

# TAMWORTH CITY

Property Watch®

PRD nationwide



**A recent sale on Fitzroy Street - reflective of Tamworth median price**

## 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 August 2012. Rental indicators are based on 12 months to September 2012.

## KEY HIGHLIGHTS

- House activity stabilised over the past 18 months, with 425 houses transacting in the August 2012 half year period.
- A strong population growth was largely the result of an expanding local economy.
- Low vacancy rate and restricted supply of accommodation will ensure rent prices continue to grow over the next few years.
- Growth in unit prices eroded the yields for some properties but provided an overall strong return to investors.

## MARKET OVERVIEW

This report covers the Tamworth City residential real estate market. Located in the Tamworth Regional Local Government Area (LGA), the region extends across a 16 kilometre radius surrounding the Tamworth city-centre and broadly corresponds to the 2340 postcode.

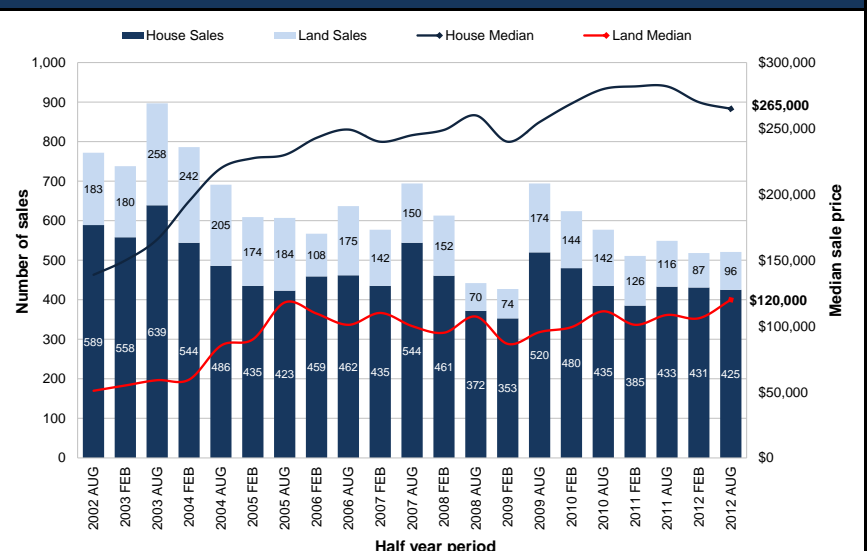
The region maintained a strong growth in population between 2006 and 2011, with the latest census data pointing to a population of 45,699 residents. The increase in population was largely the result of an expanding economy in the Tamworth Regional LGA and surrounding municipalities, with new residents impacting the sales and rental markets of Tamworth City.

House activity stabilised over the past 18 months, with 425 houses transacting in the August 2012 half year. This level, while short of the August 2009 peak, represented a balanced market. Enquiries from upgraders and investors have increased in September and October, while first home buyers interest declined following the cessation of the \$7000 First Home Owner Grant.

Observing the house market price points, it is clear that stock priced under \$300,000 was in demand over the six months to August 2012. Houses in this bracket accounted for 64% of transactions, compared to 54% of transactions for the same period in 2011. Demand for properties toward to bottom end of the market originated from first home buyers and investors. While first-time buyers' activity has eased investors are still active, looking for solid yields in the six to seven per cent range.

The median rent for a three-bedroom house, the most common form of accommodation in the region, increased by 14% in the three years to September 2012. A figure of \$285 per week was recorded in the third quarter of 2012, representing an indicative yield of six per cent over the median price of a three-bedroom house.

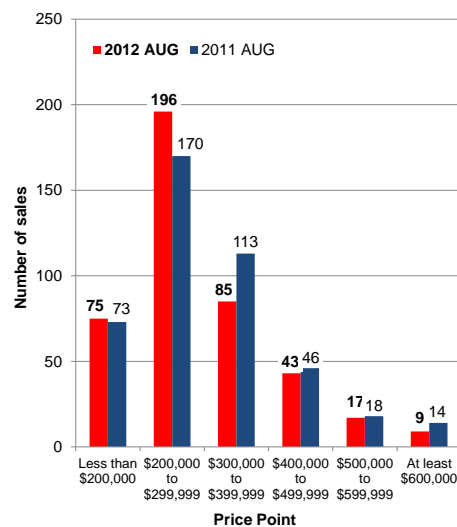
## TAMWORTH CITY HOUSE & VACANT LAND SALES CYCLE



Graph prepared by PRDnationwide Research. Source: PDS

## HOUSE PRICE POINTS

### 6 MONTHS TO AUGUST 2011 & 2012



Graph prepared by PRDNationwide Research. Source: PDS

The **low vacancy** rate and shortage in **rental properties** is likely to **underpin** a **strong growth** in **rent prices** over the next few years

## HOUSE & VACANT LAND

### 6 MONTHS TO AUGUST 2012

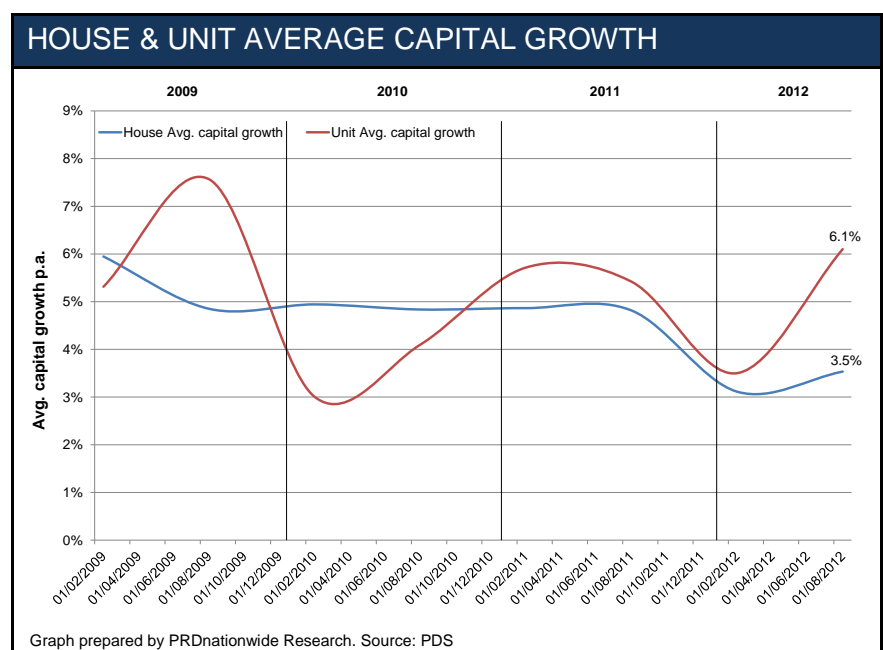
Suburb	Transactions	Median house price
<b>HOUSE</b>		
South Tamworth	71	\$220,000
Hillvue	60	\$312,500
West Tamworth	52	\$178,500
North Tamworth	45	\$280,000
East Tamworth	43	\$322,000
Oxley Vale	37	\$265,000
Calala	36	\$290,500
Kootingal	23	\$243,600
Westdale	19	\$260,000
Moore Creek	16	\$469,250
<b>VACANT LAND</b>		
Moore Creek	27	\$146,500
North Tamworth	24	\$107,000
Westdale	14	\$92,500
Hillvue	10	\$135,000

Table prepared by PRDNationwide Research. Source: PDS

The 22% increase in median unit rent over the past three years highlighted a shortage in supply of medium-density accommodation, amid a growing demand. A median weekly rent of \$220 in September returned an indicative yield of 5.7% over the median price of a two-bedroom unit. While yields for units normally exceed house yields, a lower yield in Tamworth's case was the result of an increase in the median unit price. The August median unit price of \$199,500 represented a 12 months growth of 5.3%, which eroded the yields for some properties but otherwise provided a positive return to investors in the form of capital growth. Vacancy rates remained below 2%, further underpinning the demand from temporary employees and those unable or unwilling to buy.

The redevelopment of the Tamworth Base Hospital is expected to commence in November 2012 at a cost of \$220 million. A range of facilities will include refurbished emergency department and operating theatres, with completion projected for 2016. This redevelopment, along with the proposed University of Newcastle's Tamworth Education Centre to be built on a land adjacent to the hospital, will attract construction workers in the short term, and health professionals as well as academics upon completion. Given the current low vacancy rate and restricted supply of accommodation in close proximity to the hospital, it is likely that rent prices will continue to grow strongly over the next few years.

The Average Capital Growth graph below is a result of an investigation into the actual returns achieved by vendors who sold at different periods over the past four years. It highlights the strong performance of medium-density dwellings in the past two years, with an overall superior growth to that of detached dwellings in three of the past four years.



Graph prepared by PRDNationwide Research. Source: PDS

Vacant land sales eased between August 2011 and August 2012, remaining below 100 transactions over the 12 month period. Financial institutions have tightened their lending criteria over the past four years, seeking a high level of presales prior to granting a loan. Additionally, many mature land estates were slow to release new stages, resulting in a declining supply of lots in the Tamworth City area. Moore Creek recorded the highest number of sales for the period, with 27 lot transactions ranging in size from half an acre to 3.2 hectares. South of Moore Creek the suburb of North Tamworth recorded 24 sales, with lots transacting between \$85,000 and \$190,000. Interestingly, the August median lot price was the highest in the past ten years, closing the six month period at \$120,000.

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This report was prepared by PRDNationwide Research. Source: PDS, ABS, Housing NSW.

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