

TWEED HEADS AREA

Property Watch®

PRD nationwide



TWEED HEADS AREA MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market trends of the Tweed Heads Area, which encompasses the suburbs of Tweed Heads, Tweed Heads South, Tweed Heads West, Terranora, Bilambil, Bilambil Heights and Banora Point.

The Tweed Heads Area property market has regained traction recording growth, albeit modest, in both the house and unit markets during the six months to April 2012. The house market registered a total of 208 transactions for the April 2012 half year period, representing 11.8 per cent uplift in activity from the corresponding period in 2011. The unit market registered a total of 183 transactions for the April 2012 half year period, a marginal improvement from the level of activity recorded during the corresponding period in 2011.

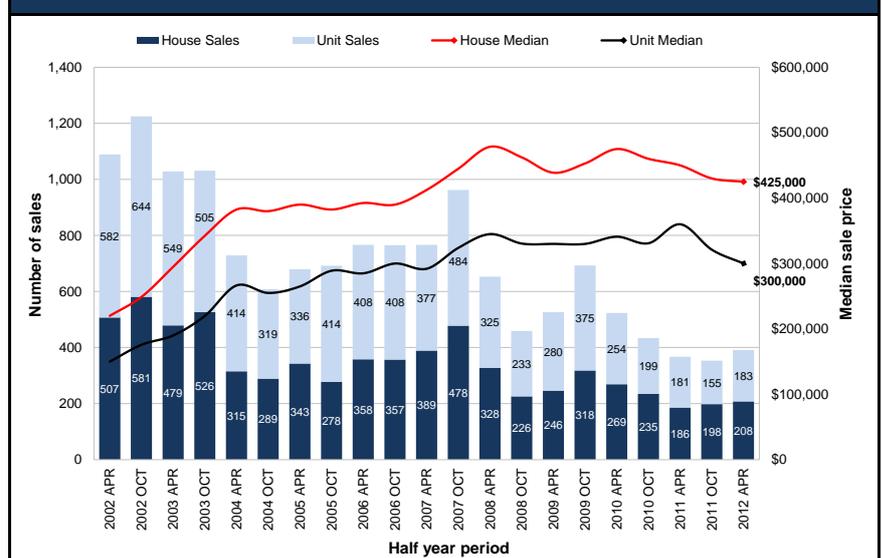
The median price for both house and unit markets has continued a softening to pre-2007 levels, recording \$426,000 and \$300,000 respectively for the April 2012 half year period. Observing the House and Unit Price Points chart over the page, it appears as though much of the buyer demand is still within the lower price points, specifically the sub \$450,000 range for houses and sub \$350,000 range for units. The increase in activity during the April 2012 half year period suggests that vendors are beginning to meet market expectations, acknowledging extended time on the market can often dilute the net proceeds from the eventual sale. Interest rate cuts since November 2012 appear to have made a positive impact to impeding a further decline in activity, with interest rates currently on hold at 3.5 per cent (as at July 2012) and anticipated to decrease further by the years end. As lenders continue to pass on these rate cuts (mostly in part), the increase to mortgage affordability is without a doubt enticing would-be home owners to consider a purchase while bargains still exist in the market place.

MARKET INDICATORS

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

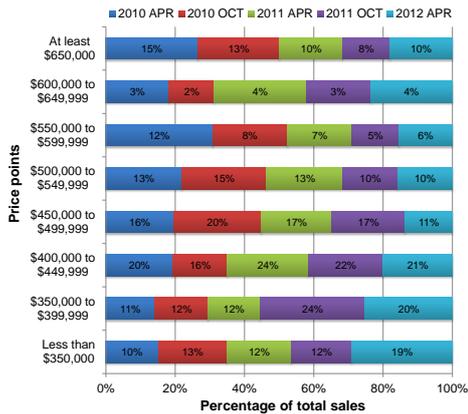
The indicators depicted above are based on the year ending April 2012, except for rental indicators which reflect quarterly data up to March 2012.

TWEED HEADS AREA HOUSE & UNIT SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

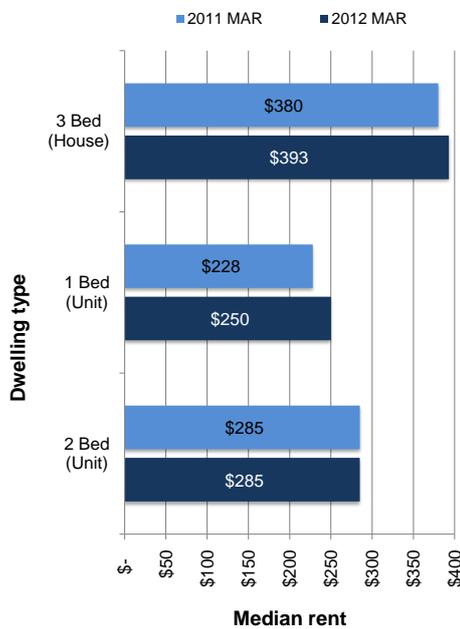
HOUSE PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

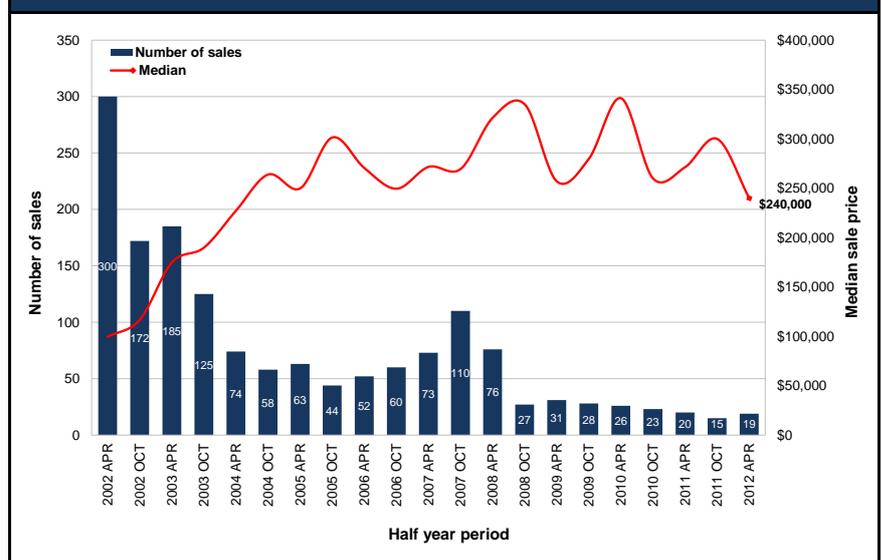
The year to April 2013 will be a very interesting time in the Tweed Area Property market, with the NSW Government looking to revamp the lacklustre home building industry by restructuring incentives such as transfer concessions and grants. Effective as at July 1, 2012, a New Home Grant Scheme has been implemented providing 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). The First Home Owners Grant (FHOG) has been scrapped completely though will be replaced with the more lucrative FHOG (New Home) Scheme from October 1, 2012. The grant will increase from \$7,000 to \$15,000 from October 1, 2012 to December 31, 2013, complemented by full transfer duty exemption. A first home buyer who decides to purchase a \$550,000 new home after October 1, 2012, will receive \$35,240 in assistance. This may come as good news to first home buyers and especially developers who have been very quiet in the Tweed Heads Area since 2007. However, the implications this new policy will have on the established market are quite alarming as vendors may need to continue discounting their properties in order to compete with new developments that begin to enter the market by the years end.

MEDIAN RENTS FOR TWEED



Prepared by PRDnationwide Research. Source: Housing NSW

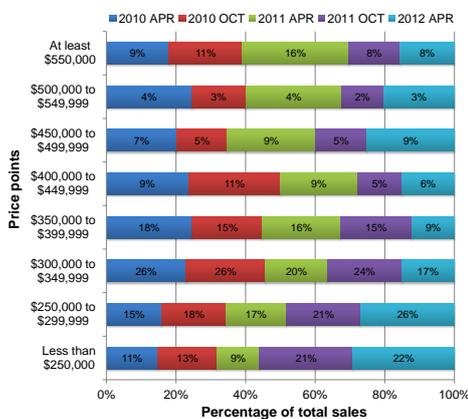
TWEED HEADS AREA LAND SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

The Land Sales Cycle chart above reiterates the necessity to stimulate new development in the Tweed Heads Area, with very few sales transpiring after the economic downturn in 2008. There is no doubt that this new policy is indeed a significant drawcard that will attract many first home buyers south of the border. The key to the success of this new tool will be to ensure affordability remains the target of new developments as lending practices remain conservative.

UNIT PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

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
Banora Point	101	29%	Tweed Heads	80	-16%
Tweed Heads S	27	-10%	Banora Point	58	23%
Tweed Heads	26	30%	Tweed Heads S	24	9%
Bilambil Heights	20	5%	Tweed Heads W	17	31%
Tweed Heads W	19	-5%	-	-	-
Terranora	14	-13%	-	-	-

NB: Suburbs that did not record 10 or more sales during the six months to April 2012 were not recorded.

Prepared by PRDnationwide Research. Source: PDS