



**The new extension to the Tamworth Hospital**

## 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 February 2013. Rental indicators are based on 12 months to March 2013.

## KEY HIGHLIGHTS

- The February 2012 period exhibited strong growth in activity and a stronger median house price.
- Investors were outdoing first-home buyers by picking the best homes in the sub-\$300,000 market.
- A high rental yield and low borrowing costs afforded some landlords with an immediate positive cash flow.

## MARKET OVERVIEW

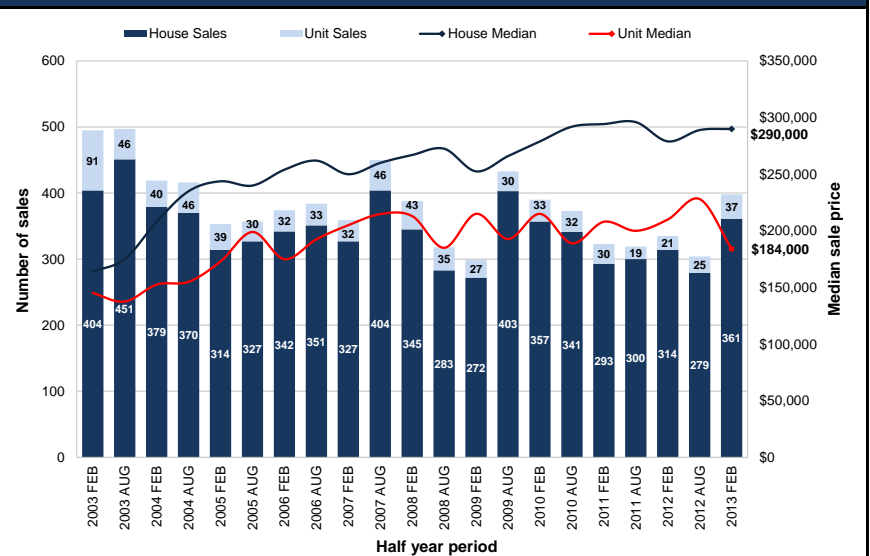
The following report provides an insight into the Tamworth City real estate market. The area is defined by the suburbs of Calala, Daruka, East Tamworth, Hillvue, Moore Creek, North Tamworth, Oxley Vale, South Tamworth, Tamworth, West Tamworth and Westdale.

A low interest rate environment has positively influenced the market, with the February 2012 period exhibiting strong growth in activity and a stronger median house price. That said, a high proportion of properties remained on the market and prevented a full recovery, as hopeful vendors continue to expect pre-GFC prices. While sales of vacant residential lots registered a decline over the past decade, the development of the Tamworth Hospital and the adjacent Education Centre for the University of Newcastle's Department of Rural Health will increase the level of amenities offered by the City stimulate commercial activity.

Market activity has increased in the six months to February 2013, signalling renewed interests from owner occupiers and investors. The unit market recorded 37 transactions, while the house market recorded 361 sales, representing a 15 per cent increase in activity from the corresponding period in 2012. While the median unit price softened over the period, a 3.9 per cent increase in the median house price signalled improvement in buyers' confidence. The median price closed the period at \$290,000.

Evidence pointed to local and out-of-town investors outdoing first-home buyers by picking the best homes in the sub-\$300,000 market (54 per cent of the market). The record low official interest rate is encouraging investors to chase rental yields in the short term, and long-term price growth. Would-be first time buyers instead opted to rent or remained in their parents' homes.

## TAMWORTH HOUSE & UNIT SALES CYCLE



Graph prepared by PRDnationwide Research. Source: PDS

### HOUSE PRICE POINTS SIX MONTHS TO FEB 2012 & 2013

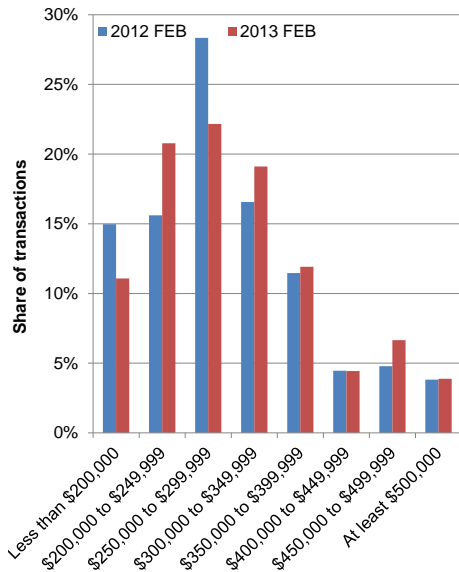


Chart prepared by PRDnationwide Research. Source: PDS

With at least **half** of the properties experiencing long selling periods and an **increase in demand** buoyed by a **low interest rate** and an improved **buyers' confidence**, the market is experiencing a **shortage in supply of well-priced properties**

### UNIT RENTAL YIELD SIX MONTHS TO FEB 2013

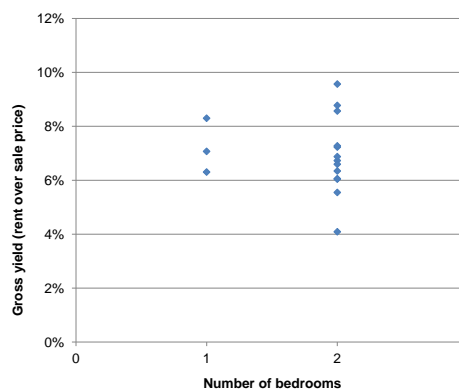


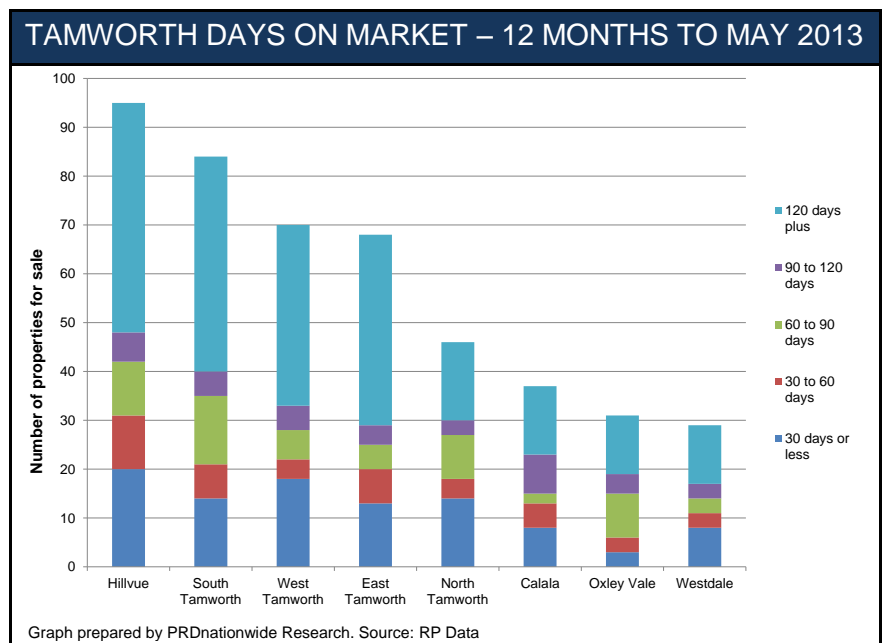
Chart prepared by PRDnationwide Research. Source: PDS

Investors who purchased two bedroom villas in Tamworth benefitted from a strong 12-month growth in the median rent, equating to 9.1 per cent. One bedroom units registered a rise of 8.5 per cent to \$240 per week. The Unit Rental Yield chart pointed to yields of between six and ten per cent. The high yield and low borrowing costs afforded some landlords with an immediate positive cash flow. The median rent for a detached house increased by 5.3 per cent to \$300 per week, equating to a yield of 5.4 per cent over the median house price.

Observing the House Price Point chart to the left, a decline in affordable properties emerged, with sales below \$300,000 contracting between the February 2012 half year and the corresponding period in 2013. Overall increase in house transactions above \$300,000 led to the abovementioned rise in median price.

A two-tiered market existed in Tamworth with a clear division between motivated and non-motivated vendors. In the 12-month to May 2013 48 per cent of dwellings were listed for four months or more. Moreover, 22 per cent of all properties had been on the market for a period of one year or more. Interestingly, one third (33 per cent) of properties that remained on the market for a period of two months or more were in the top price point of \$400,000 plus, suggesting that price was a major factor preventing a sale. Toward the top of the market, only 12 per cent of properties advertised in the \$400,000 plus bracket remained on the market for a period greater than 120 days.

The table below identified the three suburbs where more than 50 per cent of properties remained on the market for a period of 120 days plus. Long selling periods were common in the suburbs of South Tamworth, West Tamworth, and East Tamworth, while in the suburb of Hillvue 47 out of 95 properties advertised for sale in the year to May have been on the market for a period longer than four months (49 per cent).



Graph prepared by PRDnationwide Research. Source: RP Data

With almost half of all properties experiencing long selling periods and an increase in demand buoyed by a low interest rate and an improved buyers' confidence, the market is experiencing a shortage in supply of well-priced properties. The situation becomes apparent in suburbs like Calala and Oxley Vale, where a low number of properties are coming onto the market compared with a high level of stock that lingers.