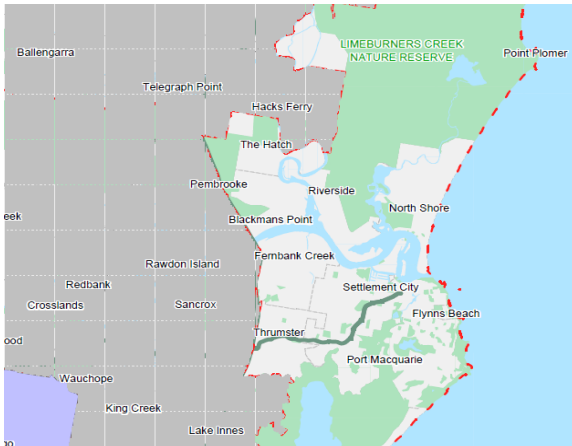




PROPERTY WATCH® REPORT

Port Macquarie
Third Quarter 2014



Port Macquarie Regional Map

This following Property Watch report analyses the current trends and performance of the Port Macquarie residential market as highlighted in the adjacent Port Macquarie Regional Map.

Situated approximately 380 kilometers north of Sydney, Port Macquarie is a nationally recognised tourism center as well as a services hub for the surrounding region. The Pacific Highway acts as the main north/south access point while the Oxley Highway provides easy access to rural NSW. There is also a regional airport with direct links to Brisbane and Sydney.

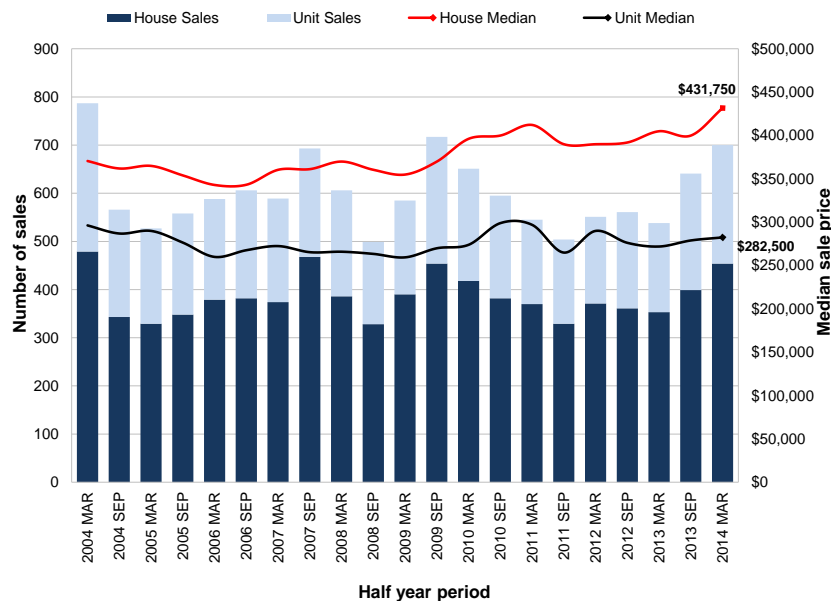
Port Macquarie has a diverse range of property types ranging from beachside apartments to full sized family homes which provides opportunities at all ends of the market. This Property Watch report will aim to further highlight the regions characteristics, analyse the market and forecast the future trends of the Port Macquarie market.

House & Unit Sales Cycle

The metro Port Macquarie housing market had registered a total of 853 transactions in the annual period to March 2014 which represents an annual increase of 19.4 per cent. Median prices have also shown a strong increase of 6.6 per cent over the same period. Over 10 years however median prices have increased at a marginal 1.7 per cent per annum.

The unit market is also showing positive signs after years of subdued growth with an increase in transactional activity of 26 per cent and an increase in median value of 3.8 per cent in since March 2013.

This pattern of growth is expected to continue in the long term with an increase in population of 19.3 per cent by 2031. The increase in population will be predominately fueled by the ageing NSW population looking for an affordable seaside lifestyle.



“PORT MACQUARIE IS IN THE MIDST OF A RECOVERY AFTER A PHASE OF SUBDUED GROWTH”

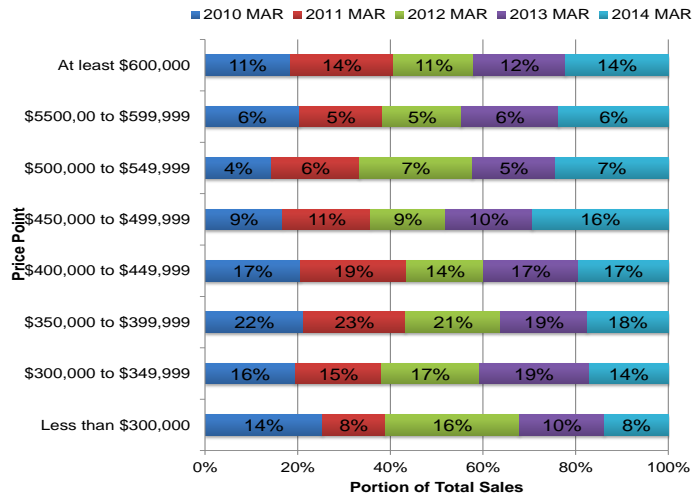
- Harrison Hall, PRDnationwide Research Analyst

Port Macquarie House Price Point Chart

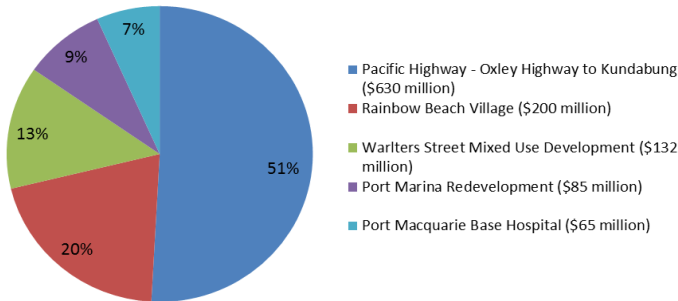
The Port Macquarie price point chart indicates the shifts in house prices across the area over the past five years. Overall there is a trend towards the middle of the market with many buyers attracted to the mix of affordability, convenience and lifestyle that the \$400,000 to \$500,000 range can afford.

The price point that dropped the most in activity was the \$300,000 and below range which dropped 6 per cent since 2010. This is due to affordable stock increasing in value after increases in demand. This results in properties being pushed into higher price points.

At the \$450,000 plus range the market has been bullish since 2010. The price point that has increased the most is the \$450,000 to \$499,999 range which over the five years has grown a positive 7 per cent. The highest end of the market has also reported growth however at a lower rate.



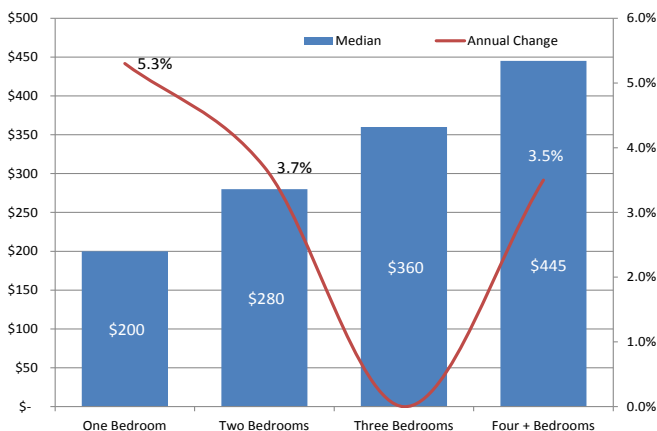
Port Macquarie Development Pipeline



Port Macquarie is already a well established city however there is continual investment in infrastructure and new residential dwellings which should see continual growth moving forward. Currently there is approximately \$1.7 billion worth of development in the pipeline with a healthy mix of public infrastructure, commercial, industrial and residential developments planned or recently completed.

Highlights include the planned \$630 million Pacific Highway upgrade from the Oxley Highway to Kempsey which will see improved north/south regional access and hundreds of construction jobs.

Port Macquarie Rental Analysis



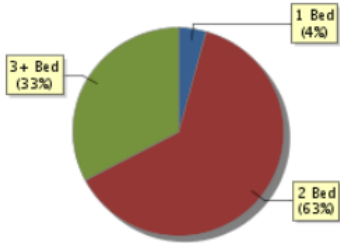
The metro Port Macquarie rental market, similar to the Port Macquarie housing market has recorded reasonable growth recently. As at March 2014 median rents registered \$320 per week which is a rise 4 per cent over the previous year.

The strongest growth can be found in the one bedroom market which increased from 5.3 per cent since March 2013. The one bedroom market offers a significantly lower entry point than other property types which has fuelled demand.

The rental data indicates an approximate yield of 4.8 per cent. This is typical of the north NSW coast which makes it a solid investment particularly when considering capital growth opportunities available.

Port Macquarie Unit Yield & Bedroom Breakdown

Bedroom Breakdown



Suburb Rental Yield

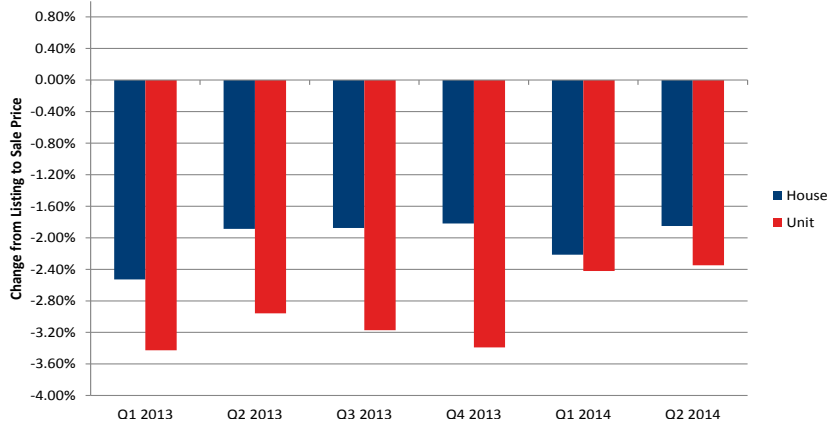
+5.4%

Current Median Price: \$290,000

Current Median Rent: \$300

Based on 779 registered Unit sales compared over their last 12 months.

Port Macquarie Average Vendor Discounting

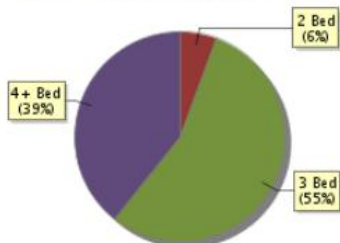


Vendor discounting for house and units has been shrinking over the past six quarters to June 2014 which provides indication that vendors are becoming more aware of market conditions and buyers are more willing to meet vendor expectations.

Throughout 2013 there was a disparity of approximately 1 per cent between houses and units however that has shrunk in the first half of 2014. For houses vendor discounting lowered from 2.53 per cent in Q1 2013 to 1.85 per cent in Q2 2014 while unit discounting contracted from 3.43 per cent to 2.35 per cent.

Port Macquarie House Yield & Bedroom Breakdown

Bedroom Breakdown



Suburb Rental Yield

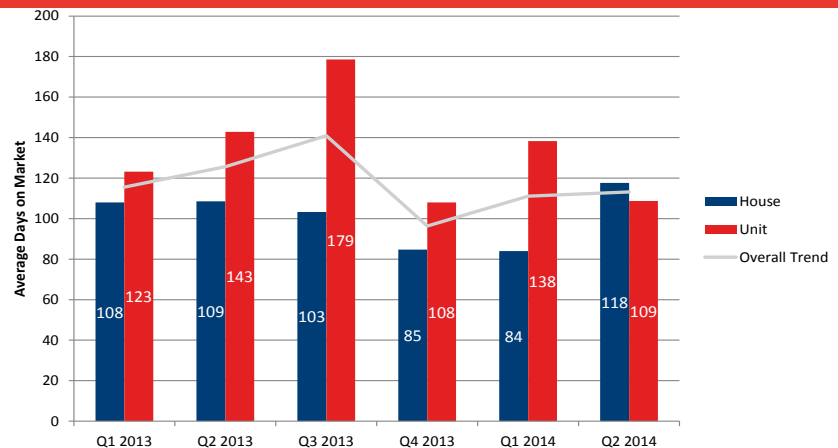
+4.9%

Current Median Price: \$427,000

Current Median Rent: \$400

Based on 766 registered House sales compared over their last 12 months.

Port Macquarie Average Days on Market



Average days on market for all residential property in Port Macquarie has remained relatively level over 2013 and the first half of 2014. Interestingly units have eclipsed houses as the fastest selling property type. Average days on market for unit shrunk from 123 days to 109 days representing a decrease of 11.3 per cent which indicates that the unit market is becoming a more popular option for buyers.

It is believed this is due to the increase in retirees who prefer location over space. Average days on market increased for houses by 10 days since 2013 which represents an increase of 9.25 per cent.

About PRDnationwide Research

PRDnationwide's research division provides reliable, unbiased, and authoritative property research and consultancy to clients in metro and regional locations across Australia.

Our extensive research capability and specialised approach ensures our clients can make the most informed and financially sound decisions about residential and commercial properties.

Our Knowledge

Access to accurate and objective research is the foundation of all good property decisions.

As the first and only truly knowledge based property services company, PRDnationwide shares experience and knowledge to deliver innovative and effective solutions to our clients.

We have a unique approach that integrates people, experience, systems and technology to create meaningful business connections. We focus on understanding new issues impacting the property industry; such as the environment and sustainability, the economy, demographic and psychographic shifts, commercial and residential design; and forecast future implications around such issues based on historical data and fact.

Our People

Our research team is made up of highly qualified researchers who focus solely on property analysis.

Skilled in deriving macro and micro quantitative information from multiple credible sources, we partner with clients to provide strategic advice and direction regarding property and market performance. We have the added advantage of sourcing valuable and factual qualitative market research in order to ensure our solutions are the most well considered and financially viable.

Our experts are highly sought after consultants for both corporate and government bodies and their advice has helped steer the direction of a number of property developments and secured successful outcomes for our clients.



Our Services

PRDnationwide provides a full range of property research services across all sectors and markets within Australia.

We have the ability and systems to monitor market movements, demographic changes and property trends. We use our knowledge of market sizes, price structure and buyer profiles to identify opportunities for clients and provide market knowledge that is unbiased, thorough and reliable.

Our services include:

- Advisory and consultancy
- Market Analysis including profiling and trends
- Primary qualitative and quantitative research
- Demographic and target market analysis
- Geographic information mapping
- Project Analysis including product and pricing recommendations
- Rental and investment return analysis
- Competitive project activity analysis
- Economic indicators
- Social research, including focus groups

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