

HERVEY BAY AREA

Property Watch®

PRD nationwide



PRDnationwide, Hervey Bay

HERVEY BAY AREA MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market trends of the Hervey Bay Area, which encompasses the suburbs of Urangan, Torquay, Scarness, Pialba, Point Vernon, Eli Waters, Urraween, Kawungan and Wondunna. The Hervey Bay Area property market recorded 521 dwelling sales in the second half of 2012, equating to an increase of 25.1 per cent in house sales activity and 6.9 per cent in unit sales activity. The local house market continues to benefit from improved mortgage affordability and accessibility attributed largely to official cash rate reductions (currently 3.0 per cent as at April 2013). This is the fourth consecutive half year period in which activity has increased, lifting the market off the bottom of its property cycle and into a phase of growth. The suburbs of Urraween and Urangan have experienced the largest increase in house activity from the previous year at 111.8 per cent and 100 per cent respectively.

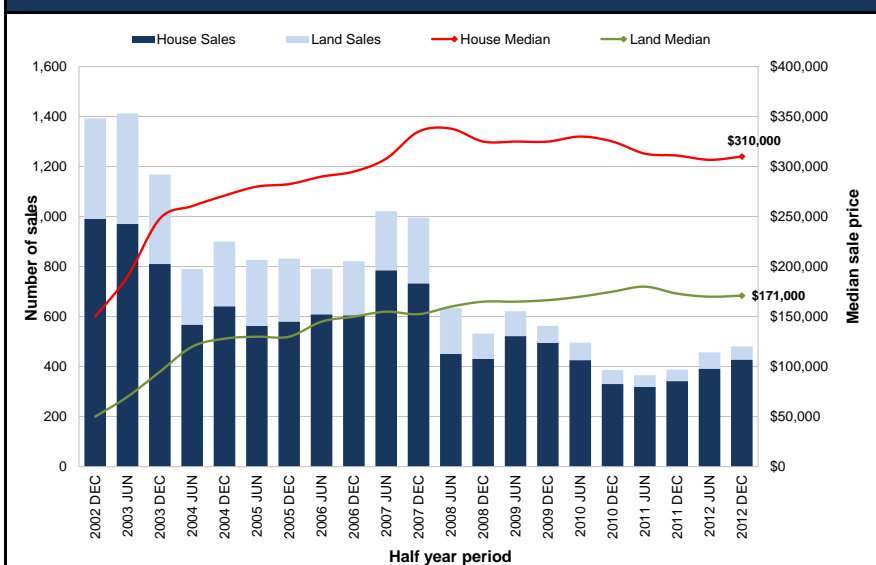
There is a healthy mix of buyers active in the market with local first home buyers attracted to the high \$200,000 to \$350,000 price segment, and investors who are now confident of future capital gains are seeking property that provide a solid rental return. This is shown in the price point analysis undertaken for the house market, which indicates 44 per cent of sales recorded for the December 2012 period were below \$300,000. However, early research for 2013 shows limited stock that is available on the market in this price segment. PRDnationwide anticipates that this segment of the market will contract throughout the oncoming year. Local and interstate downsizers as well as upgraders are also prevalent in the market. This is evident in the price points analysis where homes priced between \$350,000 to \$449,999 have increased their portion of total sales by three per cent from the previous year. However, there is a distinct lack of stock on the market to meet the growing level of demand with fewer properties on the market from distressed sellers, combined with owners holding onto their property longer in an attempt to maximise capital growth. As existing homes continue to increase in value, indicative market research shows a rise in the demand for land, as potential buyers search for a viable alternative.

MARKET INDICATORS

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

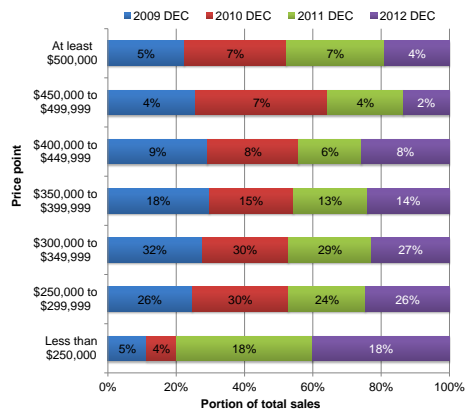
The indicators depicted above are based on the year ending December 2012.

HERVEY BAY AREA HOUSE & LAND SALES CYCLE



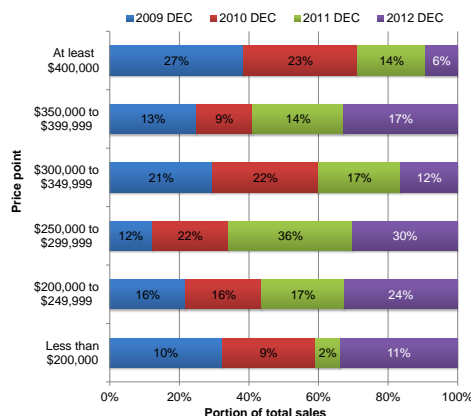
Prepared by PRDnationwide Research. Source: PDS

HOUSE PRICE POINTS



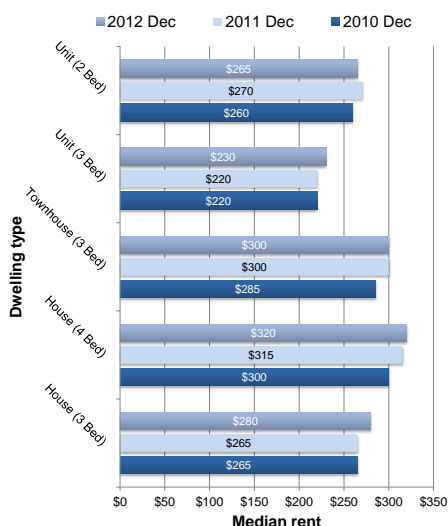
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UNIT PRICE POINTS



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MEDIAN RENTS – 4655 PC



Prepared by PRDnationwide Research. Source: RTA

HERVEY BAY AREA HOUSE SALES ACTIVITY SUMMARY

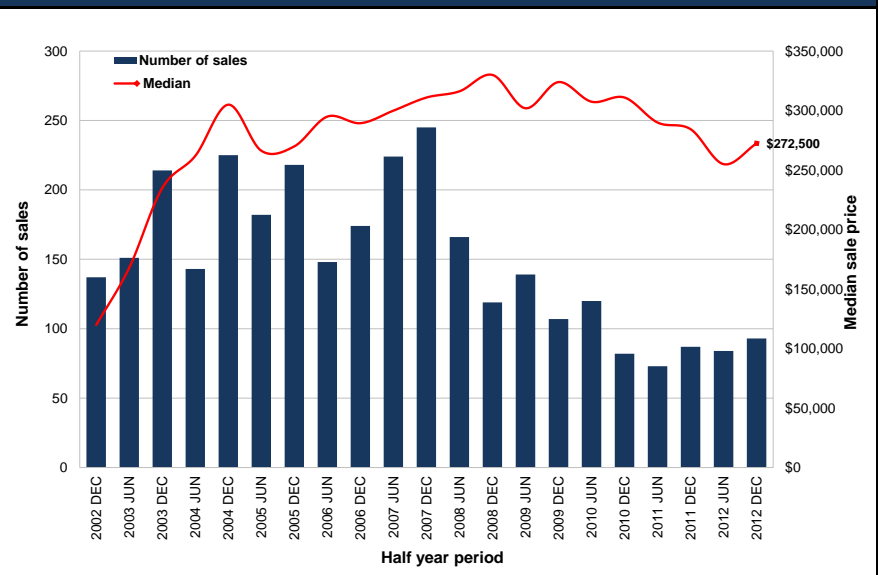
Suburb	House Sales		Median House Price	
	Dec-12 Half Year	Annual Change	Dec-12 Half Year	Annual Change
Urangan	87	100.0%	\$306,000	-3.7%
Point Vernon	77	0.0%	\$307,000	-3.0%
Urraween	62	111.8%	\$340,950	2.4%
Torquay	51	42.6%	\$302,000	2.8%
Kawungan	38	26.9%	\$318,500	1.0%
Pialba	36	27.5%	\$261,000	6.7%
Eli Waters	34	10.1%	\$303,500	-1.3%
Scarness	33	3.3%	\$257,000	1.0%
Wondunna	10	-9.1%	n.a.*	n.a.*

*PRDnationwide Research requires at least 15 sales in a single period to acknowledge a reliable median price.

Prepared by PRDnationwide Research. Source: PDS

Similar to the house market, the Hervey Bay Area unit market continues to register an improving level of sales, having recorded 93 settled transactions during the December 2012 period, an increase of 6.9 from the previous year. Although there is a current oversupply of apartment stock in the market, which has assisted weakening unit values, the second half of 2012 observed an increase in the median unit price of 6.9 per cent to \$272,500. It appears that the undersupply of houses priced below \$300,000 is resulting in buyers observing unit stock as an affordable alternative. Observing the Unit Price Points chart over the December 2012 period, there has been a marked increase in the proportion of sales within the sub \$200,000 price range. There has also been a contraction in purchasing activity in the \$400,000 plus market (amounting to only six per cent of total sales) which has led to a consolidation of activity in the \$200,000 to \$399,999 price segment, which now amounts to 83 per cent of total sales.

HERVEY BAY AREA UNIT SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

The rental market has performed particularly well over the past two years, with median rents in the house market increasing by 6.2 per cent on average since the December 2010 quarter, followed by 3.9 per cent in the unit market. Expect vacancy to get tighter through an increase of commercial developer activity, attracting more workers into the area. There is just over \$800 million worth of investment in the development pipeline, with the Stockland Shopping Centre expansion the largest investment at \$115 million. This level of investment should increase pressure on rental prices to continue to rise further.

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