

TUMBARUMBA LGA

Property Watch®

PRD nationwide



The Murray River near Tumbarumba

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 May 2012.

KEY HIGHLIGHTS

- The median house price closed the May period at \$172,500, representing a 12 month growth of 11.3 per cent and an increase of 17.4 per cent from the lows of the Global Financial Crisis.
- Subdued vacant land activity, linked to a lack of supply is likely to improve with the late 2012 land release by the Council.
- The median rent price for a house in Tumbarumba closed the May period at \$210 per week, representing a 20% increase from the same period in 2011.

TUMBARUMBA REGION OVERVIEW

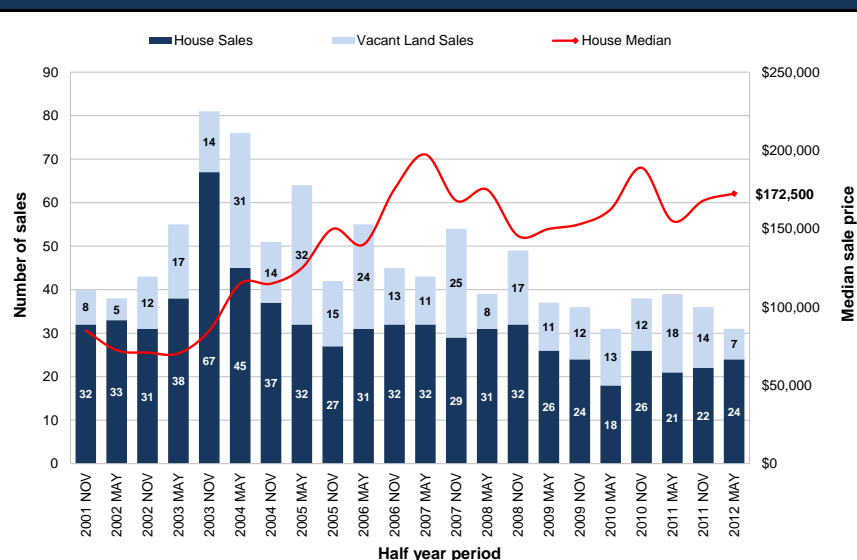
The following Property Watch report is the result of an investigation into the historic and current market conditions of the Tumbarumba Local Government Area (LGA).

Located at the foothills of the Snowy Mountains, the Tumbarumba Shire Council has its centre in the town of Tumbarumba, surrounded by the villages of Rosewood, Tooma, Khancoban and Jingellic. The region's economy, expended in the previous century by the discovery of gold, now relies on agriculture and tourism, with the Tumbarumba-based sawmill employing five per cent of the Shire's population. The latest Census data pointed to a slow decline in population over the past ten years, resulting in approximately 3,400 residing in the LGA. However, a high number of unoccupied dwellings on Census night challenge the accuracy of the figures, with many of the local retirees choosing to spend the winter period in warmer climates.

A rise in house transactions over the past two years acts as a positive reminder for the strength of the local market. With low unemployment and sensible borrowing by locals, sales volumes in the six months to May 2012 were on par with those of the November 2009 period, when government handouts enticed first home buyers to enter the market. In the past ten years demand for four bedroom houses increased amid a decline in demand for three bedroom accommodation, with the latter representing 50 per cent of family households in 2011 compared to 56 per cent a decade ago.

The demand for vacant land failed to materialise in the May 2012 period, amid the rising house market. The seven vacant lots transactions in the May half year period represented a significant decline from an average of 14 transactions per six months recorded in the past five years. This is likely to change with the second stage of a Council land release scheduled for later on in 2012.

TUMBARUMBA LGA HOUSE & VACANT LAND SALES CYCLE



Graph prepared by PRDNationwide Research. Source: PDS

HOUSE PRICE POINTS

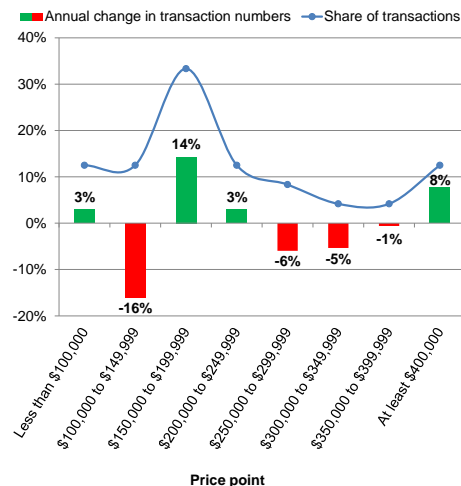


Chart prepared by PRDNationwide Research. Source: PDS

Tumbarumba land market's low entry point offers **opportunities** for **young couples** and **downsizers** who wish to **reinvest** real estate **gains** made in more expensive parts of the state.

VACANT LAND PRICE POINTS 12 MONTHS TO MAY 2012

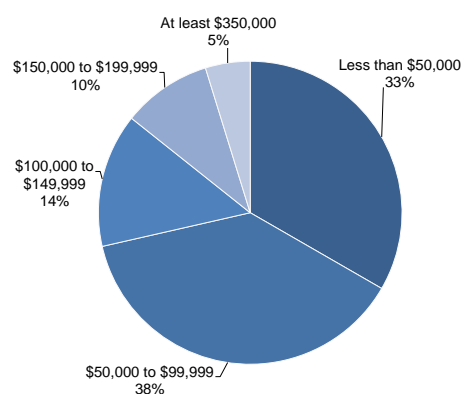


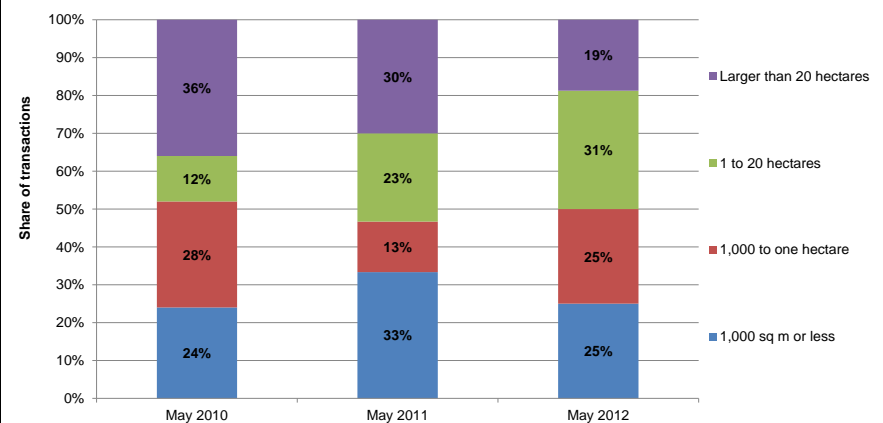
Chart prepared by PRDNationwide Research. Source: PDS

The median house price closed the May period at \$172,500, representing a 12 month growth of 11.3 per cent and an increase of 17.4 per cent from the lows recorded during the Global Financial Crisis of 2008. Observing the House Price Points chart over the May 2012 half year period, it is evident that a dominant concentration of buyers existed in the \$150,000 to \$199,999 price point. However, the rise in median price is the result of acreage properties in Tumbarumba and Mannus transacting in the \$400,000 plus price point. Recent enquires came from first home buyers who wanted to secure the \$7,000 First Home Owner Grant prior to its disappearance at the end of September, and from 'tree change' retirees moving into the area in search for a cooler climate.

Over the past two years lot sales under \$100,000 dominated the local market, accounting for more than 50 per cent of transactions. Tumbarumba land market's low entry point offers opportunities for young couples and downsizers who wish to reinvest real estate gains made in more expensive parts of the state.

The Vacant Land Size graph highlights the variance in lot sizes over the past three years. It shows a decline in acreage properties and an incline in smaller lifestyle properties with a land area of between one and twenty hectares. Approximately one quarter of all vacant land sales in 2010 and 2012 were residential lots with an area of 1,000 square metres (sq m) or less. The increase in the share of smaller lots in 2011 was achieved by sales of Greenfield lots near the eastern entrance to the town.

TUMBARUMBA VACANT LAND SIZES



Graph prepared by PRDNationwide Research. Source: PDS

The variance in lot sizes stemmed from the lack of master-planned land releases over the past five years. This is about to change with the Council's release of 22 lots off Albury Street, increasing the supply of residential lots between 580 and 1,400 sq m.

Most rental properties in the LGA are located in a two kilometre radius from the Tumbarumba town centre. The rental market is largely made of young families who move into town with their job and choose to rent in the short term until they can obtain finance and save for a sufficient deposit. The median rent for a house in Tumbarumba closed the May half year at \$210 per week, representing a 20% increase from the same period in 2011. A low number of properties for rent confirmed that vacancies were tightening, while short letting periods proved attractive to investors who can expect a gross rental yield between six and seven per cent.

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This report was prepared by PRDNationwide Research. Source: PDS, ABS, Tumbarumba Shire Council.

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