

# HORSHAM AREA

Property Watch®

PRD nationwide



Horsham Town Centre

## MARKET INDICATORS

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

The indicators depicted above are based on the year ending October 2012, while rents are based on the year ending June 2012.

## KEY HIGHLIGHTS

- In the past 12 months ending October 2012, the median house price increased by 10.3 per cent, to \$235,500.
- Over the past ten years, sellers have realised an average capital growth return of 9.1 per cent per annum, through an average holding period of 7.8 years.
- The final vacant land median price recorded for the February 2012 six month period was \$102,450, equating to an increase of \$31,100 in just three years.

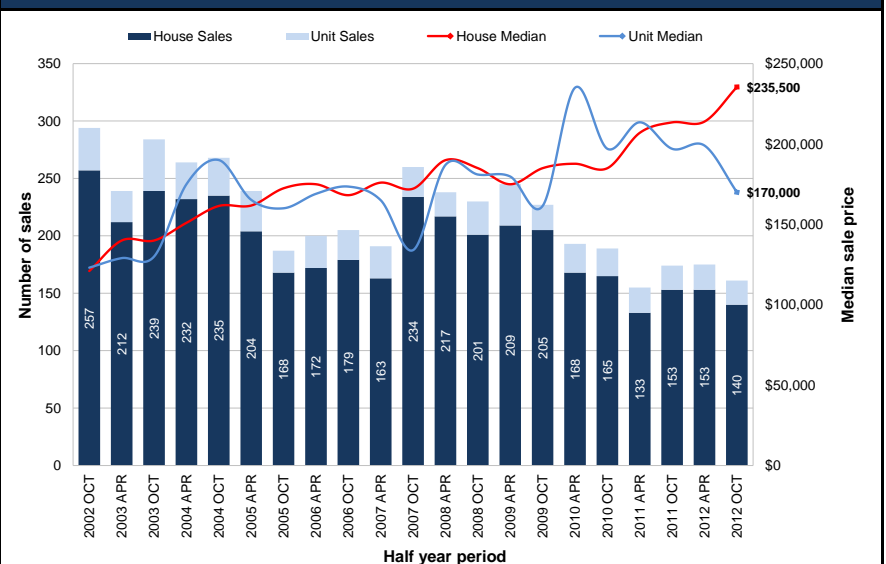
## HORSHAM AREA MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market trends of the Horsham Area, which encompasses the suburbs of Horsham and Haven, with a comparison to the wider Horsham Local Government Area (LGA).

The Horsham Area property market has averaged 192 settled house sales per six month period over the past decade. At the time of writing, the most recent six month period ending October 2012 has registered a total of 140 settled sales. Although this amounts to a figure slightly less than the three year average of 152 sales per six months, it is anticipated that there is a larger portion of sales that have yet to settle in the month of October. While activity over the three past years has been fairly robust, the median price has surged to new heights. Twelve month growth in the median house price recorded a substantial 10.3 per cent increase to \$235,500. It appears that the period of low interest rates in between 2011 to 2012 has assisted in making property more affordable, allowing for buyers to increase their purchasing power. Early indications have shown that activity in the Horsham Area house market has picked up throughout the last first quarter of 2013, with potential home owners interested in brick veneer houses priced between the \$300,000 to \$600,000 price range. Investors have also shown interest in the Horsham market, in particular redevelopment sites at an affordable price point of up to \$150,000.

As displayed in the Horsham Area House Sales Cycle, over the past three years houses have displayed a consistent level of activity, with a rapidly increasing median price. However, while the Horsham Area unit market represents only 15.3 per cent of total dwellings, the median unit price has typically pursued a similar level of growth to that of houses. Only over the past six months has a large price divergence between houses to unit come around. This could offer investors the potential to attain stronger yields.

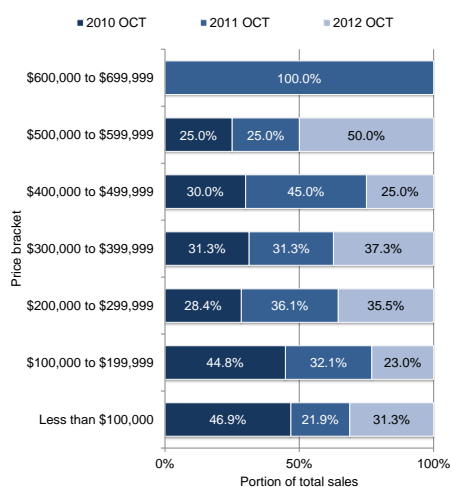
## HORSHAM AREA HOUSE & UNIT SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

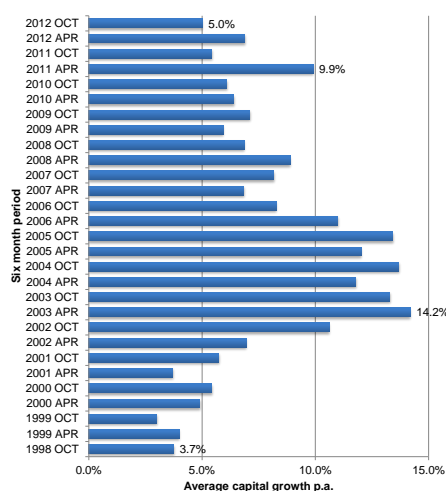
# Redevelopment sites under \$150,000 are in **strong** demand from investors.

## HOUSE PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

## AVERAGE CAPITAL GROWTH



Prepared by PRDnationwide Research. Source: PDS

A resale analysis was undertaken to ascertain the average annual returns received by investors who exited the Horsham Area house market over the six months to October 2012. These sellers realised returns of an average 5.0 per cent per annum, through an average holding period of 7.8 years. While this amount of capital growth has declined from the ten year average of 9.1 per cent per annum, it still remains significantly positive.

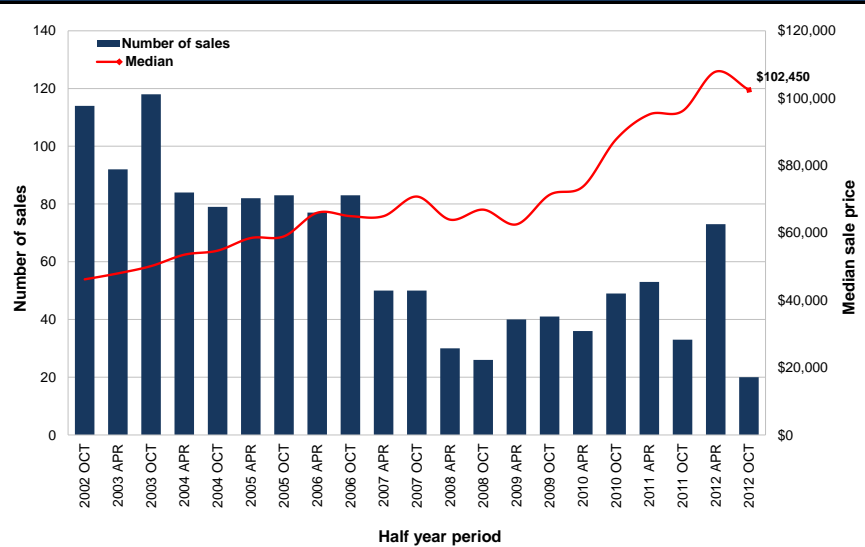
Observing the House Price Points chart over the October 2012 six month period, it is shown that the price range of \$200,000 to \$400,000 has expanded by 7.1 per cent, to amount to 60.7 per cent of total sales. Historically, the sub \$200,000 price point has claimed the majority of home buyers.

Sales activity in the vacant land market surged 121 per cent in the six month period ending April 2012. This level of high activity has occurred since mid-2006, but has since quietened down over the most recent October 2012 six months. During this recent period a total 20 settled sales occurred, with the half of these sales falling within the \$100,000 to \$149,000 price range. The median price appears to have reached a price plateau over the April 2012 six month period, and has since contracted by 5.1 per cent to \$102,450. Due to a lack of prime land and the ever increasing building costs potential buyers are assessing established homes as a more viable option both in terms of value and position. The general sentiment felt among buyers deems that building a new home will not deliver worthwhile returns in the current market.

Over the past five years, the rental market has grown to amount to 29.6 per cent of the total dwellings in the Area. When observing the movements of the rental market within the Horsham Area, rental prices for houses have remained stable over the June 2012 financial year. The median weekly rent for a standard three bedroom house was \$230 per week, while the rent for a four bedroom house increased by 22.6 per cent (to \$325 p/w). Vacancies in the rental market have slightly increased over the second half of 2012, providing more expectation that the weekly median rent for homes will remain fairly stable over 2013.

Looking ahead into 2013, a sustained period of low interest rates should draw investor activity into the property market, as loans become more affordable transferring into more attractive yields. Houses should continue to observe steady growth, while units will likely see a price correction.

## HORSHAM AREA VACANT LAND SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS