

COFFS HARBOUR

Property Watch®

PRD nationwide



Coffs Harbour Marina

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 July 2012. Rental indicators are based on 12 months to June 2012.

KEY HIGHLIGHTS

- Unit activity increased in the 12 month to July 2012 for the first time since July 2010, providing early signs for the bottoming of the market.
- First home buyers' activity declined in recent months, with the withdrawal of incentives for purchasing existing homes.
- Yields proved attractive to investors given the soft prices and continued demand for quality residences.

MARKET OVERVIEW

The following report is the result of an investigation into the historic and current market conditions of the Coffs Harbour Local Government Area (LGA). High yields are attracting investors to Coffs Harbour despite softer house and unit prices, and the stabilisation in rent prices experienced in the first half of 2012.

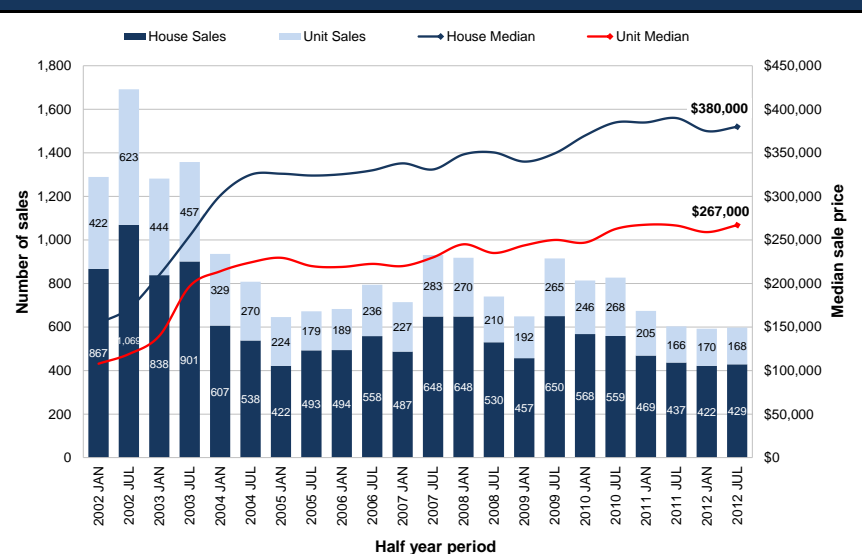
Units

Unit activity increased in the 12 month to July 2012 for the first time since July 2010, providing early signs for the bottoming of the market. The 168 units transacting over the period equated to an increase of two transactions over the same period in 2011. The median price remained unchanged from July 2011, closing the period at \$266,000. The average five-year growth in median price equated to 3.9% per annum, exceeding that of detached houses (2.4% per annum). Buyers were most active in the \$200,000 to \$299,999 price bracket, accounting for 41% of transactions.

However, capital growth failed to maintain the gains recorded in previous periods. The resale analysis, which examined the gains achieved by vendors who exited the market in the July 2012 period, resulted in an average 2.5% per annum growth in the July 2012 period. The result signified a decline from the July 2011 figure (4% per annum) and July 2012 (3.9% per annum).

Recently, first home buyers' activity declined, with the withdrawal of incentives for purchasing existing homes. However, second and third home buyer activity is expected increase, while investors are already targeting high-yielding product toward the bottom end.

COFFS HARBOUR LGA HOUSE & UNIT SALES CYCLE



Graph prepared by PRDnationwide Research. Source: PDS

HOUSE PRICE POINTS 6 MONTHS TO JULY 2012

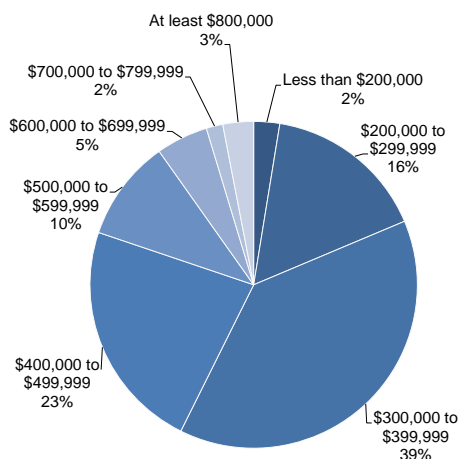


Chart prepared by PRDNationwide Research. Source: PDS

A decline in first home buyers' **activity** is likely to be offset by active **second** and **third** home buyers and **investors**.

UNIT PRICE POINTS 6 MONTHS TO JULY 2012

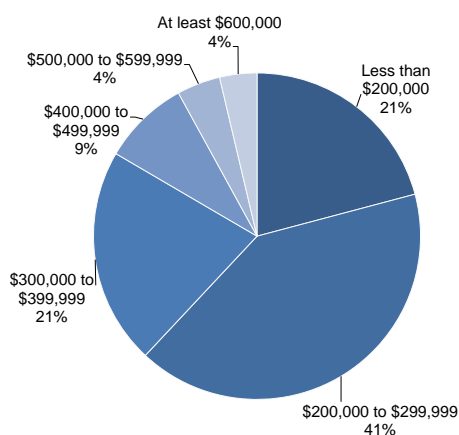


Chart prepared by PRDNationwide Research. Source: PDS

Houses

The level of house stock-on-the-market has been declining since December 2011, signalling tightening stock levels. However, it may also point to disillusioned vendors withdrawing their houses from the market. The median price of a house in the LGA closed the July 2012 period at \$380,000, representing a 2.6% decline from July 2011.

House activity remained soft, registering 429 sales in the six months to July and declining by 1.8% from July 2011. That said, the figure remained seven transactions above the January half year providing early signs of a rising market. Most transactions were recorded in the town of Coffs Harbour, accounting for approximately one third (32%) of house sales. Boambee East and Toormina followed with nine per cent and seven per cent respectively.

PRDNationwide Research examined the capital growth achieved by vendors who exited the market in the July 2012 period. The examination revealed lower average growth in 2012 (3.6% per annum) compared with the July periods in previous years, 4.9% per annum in July 2011 and 6.4% in July 2010.

COFFS HARBOUR LGA PERFORMANCE BY REGIONS

Region	Activity		Median price	
	July-12 half year	12 month change	July-12 half year	12 month change
HOUSES				
Woolgoolga region	89	-1	\$355,000	-9%
Coffs Harbour region	155	-6	\$363,000	-3%
Sapphire Beach region	36	9	\$527,500	-1%
Sawtell region	107	-7	\$377,500	4%
UNITS				
Woolgoolga region	10	0	\$297,500	-4%
Coffs Harbour region	112	7	\$265,000	0%
Sapphire Beach region	8	-6	\$300,000	-13%
Sawtell region	38	1	\$258,500	1%

Table prepared by PRDNationwide Research. Source: PDS

Woolgoolga region: Arrawarra Headland, Emerald Beach, Mullaway, Safety Beach, Sandy Beach, Woolgoolga, Corindi beach

Coffs Harbour region: Coffs Harbour, North Boambee Valley

Sapphire Beach region: North sapphire, Sapphire Beach, Korora, Moonee Beach

Sawtell region: Boambee East, Boambee, Sawtell, Toormina

The investment market

Strong yields were the result of lower capital prices and high rents. These proved attractive to investors, with an average gross yield of 6.5% recorded for units over the 12 months to July 2012. While the average return on a two bedroom unit equated to that of the broader market, yields for a three bedroom unit closed lower (6.0%). The average return for a detached dwelling in the region equated 5.4%, with a three bedroom house yielding 5.2%. The current yield has become increasingly close to the cost of borrowing, providing a low-risk environment to investors who seek income producing assets.

Recent rental figures indicate of little change in the median rent price over the past year. The median rent for a two bedroom unit closed at \$240 per week, with the rent for a three bedroom house registering \$350 per week. Over-supply of four-bedroom dwellings led to a 4.5% decline in the median rent (\$420 per week).

The rental market is expected to rebound in the fourth quarter, with employee relocations following the creation of new seasonal jobs. Anecdotal evidence points to a measured recovery in leasing activity, with three bedroom homes exhibiting a letting up period of 30 days or less.

Research Analyst | Oded Reuveni-Etzioni **P** (02) 9257 0254 **E** odedetzioni@prd.com.au

PRDNationwide Coffs Harbour | Principal Damien Campbell **P** (02) 02 6652 5833 **E** sales@prdcoffs.com.au

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

PRDNationwide does not give any warranty in relation to the accuracy of the information contained in this report. If you intend to rely upon the information contained herein, you must take note that the information, figures and projections have been provided by various sources and have not been verified by us. We have no belief one way or the other in relation to the accuracy of such information, figures and projections. PRDNationwide will not be liable for any loss or damage resulting from any statement, figure, calculation or any other information that you rely upon that is contained in the material. Prepared by PRDNationwide Research © All medians and volumes are calculated by PRDNationwide Research. Use with written permission only. All other responsibilities disclaimed. © 2012