



The new Tamworth Education Centre

MARKET INDICATORS

Change from Last	Year	Half Year
HOUSE SALES	↓	↑
HOUSE MEDIAN	↑	↓
HOUSE RENTS	↑	↔
UNIT SALES	↓	↓
UNIT MEDIAN	↑	↓
UNIT RENTS	↑	↓

The activity indicators depicted above are based on the year ending August 2013. Rental indicators are based on 12 months to September 2013.

KEY HIGHLIGHTS

- The Tamworth Hospital's redevelopment and the completion of the Tamworth Education Centre represented a substantial investment in the Tamworth's infrastructure.
- Demand from local and out-of-town investors balanced the decline in first-home buyer activity.
- Strong demand was noted for residential lifestyle blocks in the \$100,000 to \$149,999 price point.

MARKET OVERVIEW

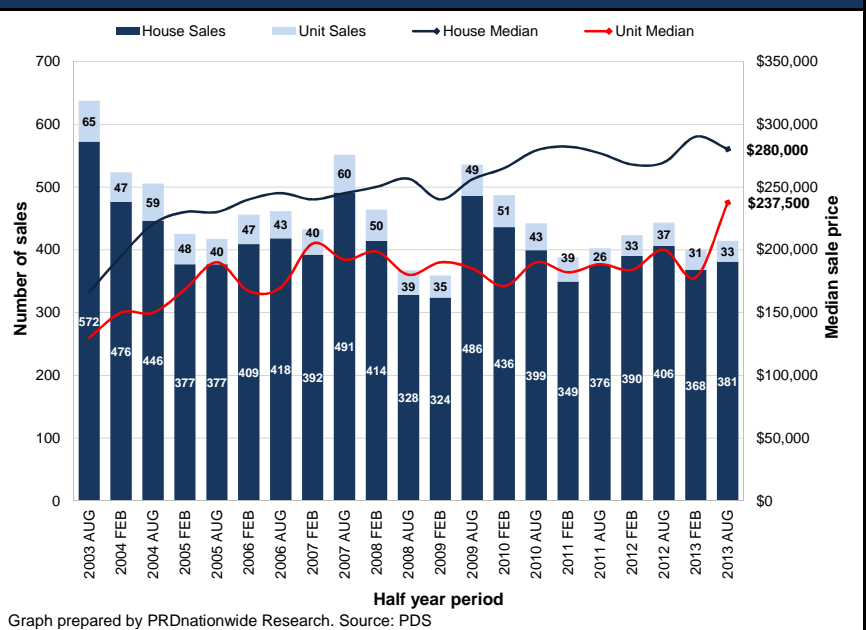
The following report is an investigation into the Tamworth City real estate market. The area is defined by the suburbs of Calala, Daruka, East Tamworth, Hillvue, Moore Creek, North Tamworth, Oxley Vale, South Tamworth, Tamworth, West Tamworth and Westdale.

A low interest rate environment has positively influenced the market, with 2nd home buyers and investors competing over a tight number of listings. Meanwhile vacant land sales have increased to their highest level since August 2009, prompting the release of lots in existing and new estates. A substantial infrastructure investment included the \$220 million redevelopment of the Tamworth Hospital and the University of Newcastle's Tamworth Education Centre have increased demand for land in North Tamworth and Moore Creek, while the new Coles Southgate Shopping Centre has improved amenities in South Tamworth.

The August 2013 house activity increased from the February half year but declined by 6.2 per cent from the August 2012 period. The median house price softened from a high of \$290,000 in February, but remained 3.9 per cent higher than the August period in 2012. Strong demand failed to lift transaction numbers as the level of stock on the market declined.

Demand from local and out-of-town investors balanced the decline in first-home buyer activity that represented less than 15 per cent of the market. These buyers predominantly competed for properties in the sub-\$300,000 market (68 per cent of the market). The record low interest rate encouraged investors to chase rental yields in the short term, and capital gain in the medium to long term.

TAMWORTH HOUSE & UNIT SALES CYCLE



HOUSE PRICE POINTS

SIX MONTHS TO AUG 2012 & AUG 2013

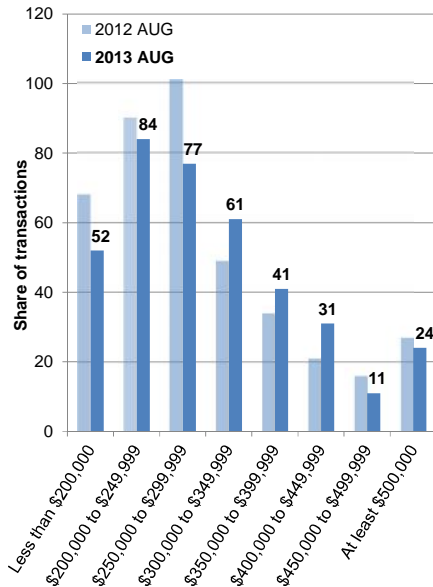


Chart prepared by PRDnationwide Research. Source: PDS

Vacant land sales have increased to their **highest level** since August 2009 prompting the release of lots in existing and new estates

UNIT PRICE POINTS

SIX MONTHS TO AUG 2012 & AUG 2013

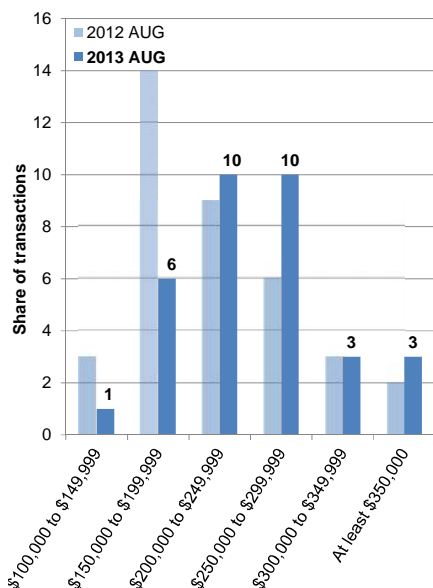


Chart prepared by PRDnationwide Research. Source: PDS

Observing the House Price Point chart to the left, a decline in affordable properties persisted with sales below \$300,000 contracting by 18 per cent between the August 2012 half year and the corresponding period in 2013. That said, overall increase in house transactions between \$300,000 and \$500,000 led to the increase in median house price.

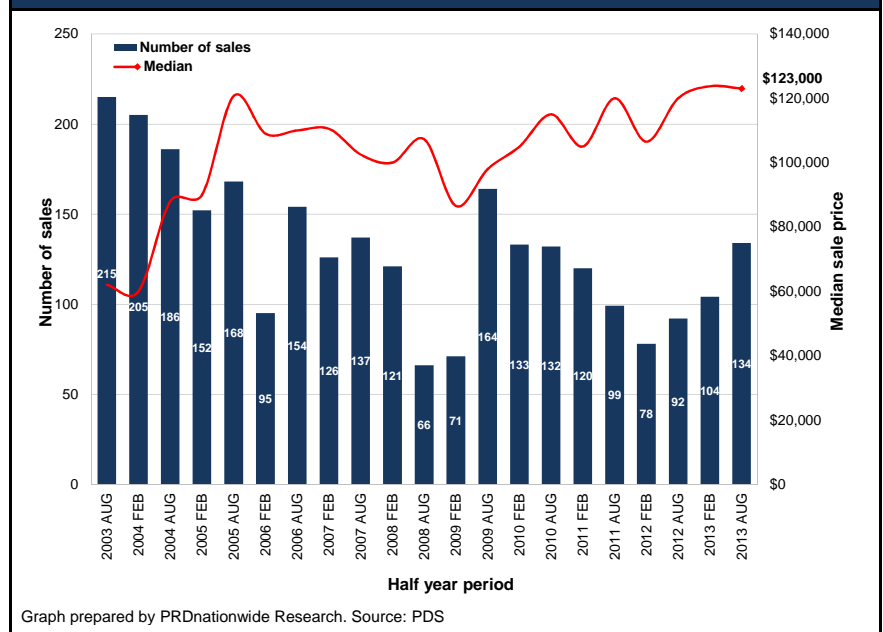
Unit activity was steady, with the August period remaining at the three-year average of 33 transactions per six month period. As observed in the house market, unit transactions in lower price points declined while the number of sales above \$200,000 climbed. Toward the bottom end of the market a unit on Carthage Street, East Tamworth sold for \$115,000 in May, while toward the top end a townhouse on Rawson Avenue, North Tamworth sold for \$392,000 in April.

Investors holding two-bedroom units experienced strong rental yields, equating to approximately seven per cent since April. The yield for a three-bedroom house declined after peaking at 4.9 per cent in April 2013. The decline was related to a rise in prices and a softer demand for rental houses.

The median rent for a two-bedroom unit climbed by 4.5 per cent (\$10) between September 2012 and the corresponding period in 2013, closing at \$230 per week in September. The median rent for a detached house remained stable over the past three quarters, closing at \$300 per week in September.

The graph below identified a strong rise in vacant land activity between the February 2012 half year and the most recent August period. A rise in the median price of a vacant lot strengthened the feasibility for new land subdivisions. Activity increased by 46 per cent in the 12 months to August, signalling strong demand for lifestyle blocks in the \$100,000 to \$149,999 price point and providing accommodation to the new hospital and university education centre. The median lot price of \$123,000 represented a small 12-month increase of 2.5 per cent.

TAMWORTH VACANT LAND SALES CYCLE



Graph prepared by PRDnationwide Research. Source: PDS

North Tamworth accounted for the majority of vacant lot transactions, accounting for 31 per cent over the August 2013 half year, followed by Calala (19 per cent) and Hillvue (18 per cent). In North Tamworth, the Windmill Hill Estate recorded 13 land transactions, boosting the suburb's performance. Currently on the market are rural residential lots in the Oaklands and Rosewood Estates, with smaller lots in Calala's Lampada Dawn Estate and Westdale's Northern Lights Estate.