

MACKAY REGION

Property Watch®

PRD nationwide



Rivermarque – 91 Proposed Apartments
55-63 River Street, Mackay

MARKET INDICATORS

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

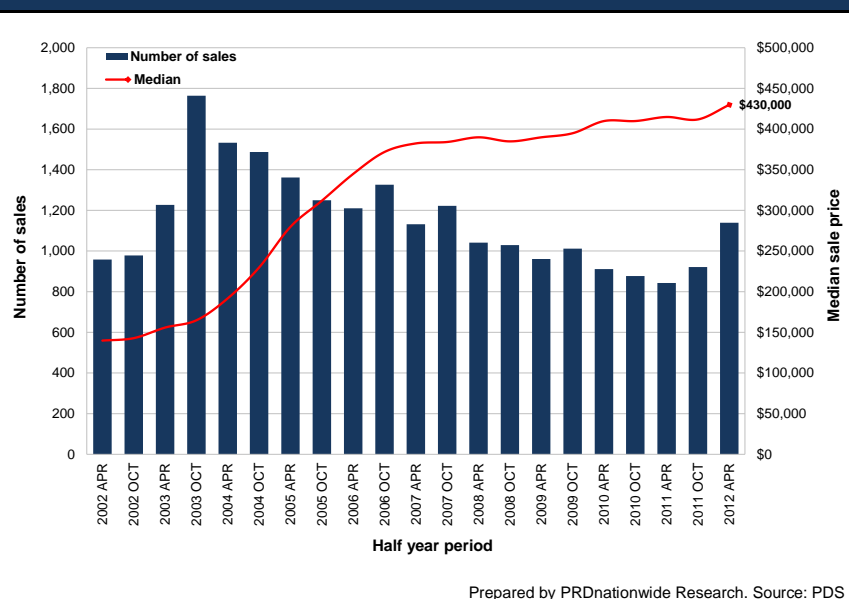
The indicators depicted above are based on the year ending April 2012, except for aggregate rental indicators which reflect quarterly data up to June 2012.

MACKAY REGION MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market trends of the Mackay Region real estate market. The Mackay property market has demonstrated exceptional growth in sales volumes during the April 2012 half year period, with strong sales performances recorded for the house, unit and in particular the vacant land market.

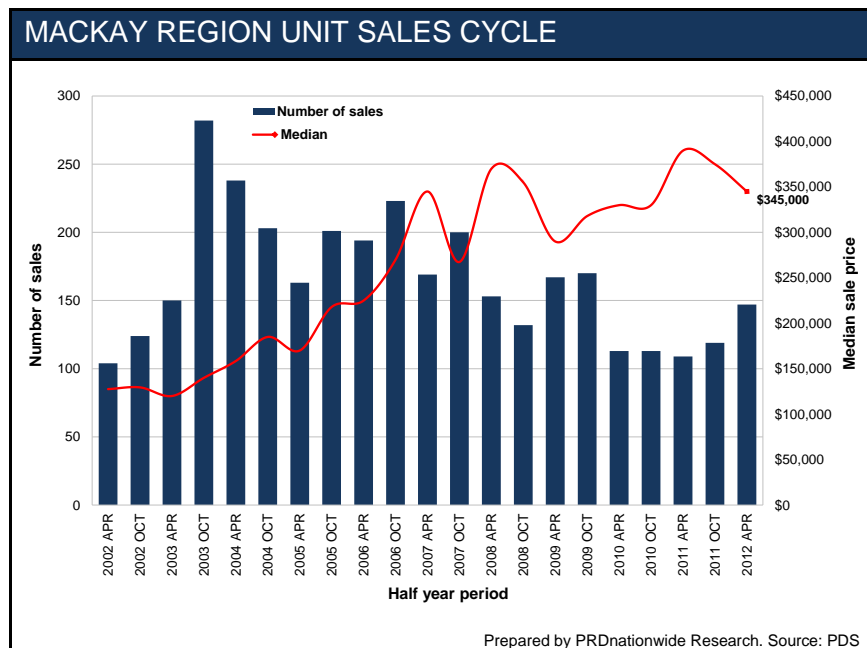
The house market registered a total of 1,139 transactions during the April 2012 period, representing a 35.1 per cent increase in sales from the April 2011 period. The median house price recorded for the region was \$430,000 for the April 2012 period, a modest 3.6 per cent improvement from the April 2011 period. The median house price has been remarkably buoyant since the Global Financial Crisis unfolded in 2008, bucking the nation's trend to record continuous positive average annual growth at 2.4 per cent over the past five years. As indicated by the Mackay Region House Sales Cycle chart, a combination of sustained demand and a shortage of housing have resulted in continued price escalations.

MACKAY REGION HOUSE SALES CYCLE

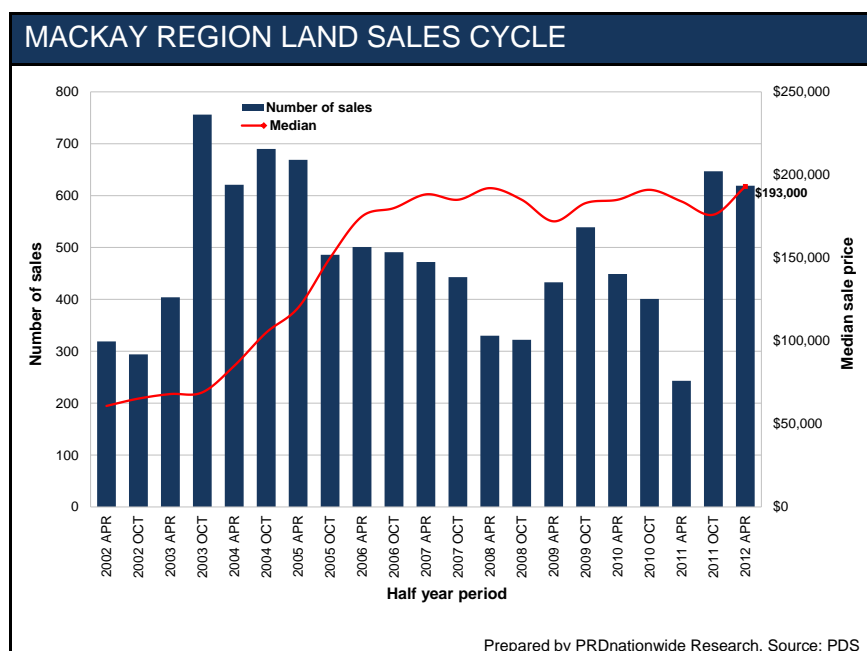


The unit market followed the trend to register a total of 147 transactions for the April 2012 half year period, up 34.9 per cent from the corresponding period in 2011. The median unit price has softened 11.5 per cent over this period to record \$345,000 for the April 2012 period. A price point analysis has identified the correction is the result of increased buyer activity in the sub \$250,000 price range and a notable contraction in the \$400,000 plus price range, suggesting that active buyers are targeting well-priced (perhaps discounted), value for money properties.

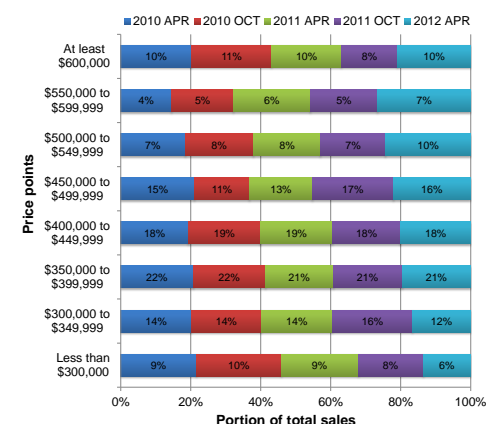
The median unit price along Mackay's east coast has taken a considerable dip since the April 2011 period, which has contributed to the correction in the median unit price across the region. Again, this most recent revision in price from the higher end coastal unit market, reiterates the markets appetite for more affordable entry prices (particularly from investors and first home buyers).



The land market demonstrated extraordinary growth in the October 2012 half year period likened to the level of growth recorded in the October 2003 period. Sales volumes were sustained for the April 2012 period, registering a total of 619 transactions, more than doubling the number of transactions registered for the corresponding period in 2011. A majority of recent transactions originate from newer housing estates north of Mackay CBD, with Beaconsfield, Rural View and Blacks Beach being the top performing suburbs for the April 2012 period, accounting for a substantial 38 per cent of total transactions for the region. The median land price recorded for the April 2012 period was \$193,000, representing a 4.9 kicker from the April 2011 period. Strong demand has seen an influx in developer activity across the region which is not only generating construction jobs but also appears to be stabilising land values.

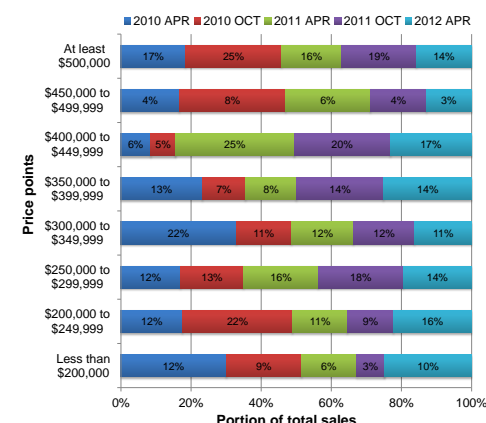


HOUSE PRICE POINTS



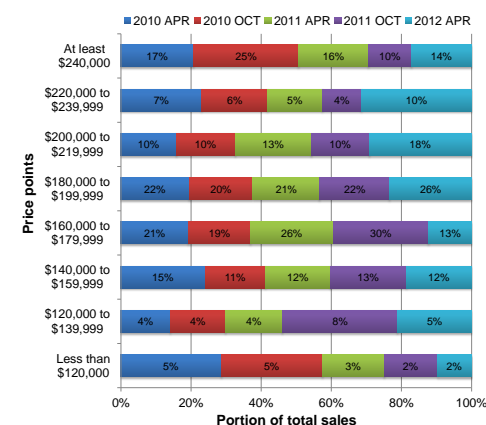
Prepared by PRDnationwide Research. Source: PDS

UNIT PRICE POINTS



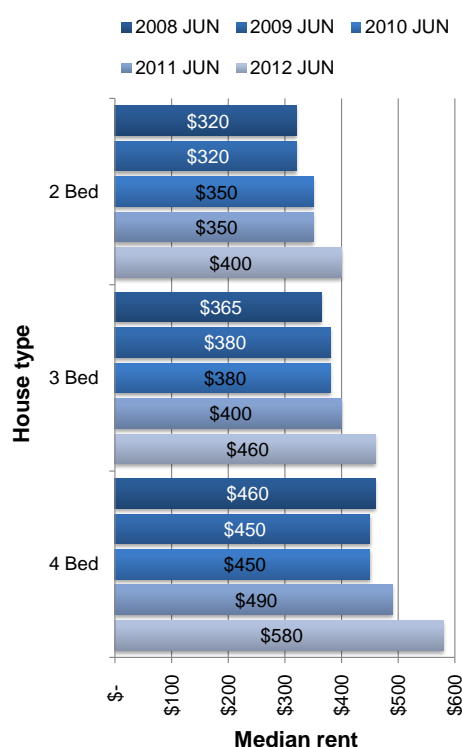
Prepared by PRDnationwide Research. Source: PDS

LAND PRICE POINTS



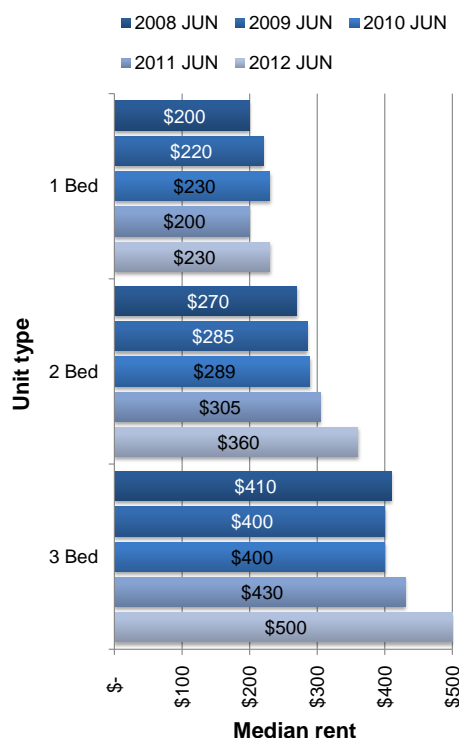
Prepared by PRDnationwide Research. Source: PDS

MEDIAN HOUSE RENTS – 4740 POST CODE



Prepared by PRDnationwide Research. Source: RTA

MEDIAN UNIT RENTS – 4740 POST CODE



Prepared by PRDnationwide Research. Source: RTA

The recent spate of transactions in the region can be attributed to strong population/ employment growth and confidence in Mackay's economic profile, driven largely by mass infrastructure investment to support the booming resource sector. Consequently, there has been a shortage of both long term and short term accommodation in the region which has led to an increasingly unaffordable rental market. Unprecedented rental price escalations over the year to June 2012 have coerced many would-be buyers to enter the market, either as owner-occupiers looking to escape excessive rents or as investors looking to capitalise on highly attractive rental yields. Comparisons made between ABS 2006 and 2011 census data reveals an impressive 5.8 per cent average annual growth in population over the five year census period, making Mackay one of the fastest growing regions in Queensland. This level of growth (spurred by activity in the resource sector and local industry) is placing considerable stress on the existing property market to accommodate a growing resident population as evidenced by a tightening in rental vacancy.

According to SQM Research, the rental vacancy rate for the 4740 postcode remained below 1.0 per cent during the year to June 2012. During this period of time (June 2011 to 2012), median rental prices across all house types increased by a remarkable 15.9 per cent, though was outperformed by the unit market which recorded a 16.4 per cent increase across all unit types. The standout performer across both markets was the four bedroom house, which commanded an additional \$60 (18.4 per cent annual increase) to position it as the most expensive dwelling type in the market at \$580. Two bedroom units followed closely, recording an increase of \$55 (18.0 per cent annual increase) to bring the median rent to \$360.

The number of new bonds registered for the June 2012 quarter indicates a marked increase in demand for four bedroom houses over the past four years, with three bedroom houses still the most dominant rental property type. Two bedroom units are the third most rented property type; however year on year growth is pointing to one bedroom units as an emerging market. With new apartment projects in the pipeline, which propose to inject more one bedroom stock to the market, it is anticipated that the number of new bonds for one bedroom apartments will continue to grow at its current rate on the back of pent up demand for entry level property.

Based on the recent median price and median rental data, investors can expected to receive gross rental yields north of 7 per cent for house and unit investments. It is anticipated that a majority of investors will gravitate towards the apartment market from 2012, particularly new developments. The price disparity that currently exists between the house and unit markets is set to widen, with new unit stock priced to meet the market. This not only enables investors who perhaps couldn't afford to enter the house market with an excellent alternative, but creates an opportunity for superior capital growth. Furthermore, purchasing new/ off-the plan will enable investors to capitalise on maximum depreciation benefits.

TOP FIVE 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
Andergrove	103	36%	Mackay	35	40%
South Mackay	69	53%	Mackay Harbour	17	-15%
Bucasia	68	55%	Andergrove	15	650%
North Mackay	68	89%	South Mackay	14	8%
Eimeo	66	100%	West Mackay	14	100%

Prepared by PRDnationwide Research. Source: PDS