

PROPERTY WATCH®

Second Quarter 2011

Greater Casino Area Market Overview

IN BRIEF

- Diminishing capital values and a shortage of purchasers will see a strengthening in the rental market, which will in turn increase weekly rents and support higher yields.
- The December 2010 half year period registered a median house price of \$272,500 through 103 transactions.
- The December 2010 half year period registered a median unit price of \$148,500 through 56 transactions.

For the purposes of this report, the Greater Casino Area encompasses the suburbs located within the 2470 postcode as highlighted in the map to the right.

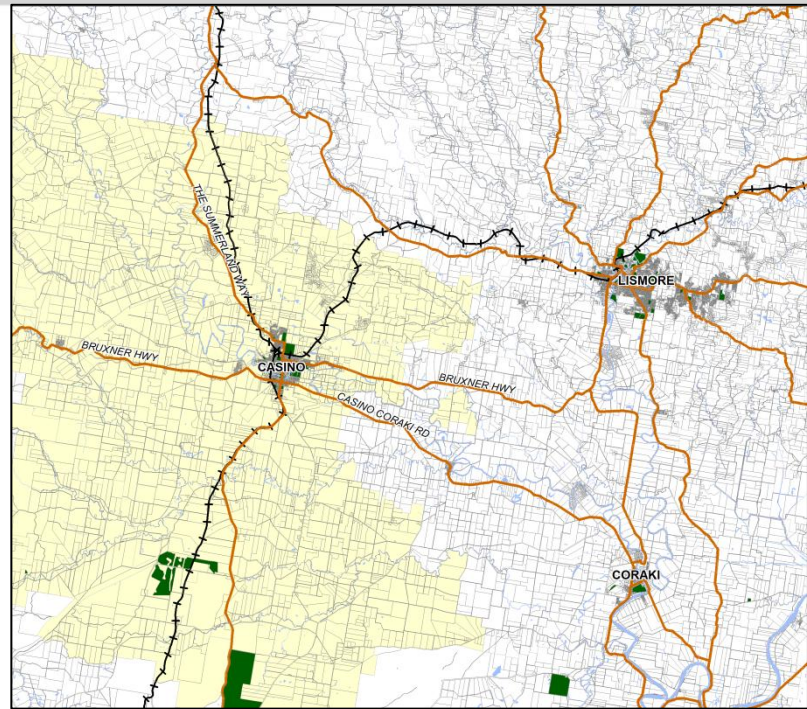
Area Characteristics

Located in the Northern Rivers Area of New South Wales, Casino lays claim to being one of Australia's largest beef centres. Additionally, this regional hub is the service centre for a rich agricultural area. Despite being a rural township, Casino is well serviced by the Bruxner Highway and Summerland Way. Casino is also situated on the North Coast railway line between Sydney and Brisbane, with the Casino railway station the terminus of the daily CountryLink from Sydney and also the daily service to and from Brisbane. Casino has recorded an Estimated Resident Population of 11,332 residents as at June 2010 which equated to an annual growth of 0.7% or 80 new residents.

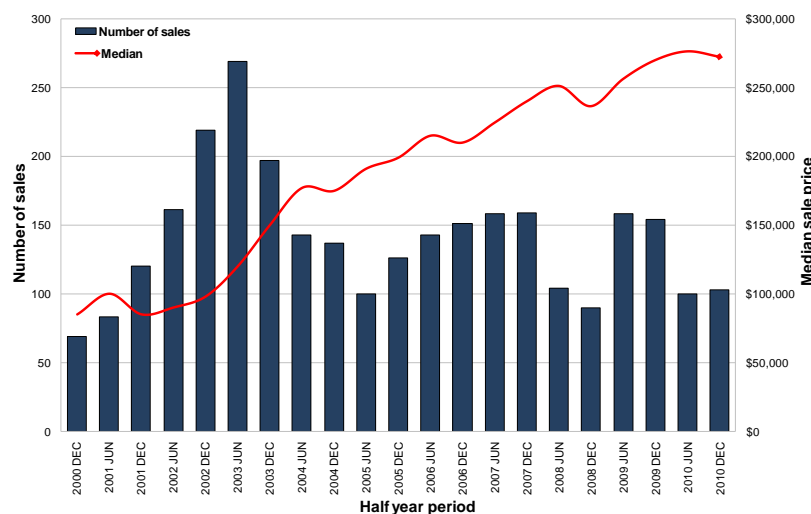
House market

As the global economy fell into financial crisis in 2008, the Greater Casino Area recorded falling sales volumes and capital values. When the government incentivised the property market through stimulus and record low interest rates, the Casino market reacted strongly with transactions returning to levels similar to those recorded prior to the 2008. Following the withdrawal of these incentives, rising interest rates and cost of living, the market has endured increasing uncertainty and a reluctance to enter into debt. It is expected that the inevitable rising of interest rates to combat the inflationary pressure from the mining sector, will keep the real estate market subdued at least until the end of the year. However, diminishing capital values and shortage of purchasers will see a strengthening in the rental market, which will in turn increase weekly rents and support higher yields.

PRDnationwide Research conducted a resale analysis on houses sold within the Casino Area. To do this, all capital gains achieved from houses resold within a six month period are averaged out to give an annual growth figure for the area. As displayed in the Average Annual Capital Growth Graph, those home owners who sold prior to the Global Financial Crisis (GFC) have seen greater capital growth than those who held onto their houses and sold within the past two years. This is due to the diminishing capital values recorded from 2008 onwards. While this trend has been experienced across Australia, Casino has managed to secure high capital growth due to strong price increases recorded prior to the GFC. The analysis has yielded an average annual capital growth of 9.2% per annum for houses sold within the December 2010 half

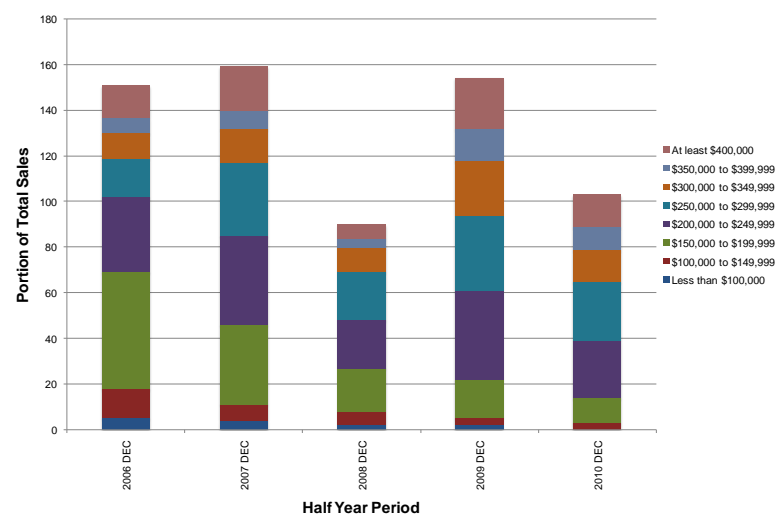


Greater Casino Area House Sales Cycle



Prepared by PRDnationwide Research. Source: PDS

Greater Casino Area House Price Points



Prepared by PRDnationwide Research. Source: PDS

year. Looking at median price movements over the most recent half year period, Casino has recorded an annual growth of 0.9%, culminating to a median price of \$272,500.

Casino has experienced a significant softening in settled transactions from the December 2009 half year compared to the six month period ending December 2010, equating to a 31% decrease in sales activity. The decrease has taken the volume of transactions to resemble the lows seen during the peak of the GFC in 2008, with only 103 sales. Analysis of the most active price points during the December 2010 half year shows 25% of houses transacted within the \$250,000 to \$299,999 price point. This was followed by the \$200,000 to \$249,999 price point, which saw 24% of total transactions. Over the December 2010 half year, the most significant tightening in sales activity occurred within the \$200,000 to \$249,999 market. This market has contracted 42% when compared to the previous December period. On an individual suburb level, Casino has recorded the vast majority of sales achieving 82 of the total 103 settled transactions. This was followed by North Casino with 4 settled transactions. The remaining transactions were evenly dispersed through the remaining suburbs.

Land Market

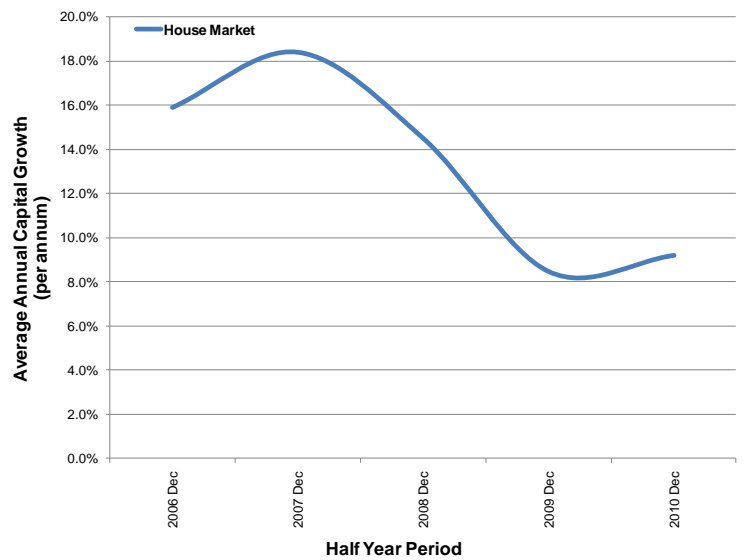
The vacant land market within the Casino Area is a small market that has bucked the prevailing trends of real estate across Australia, with increasing activity over the 2010 calendar year. Although this region recorded a softening in activity throughout 2008, settled transactions have bounced back amid increasing interest rates and financially more conservative household spending. This suggests a stronger demand for vacant land than its availability. In addition, the Casino Area is also viewed as being a detached market, protected from some occurrences within the wider economy. This is due to its affordability and reliance on local businesses, which can help explain the counter trend movements of this market. The median price of land within the Casino Area over the half year to December 2010 recorded an affordable \$148,500. This median price resulted from an annual growth of 6.8%, while the region recorded a five year average of 3.6% per annum.

The bulk of transactions over the half year to December 2010 were recorded within the sub 1000m² lot size range, with 39% of total sales. In terms of settled transactions, sales in Casino have remained consistent with the stimuli driven half year to December 2009 with a total of 56 sales. This level of activity is much higher than the average level of 45 sales per six month period achieved over the last five years. Analysis of the vacant land price points during the December 2010 half year saw the lion's share of houses transact within the \$100,000 to \$149,999 price point with 21 sales. This was followed by the \$400,000 plus price point, which saw 23% of total transactions. Predictably, this bracket accounted for the majority of larger lot transactions with 3,952m² the smallest lot size in this price bracket. Over the December 2010 half year, there has been a notable tightening in sales activity occurring within the \$100,000 to \$149,999 market, representing a fall of 14% from the previous year. Individually, Casino has recorded the majority of sales achieving 47 of the total 56 settled transactions. Spring Grove was the only other suburbs to record sales activity above one sale, with five transactions recorded.

Prepared by PRDnationwide Research. Source: PDS and the ABS. For further details contact: Josh Brown, Research Analyst Ph: (07) 3357 1463 or Email: joshbrown@prd.com.au, or visit our website at www.prdnationwide.com.au/research.

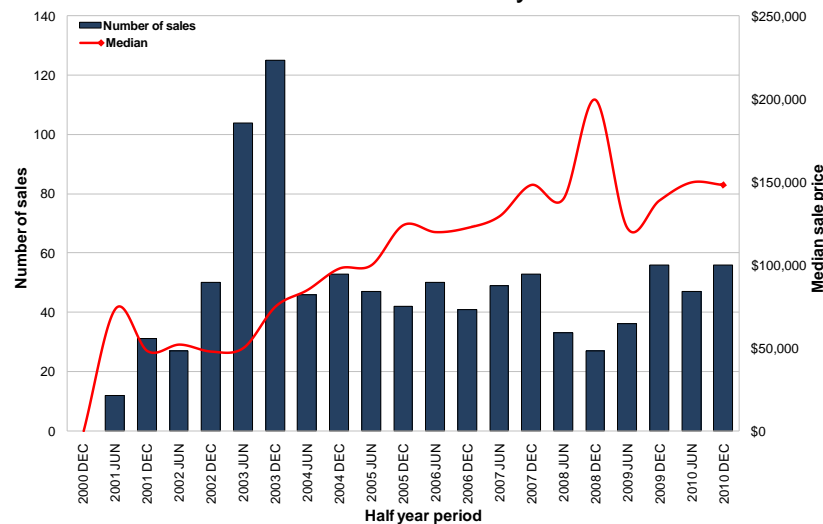
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Greater Casino Area Average Annual Capital Growth



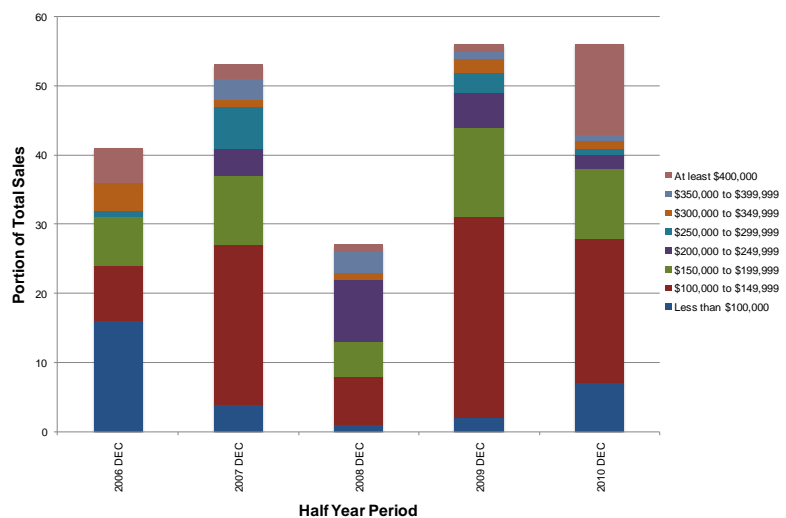
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