

TWEED COAST AREA

Property Watch®

PRD nationwide



TWEED COAST AREA MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market trends of the Tweed Coast Area, which encompasses the suburbs of Fingal Head, Chinderah, Kingscliff, Cudgen, Cabarita Beach (including Bogangar), Hastings Point and Pottsville.

During the six months to April 2012, the Tweed Coast Area house market registered a total of 102 transactions, one sale more than the 101 transactions registered for the unit market. This represents only the second time in over a decade where demand for house stock has surpassed what has predominately been a unit market, fuelled by a mix of investors, downsizers and sea-changers.

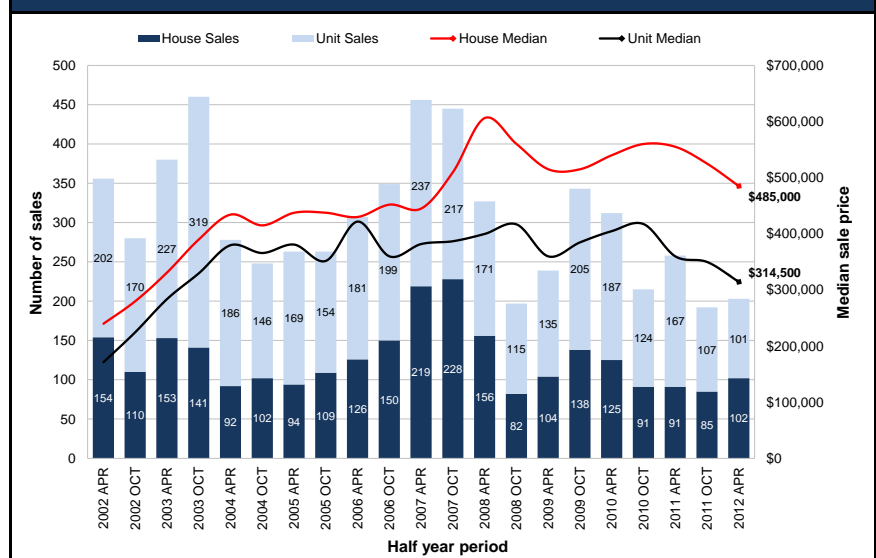
The vacant land market has regained traction during the six months to April 2012, registering a total of 63 transactions on the back of new stage releases from a number of established projects on the Tweed Coast. The availability of more affordable stock in the land market has perhaps been the catalyst for the uplift in activity from the performances recorded during 2011. With that being said, a combination of substantial land releases and further price corrections will be necessary in order for sales performances in the area to recover to levels recorded prior to the economic downturn in 2008.

MARKET INDICATORS

Change from Last	Year	Half Year
HOUSE SALES	↑	↑
HOUSE MEDIAN	↓	↓
HOUSE RENTS	↑	↑
UNIT SALES	↓	↓
UNIT MEDIAN	↓	↓
UNIT RENTS	↑	↑
LAND SALES	↑	↑
LAND MEDIAN	↓	↓

The indicators depicted above are based on the year ending April 2012, except for rental indicators which reflect quarterly data up to March 2012.

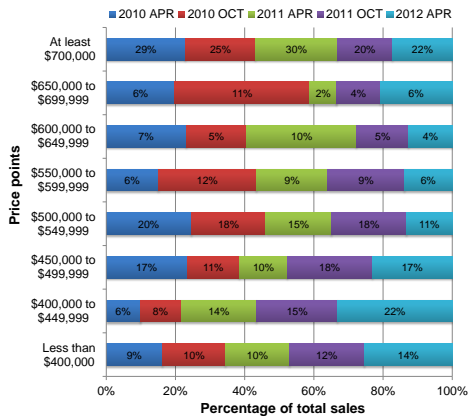
TWEED COAST AREA HOUSE & UNIT SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

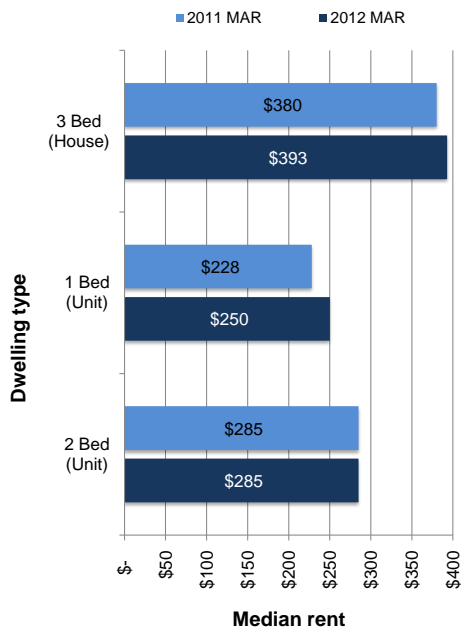
The resilience of the Tweed Coast Area property market during the six months to April 2012 suggests that vendors are continuing to revise prices in order to meet the market. Increased mortgage affordability resulting from consecutive interest rate cuts since November 2011 (currently on hold at 3.5 per cent) also appears to have made a positive impact to impeding a further decline in activity, as lenders continue to pass on these rate cuts (mostly in part) and develop more flexible, better value mortgage products.

HOUSE PRICE POINTS



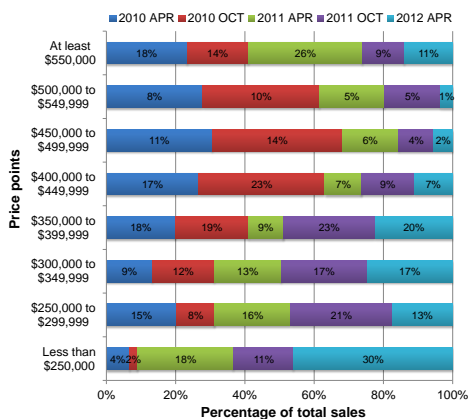
Prepared by PRDnationale Research. Source: PDS

MEDIAN RENTS – TWEED LGA



Prepared by PRDnationale Research. Source: Housing NSW

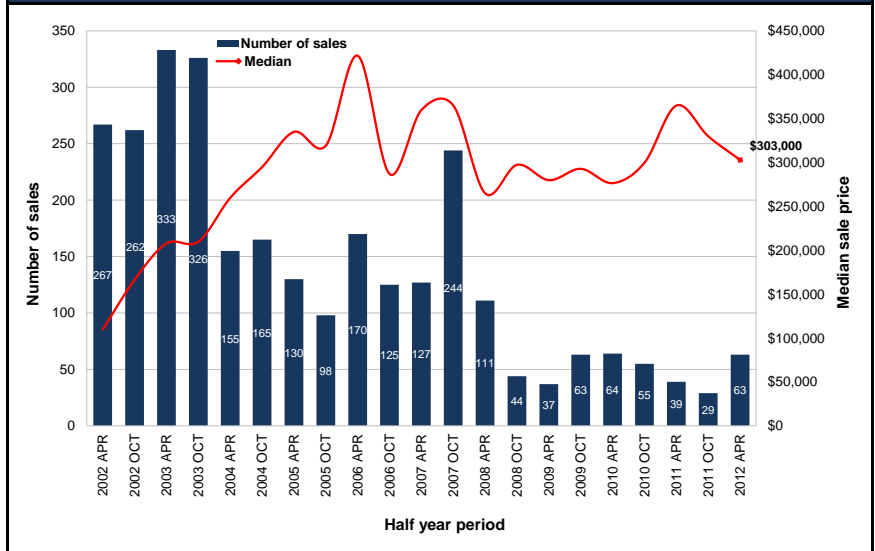
UNIT PRICE POINTS



Prepared by PRDnationale Research. Source: PDS

The House Price Points chart indicates a gradual contraction in the number of buyers at the top end of the market (\$650,000 plus price range), and inversely an expansion in the sub \$450,000 price range, resulting in a correction to the median price over recent years. The median price of \$485,000 is indicative of a considerable portion of the houses in the market tailored towards the high end with 22 per cent of total purchases transacting in the \$700,000 plus range, equal to the 22 per cent within the \$400,000 to \$450,000 price bracket. The Unit Price Points chart demonstrates a more radical shift in buyer demand, with a remarkable 30 per cent of total purchases in the April 2012 half year period occurring in the sub \$250,000 market. Whilst there has been a noticeable contraction in the top end over recent years, it is the mass volume of activity in the sub \$250,000 range which has resulted in a median price of \$314,500 for the April 2012 half year period. Large quantities of discounted investment grade unit stock are likely to account for a majority of the said purchases.

TWEED COAST AREA LAND SALES CYCLE



Prepared by PRDnationale Research. Source: PDS

In an attempt to boost the State's construction industry, the NSW Government has introduced the New Home Grant which provides buyers of new homes, whether off the plan or newly built, with a grant of \$5,000 (for property with a value up to \$650,000). A more lucrative First Home Owners Grant (FHOG), labelled the "First Home Owners Grant New Home Scheme", will be introduced after October 1, 2012 replacing the recently terminated FHOG. The grant will increase from \$7,000 to \$15,000 from October 1, 2012 to December 31, 2013, complemented by full transfer duty exemption. It is likely that the Tweed Coast Area will benefit more from the introduction of the New Home Grant than the new FHOG, as the median price suggests a market out of reach for most first home buyers. The success of this new initiative will be driven by developers who can deliver price pointed stock to the Tweed Coast market as opposed to absorbing the monetary benefits by inflating prices accordingly. As always, time will tell.

MOST ACTIVE SUBURBS FOR THE APRIL 2012 HALF YEAR

House market	No. House Sales		Unit Market	No. Unit Sales	
	HY Apr-12	Annual Change		HY Apr-12	Annual Change
Pottsville	44	33%	Kingscliff	43	-23%
Kingscliff	29	21%	Casuarina	26	-61%
Cabarita Beach	17	89%	Pottsville	17	-11%
Casuarina	4	-64%	Cabarita Beach	14	-36%

Prepared by PRDnationale Research. Source: PDS