

HUNTER VALLEY

Property Watch®

PRD nationwide



MAITLAND AREA MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market conditions of the Maitland Local Government Area (LGA), with a focus on the suburbs of East Maitland, Metford, Aberglasslyn, and Rutherford.

The Hunter Region represents one of the most robust real estate markets in NSW. Strong mining activity and investment in infrastructure provide employment for locals, with both interstate and intrastate workforces moving to the area with their families. While detached houses still represent the most transacted product, strata-titled dwellings have gained popularity in recent years, as retirees downsize and investors seek to benefit from the influx of high salaried employees into the area.

Observing the House Price Points chart over the March 2012 half year period, it is evident that a dominant concentration of buyers exists in the \$300,000 to \$399,999 price range. Interestingly, this price range recorded more activity in the March 2012 half year period than in the corresponding period in 2011, while the portion of houses selling under \$300,000 or above \$400,000 declined. As a consequence of this concentration in activity, the median house price experienced a 12 month decline of 1.7% in the year to March 2012. The softer median price represents market consolidation, after an average growth of 9% per annum in the past 10 years. Rising activity demonstrates the strong demand for accommodation in the Hunter with 428 transactions during the six months to March 2012, representing a 28.9% increase from the same period in 2011.

The house rental market continued to strengthen in the 12 months to March 2012, with a median price increasing by 3.8% for a three bedroom house. This demand is further demonstrated in the New Bond Lodgement graph, exhibiting a sharp increase in rental activity that commenced in September 2009.

MARKET INDICATORS

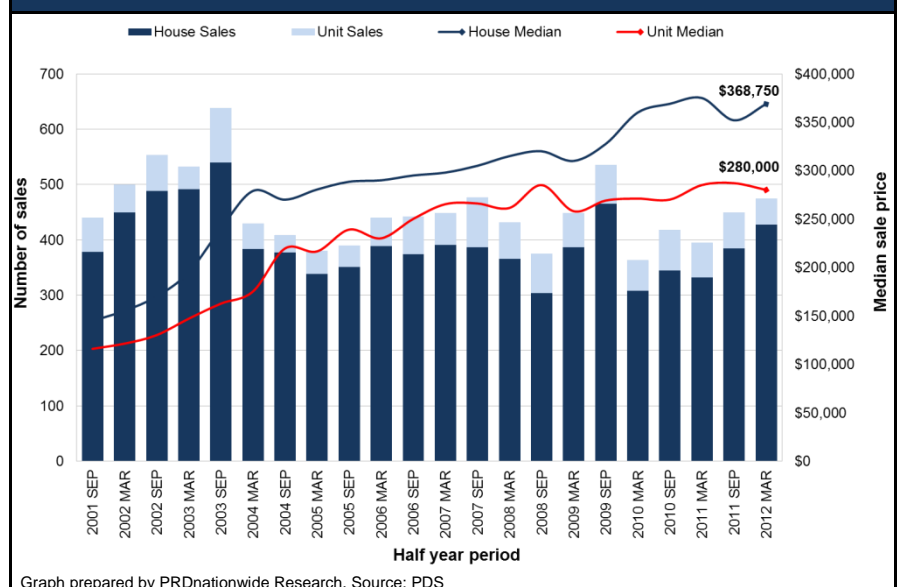
Change from Last	Year	Half Year
HOUSE SALES	↑	↑
HOUSE MEDIAN	↓	↑
HOUSE RENTS	↑	↑
UNIT SALES	↓	↓
UNIT MEDIAN	↓	↓
UNIT RENTS	↓	↑

The indicators depicted above are based on the year ending March 2012.

KEY HIGHLIGHTS

- A decline of 1.7% in the median price represents market consolidation from an average growth of 9% per annum recorded since 2007.
- The number of new unit rental bonds lodged in the March quarter represents a 27% increase over the 5 year average.

MAITLAND AREA HOUSE & UNIT SALES CYCLE



HOUSE PRICE POINTS

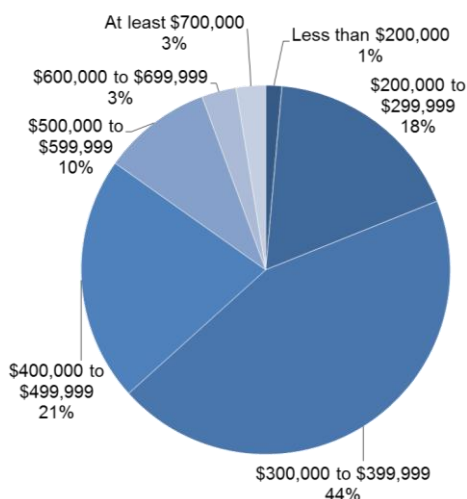
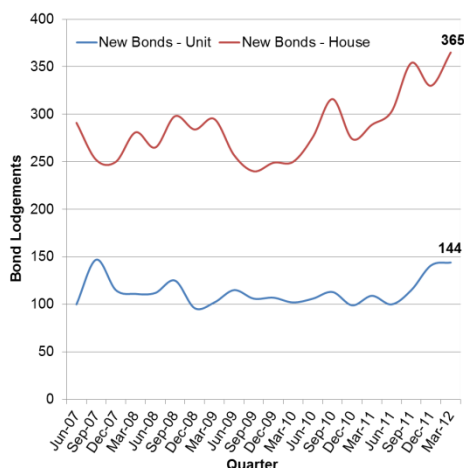


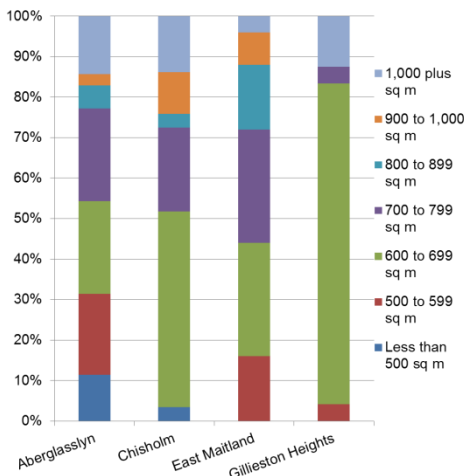
Chart prepared by PRDNationwide Research. Source: PDS

NEW BOND LODGEMENT



Graph prepared by PRDNationwide Research.
Source: Housing NSW

VACANT LAND SIZES



Graph prepared by PRDNationwide Research. Source: PDS

The region's most significant infrastructure project currently under construction is the Hunter Expressway, providing employment to approximately 800 staff and more than 400 subcontractors. The new road will run parallel to the New England Highway and upon its completion in late 2013 will help to release traffic bottlenecks that are caused by mining related traffic. Most of the \$1.7 billion bill is paid by the Federal Government, with a contribution of up to \$200 million is by the State.

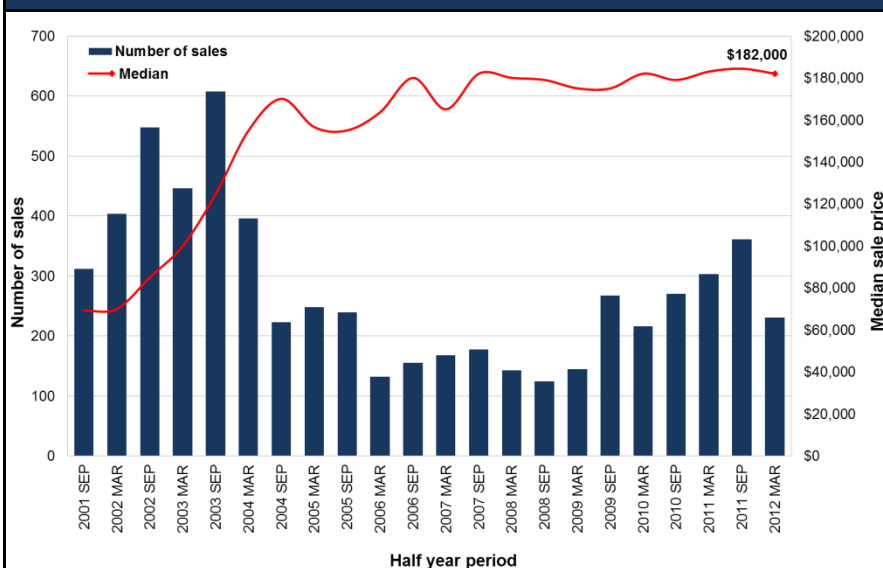
Unit activity has declined over the past two years, with the number of transactions in the six months to March 2012 representing a drop of 25% from March 2011 and 36% below the September 2010 figures. This decline in activity also affected the unit median price, closing the period at \$280,000, 1.8% below the 2011 period.

The rental market for units strengthened in the year to March 2012, with the median rent for a two bedroom unit rising by 3% to \$258 per week from the same period in 2011. The New Bond Lodgement graph shows a significant increase in the lodgement of new unit rental bonds in the past year, with the March 2012 quarter figures representing 27% increase from an average lodgement of 113 new bonds per quarter over the past five years. Savvy investors may focus on the fact that rentals are beginning to reach parity with debt servicing levels, with a forecasted upside in capital growth.

The Sales Cycle graph below provides an overview of the median lot price and sales activity over the past 10 years. It depicts stability in vacant lot prices in the past five years, closing the March 2012 half year at \$182,000. The increase in activity since 2009 is evidence of the demand for vacant lots, with most transactions during the March period taking place in McKeachie's Run in Aberglasslyn and the Aurora Fields Estate in Rutherford. A vacant land size analysis points to high demand for lots with an area of between 600 and 699 square metres (sq m), accounting for 48% of lots in Chisholm and 79% in Gillieston Heights. Aberglasslyn and East Maitland offer greater diversity in lot sizes, with the former recording the highest number of transactions for the period (70).

With many lots transacting off-the-plan it is expected that the results for the March quarter will be revised upward in the next report, as enquiry for this type of product remains strong.

MAITLAND AREA VACANT LAND SALES CYCLE



Graph prepared by PRDNationwide Research. Source: PDS

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This report was prepared by PRDNationwide Research. Source: PDS, Housing NSW, NSW Transport.

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