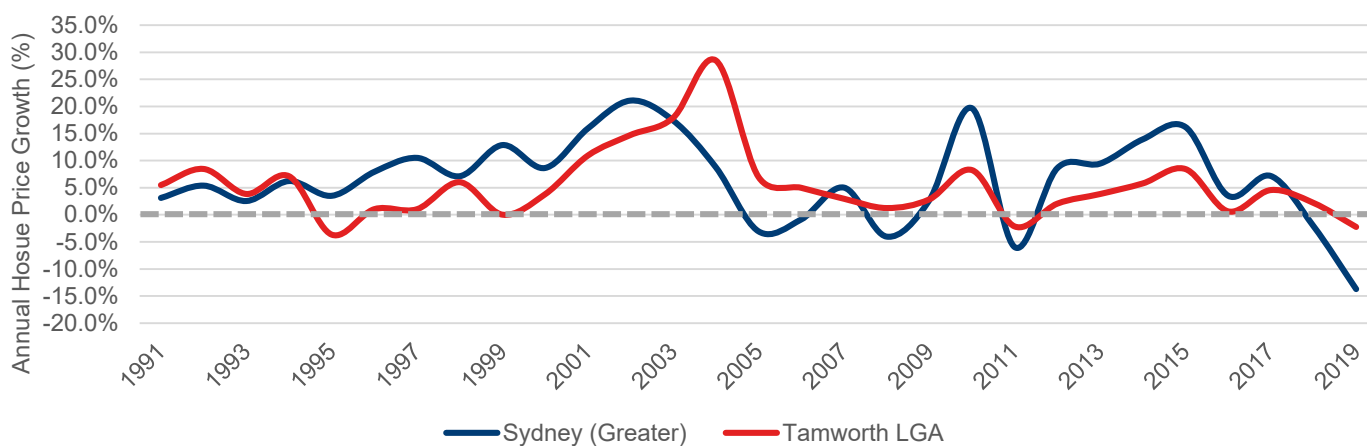
“With 30-year average annual median house price growth of 5.3%, Tamworth has proven to be a resilient property market. It is more insulated to property shocks than Sydney.”

When considering risk factors in buying property, it is important to consider comparable alternatives. The annual median price and price growth (return) from 1990-2018 is compared in the below graphs, comparing median house price growth in the Tamworth LGA against those of the Greater Sydney area.

TAMWORTH-SYDNEY MEDIAN HOUSE PRICE COMPARISON, 1990 – 2019*



TAMWORTH-SYDNEY MEDIAN HOUSE PRICE GROWTH COMPARISON, 1990 – 2019*

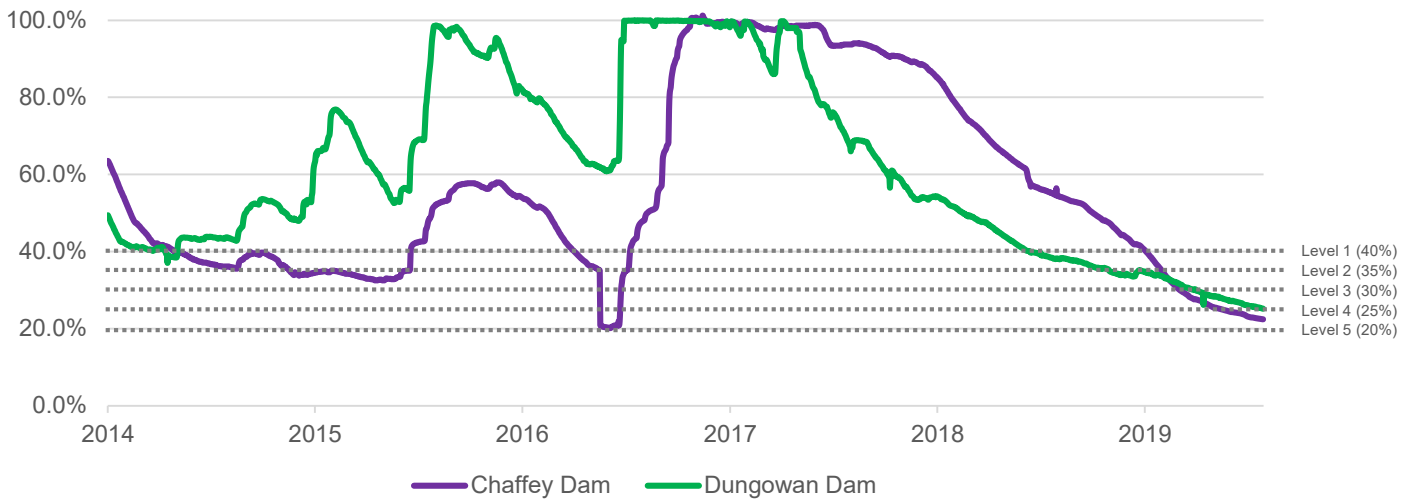


KEY COMMENTS

In the 30-year period between 1990-2019, Sydney recorded average annual median house price growth of 6.5%, while Tamworth recorded 5.3%. Interestingly Tamworth's slightly slower growth helped it to be a more resilient market. Between 1990-2019 Sydney recorded 5 periods of annual negative price growth (2005, 2008, 2011, 2018 and 2019), whereas Tamworth only experienced 3 periods of annual negative price growth (1995, 2011 and 2019); and two out of three of these instances were in line with price declines in Sydney (2011 and 2019). This suggests Tamworth is a resilient property market which is more insulated to property shocks than the capital city, albeit with slightly slower capital growth.

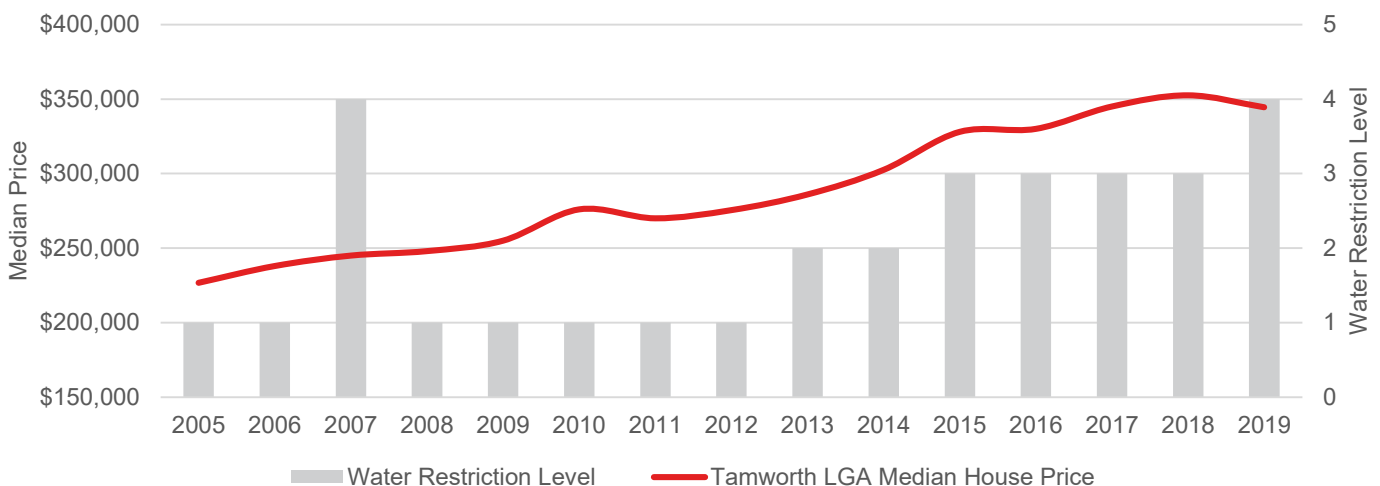
This said, Sydney is a larger capital city with greater investment into key infrastructure services, which makes it less susceptible to other risks - such as drought. The following graph shows the remaining capacity of the two major dams for the Tamworth LGA from 2014 to date. Water restrictions in Tamworth LGA are made active at 5 levels, according to the dams' combined capacities. These levels are also indicated on the graph. The dam's capacities can evidently be drained quickly if low rainfall occurs.

TAMWORTH DAM CAPACITIES & WATER RESTRICTION LEVELS, 2014 – 2019*



The below graph plots Tamworth LGA's median house price against water restriction levels (which are graded to the prevailing level for each year). The recent decline in rainfall has caused significant stress on water resources in Tamworth, currently at Level 4 water restrictions. In 2019, this coincides with a downturn in median house price. However there has been a much wider correction occurring in the property market nationally, and increased water restrictions in previous years did not impact Tamworth's median house price growth.

TAMWORTH MEDIAN PRICE & WATER RESTRICTION LEVELS, 2005 – 2019*



KEY IMPLICATIONS

The Tamworth Regional Council recognises the threat posed by drought to the area and in response pre-emptively implemented a new Drought Management Plan in 2015. In addition, Water New South Wales upgraded Chaffey Dam from a 62 gigalitre capacity up to 102 gigalitres in 2016, further enhancing the area's resilience to drought.

Various levels of Government are recognising the urgency of the current situation, especially as there are multiple areas which are facing similar situations, and are currently assessing what options can be taken. This includes options such as the construction of emergency pipelines to allow transfer of water to areas where it is most needed.

Overall, buyers should be cautious of the various types of risks associated with purchasing property, including local climate. In Tamworth there is evidence that increased water restrictions in previous years did not effect median house price growth. This should provide some degree of assurance to those seeking to enter the Tamworth property market.

ABOUT PRDnationwide RESEARCH

PRDnationwide's research division provides reliable, unbiased, and authoritative property research and consultancy to clients in metro and regional locations across Australia

Our extensive research capability and specialised approach ensures our clients can make the most informed and financially sound decisions about residential and commercial properties.

OUR KNOWLEDGE

Access to accurate and objective research is the foundation of all good property decisions

As the first and only truly knowledge based property services company, PRDnationwide shares experience and knowledge to deliver innovative and effective solutions to our clients.

We have a unique approach that integrates people, experience, systems and technology to create meaningful business connections. We focus on understanding new issues impacting the property industry; such as the environment and sustainability, the economy, demographic and psychographic shifts, commercial and residential design; and forecast future implications around such issues based on historical data and fact.

OUR PEOPLE

Our research team is made up of highly qualified researchers who focus solely on property analysis

Skilled in deriving macro and micro quantitative information from multiple credible sources, we partner with clients to provide strategic advice and direction regarding property and market performance. We have the added advantage of sourcing valuable and factual qualitative market research in order to ensure our solutions are the most well considered and financially viable.

Our experts are highly sought after consultants for both corporate and government bodies and their advice has helped steer the direction of a number of property developments and secured successful outcomes for our clients.

OUR SERVICES

Our research services span over every suburb, LGA, and state within Australia; captured in a variety of standard and customized products

We have the ability and systems to monitor market movements, demographic changes and property trends. We use our knowledge of market sizes, price structure and buyer profiles to identify opportunities for clients and provide market knowledge that is unbiased, thorough and reliable.



OUR SERVICES INCLUDE:

- Advisory and consultancy
- Market Analysis including profiling and trends
- Primary qualitative and quantitative research
- Demographic and target market Analysis
- Geographic information mapping
- Project Analysis including product and pricing recommendations
- Rental and investment return analysis

Mark Sleiman

Principal

M +61 411 544 603

E mark@prdtam.com.au

Dean Cummins

Principal

M +61 429 663 995

E dean@prdtam.com.au

PRDnationwide Tamworth

Level 1, 179 Marius Street
Tamworth NSW 2340
Australia

T +61 2 6763 7000

PRD.com.au/tamworth