

Forster-Tuncurry

IN BRIEF

- The median house price in Forster-Tuncurry closed the second half of 2010 at an affordable \$377,500.
- Strong growth in rental yield for both house and unit product was recorded in Tuncurry.
- A total of 25 land sales occurred in the second half of 2010 with volumes declining in Forster and increasing in Tuncurry.

Scope

The following Property Watch is the result of an investigation into the house, unit and vacant land markets within the localities of Forster and Tuncurry.

Area Characteristics

Forster and Tuncurry are located in the Mid-North Coast Region of NSW, approximately 220 kilometres northeast of Sydney, in the Local Government Area (LGA) of Great Lakes. The region is a major tourist destination renowned for its fishing and water sport activities around Wallis Lake. Shopping outlets can be found at Stockland Forster and in a variety of shops along Wharf Street, just off of The Lakes Way, which is used as the main arterial road connecting the towns to the Pacific Highway.

Demographic Snapshot

As at June 2010 the estimated population of Forster-Tuncurry was 19,889 residents, equating to an increase of one per cent from June 2009. Large retiree population in the region brings the median age to 52, with at least one third of residents aged over 65 years. The dominant household type in Forster is that of couples with children, while 31 per cent of households are described as none family, which is indicative of areas with a large older population. This number increased to 39 per cent of households in Tuncurry, in line with the larger share of people over the age of 65 in the town.

Rental Market

The March 2011 advertised median rent for a house in Forster was \$293 per week, while apartments fetched a median weekly rent of \$238, representing little change from March 2010. While Forster recorded only a minor increase in rents for the 12 month period, Tuncurry experienced significant rental growth with the median house rent increasing 12 per cent to \$280 per week, and units recording growth above 10 per cent to a median rent of \$240 per week. The Gross Rent Yield table shows rental yields exceeding four per cent. These are expected to increase in the current rental market, with little growth in house and unit values, and high demand for rental accommodation.

House Market

Separate houses make up 70 per cent of dwellings in Forster and 57 per cent in Tuncurry. The market declined from the highs reached in 2004, but reacted positively to the low interest rate environment in the wake of the Global Financial Crisis. At the time, first home buyers entered the market largely in response to Government Stimulus, leading to increased sales activity that lasted until the first half of 2010.



Demographic Snapshot	Forster-Tuncurry	Great Lakes LGA
Population 2010	19,889	35,487
Population 2009	19,684	34,853
Population growth rate 2009 to 2010	1.0%	1.8%
Proportion of people aged 65 years and over	33%	28%
Proportion of people aged 15 years and younger	14%	16%
Median age	52	50
Average number of people per household	2.1	2

Prepared by PRDnationwide Research. Source: ABS

Market Snapshot – Six months to December 2010

	Forster	Tuncurry
Median House Price	↑ \$385,500	↓ \$334,500
House Sales Activity	↓ 104	↓ 30
Median Unit Price	↓ \$284,500	↑ \$263,750
Unit Sales Activity	↓ 66	↓ 32

Prepared by PRDnationwide Research. Source: PDS Live

Locality Gross Rent Yield – December 2010

Suburb	Median Price	Median Weekly Rent	Rental Yield
Forster (Houses)	\$384,500	\$293	4.0%
Forster (Units)	\$284,500	\$238	4.3%
Tuncurry (Houses)	\$334,500	\$280	4.4%
Tuncurry (Units)	\$263,750	\$240	4.7%

Prepared by PRDnationwide Research. Source: PDS Live, NSW Housing

House Market (continued)

The second half of 2010 saw the impact of a stimulus waned market with a median house price of \$377,500 as at December 2010. Activity declined 16 per cent from 2009 after four periods of growth, and closed the December 2010 six months at 134 house transactions, only marginally below the long term average recorded over the past five years. Most of the transactions took place in Forster, accounting for 78 per cent of total house sales. The House Price Point chart indicates the disparity of sales. It shows the largest volume of sales occurred in the \$300,000 to \$399,999 bracket, representing 39 per cent of the market. Towards the bottom end of the market four houses transacted between \$100,000 to \$200,000, while at the top end, six houses equating to four per cent sold above \$700,000.

In order to ascertain the returns to investors, PRDnationwide Research has undertaken a resale analysis of all house product sold within the six months to December 2010. This study has yielded an average annual capital growth of two per cent per annum, and an average holding period of 5.6 years. More specifically Tuncurry recorded an average capital growth of 1.4 per cent per annum, while Forster recorded 2.2 per cent.

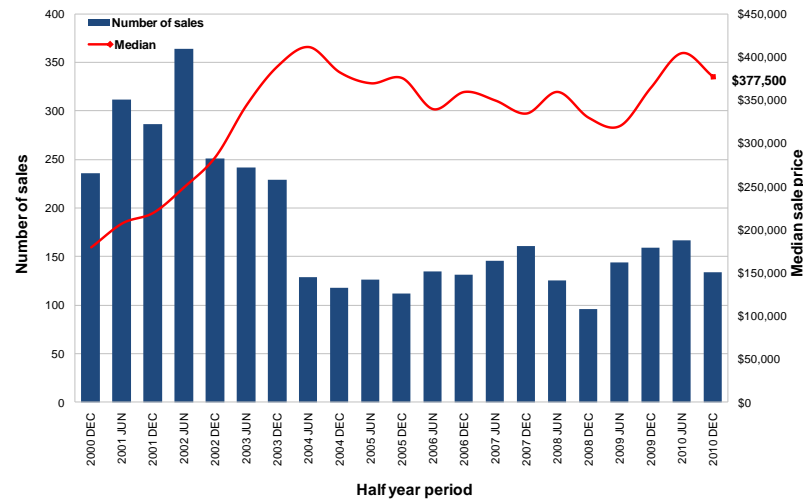
Unit Market

Units generally offer superior rental return to that of houses with a lower initial capital investment. As at December 2010 the median price for units in the region was \$280,500, representing a growth of 5.5 per cent from December 2009. Sales activity declined from the highs recorded in the first half of 2009 to register 98 transactions in the December 2010 half year period, representing a 36 per cent decline from the same period in 2009. A price point analysis reveals that most transactions occurred between \$200,000 to \$249,999 and \$300,000 to \$349,999, each representing 21 per cent of the market. A large share of properties transacted for less than \$150,000, representing 11 per cent of the market.

Land Market

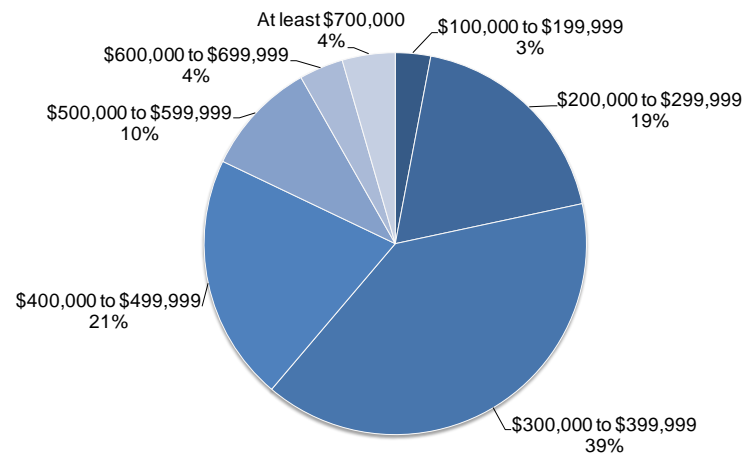
The volume of residential land sales remained close to the long term average recorded over the past five years, while the median price closed the December 2010 half year at \$160,000, representing a 12 month growth of 1.6 per cent. The median lot size was 610 square metres in the December 2010 half year, with 48 per cent of the lots ranging between 500 to 700 square metres. Lots below 500 square metres accounted for 16 per cent, while larger lots of 1,000 square metres plus accounted for 12 per cent of the market. Forster dominated the land sales market over the past two years, recording 24 land transactions for the December 2009 six months and 21 transactions for the June 2010 half year. This level of activity has now declined, with only 13 sales recorded for the second half of 2010. Sales of land in Tuncurry have been increasing in the second half of the past three years, averaging nine transactions per six month period, compared to only three in the first half of each year. Land sales in Tuncurry are expected to further increase with a new land release planned along the Northern Parkway.

Forster – Tuncurry – House Sales Cycle



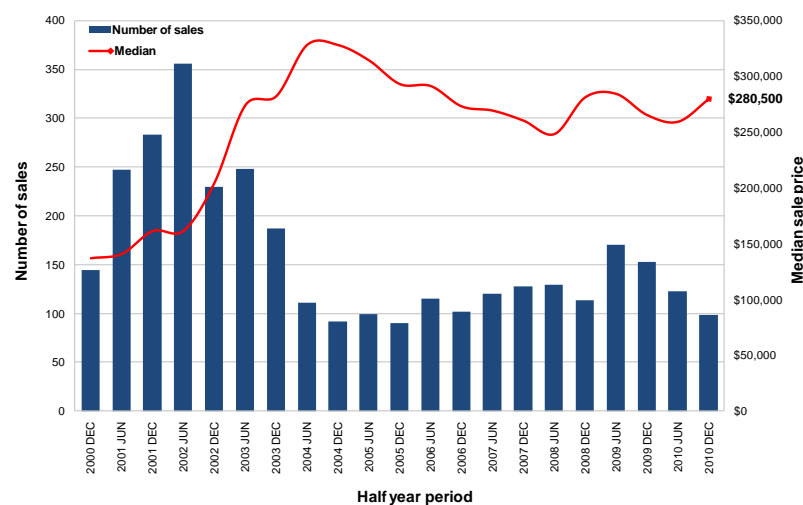
Prepared by PRDnationwide Research. Source: PDS Live

House Price Points - Six Months to December 2010



Prepared by PRDnationwide Research. Source: PDS Live

Forster – Tuncurry – Unit Sales Cycle



Prepared by PRDnationwide Research. Source: PDS Live

Prepared by PRDnationwide Research. Source: PDS Live, Housing NSW and the ABS. For further details contact: Oded Reuveni Etzioni, Research Analyst Ph: (02) 9257 0254 or Email: OdedEtzioni@prd.com.au or visit our website at www.prdnationwide.com.au/research.

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