

Rural Lifestyle Dubbo

Residential Supply and Demand Assessment

Prepared on behalf of:

Bourke Securities Pty Ltd

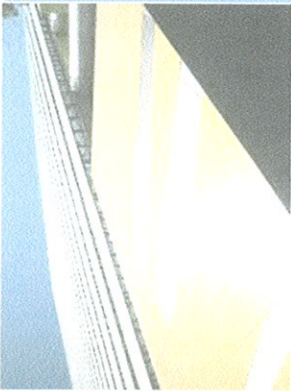
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Warranty

This report has been based upon the most up to date readily available information at this point in time, as documented in this report. Urban Economics has applied due professional care and diligence in accordance with generally accepted standards of professional practice in undertaking the analysis contained in this report from these information sources. Urban Economics shall not be liable for damages arising from any errors or omissions which may be contained within these information sources. As this report involves future market projections which can be affected by a number of unforeseen variables, they represent our best possible estimates at this point in time and no warranty is given that this particular set of projections will in fact eventuate.

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1.0 Introduction

1.1 Background

This Residential Supply and Demand Assessment has been prepared by Urban Economics on behalf of Bourke Securities Pty Ltd for the proposed small acre development rezoning for a rural residential subdivision to be called Daisy Hill, Dubbo. This report examines the supply and demand imperatives influencing the local residential market in Dubbo and examines the economic need for and implications of the proposed development. The report also discusses the economics of developing rural residential allotments.

Urban Economics is an economic and market research consultancy, specialising in the property sector. Urban Economics is experienced in the examination of need and demand for residential developments across Queensland and New South Wales and has examined the economics of several rural lifestyle developments, including its role within the broader provision of housing options for a region.

The subject site is designated as two different zonings under the Dubbo Local Environment Plan (LEP) 1998 – Urban Areas and comprises the following zonings and lots:

Residential Cluster – Zone 2 (d)
 • Lot 200 on DP825059

Residential Country – Zone 2 (e)
 • Lot 64 on DP754287
 • Lots 316 & 317 on DP754308
 • Lot 65 on DP754287 & Lot 661 on DP565756
 • Lot 662 on DP565756

On the 18th December 2009 representatives of Orogen Pty Ltd acting for Bourke Securities Pty Ltd had a meeting with the Dubbo City Council to explore and clarify the following objectives (as detailed in Orogen's minutes):

- (i) "The issues Council would require to be addressed in any application for rezoning of the land; and
- (iii) The rezoning process that would apply to any such request."

One of the outcomes of this meeting was Council's requirement for a supply and demand assessment to justify the proposed rezoning. This report has been developed to meet that requirement.

1.2 Study Objectives and Methodology

The overall objective of this report is to assess the need for the proposed small acre development rezoning for a rural residential subdivision within Dubbo. In particular, this report aims to:

1. Review the demand for rural residential allotments in Dubbo;
2. Examine the available supply of appropriately zoned land available for rural residential allotments within Dubbo and whether such supply satisfies the demand;
3. Review the economics of developing rural residential and suburban residential lots.

In achieving these objectives, the following methodology was followed:

- a) Met with Council officers to discuss their requirements of an economic report and discuss residential planning for Dubbo City;
- b) Inspected the site, noting its relative position to existing residential communities and attractiveness for rural residential development;
- c) Inspected residential projects in Dubbo, noting supply of vacant land, quality of stock, building activity and market positioning;
- d) Contacted local real estate agencies to discuss sales activity and local demand issues;
- e) Reviewed the planning documents and maps relevant to the proposed development;
- f) Reviewed historic and projected population growth rates for Dubbo City, based on Australian Bureau of Statistics and New South Wales Government data;
- g) Reviewed residential sales and building approval data for Dubbo;
- h) Compiled a socio-economic profile of Dubbo, particularly reviewing the range of household types in the City;
- i) Compiled a profile of the likely market for the proposed residential lots;
- j) Assessed the demand for the proposed development;
- k) Provided commentary on the ability of the current supply of rural lifestyle land to meet projected demand; and
- l) Discussed the economics of developing rural residential lots relative to suburban residential lots.

2.0 The Proposed Development

Bourke Securities Pty Ltd has control of a 430.64ha site (Lot 200 on DP825059, Lot 64 on DP754287, Lots 316 & 317 on DP754308, Lot 65 on DP754287 & Lot 661 on DP565756 and Lot 662 on DP565756) with Residential Cluster and Residential Country zoning.

The subject site, which is shaded blue in Figure 2.1, is located approximately 9 km east of Dubbo CBD, with a drive time of approximately 10 minutes. Dubbo is a major regional city and has been appropriately known as the 'Hub of the West'. Dubbo is a busy road, rail and air junction also including tourist attractions such as the Western Plains Zoo and Museum and Regional Art Gallery.

The subject site is surrounded by Pinedale Road to the north, Torwood Road & Wilfred Smith Drive to the east and Eulomogo Road to the south. Eulomogo Road links with the Mitchell Highway, which extends to Bathurst to the south-east and to Bourke to the north-west.

FIGURE 2.1 – SUBJECT SITE



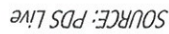


FIGURE 2.2 — RESIDENTIAL ZONES SHADED



The surrounding lands to the north and east of the site are zoned Residential Country. Richmond Estate, approximately 1km to the north is zoned Residential Cluster. To the west of the site the land is zoned as Urban/Rural Buffer. The surrounding land to the south is mixed consisting of Urban/Rural Buffer zoning and Residential Cluster zoning, for the Firgrove Estate. The different zonings surrounding the site provide different constraints with the application of rezoning and subdividing the subject site. The different zonings are further explained in Section 3.0 – Planning Framework.

The subject site is largely flat in the western half before sloping upwards to a ridge on the eastern extremity. The ridge line has views to the west to Dubbo. The current predominant use of the site is for grazing. It is proposed to develop rural residential allotments of a range of sizes from 6,000m² to about 8ha, although the mix and actual lot sizes have yet to be finalised. It is not intended to develop the site for suburban lots.

TABLE 2.1 – INDIVIDUAL RESIDENTIAL LOT ZONES & AREA

Zone	Lot	Area (ha)
Residential Cluster – Zone 2 (d)	Lot 200 on DP825059	47.23
Residential Country – Zone 2 (e)	Lot 64 on DP754287	129.5
Residential Country – Zone 2 (e)	Lots 316 & 317 on DP754308	124.4
Residential Country – Zone 2 (e)	Lot 65 on DP754287 & Lot 661 on DP565756	119.4
Residential Country – Zone 2 (e)	Lot 662 on DP565756	10.11
Total Subject site		430.64

3.0 Planning Framework

The following planning documents were reviewed to identify Council's planning for residential land, particularly rural residential land in the City.

- Dubbo Local Environment Plan (LEP) 1998
- Urban Strategies 1995-2015 – (A) Residential Areas Development Strategy (1996)
- Review of Urban Strategies 1995-2015 – Discussion Paper – First Five Yearly Review (2006)

3.1 Dubbo Local Environment Plan 1998

The Dubbo Local Environment Plan (LEP) 1998 is the primary planning document for Dubbo City and details a range of residential zonings for the City, was used to define the zonings in relation to the proposed development. Urban Economics accessed the most current version of the LEP, updated 9th January 2009. TABLE 3.1 outlines the residential zonings in the LEP and their description of land and main objective as described in the Development Control Plans (DCPs). The proposed development would be most comparable to a mix of Residential Cluster 2 (d) and Residential Country 2 (e) zones. FIGURE 3.1 and 3.2 is drawn from the LEP mapping and provides a visual representation of the subject site zones and distribution of residential zones in Dubbo.

TABLE 3.1 – DUBBO LOCAL ENVIRONMENT PLAN - RESIDENTIAL ZONES, DESCRIPTIONS & OBJECTIVES

Zone	Description of land within the zone	Main objective of land within the zone
Residential Suburban 2 (a)	Detached housing at traditional densities of one dwelling per 800m ² in Dubbo suburban area	Provision of fully serviced land for single dwelling houses having a suburban density
Residential Medium Density 2 (b)	Characterised by dwelling densities higher than the Residential Suburban 2 (a) zone	To accommodate a range of dwelling densities and a variety of medium density housing styles
Residential Fringe 2 (c)	Large detached dwelling houses on fully serviced allotments with areas of between 2,000 to 6,000m ² located at the suburban fringe	To recognise land which is located on the edge of suburban Dubbo and provides a transition in urban form between a suburban and a country living environment
Residential Cluster 2 (d)	Residential allotments with areas of between 1.5ha and 2ha located on the outskirts of the urban area	To provide land and opportunities for residential development, with limited city services, in a rural setting on allotments of a size greater than could be provided in an urban environment and which enables semi-rural activities to be undertaken
Residential Country 2 (e)	Moderately sized hobby farm allotments of 4-10ha in an area on the outskirts of the urban area	To provide land and opportunities for a lifestyle with limited services and a rural amenity on allotments which are of size which enable hobby farming activities

SOURCE: Urban Development Control Plans

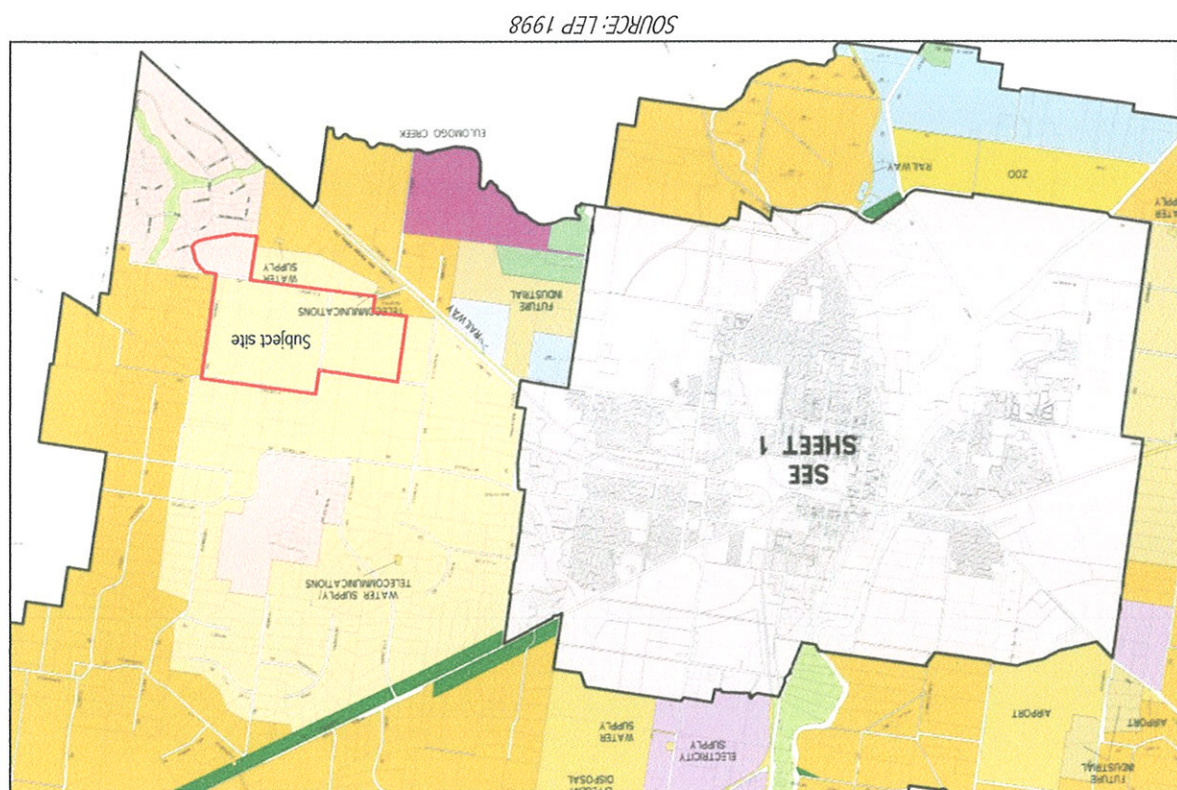


FIGURE 3.1 – DUBBO LOCAL ENVIRONMENT PLAN - ZONES

It is understood that Dubbo City Council is in the process of preparing a new LEP, with Council currently in discussions with state government in revising the draft before putting it on exhibition later this year. From Urban Economics's discussions with Council it is understood that the areas zoned Urban Expansion and designated Future Residential in the LEP Urban Areas Map 1 (FIGURE 3.2 above) would be rezoned to Suburban Residential in the forthcoming LEP.

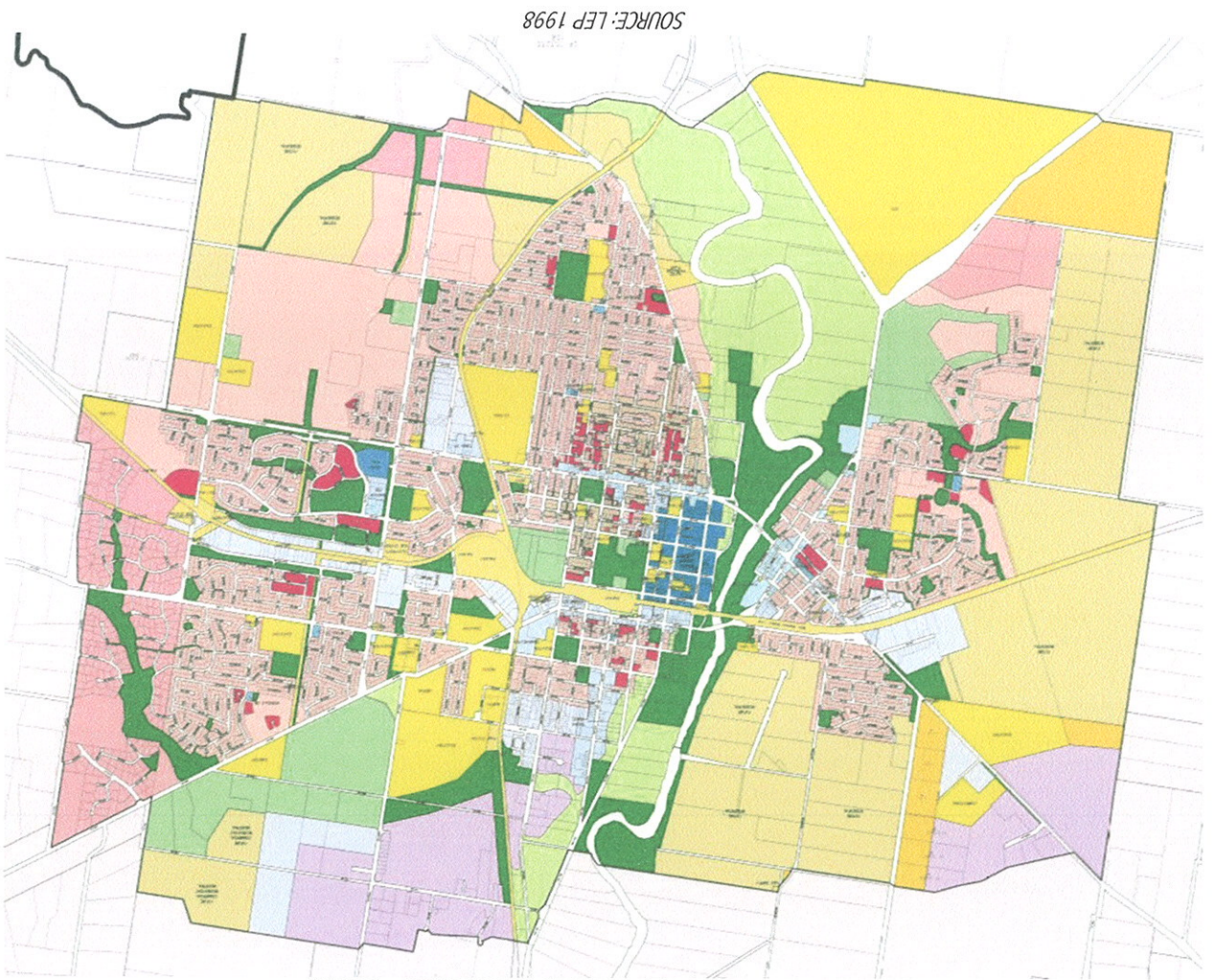


FIGURE 3.2 – DUBBO LOCAL ENVIRONMENT PLAN – ZONES

3.2 Urban Areas Development Strategy 1995-2015 – (A) Residential Areas Development Strategy

The Urban Development Strategy 1995-2015 – (A) Residential Areas Development Strategy (Nov 1996) is an overarching strategic document to guide growth in the City and informed the development of the LEF 1998. Its findings provide historical information about the formation of the zoning for residential development and the growth assumptions upon which the zones were based. This document states that Council's commitment is to restrain its participation to 30% of the market and this policy is to encourage private developers to participate in meeting residential demand and the distribution of existing land zoned residential. The information regarding zoning for residential development between 1997 and 2001 recommended a five year average annual lot take up rate of 250 lots per annum in the City be allowed for, with five to ten years of supply available, equating to a minimum of 800-900 lots in supply to a maximum of 1,700-1,800 lots in supply.

3.3 Review of Urban Areas Development Strategy (UADS) 1995-2015 – Discussion Paper – First Five Yearly Review (2006)

The Review of Urban Areas Development Strategy 1995-2015 – Discussion Paper is the first of a rolling five yearly review program. The first five yearly review commenced in 2005, was prepared in 2006 and adopted by Dubbo City Council on 26th February 2007. It is important to note that this review is not a new strategy but identifies a number of issues of concern for the community along with potential means to address these concerns.

The following information is extracted from *Part C: Detailed analysis of each land use strategy – residential areas development strategy – discussion*. The primary role of the strategy review is to consider the form of residential development likely to be demanded in the future by identifying the current supply and demand position. The information below is a summary of the supply and demand of residential land:

- The land supply pipeline in Dubbo can take up to 10 years, from initial investigations to market release, determined by a completion of 250 dwellings per year.
- A diverse range of lot sizes should be provided for.
- The supply of residential land should satisfy:
 - Ranges of household income levels (low, medium & high);
 - Lifecycle stages (youth to elderly, independent to dependent); and
 - Variety of lifestyles (inner urban to small hobby farming).

From analyses of the land supply and demand data the strategy review concluded by stating that, "The average take-up rate of 315 lots each year for the 15 year period of the Review provides a valuable indicator of the demand for residential land in Dubbo. The stable population growth rate and household size provide a sound basis for suggesting that there is a consistent pattern to the demand for residential land."

4.0 Dubbo Residential Property Market

The purpose of this Chapter is to examine the recent historical trends within the local residential property markets. However, the forthcoming section will firstly establish current residential estates then progress onto sales data and building approvals.

4.1 Current Residential Estates

A number of active residential development estates have been identified within Dubbo, with the following TABLE 4.1 providing a review of these estates. Estates were reviewed through a desktop analysis and site inspections in August 2010.

TABLE 4.1 - RESIDENTIAL ESTATES

Estate Name	Location	Zoning	Status/Comments
Richmond Estate	East Dubbo	Residential Cluster	Rural residential estate recently sold. 2 lots on market for resale, total of 12 lots remain vacant. Lot sizes 1.5-5ha.
Keswick Estate	East Dubbo	Residential Suburban	Suburban residential estate, with considerable land to be developed. Early stages are standard, single storey, brick dwellings for first home buyer market.
Southlakes Estate	East Dubbo	Residential Suburban	Mid range suburban residential estate with lot sizes 800-2,000m ² . About 90 lots still to be developed
Holmwood Estate	East Dubbo	Residential Fringe	Large lot suburban residential, up to 2,000m ² . 13 lots remain (en globo).
Delroy Park Estate	West Dubbo	Residential Suburban, Residential Medium Density	Mid range suburban residential estate with a variety of suburban and medium density dwelling types. Approximately 280 lots to be developed
Grangewood Estate	West Dubbo	Residential Suburban	South of Delroy Pk, mid range suburban estate. 25ha to the south of estate to be developed.
Kintyre Estate	West Dubbo	Residential Fringe	Upper market rural residential and country club estate, lots up to 6,000m ² . Further stage to include country club estate with smaller lots.

The most comparable estate to that proposed on the subject site would be Richmond Estate, which has only two resale lots on the market. Other estates are either typical suburban residential estates or the Kintyre Estate, with lots up to 6,000m², but with further stages to include a country club with smaller lots.

4.2 Residential Sales Data

Residential sales data for Dubbo Local Government Area (LGA) was sourced to gather information on vacant land sales and house sales. Information was segmented by lot area and was extracted from 2001/02 to 2009/2010 with analysis of number of sales and median prices, as expressed in Table 4.2. The number of sales information is expressed in graph form for each category in Figure 4.1 while the median price of sales is expressed in Figure 4.2.

TABLE 4.2 – SALES DATA DUBBO LGA BY LOT AREA

Year	Sales	Median	Sales	Median	Sales	Median	Sales	Median	Sales	Median	Sales	Median	Sales	Median	Sales	Median
2001/2002	164	\$55,500	6	\$81,500	39	\$63,425	687	\$135,000	37	\$200,000	37	\$200,000	37	\$260,000	37	\$260,000
2002/2003	202	\$60,000	20	\$110,000	23	\$83,500	704	\$151,250	33	\$150,000	33	\$150,000	38	\$270,000	38	\$270,000
2003/2004	200	\$80,000	38	\$125,000	24	\$117,000	646	\$189,000	38	\$226,250	30	\$342,500	29	\$330,000	29	\$330,000
2004/2005	162	\$85,000	27	\$135,000	32	\$138,250	535	\$207,000	30	\$283,750	30	\$283,750	29	\$380,000	29	\$380,000
2005/2006	178	\$98,000	18	\$152,500	9	\$205,500	539	\$215,000	22	\$278,000	22	\$278,000	29	\$380,000	29	\$380,000
2006/2007	96	\$105,000	14	\$155,000	9	\$160,000	518	\$219,000	25	\$230,000	25	\$230,000	22	\$387,500	22	\$387,500
2007/2008	129	\$92,500	19	\$135,000	12	\$133,750	579	\$230,000	20	\$415,000	20	\$415,000	29	\$375,000	29	\$375,000
2008/2009	171	\$91,500	24	\$136,500	9	\$130,000	123	\$240,000	13	\$342,000	13	\$342,000	23	\$395,000	23	\$395,000
2009/2010	128	\$100,000	27	\$135,000	8	\$175,000	143	\$264,500	18	\$385,500	18	\$385,500	30	\$451,250	30	\$451,250
% increase in Median Price 01-10		80%	66%	176%	96%	93%	74%	SOURCE: PDS Live								
		Vacant Land 0 – 1,999m²	Vacant Land 2,000 – 5,999m²	Vacant Land 6,000m² - 10ha	House 0 – 1,999m²	House 2,000 – 5,999m²	House 6,000m² - 10ha									

SOURCE: PDS Live

It is noted from the above data that there was a substantial decline in Dubbo in the volume of house sales on lots less than 2,000m² in 2008/09 from previous years. It appears that this market segment was the segment most affected by the slowdown in the economy due to the global financial crisis. It is also noted that while sales volumes dropped, the median price increased moderately.

It is noted that sales of vacant residential land about 2,000m² typically accounted for about 20% of sales volumes in Dubbo. Sales of houses on lots above 2,000m² averaged about 12% of sales in Dubbo, although it comprised about a quarter of all sales in the last two financial years due to the decline in sales volume of houses on lots less than 2,000m². It is Urban Economics's opinion that the volume of sales for lots about 2,000m² is constrained by the supply at any given time, rather than the underlying demand. Therefore, the percentage of total sales recorded in recent years for this lot range is likely to under-represent the true demand for these lots.

There has been a steady increase in the median price of house and vacant land sales between 2001/02 financial year and the most recent complete financial year 2009/10, with the highest percentage growth in median price for vacant land occurring in the 6,000m² to 10ha sector. FIGURES 4.1 and 4.2 illustrate the growth in median prices for vacant residential land and houses in Dubbo since 2001/02.

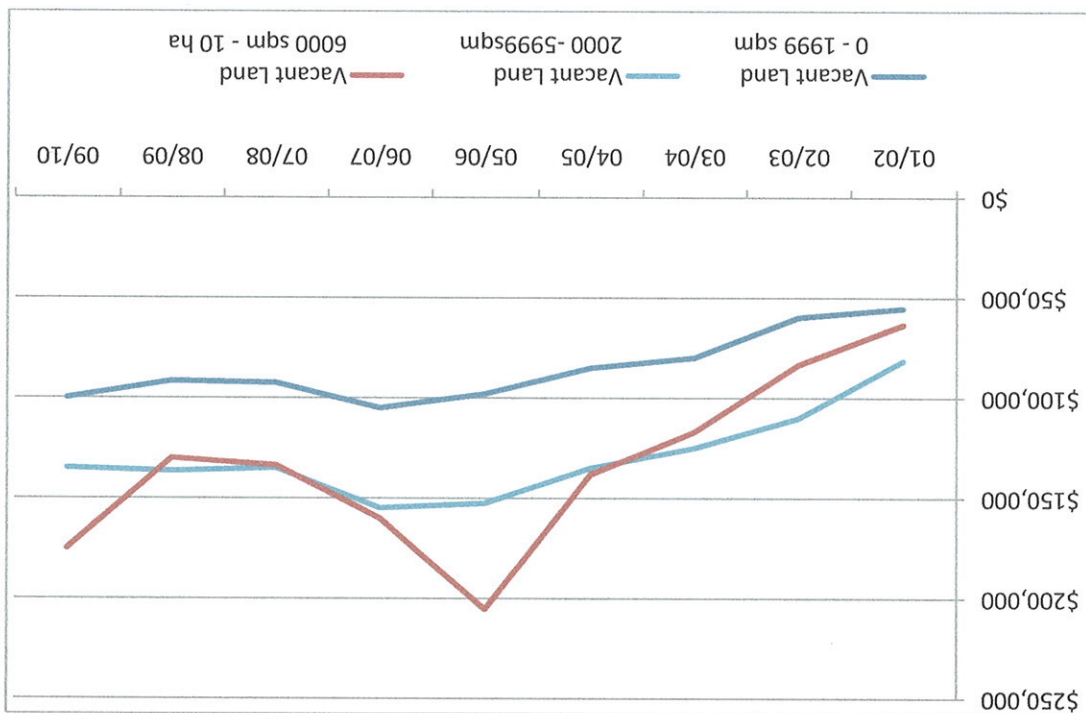


FIGURE 4.2 – MEDIAN PRICE DATA, VACANT RESIDENTIAL LAND



FIGURE 4.1 – MEDIAN PRICE DATA, HOUSES

4.3 Building Approvals

The following TABLE 4.3 and FIGURES 4.3 and 4.4 summarise the total number of building approvals since 2001/2002 within the Dubbo – Part A Statistical Local Area (SLA), Dubbo – Part B Statistical Local Area (SLA) and Dubbo – Local Government Area (LGA). It also provides a breakdown of the type of residential formation approved for each year, including separate dwellings and 'other' residential dwellings which includes apartments, units and townhouses etc.

TABLE 4.3 – BUILDING APPROVALS - DUBBO

Dubbo - Part A (SLA)			Dubbo - Part B (SLA)			Dubbo (LGA)		
House	Other	Total	House	Other	Total	House	Other	Total
2001/2002	208	56	264	7	0	215	56	271
2002/2003	208	38	246	11	0	219	38	257
2003/2004	191	40	231	8	0	199	40	239
2004/2005	202	34	239	9	0	211	34	248
2005/2006	187	4	191	19	0	206	4	210
2006/2007	101	0	102	13	0	114	0	115
2007/2008	141	73	228	7	0	148	73	235
2008/2009	175	30	211	4	0	179	30	215
2009/2010#	197	22	219	13	0	210	22	232

Note: # represents the most up-to-date financial year data from July 2009 to May 2010

SOURCE: ABS

In regards to Dubbo LGA, other than a sharp decline in 2006/07, there has been a consistent number of building approvals with an average of 224 building approvals. The building approvals classified under the 'other' category has only been recorded in Dubbo Part A, the urban area of Dubbo City, which is to be expected.

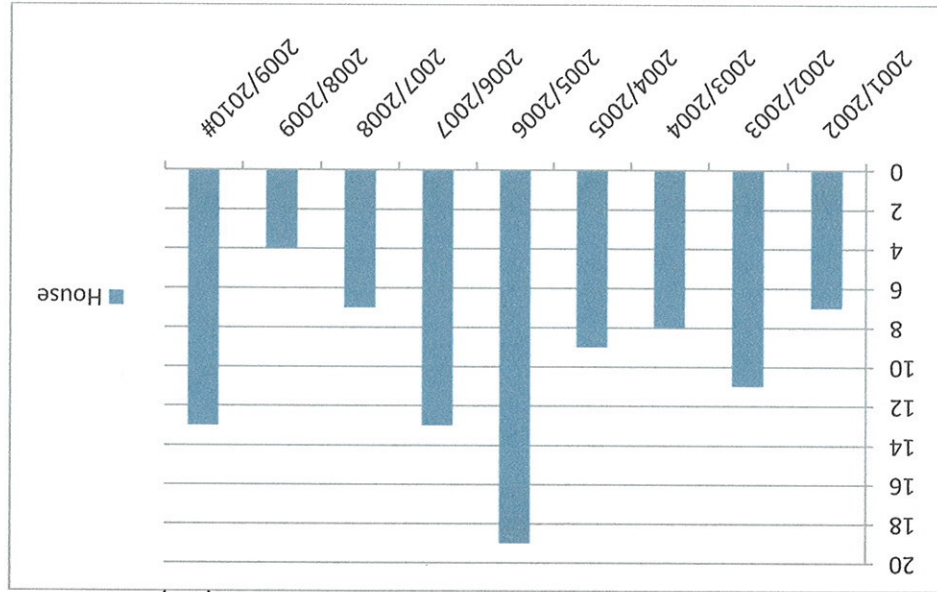


FIGURE 4.4 – BUILDING APPROVALS – DUBBO PART B (SLA)

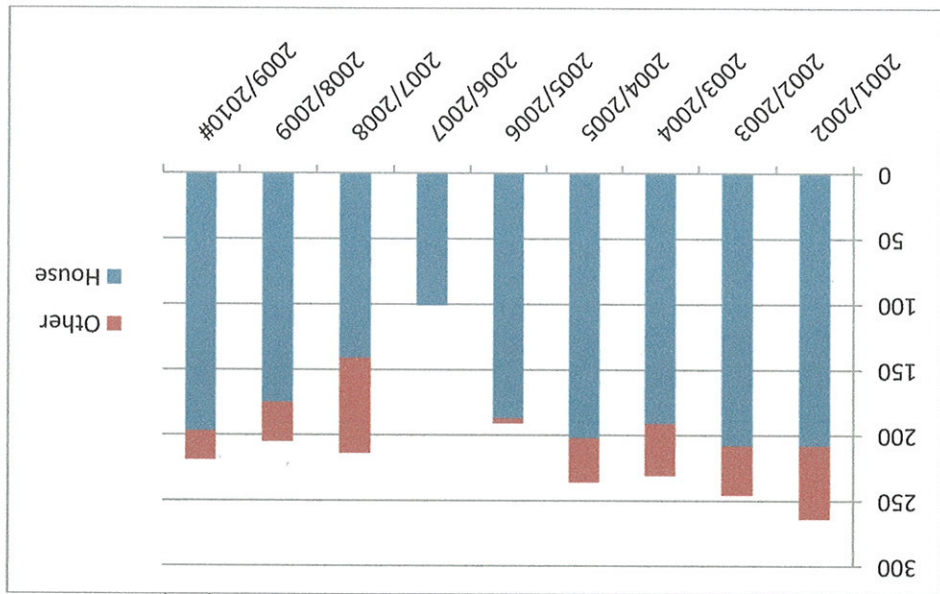


FIGURE 4.3 – BUILDING APPROVALS – DUBBO PART A (SLA)

- The suburban residential market historically has been considerably larger than the rural residential market in Dubbo City.
- The existing residential estates reflect this, with most offering typical suburban residential lots and houses.
- Median prices for vacant land and houses over the three land size groupings analysed all increased substantially and consistently over the previous decade. Vacant land of 6,000m² to 10ha recorded the highest proportional increase in median price since 2001/02 of 176%.
- Sales of vacant land of 6,000m² to 10ha comprised an average of 9% of sales volume since 2001/02 and houses with lots in this range comprised an average of 7% of sales volume, although represented about 15% of house sales in the previous two financial years.

The key findings of the analysis of residential activity in Dubbo are:

4.5 Concluding Comments

It was noted that the sales rates of rural residential properties was largely dependent on supply of stock to sell, rather than being limited by demand from buyers.

Urban Economics contacted a number of real estate agencies in Dubbo to gain an understanding of current market activity in the City, particularly for rural residential lots. The agents reported that the local market was reasonable at the moment, with an increase in activity from six months ago, although first home buyers have slowed. The agents stated that suburban residential sales were typically faster than rural residential, due to higher volumes of properties on the market and a larger market seeking to purchase. However one agent reported a recent shift towards more rural residential demand, with buyers looking for 1 acre, 5 acre or 25 acre blocks. It was reported that there was demand for vacant rural residential land as well as established houses on rural residential lots.

The agents were asked about the typical markets for rural residential lots in Dubbo. One agent said that there was a wide range of markets, including young families, semi-retirees, families moving from Sydney for lifestyle reasons or people who require large lots for their hobbies. The agent said that the key considerations for these buyers were privacy and amenity. Another agent stated that the investor market was a key market, offering a solid 6.5-7% return, with a secondary market being families wanting more space.

4.4 Real Estate Agencies

- Building approvals have been very consistent (excluding a drop off in 2006/07) and averaged about 224 approvals per annum since 2001/02 in Dubbo City.

Dubbo's residential market has experienced steady growth throughout the last decade, with consistent sales volumes and building approvals and solid growth in median house prices. Rural residential lots form a small but key component of the City's residential market, also recording steady sales volumes and consistent price growth. The sales volumes of rural residential lots are constrained by supply and do not represent the underlying demand for such lots in Dubbo.

5.0 Population Growth and Characteristics

The following chapter examines the demographic and socio-economic characteristics of the Dubbo population, with the key objective of this chapter to project future population and household growth in Dubbo in order to assess the underlying demand for rural residential land in Dubbo. Furthermore, a brief overview of the likely rural residential buyer market is provided.

5.1 Study Area Definition

The Study Area has been defined in order to assess the urban population growth of Dubbo over the next two decades. The local government area (LGA) was used to determine overall characteristics of Dubbo. FIGURE 5.1 and 5.2 at the end of this report illustrates the defined Study Area for this analysis, which comprises the two Statistical Local Areas (SLAs) in Dubbo City, namely Dubbo Part A (the urban area of Dubbo and its fringes) and Dubbo Part B (the remainder of the City). The LGA is considered the main market for the proposed rural residential development, although purchasers would also be expected from outside the City.

The subject site is located within Dubbo Part A.

5.2 Population and Household Growth

TABLE 5.1 summarises the historic and projected population growth rates for Dubbo Part A and Part B. The study area population estimates have been derived from the results of the 2001 and 2006 Australian Bureau of Statistics (ABS) Population and Household Censuses, and subsequent building approval information. Projections to 2031 have been prepared on the basis of residential subdivision activity, the NSW Department of Planning 2010 Population Projections and Urban Economics assessment of land capable of accommodating residential activity.

The June 2010 estimated resident population of Dubbo City was 41,630 persons residing in about 15,970 households. Of this population, some 37,880 persons resided in the Dubbo Part A SLA. Population growth averaged 0.4% per annum between 2001 and 2006, increasing to 1.2% per annum since 2006. Occupied dwellings increased by an average of 145 between 2001 and 2006 and 197 since 2006.

Dubbo City is projected to increase to 44,850 persons by 2021 and 46,570 persons by 2031. It is anticipated that occupied dwellings would increase by 2,120 between 2010 and 2021 to 18,090 dwellings (193 dwellings pa), with a further 1,750 occupied dwellings in the City between 2021 and 2031 (175 dwellings pa). The average number of persons per household in Dubbo is expected to decline from 2.61 persons in 2010 to 2.35 by 2031, necessitating a higher number of dwellings for a given population.

Dubbo Part A SLA is anticipated to experience the largest growth, with an additional 4,620 persons between 2010 and 2031 and an additional 3,690 occupied dwellings.

5.3 Demographic and Socio-Economic Characteristics

The results of the 2006 Census have been utilised to investigate the demographic and socio-economic characteristics of the Study Area populations. TABLES 5.2 to 5.11 illustrate the Dubbo Part A and Part B Study Areas' characteristics, with comparisons drawn against the North Western Statistical Division (NWS) and New South Wales (NSW) averages. The key characteristics found within the Study Area communities can be summarised as follows:

- At the time of the 2006 Census, the main population of the Study Area was within the 30 – 59 age cohort. In Dubbo Part A this age cohort represented 39.1% of the population while in Dubbo Part B it represented 44.8%. The age cohort represented in Dubbo Part A was similar to the NWS and NSW average of 40% and 41.7% respectively, while the age cohort in Dubbo Part B was 4.8% higher than the state average.
- Dubbo Part A had a 5% increased proportion of 20 – 29 age population compared to Dubbo Part B, reflecting the increased opportunities for employment, education and services in the urban area of Dubbo.
- Dubbo Part B was attractive to those in the 30 – 59 age cohort. This population has established their familial and employment networks in the rural sector or are seeking the amenity of rural living within an easy commute to the large regional centre of Dubbo. This is further exhibited by a 52.9% proportion of couple only households in Dubbo Part B, higher than Dubbo Part A (44.7%), the NWS (46.1%) and NSW (46.7%) averages.
- Dubbo Part B had a family household composition of 93.2%. This was 6.2% higher than the NWS average, which was similar to both Dubbo Part A and NSW averages. Both Dubbo Part A and Part B had similar proportion of parents with children under 15 households representing 24.8% and 24.1% respectively. These averages were similar to the NWS average of 24% but higher than the NSW average of 20.6%. These household composition statistics are typical of country living, compared to many urban households which include a stronger representation of group and lone person households.
- The primary workforce occupation for Dubbo Part A and Part B was clerks, administrators & sales workers (26.8% and 23.3% respectively).
- Congruent with the above workforce occupation data the two main industries for workers in Dubbo Part A were retail trade (14.1%) and health care & social assistance (13.4%), while in Dubbo Part B agriculture, forestry & fishing (18.2%) and health care & social assistance (10.5%).
- Dubbo Part A had a similar residential occupancy profile as the NWS and NSW with owned outright, mortgage committed and rented properties each representing on average approximately 32% of dwellings. Conversely Dubbo Part B had owned outright dwellings at 45.5% and mortgage committed dwellings at 41.1% with only 11.2% rented.
- Some 98.3% of occupied dwellings in Dubbo Part B were separate houses at the time of the 2006 census.
- Dubbo Part A had an average annual household income of \$57,810 while Dubbo Part B has an average annual household income of \$64,080 in 2006. Both of these average annual household incomes were higher than the

Dubbo City has experienced solid, consistent growth throughout the last decade and this is projected to continue. The City is anticipated to have an average growth of about 190 additional occupied dwellings per annum in the coming decade.

5.5 Concluding Comments

- Dominant age cohort population of 40 – 59 years.
- Middle aged parents with children typically less than 15 years.
- Dual income families.
- Couple only households. Empty nesters relocating to rural households.
- Increase households coming off the land but still requiring large "hobby farm" lots.
- White collar workforce, with mixture of the population skilled and semi-skilled
- High proportion of owned outright and mortgage committed dwellings, that is, an area dominated by owner/occupiers rather than renters.
- Higher than average household income levels compared to Dubbo City.
- Employment levels will likely be at greater levels than the state average.

Based on the facilities and design of the development, lot sizes, surrounding Dubbo community and typical characteristics of similar rural residential estates in NSW, Urban Economics estimates that the demographics of the proposed rural residential estate upon completion would have the following characteristics:

5.4 Likely Demographics in Proposed Development

- NSW average of \$51,430 but lower than the NSW average of \$67,400, which is skewed by high incomes in Sydney.
- Dubbo Part A (5.6%) had a similar rate of unemployment to NSW (5.9%) and NSW (5.9%) while Dubbo Part B has total unemployment at 3.2%. This is under half the NSW unemployment level representing a strong workforce.

6.0 Demand Analysis

This demand analysis chapter concentrates on the supply and demand of rural residential lots, such as that proposed for the subject site. It is considered that the supply of Residential Suburban lots, either currently designated in the 1998 LEP or the Urban Expansion land identified to become Residential Suburban land, is adequate for the suburban growth demands of Dubbo for several years. However the supply of rural residential land is more limited and therefore needs to be assessed in more detail.

6.1 Demand for Rural Residential Land

The population projections outlined in TABLE 5.1 and based upon NSW Government projections suggest a demand for an additional 193 occupied dwellings per annum to 2021.

In order to provide adequate choice of housing types, the additional dwelling demand should include standard suburban housing, medium density housing, rural residential, age appropriate housing, student accommodation and rural dwellings. From the review of vacant land sales and house sales in Dubbo, and drawing from Urban Economics's experience of rural residential markets in other localities, it is Urban Economics's opinion that rural residential lots ranging from 6,000m² to 10ha should comprise about 8% of additional dwellings per annum in Dubbo. This equates to a demand for some 15 dwellings per annum on lots ranging from 6,000m² to 10ha.

In order to ensure that such a level of demand for additional rural residential lots is met, an adequate supply of land would need to be provided. A supply of 15 lots per annum is not sufficient as it does not allow for variations in the market, choice of location, continuity of supply and price competition. A buffer of about 30% is often adopted to cater to such variations. Therefore a supply of some 20 lots per annum into the market of lots ranging from 6,000m² to 10ha is considered appropriate for Dubbo City.

Dubbo Part A, which encompasses the urban area of Dubbo and its fringes (including the subject site) is projected to accommodate the bulk of the population and dwelling growth of the City in coming years. Assuming that 6% of the dwelling growth in Dubbo Part A would be taken up by lots ranging from 6,000m² to 10ha, it is projected that there would be a demand for an additional 11 dwellings per annum on these lots. Assuming a buffer of 30%, this equates to a market demand for some 14 lots per annum ranging from 6,000m² to 10ha in Dubbo Part A to 2021.

6.2 Supply of Rural Residential Lots

The current residential estates in and around Dubbo are predominantly for suburban residential allotments with very limited vacant lots above 6,000m² available.

Richmond Estate has 12 lots that remain vacant, although only two are currently on the market as resales. It is common in rural residential estates for lots to be sold and remain vacant for some time, as buyers may hold on to the lot for some time prior to building their home on it. While these vacant lots need to be considered in the take up of rural residential housing, it must be remembered that these lots are off the market and not available for future buyers to enter the market and build a rural residential dwelling. Kintyre Estate has smaller rural residential lots (up to 6,000m²) and with its country club it is considered that this is a different market to the proposed development.

Therefore, the existing supply of rural residential land in residential estates is very limited and represents at best only one year's supply of land in Dubbo Part A. However, the actual vacant rural residential land for sale at the time of this study was less than the total vacant stock, with only two lots within the Richmond Estate identified as currently on the market. TABLE 6.1 below summarises the vacant lots ranging from 6,000m² to 10ha currently on the market.

TABLE 6.1: RURAL RESIDENTIAL LOTS CURRENTLY ON THE MARKET

Address	Zoning	Size	Price
Lot 122 Torryburn Way, Richmond Estate	Residential Cluster	2.80ha	\$189,000
Lot 114 Torryburn Way, Richmond Estate	Residential Cluster	2.35ha	\$162,500
5R Dunlop Rd, Firgrove Estate	Residential Cluster	1.60ha	\$145,000
Lot 1011 Pinedale Rd	Residential Country	8.09ha	\$260,000
Lot 1012 Pinedale Rd	Residential Country	8.09ha	\$260,000
Lot 102 Pinedale Rd	Residential Country	5.19ha	\$250,000
34 Bunglegum Rd	Urban Expansion (Future Residential)	8ha	\$180,000
43 Bunglegum Rd	Urban Expansion (Future Residential)	8ha	\$180,000

SOURCE: www.realestate.com.au

As the list contains only eight allotments that are available for sale, this equates to less than half a year's supply of rural residential land for Dubbo. Furthermore, only the first three in the list are directly comparable to the likely allotments in the proposed development, being in dedicated rural residential estates. The three Residential Country allotments are more likely to remain hobby farm type allotments. The two Urban Expansion lots are likely to be developed for suburban residential uses in coming years as the development front moves to the west of Dubbo.

Therefore it is Urban Economics's opinion that the lots available for sale in Dubbo at the moment at best represent less than half a year's supply of rural residential land and more likely represent only two to three months of supply.

The demand for lots ranging from 6,000m² to 10ha could theoretically also be met by supply outside of dedicated estates, such as take up of land currently not occupied in the Residential Country zoning. While this may provide an aspect to meeting the projected annual demand, this piecemeal and haphazard approach is not considered appropriate or adequate to completely meet demand. The median size of vacant lots sold in the grouping from 6,000m² to 10ha

since 2001/02 was 2ha, indicating that this group is skewed towards the smaller sizes in the range. There is not a sufficient stock or a steady supply for sale of unoccupied land in the Residential Country land that could meet the rural residential demand projected for Dubbo Part A.

Therefore, it is considered that there is a severe undersupply of stock for rural residential land in Dubbo Part A ranging from 6,000m² to 10ha to meet the projected demand. It is considered that further stock of this size ought to be brought onto the market in 2010 to ensure continuity of supply.

6.3 Can the Urban Expansion Land Service the Rural Residential Demand?

From Urban Economics's discussions with Council officers it is understood that the Urban Expansion land identified in the 1998 LEP is intended to be designated Residential Suburban in the LEP soon to be released for public comment and could cater for this rural lifestyle development. This land is predominantly to the west and south of the existing Dubbo urban area.

This Urban Expansion land is a considerable corridor of land and has the potential to provide several decades of residential supply. If it was to be developed for rural residential uses it could provide several years of such lots and would represent a sufficient level of supply for Dubbo.

However, as the intended designation for the Urban Expansion land is to be Residential Suburban, it is highly unlikely that the landholders would develop the land for rural residential lots, particularly those over 6,000m². It would be far more profitable for a landholder to develop the land for suburban lots, rather than rural residential lots.

To illustrate, TABLE 6.2 provides a simplistic and hypothetical example of a developer's choice for developing a 50ha parcel of land for suburban residential or rural residential purposes.

	Residential Suburban	Rural Residential
Lot size	50ha	50ha
Lot density (lots/ha)	10	1.2
Subdivided lots	500	60
Development costs, infrastructure charges, taxes, etc per lot	\$80,000	\$70,000
Total costs	\$40,000,000	\$4,200,000
Median Price (09/10)	\$100,000	\$150,000
Total Revenue	\$50,000,000	\$9,000,000
Gross Profit	\$10,000,000	\$4,800,000

The above table demonstrates, using a series of hypothetical figures, that for a given landholding, a developer would be far better off to develop the site for higher density residential purposes. While development costs would be higher, the far higher revenue generated by being able to sell more product would mean that the landholder would be substantially better off to develop suburban residential land over rural residential land.

It is not considered appropriate to assume that any of the Urban Expansion land that is intended to be designated Residential Suburban would be developed for rural residential purposes, particularly for the larger lot sizes of over 6,000m². Therefore this Urban Expansion land should not be relied upon when assessing the supply of rural residential land in Dubbo.

7.0 Need for the Proposed Development

It is Urban Economics's opinion that there is a substantial undersupply of rural residential land in Dubbo, particularly in Dubbo Part A SLA. It is considered that the remaining vacant rural residential stock is sufficient for only about one year, although currently stock available for sale represents only about two to three months of supply. It is Urban Economics's opinion that further stock should be brought online in 2010. Furthermore, it is considered that the Urban Expansion land identified in the 1998 LEP and proposed to become Residential Suburban land is unlikely to be developed as rural residential land due to the more favourable economics of developing the land for suburban residential uses.

It is considered that the subject site is an appropriate site for the location of rural residential land above 6,000m² for the following reasons:

a) The subject site can accommodate a range of lot sizes above 6,000m².

b) The subject site has an appropriate and attractive level of amenity and seclusion that is desirable for those seeking rural residential living.

c) The subject site is an easy commute to the urban area of Dubbo and thus it would be easy for residents to access retail, employment, banking, community facilities, etc.

d) Rural residential at the subject site would represent a logical intermediary between the urban area of Dubbo and rural areas.

e) The subject site would represent a link between Firgrove Estate and Richmond Estate, two similar estates to the proposed development.

f) As the subject site would be inappropriate for a higher intensity of development, such as suburban residential, the economics of development of the site do not preclude rural residential.

g) The subject site can be relatively easily and quickly be developed for rural residential allotments, meeting the need for such lots that is already apparent in the market in 2010.

Therefore, it is Urban Economics's opinion that the subject site should be developed for a range of rural residential lots from 6,000m².

TABLE 5.1: ESTIMATED RESIDENT POPULATION, OCCUPIED DWELLINGS AND HOUSEHOLD SIZE 2001 - 2031 - DUBBO

AREA	JUNE 2001 (ACT)	INCREASE P.A.	JUNE 2006 (ACT)	INCREASE P.A.	JUNE 2009 (ACT)	INCREASE P.A.	JUNE 2010 (EST)	INCREASE P.A.	JUNE 2011 (PROJ)	INCREASE P.A.	JUNE 2016 (PROJ)	INCREASE P.A.	JUNE 2021 (PROJ)	INCREASE P.A.	JUNE 2026 (PROJ)	INCREASE P.A.	JUNE 2031 (PROJ)
Dubbo Part A																	
Population	35,191	0.42%	35,934	1.42%	37,491	1.04%	37,880	0.90%	38,220	0.76%	39,700	0.60%	40,900	0.44%	41,800	0.33%	42,500
Dwellings	13,230	129	13,874	180	14,414	210	14,624	190	14,814	185	15,739	180	16,639	170	17,489	165	18,314
Persons per Household	2.66		2.59		2.60		2.59		2.58		2.52		2.46		2.39		2.32
Dubbo Part B																	
Population	3,563	0.67%	3,684	0.81%	3,720	0.81%	3,750	0.80%	3,780	0.47%	3,870	0.41%	3,950	0.35%	4,020	0.25%	4,070
Dwellings	1,233	16	1,311	8	1,335	13	1,348	11	1,359	10	1,409	9	1,454	8	1,494	7	1,529
Persons per Household	2.89		2.81		2.79		2.78		2.78		2.75		2.72		2.69		2.66
TOTAL																	
Population	38,754	0.44%	39,618	1.32%	41,211	1.02%	41,630	0.89%	42,000	0.74%	43,570	0.58%	44,850	0.43%	45,820	0.33%	46,570
Dwellings	14,463	145	15,185	188	15,749	223	15,972	201	16,173	195	17,148	189	18,093	178	18,983	172	19,843
Persons per Household	2.68		2.61		2.62		2.61		2.60		2.54		2.48		2.41		2.35

SOURCE: ABS CENSUS 2001, 2006; BUILDING APPROVAL DATA; URBAN ECONOMICS' ESTIMATES

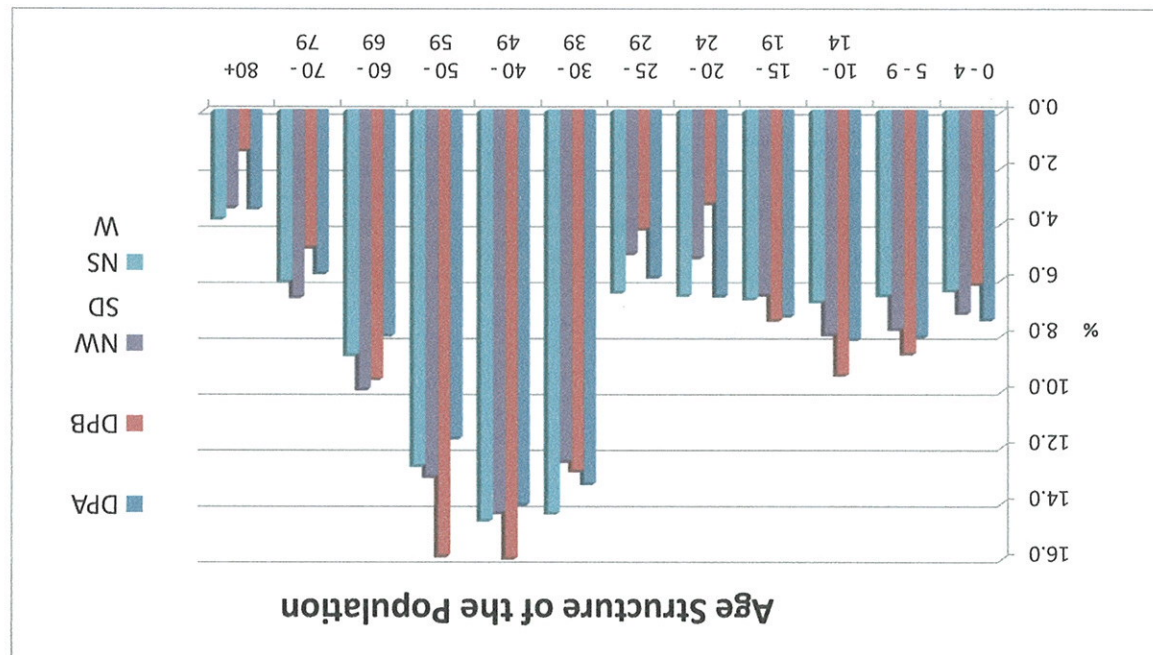


TABLE 5.2: AGE STRUCTURE OF THE POPULATION - Dubbo

SOURCE: AUSTRALIAN BUREAU OF STATISTICS CENSUS 2006

	Dubbo Part A (%)	Dubbo Part B (%)	North Western Statistical Division (%)	New South Wales (%)
0 - 4	7.4	6.2	7.2	6.4
5 - 9	8.1	8.7	7.8	6.6
10 - 14	8.2	9.4	8.0	6.8
15 - 19	7.3	7.5	6.6	6.7
20 - 24	6.6	3.3	5.2	6.6
25 - 29	5.9	4.2	5.1	6.5
30 - 39	13.3	12.9	12.5	14.4
40 - 49	14.1	16.0	14.4	14.6
50 - 59	11.7	15.9	13.1	12.7
60 - 69	8.0	9.6	10.0	8.7
70 - 79	5.8	4.9	6.7	6.1
80 +	3.5	1.4	3.4	3.9
TOTAL	100.0	100.0	100.0	100.0

TABLE 5.3: HOUSEHOLD COMPOSITION - Dubbo

	Dubbo Part A (%)	Dubbo Part B (%)	North Western Statistical Division (%)	New South Wales (%)
Family Households	87.5	93.2	87.0	87.3
Couple Only	44.7	52.9	46.1	46.7
Single Parent	5.7	3.1	5.2	4.7
Parents with Children Under 15	24.8	24.1	24.0	20.6
Parents with Dependent Students	4.2	4.5	3.6	5.1
Parents with Non Dependent Children	5.3	6.1	5.2	7.0
Other in Family Household	2.7	2.5	3.0	3.2
Group Households	2.8	1.0	2.1	3.1
Lone Persons	9.7	5.7	10.9	9.7
TOTAL	100.0	100.0	100.0	100.0

SOURCE : AUSTRALIAN BUREAU OF STATISTICS CENSUS 2006

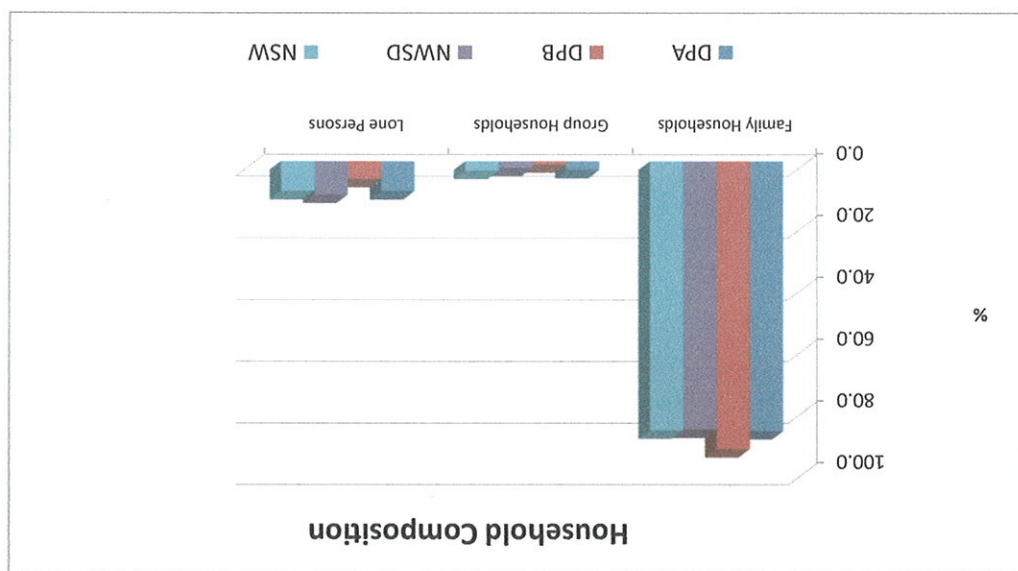


TABLE 5.4: WORKFORCE STATUS - Dubbo

	Dubbo Part A (%)	Dubbo Part B (%)	North Western Statistical Division (%)	New Wales (%)
MALES				
Unemployed	6.0	3.6	7.1	6.0
Participation*	74.0	76.9	69.9	70.2
- % in the workforce	26.0	23.1	30.1	29.8
TOTAL PARTICIPATION	100.0	100.0	100.0	100.0
FEMALES				
Unemployed	5.2	2.6	6.1	5.8
Participation*	60.4	68.5	56.1	56.5
- % in the workforce	39.6	31.5	43.9	43.5
TOTAL PARTICIPATION	100.0	100.0	100.0	100.0
TOTAL POPULATION				
Unemployed	5.6	3.2	6.7	5.9
Participation*	66.8	72.8	62.9	63.2
- % in the workforce	33.2	27.2	37.1	36.8
- % not in the workforce	100.0	100.0	100.0	100.0
TOTAL PARTICIPATION	100.0	100.0	100.0	100.0
* Aged 15 years and over				
SOURCE : AUSTRALIAN BUREAU OF STATISTICS CENSUS 2006				

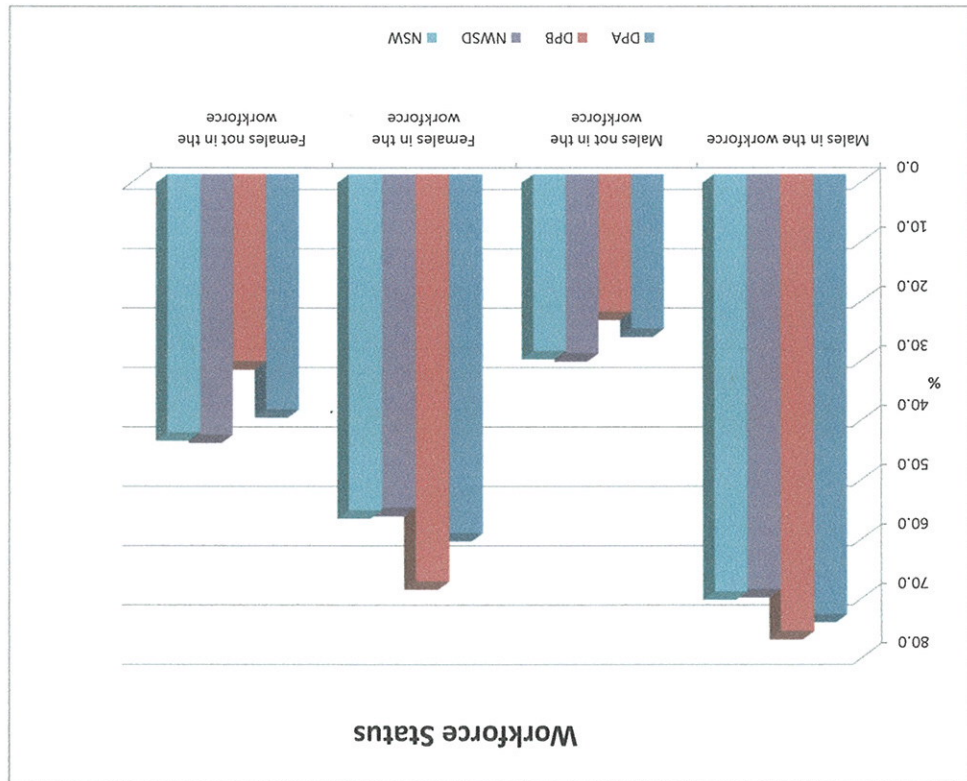
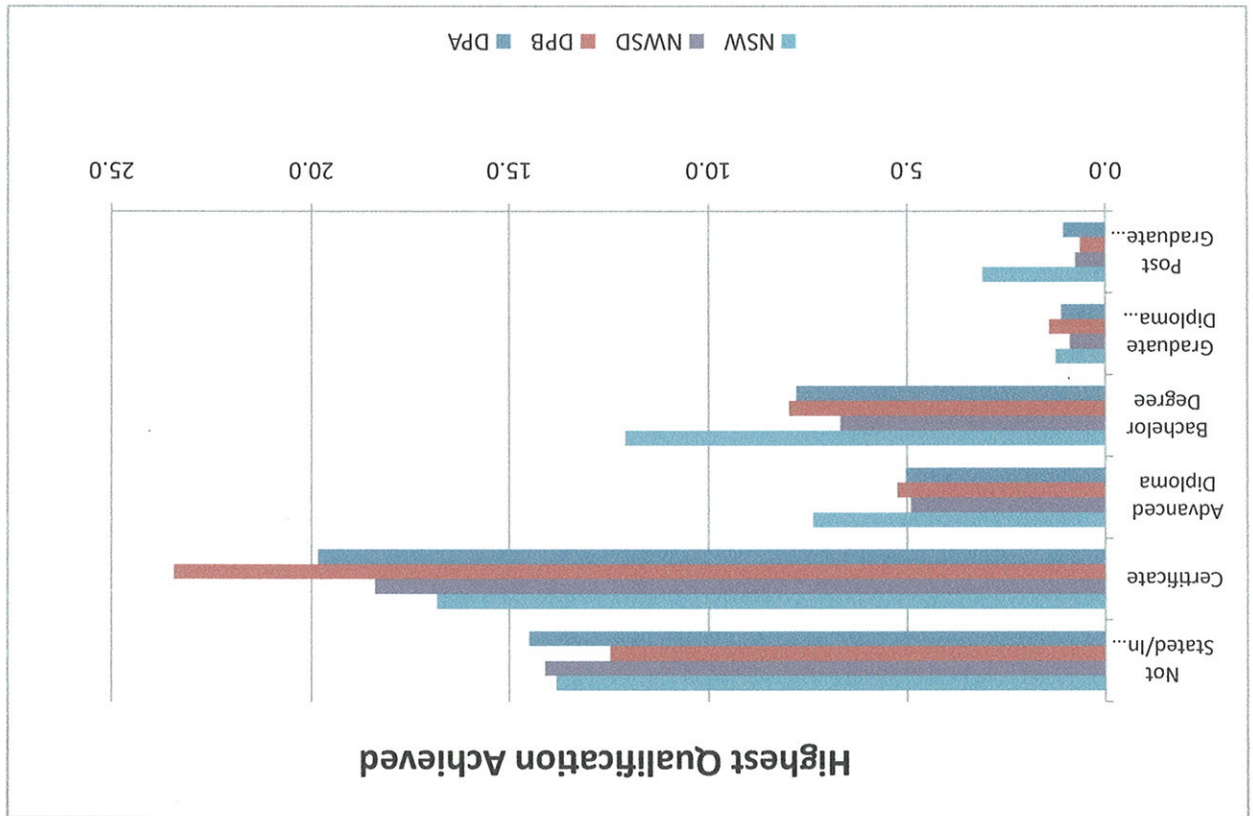
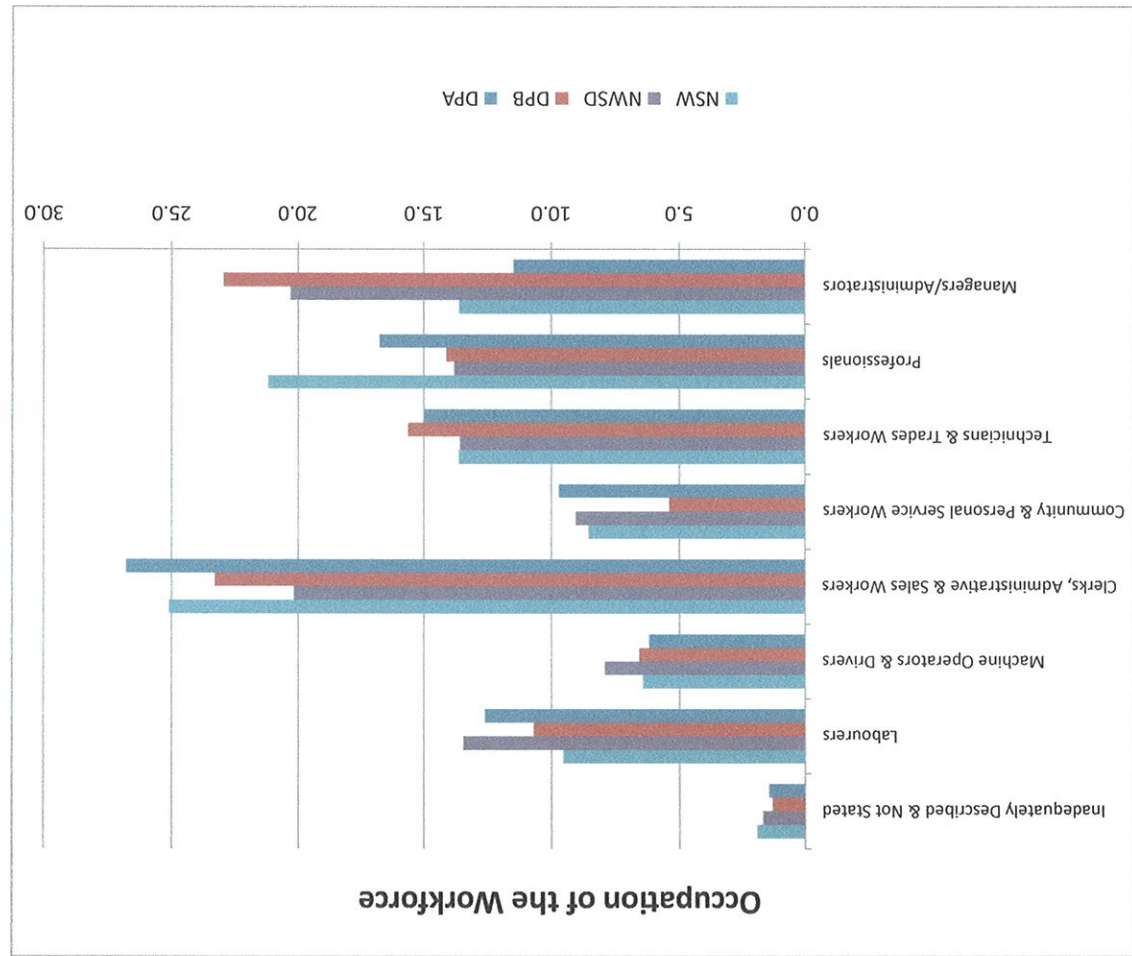


TABLE 5.5: HIGHEST QUALIFICATION ACHIEVED - Dubbo

	Dubbo Part A (%)	Dubbo Part B (%)	North Western Statistical Division (%)	New South Wales (%)
Post Graduate Degree	1.1	0.6	0.8	3.1
Graduate Diploma & Graduate Certificate	1.1	1.4	0.9	1.3
Bachelor Degree	7.8	8.0	6.7	12.1
Advanced Diploma	5.0	5.2	4.9	7.4
Certificate	19.8	23.5	18.4	16.8
Not Stated/Inadequately Described	14.5	12.5	14.1	13.8
Not Applicable	50.7	48.8	54.2	45.5
TOTAL	100.0	100.0	100.0	100.0

SOURCE : AUSTRALIAN BUREAU OF STATISTICS CENSUS 2006





SOURCE : AUSTRALIAN BUREAU OF STATISTICS CENSUS 2006

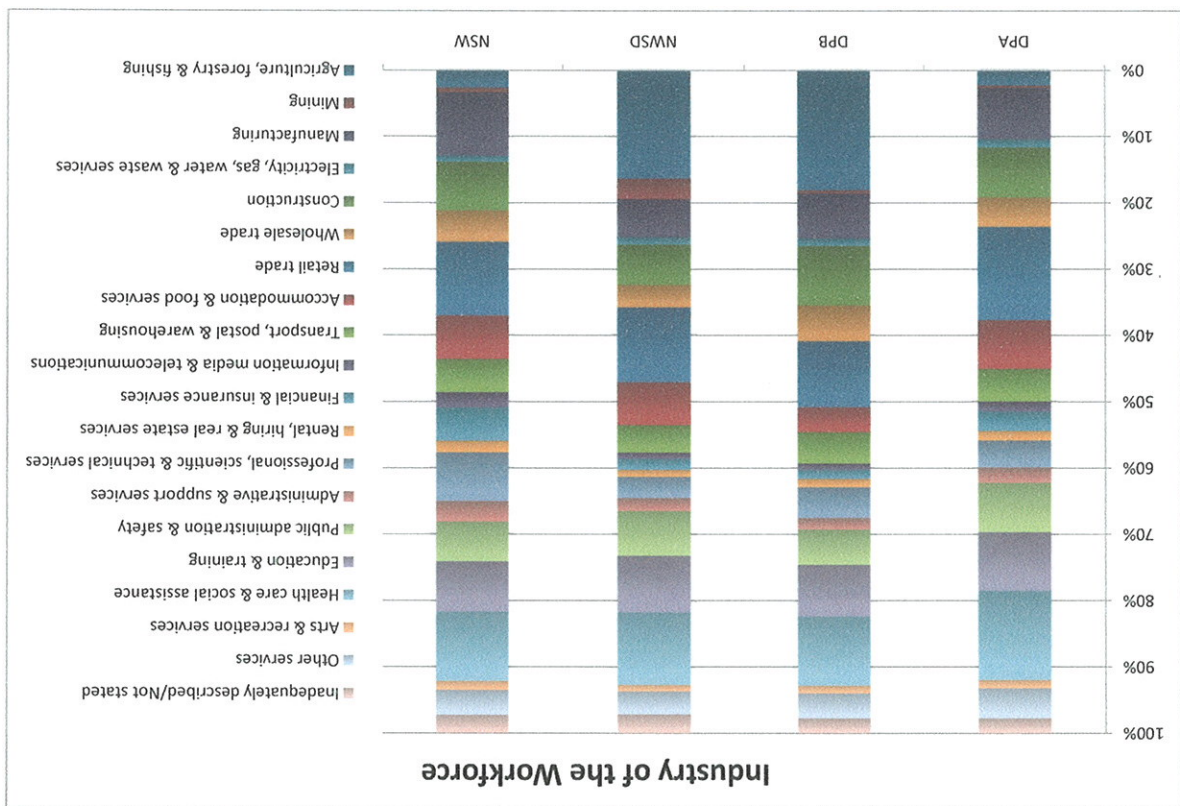
	TOTAL	100.0	100.0	100.0
Managers/Administrators	11.5	23.0	20.3	13.6
Professionals	16.8	14.1	13.8	21.2
Technicians & Trades Workers	15.0	15.6	13.6	13.6
Community & Personal Service Workers	9.7	5.4	9.1	8.6
Clerks, Administrative & Sales Workers	26.8	23.3	20.2	25.1
Machine Operators & Drivers	6.2	6.6	7.9	6.4
Labourers	12.6	10.7	13.5	9.5
Inadequately Described & Not Stated	1.4	1.3	1.7	1.9
	(%)	(%)	(%)	(%)
	Dubbo	Dubbo	North Western	New
	Part A	Part B	Statistical	South
			Division	Wales

TABLE 5.6: OCCUPATION OF THE WORKFORCE - Dubbo

TABLE 5.7: INDUSTRY OF THE WORKFORCE - Dubbo

	Dubbo	Dubbo	Dubbo	Dubbo	Dubbo
	Part A	Part B	Statistical	Division	Wales
	(%)	(%)	(%)	(%)	(%)
Agriculture, forestry & fishing	2.4	18.2	16.4	2.7	2.7
Mining	0.4	0.5	3.1	0.7	0.7
Manufacturing	7.7	6.8	5.7	9.6	9.6
Electricity, gas, water & waste services	1.3	1.1	1.2	1.0	1.0
Construction	7.5	9.0	6.0	7.3	7.3
Wholesale trade	4.5	5.3	3.4	4.7	4.7
Retail trade	14.1	10.0	11.3	11.1	11.1
Accommodation & food services	7.3	3.7	6.5	6.5	6.5
Transport, postal & warehousing	4.9	4.8	4.1	5.0	5.0
Information media & telecommunications	1.5	0.9	1.0	2.4	2.4
Financial & insurance services	2.9	1.4	1.7	5.0	5.0
Rental, hiring & real estate services	1.4	1.2	1.0	1.7	1.7
Professional, scientific & technical services	4.1	4.6	3.2	7.3	7.3
Administrative & support services	2.4	1.7	1.9	3.1	3.1
Public administration & safety	7.4	5.3	6.8	6.0	6.0
Education & training	8.9	7.8	8.5	7.6	7.6
Health care & social assistance	13.4	10.5	10.9	10.5	10.5
Arts & recreation services	1.2	1.1	1.0	1.4	1.4
Other services	4.6	3.8	3.5	3.8	3.8
Inadequately described/Not stated	2.2	2.2	2.8	2.7	2.7
TOTAL	100.0	100.0	100.0	100.0	100.0

SOURCE : AUSTRALIAN BUREAU OF STATISTICS CENSUS 2006



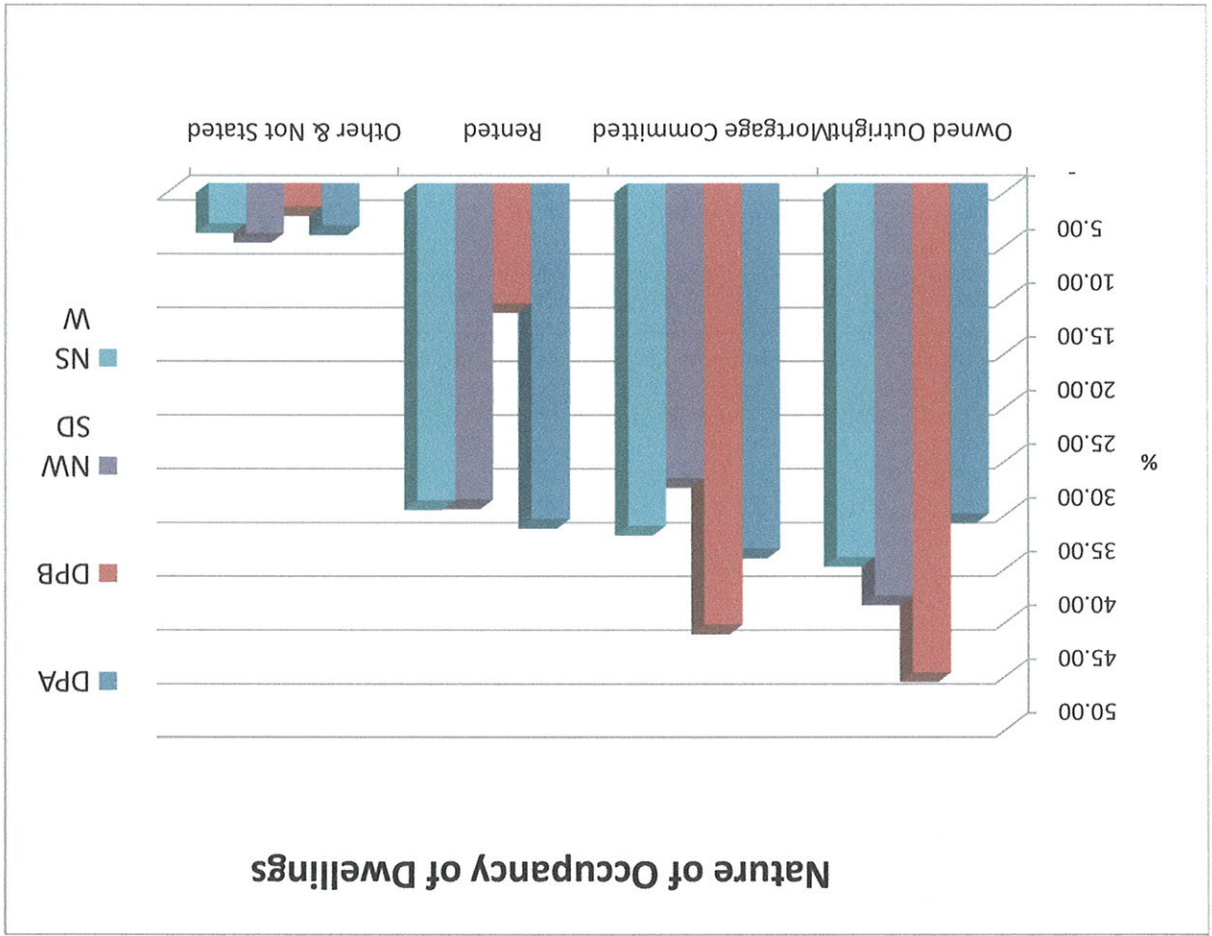


TABLE 5.8: NATURE OF OCCUPANCY OF DWELLINGS - Dubbo

SOURCE : AUSTRALIAN BUREAU OF STATISTICS CENSUS 2006				
	Dubbo Part A (%)	Dubbo Part B (%)	North Western Statistical Division (%)	New South Wales (%)
Owned Outright	30.8	45.5	38.4	34.8
Mortgage Committed	34.0	41.1	27.5	31.9
Rented	31.3	11.2	29.4	29.5
Other & Not Stated	4.0	2.2	4.7	3.8
TOTAL	100.0	100.0	100.0	100.0

TABLE 5.9: STRUCTURE OF OCCUPIED DWELLINGS - Dubbo

	Dubbo Part A (%)	Dubbo Part B (%)	North Western Statistical Division (%)	New South Wales (%)
Separate House	84.2	98.3	89.2	71.4
Semi-detached Row/Terrace/ Townhouse	6.7	0.3	3.1	9.7
Flat/Unit	7.9	0.3	5.2	17.7
Other (incl. Not Stated)	1.2	1.2	2.5	1.2
TOTAL	100.0	100.0	100.0	100.0

SOURCE : AUSTRALIAN BUREAU OF STATISTICS CENSUS 2006

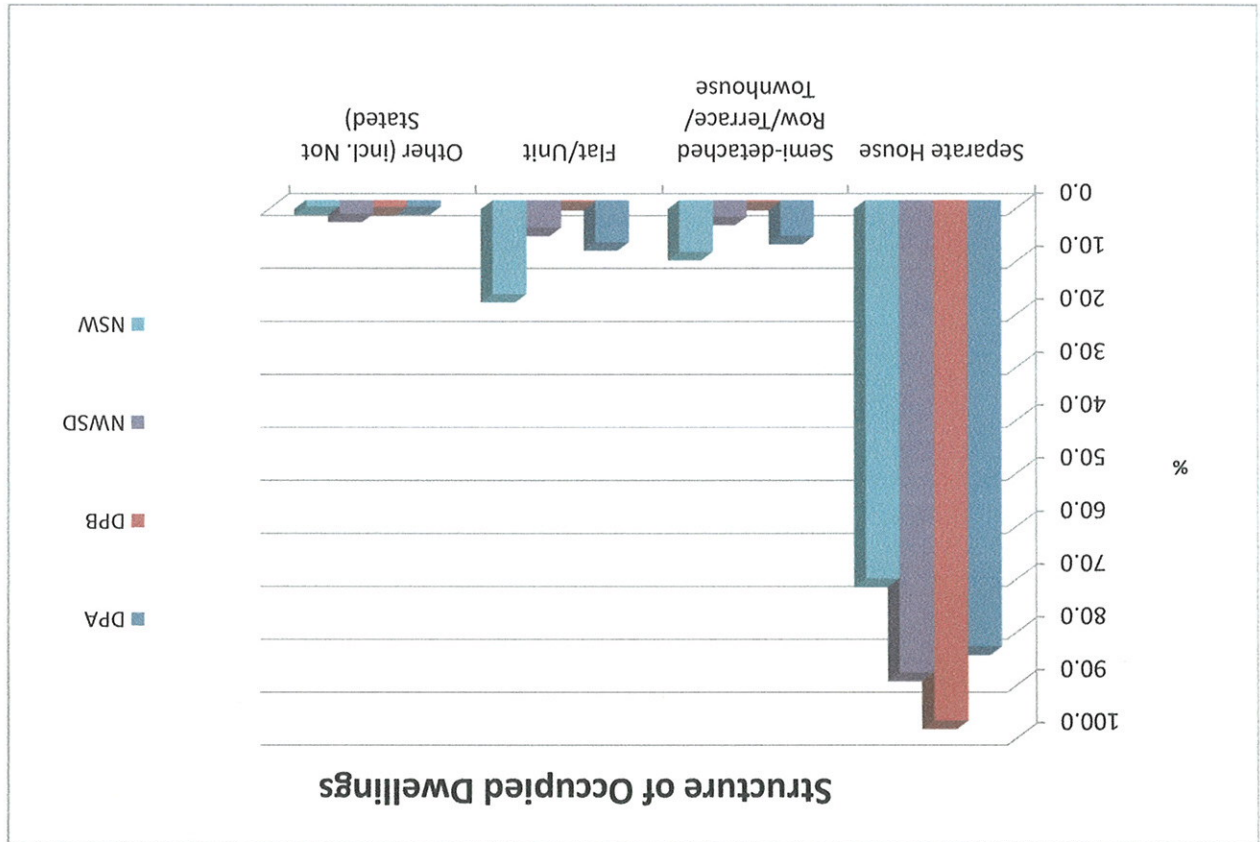
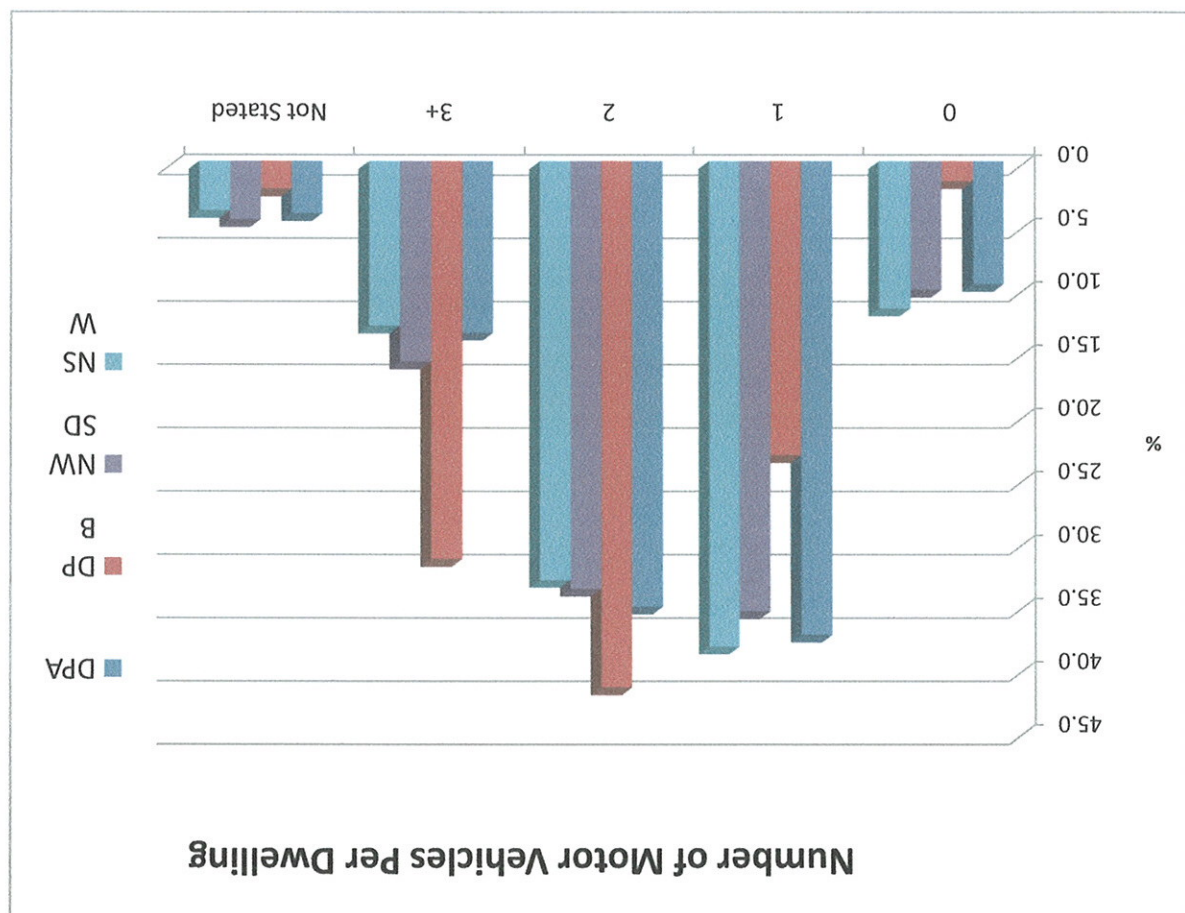


TABLE 5.10: NUMBER OF MOTOR VEHICLES PER DWELLING - Dubbo				
	Dubbo Part A (%)	Dubbo Part B (%)	North Western Statistical Division (%)	New South Wales (%)
0	9.7	1.6	10.2	11.6
1	37.4	23.2	35.6	38.3
2	35.2	41.6	33.8	33.1
3+	13.6	31.4	15.9	13.0
Not Stated	4.1	2.2	4.6	3.9
TOTAL	100.0	100.0	100.0	100.0
SOURCE: AUSTRALIAN BUREAU OF STATISTICS CENSUS 2006				



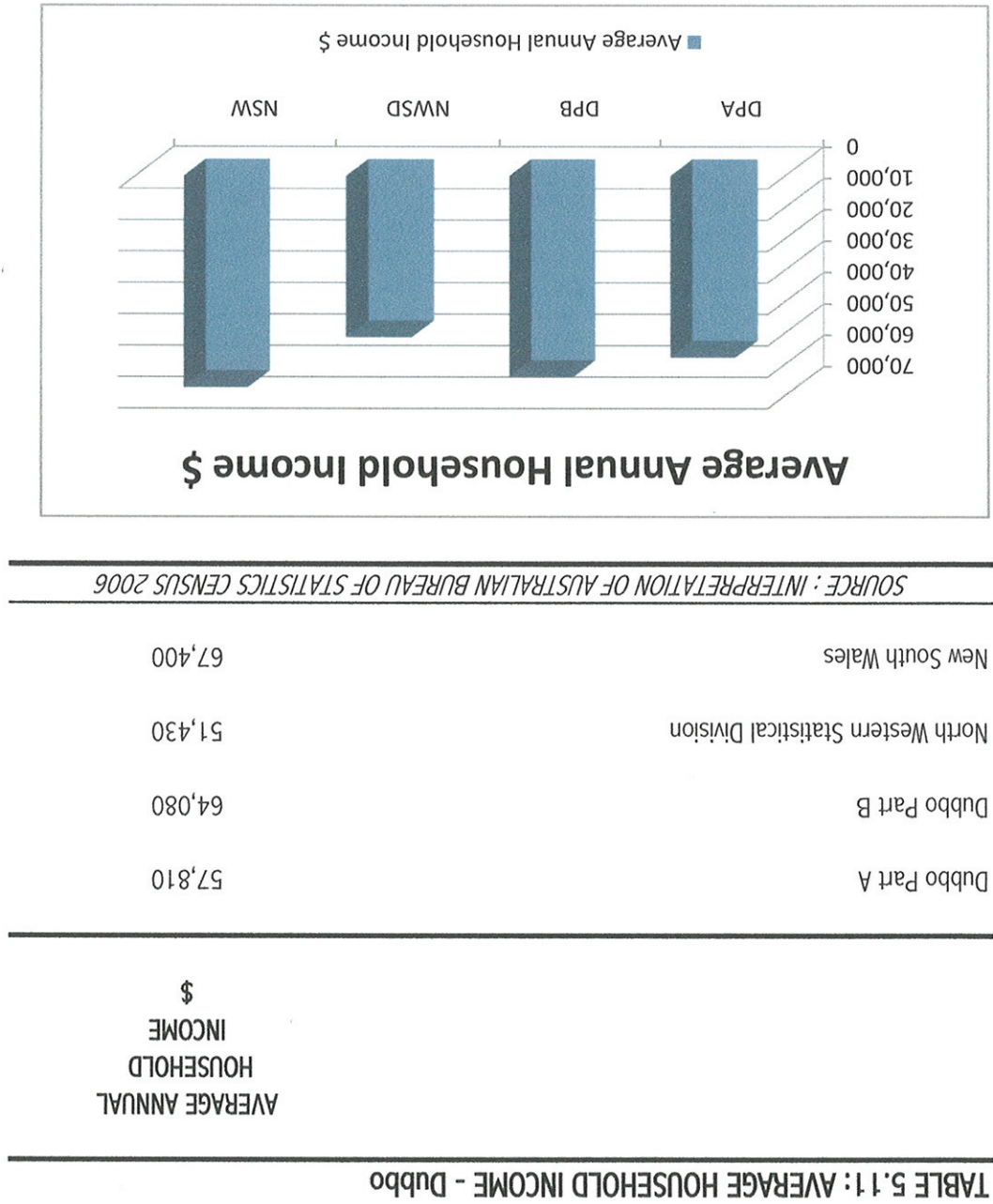
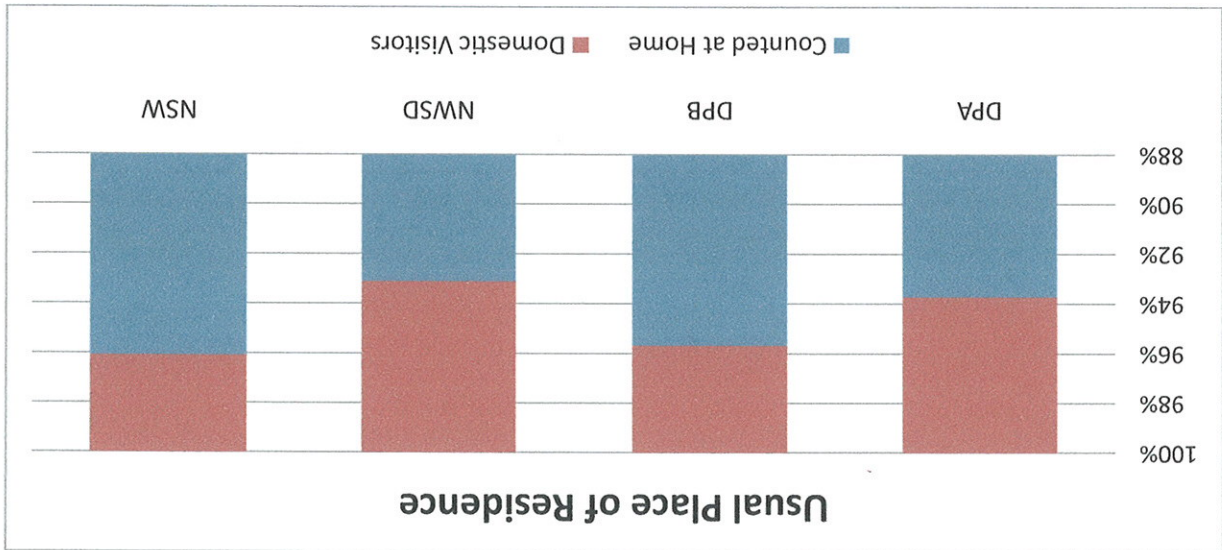


TABLE 5.12: USUAL PLACE OF RESIDENCE - Dubbo

	Dubbo Part A (%)	Dubbo Part B (%)	North Western Statistical Division (%)	New South Wales (%)
Counted at Home	94%	96%	93%	96%
Total Domestic Visitors	6%	4%	7%	4%
Visitor from Same SLA	24%	14%	22%	21%
Other: Queensland	5%	3%	6%	6%
Other: New South Wales	56%	80%	57%	58%
Other: Victoria	9%	0%	9%	9%
Other: South Australia	2%	3%	3%	2%
Other: Western Australia	1%	0%	1%	1%
Other: Tasmania	1%	0%	1%	1%
Other: Australian Territories	2%	0%	1%	2%
Total	100%	100%	100%	100%
TOTAL	100%	100%	100%	100%

SOURCE : AUSTRALIAN BUREAU OF STATISTICS CENSUS 2006



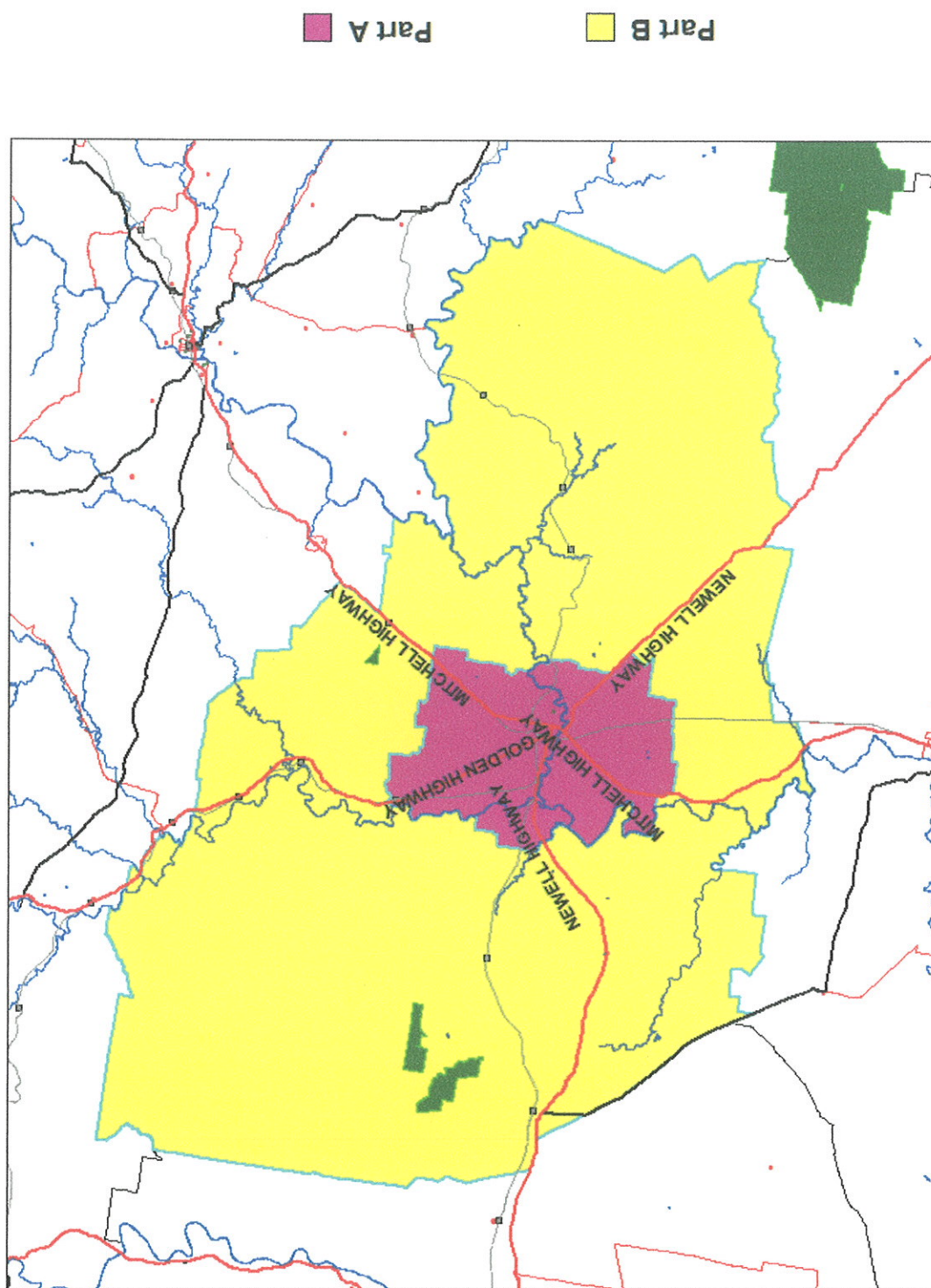


FIGURE 5.1

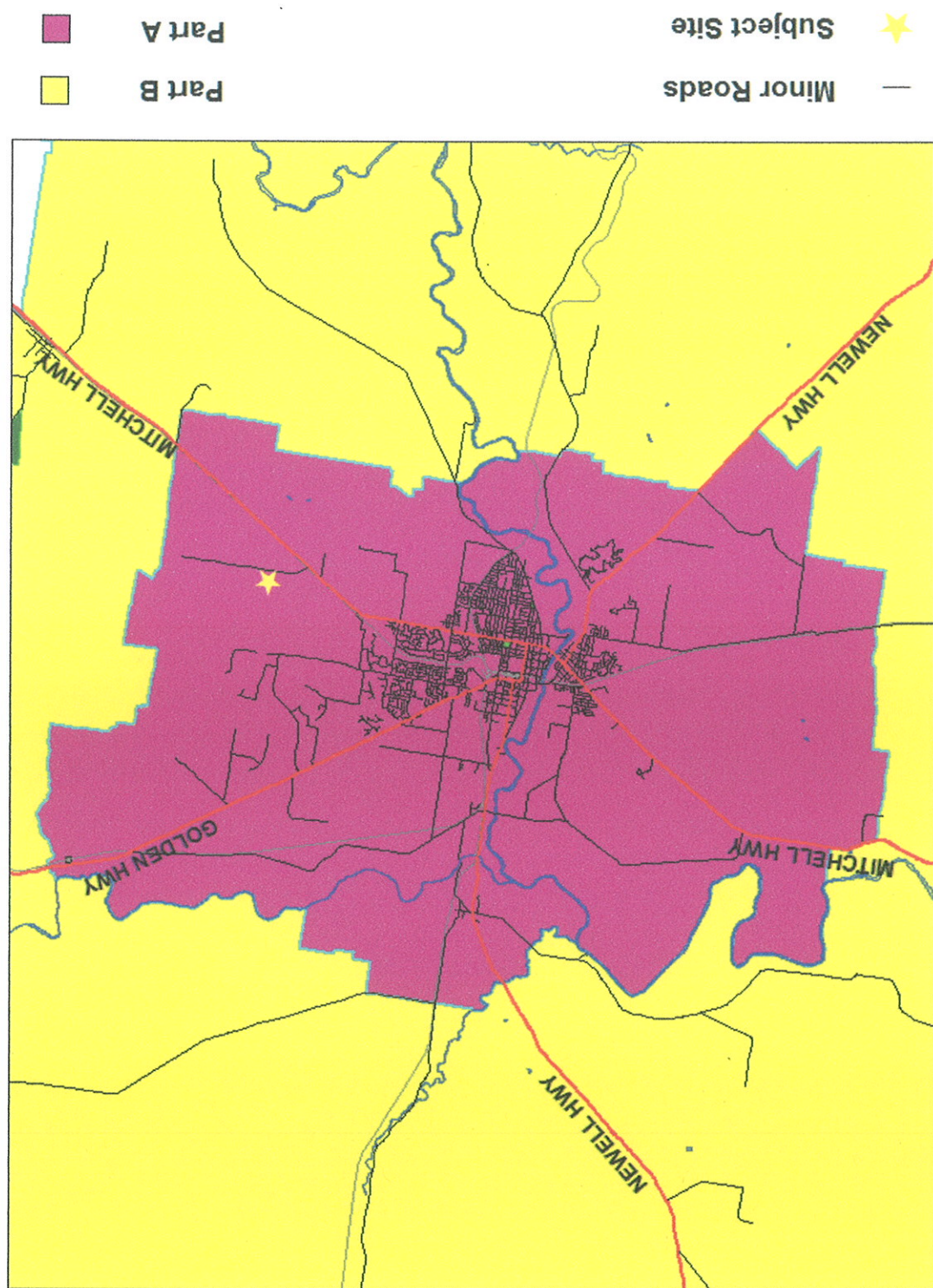


FIGURE 5.2