

HORSHAM AREA

Property Watch®



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 February 2012.

KEY HIGHLIGHTS

- In the past 12 months ending February 2012, the median house price increased by 11.3 per cent, to \$210,000.
- Over the past ten years, sellers have realised an average capital growth return of 8.4 per cent per annum, through an average holding period of 7.4 years.
- The final vacant land median price recorded for the February 2012 six month period was \$100,500, equating to an increase of \$53,000 in just three years.

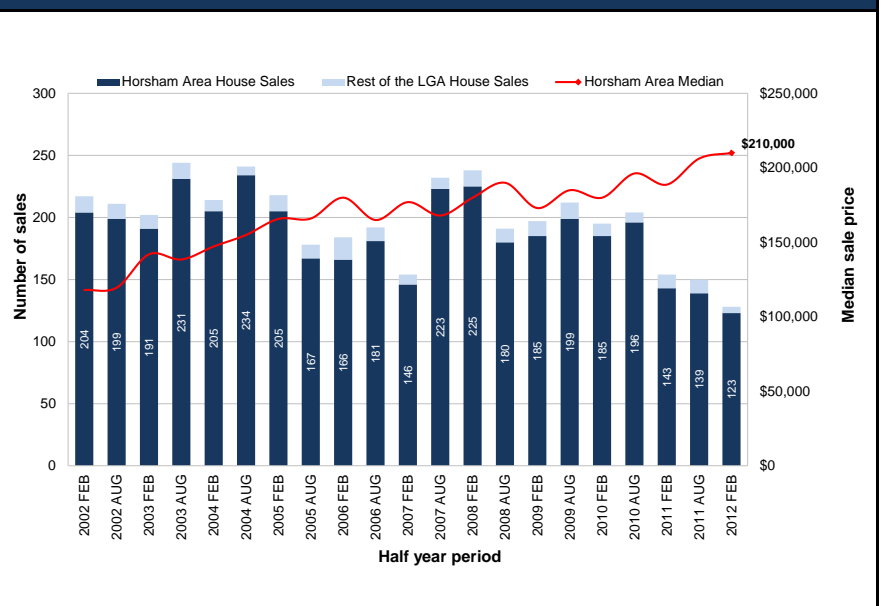
HORSHAM AREA MARKET OVERVIEW

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 187 settled house sales per six month period over the past decade. The most recent settled sales to be released by the Valuer General of Victoria were up to the month of February 2012, culminating to 123 sales over a six months period to February 2012. Although this amounts to a figure slightly less than the ten year average, it is anticipated that there is a larger portion of sales that have yet to settle for the month of February. Despite activity in the Horsham Area cooling since 2010, the market remains significantly resilient compared to other Victorian localities, with the Greater Melbourne Region experiencing a decline in house transactions of 42 per cent over 2011. Early indications have shown that activity in the Horsham Area house market has picked up throughout the first quarter of 2012, 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, at the more affordable price point of around \$100,000.

Despite many locations around Victoria experiencing declining home values since 2010, the Horsham Area appears to have gone from strength to strength. This is apparent when observing the House Sales Cycle, which displays a long term trend of an increasing median price. In the past 12 months ending February 2012, the median price increased by 11.3 per cent; well above the five year average growth of 3.5 per cent per annum. The final median price registered was \$210,000 for the six month period.

HORSHAM AREA HOUSE SALES CYCLE



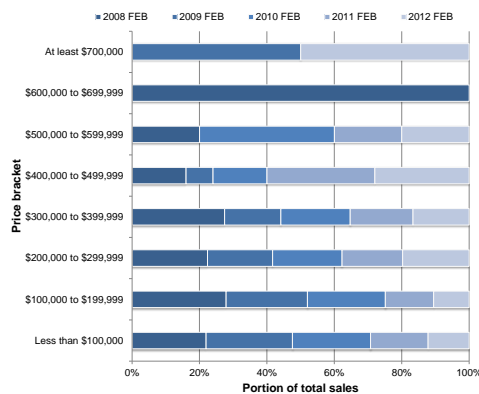
Prepared by PRDnationwide Research. Source: PDS

Due to a lack of prime land potential buyers are assessing established homes as more viable.

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 February 2012. These sellers realised returns of an average 4.5 per cent per annum, through an average holding period of 7.4 years. This amount of capital growth has declined from the ten year average of 8.4 per cent per annum, but still remains significantly positive.

Observing the House Price Points chart over the February 2012 six month period, it is shown that the majority of buyers are entertaining the \$100,000 to \$300,000 price range, where historically the sub \$200,000 price point claimed the majority of the home buyers. The portion of buyers within the \$400,000 to \$499,999 price bracket has increased from 1.8 per cent in 2008 to 5.7 per cent in 2012.

HOUSE PRICE POINTS

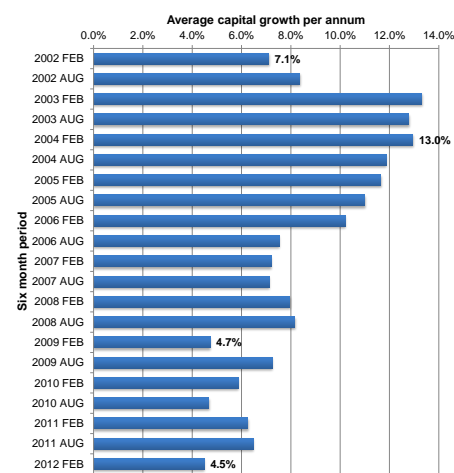


Prepared by PRDnationwide Research. Source: PDS

Sales activity in the vacant land market has continued its slow recovery from the trough experienced over the August 2008 six month period, which only registered 17 settled sales. For the most recent six month period ending February 2012 a total 40 vacant land sales occurred. The majority of these sales, at 67.5 per cent, occurred within the \$50,000 to \$149,000 price range. While activity in the vacant land market has improved slightly, the median price has increased at very high rate of 14.2 per cent in 12 months. This is evident when observing the Vacant Land Sales Cycle. The final median price recorded for the February 2012 six month period was \$100,500, equating to an increase of \$53,000 in just three years. Due to a lack of prime land 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.

When observing the movements of the rental market within the Horsham Area, rental prices for houses have increased over 2011 on the whole. The median weekly rent for a standard three bedroom house increased by 4.7 per cent (to \$225 p/w), while the rent for a four bedroom house increased by 61 per cent (to \$330 p/w). Vacancies in the rental market remains significantly tight over the first quarter of 2012 and it is expected that the weekly median rent for homes will increase further over the year.

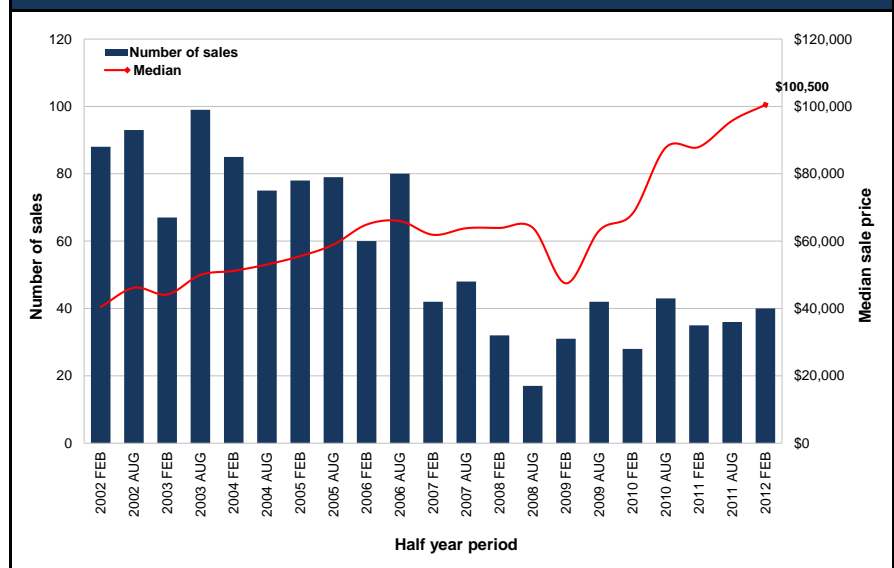
AVERAGE CAPITAL GROWTH



Prepared by PRDnationwide Research. Source: PDS

This year will likely see continued volatility in the equity market, presenting investors with significant reason to shift their focus away from shares and into a more stable platform. Recently, the Reserve Bank of Australia has cut the official Cash Rate to 3.75 per cent. The result of this cut will likely spark further interest from potential buyers as home ownership becomes increasingly more attractive.

HORSHAM AREA VACANT LAND SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS