

Our Ref:10071/100910.am

10 September 2010

Mr George Rice
Bourke Securities Pty Ltd
Peachville Park
16L Eulomogo Rd
DUBBO NSW 2830

Dear George,

RE: EULOMOGO ROAD RURAL RESIDENTIAL

Urban Economics undertook a Residential Supply and Demand Assessment for rural residential allotments in Dubbo on behalf of Bourke Securities Pty Ltd.

The key findings of the report were that:

- There is a projected demand for some 20 rural residential lots per annum in the range 6,000m² to 10ha in Dubbo, of which some 14 lots should be provided in the Dubbo Part A Statistical Local Area.
- There is a considerable undersupply of such rural residential lots available in Dubbo, with available lots representing only one year's of supply.
- The significant tracts of Urban Expansion land at the fringes of Dubbo are highly unlikely to be developed for rural residential allotments as it is substantially more economic to develop these lots for higher density residential options, such as suburban residential allotments.
- There is a need for further rural residential lots in Dubbo City.
- The subject site is an appropriate and attractive site for rural residential purposes.

Subsequent to completing this study, we have reviewed rural residential land available for sale in Dubbo, using real estate websites. The table below summarises the findings of this review:

Address	Zoning	Size	Price
Lot 120 Torryburn Way, Richmond Estate	Residential Cluster	3.98ha	\$268,000
5R Dunlop Rd, Firgrove Estate	Residential Cluster	1.60ha	\$145,000
3 Chondelle Ct	Residential Fringe	0.4ha	\$199,000
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	4.86ha	\$250,000
34 Bunglegumble Rd	Urban Expansion (Future Residential)	8ha	\$180,000
43 Bunglegumble 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**. As such, our assessment of the supply in Dubbo provided in the Residential Supply and Demand Assessment appears optimistic, with supply very constrained and reliant on an immediate increase in the availability of rural residential land for sale.

It is understood that this advice may be forwarded to Dubbo City Council along with the Residential Supply and Demand Assessment report. If you or Council officers have any questions regarding this advice, please contact me on (07) 3229 0954.

Yours faithfully
Urban Economics

A handwritten signature in dark ink, appearing to read 'AM' followed by a horizontal line.

Anthony Meulman
Senior Consultant