

## PROPERTY WATCH®

First Quarter 2011

### Tamworth Regional LGA

#### IN BRIEF

- The median house price increased by 12.1% to register \$269,000 in September 2010, culminating from 440 transactions.
- One year rental growth was pegged at 8 per cent for a 3 bedroom house and 10.5 per cent for a 2 bedroom unit.
- Agriculture, forestry and the fishing sector contributed \$72 million to the gross regional product of Tamworth Regional.

#### Scope

This report analyses the current trends and performance of the Tamworth Regional Local Government Area (LGA) house and unit market, and provides a specific insight into recent rural land sales in the region.

#### Area Characteristics

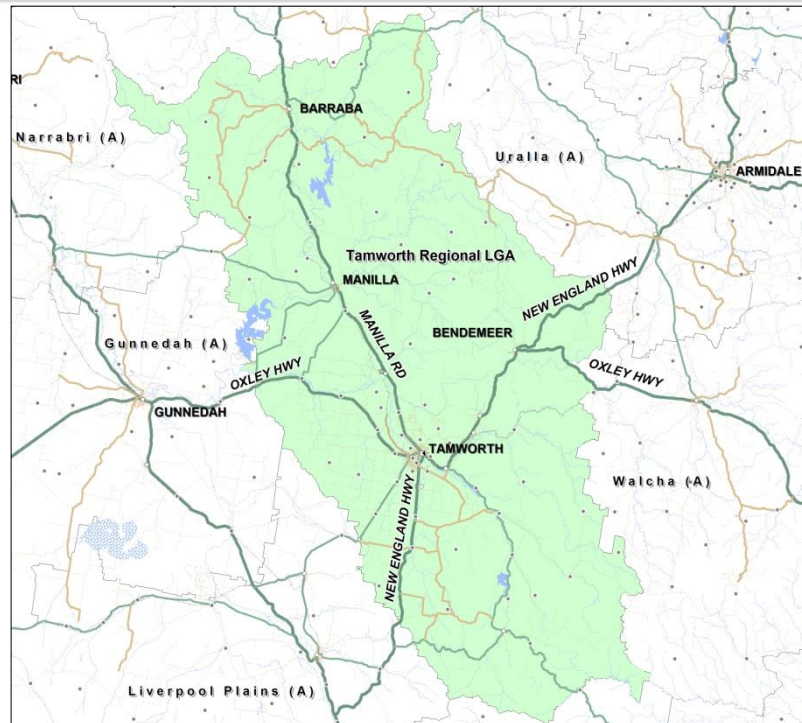
The Tamworth Regional Local Government Area is located approximately 300 kilometres north of Sydney within the New England Region of New South Wales. The city of Tamworth is a regional hub situated at the intersection of the Oxley and New England Highways. The town provides its residents and tourists with a vibrant mix of rural and city lifestyles, with Peel Street hosting many retail outlets, cafes, restaurants and pubs. The airport and railway provide Tamworth with vital transport links to Sydney and regional areas of New South Wales. Tamworth acts as the regional service centre for the Greater Northern region of New South Wales with the Tamworth Base Hospital, government administration and educational institutions servicing the broader area. The region is also known for its world famous Australian Country Music Awards and the Australian Equine & Livestock Events Centre.

#### Rental Market

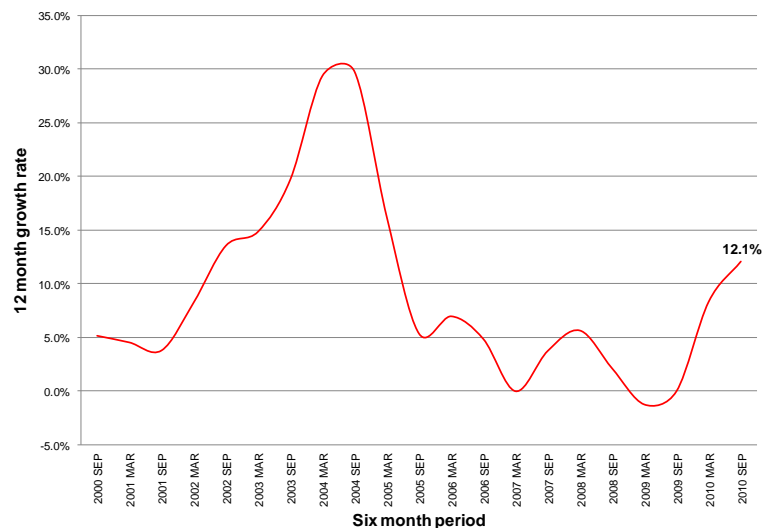
The rental market covers 28 per cent of dwellings in the LGA, increasing to 69 per cent of dwellings for the town of Tamworth. Rent prices in the Tamworth Regional LGA have increased over the past 12 months for both unit and house product, with a three bedroom house recording a median weekly rent of \$270 in December 2010, representing an eight per cent increase from December 2009. A two bedroom unit recorded a median rent of \$210 per week, equating to a 10.5 per cent increase for the period. High demand for rental accommodation has kept vacancy rates low, with the Real Estate Institute of NSW putting the figure for the New England Region at two per cent in September 2010.

#### House Market

Separate houses make up 88 per cent of dwellings within the LGA. The region's strong economy has backed a firm growth in the house median price, to a figure of \$269,000 in September 2010, representing a 12.1 per cent increase from 2009. The house median growth chart indicates that the average growth of 4.5 per cent recorded over the past five years, is in stark contrast to the market performance in the previous five years, recording a 30 per cent growth in September 2004. However, negative growth was limited to one half year period in March 2009, as a result of the Global Financial Crisis.



#### Twelve Month Growth in Median House Price



Prepared by PRDnationwide Research. Source: PDS Live

#### Median Weekly Rents – December 2010

LGA	3 Bedroom House	One Year Rental Growth	2 Bedroom Unit	One Year Rental Growth
Tamworth LGA	\$270	8.0%	\$210	10.5%
Tamworth	\$280	12.0%	SNR	SNR

Prepared by PRDnationwide Research. Source: NSW Housing and RP Data

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### House Market (continued)

Despite a healthy increase in the median price, sales volumes decreased for the third consecutive half year period, reflecting the withdrawal of Government stimulus and the rise in interest rates. The price point chart demonstrates a shift from lower to middle price brackets. While the share of sales below \$200,000 decreased from 34 per cent in September 2008 to 19 per cent in 2010, the share of sales between \$200,000 to \$299,999 increased from 34 per cent in 2008 to 43 per cent in 2010.

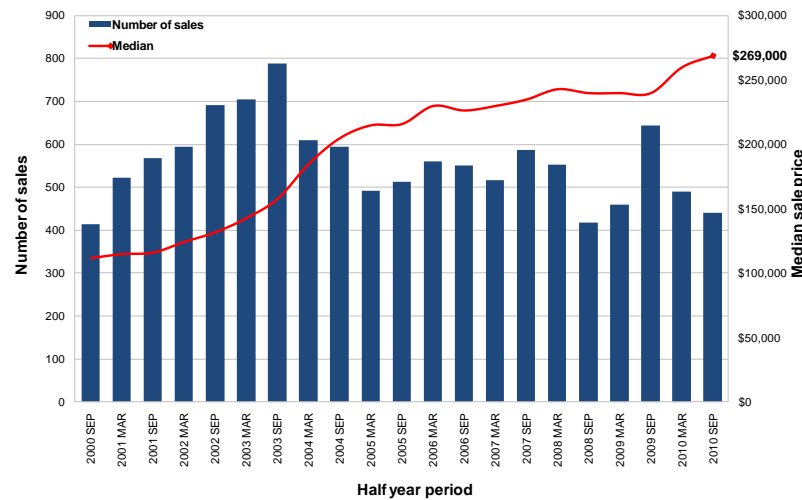
### Unit Market

Units and townhouses make up 12 per cent of Tamworth Regional LGA's dwellings. Over the past five years sales of unit type product equated, on average, to 10 per cent of house type product. The median price for a unit in the LGA closed the September 2010 six month period at \$189,000, representing a 12 month growth of 0.8 per cent. The past five years have shown an average growth rate of 2.3 per cent per annum, suggesting lukewarm demand for medium density development in the LGA. Unit activity remained proportional to house activity, with 44 units transacting in the September 2010 half year period. A price points analysis revealed most transactions occurred in the \$150,000 to \$199,999 price bracket, representing 41 per cent of the unit market. Toward the bottom end the \$100,000 to \$149,999 bracket accounted for 14 per cent of the market, while units selling in the \$350,000 to \$399,999 bracket accounted for 14 per cent. Units at the top bracket selling for \$400,000 plus now account for only two per cent of the market, after averaging 11 per cent in the each of the previous three half year periods.

### Rural Market

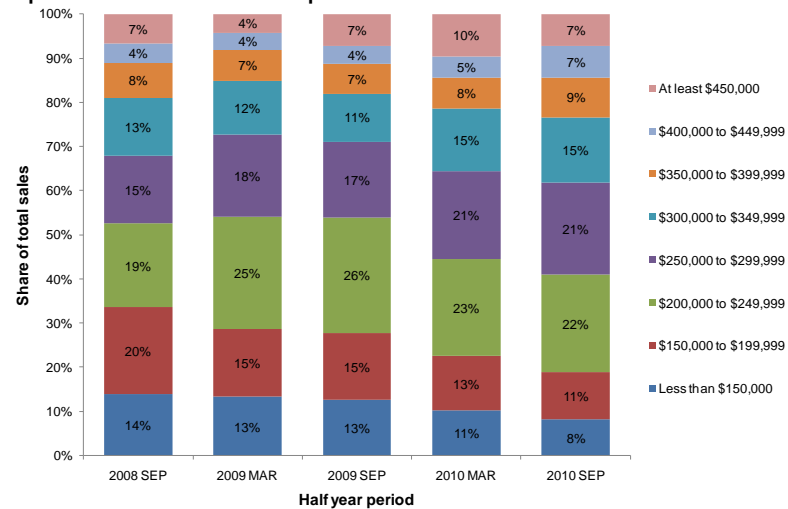
Despite favorable conditions in the lamb/sheep and wheat markets, a combination of extreme weather conditions, tight lending and the rising Australian Dollar continue to dampen the performance of the rural market in NSW. The Tamworth Regional LGA's rural market is populated by broadacre crops such as oats, barley and wheat, while common livestock in the region include sheep and cattle. The latest census data suggests that 1,792 or 8.3 per cent of the population in the LGA is employed in the agriculture, forestry and fishing sector, contributing \$72 million to the gross regional product of the LGA. Sales numbers declined 7.5 per cent from September 2009 to register 123 transactions for the September 2010 half year, representing a 10 per cent decline from an average of 137 rural transactions recorded over the past five years. Bendemeer recorded the largest number of sales for the period, with five lots ranging in size from 129 to 177 hectares and selling for \$2,510 to \$4,852 per hectare. Most localities show a sales price range not exceeding \$2,500 per hectare, however this can sometimes be skewed as in the case of Halls Creek, where a large divergence in land sizes exists. A price point analysis was conducted to better understand the price per hectare distribution in the LGA. The analysis revealed that most lots transacted in the \$1,000 to \$4,999 per hectare bracket, making up 33 per cent of the market. At the bottom end, five lots accounting to nine per cent of transactions took place in the below \$1,000 per hectare bracket, while toward the top end lots selling for \$20,000 per hectare plus accounted for 16 per cent of the rural market.

### Tamworth Regional LGA House Sales Cycle



Prepared by PRDNationwide Research. Source: PDS Live

### Tamworth Regional LGA House Price Points September 2008 to September 2010



Prepared by PRDNationwide Research. Source: PDS Live

### Sales over 10ha by Localities Six Months to September 2010

Locality	Land Size Range (ha)	Numbr of Sales	Price per Hectare
BENDEMEER	808 to 349	5	\$2,510 to \$4,852
MANILLA	95 to 165	4	\$1,320 to \$2,707
DURI	330 to 129	3	\$5,642 to \$15,227
GRAVESEND	196 to 177	3	\$3,647 to \$6,016
HALLS CREEK	351 to 75	3	\$101 to \$27,514
MOORE CREEK	42 to 45	3	\$12,671 to \$12,859
WARRAL	14 to 22	3	\$4,126 to \$9,348
WATSONS CREEK	12 to 24.422	3	\$830 to \$1,512
BARRABA	21 to 353	2	\$1,247 to \$16,429
CALALA	237 to 46	2	\$14,984 to \$17,263

Prepared by PRDNationwide Research. Source: PDS Live

Prepared by PRDNationwide Research. Source: PDS Live, RP Data, Housing NSW and the ABS. For further details contact: Oded Reuveni Etzioni, Research Analyst  
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