

PROPERTY WATCH®

Second Quarter 2011

Mackay LGA Property Market Overview

IN BRIEF

- The house, unit and land market have all recorded lower sales over the past twelve months, with the strongest softening of 55% experienced in the land market.
- The December 2010 half year period registered a median house price of \$410,000 through 874 transactions.
- The December 2010 half year period registered a median unit price of \$327,500 through 114 transactions.

Demographic Snapshot

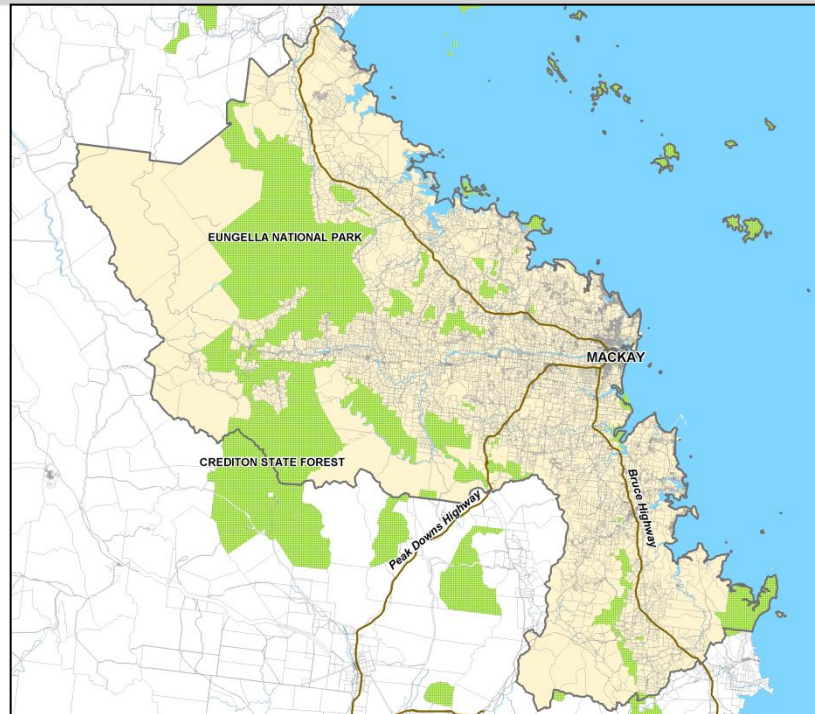
For the purpose of this report, the Mackay Local Government Area (LGA) refers to the amalgamation of the Mackay, Sarina, and Mirani Local Government Areas. According to the Australian Bureau of Statistics (ABS) the Mackay LGA had a total population of 116,123 at June 2010. This equates to a strong population growth rate of 3.1% from June 2009, considering a growth rate of anything over 1% equates to a healthy property market, through sustained demand. The Mackay community has a median age of 35 years.

Of the total population residing within the Mackay LGA, the bulk of residents are located within the Mackay City region. The population is skewed towards resident's aged 15 years and younger accounting for 22.1% of the population, while only 10.6% are aged 65 years and older. The bulk of the households in the Mackay LGA are separate houses, with 83.1% in the Mackay area and roughly 90% in the Sarina and Mirani Areas. Just over 70% of the dwellings inside the Mackay LGA are either owned outright or in the process of being purchased, leaving a rental market comprising 28.9% of dwellings. This proportion of owner occupier and rented premises is indicative of a healthy property market.

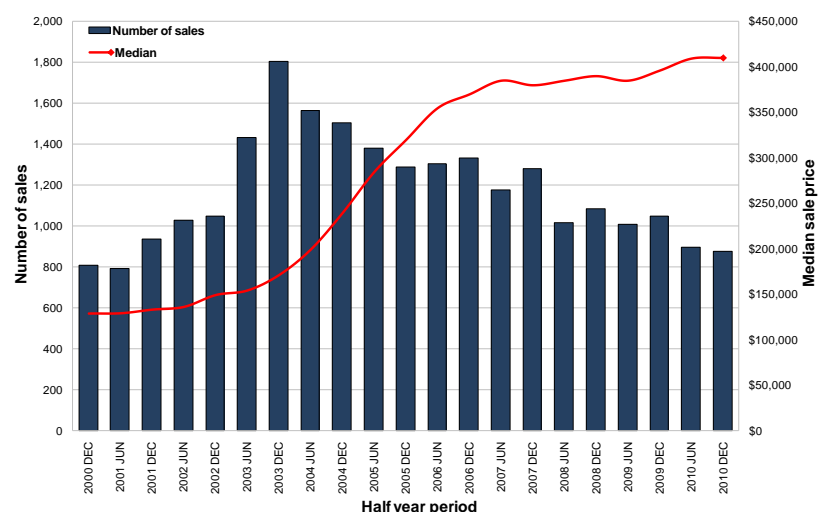
Housing Market

Within the Mackay LGA the median house price has been quite stagnant throughout the past four years, recording only minor fluctuations in price. Throughout the economic turmoil experienced within the Global Economy from 2008, Mackay has remained buoyant with a gradual softening in sales volumes. This signifies a more resilient market than what has typically been experienced across Queensland, with sharp decreases in sales activity and falling median prices recorded. Throughout the most recent December 2010 half year, sales have recorded a 16.5% (173 sales) decrease in settled transactions to register a total of 874 sales over the six months. To put this in perspective, this registers far less than the Brisbane LGA softening recorded during the same period of 28%. A resale analysis on house product sold over the December 2010 half year period has yielded an average annual capital growth figure of 8.2% per annum. On average these houses were held for over five years, achieving growth predominately during the last boom period.

The median house price for Mackay has increased rapidly during the period when the market experienced an activity boom from 2002 to late 2006. With the recent softening in sales activity slowing price growth, the Mackay LGA has strengthened only 3.5% or \$13,900 to record \$410,000. During the December 2010 half year period, one of the most affordable house sales fetched

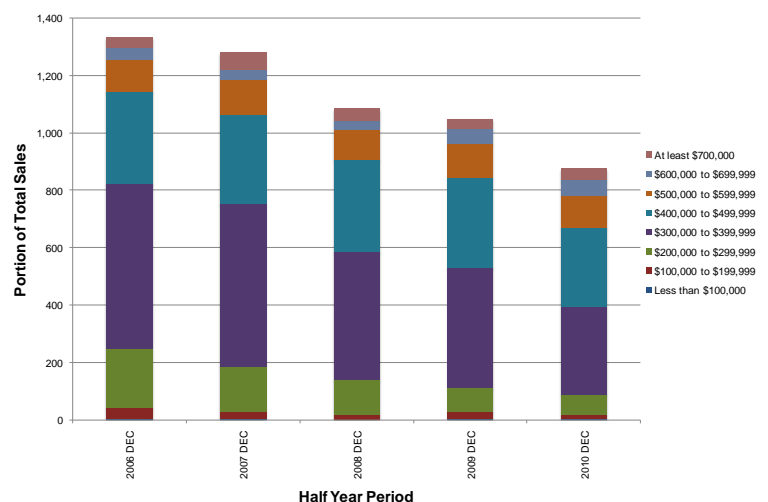


Mackay LGA Area House Sales Cycle Graph



Prepared by PRDnationwide Research Source: RP Data & PDS

Mackay LGA Area House Price Points



Prepared by PRDnationwide Research Source: RP Data & PDS

\$130,000 for a dwelling in Marian on 1,012m², while a large house site in Dolphin Heads recorded one of the highest priced sales at \$1.47 million for 52,600m². Overall, by looking at the price points graph on the first page, it can be determined that the most active price point during this period was \$300,000 to \$399,999, which accounted for 35% of total activity. This was followed by the \$400,000 to \$499,999 price bracket with 31% of total sales.

Unit Market

The Mackay LGA unit market experienced a strong softening in median unit price during the Global Financial Crisis which unravelled in 2008. During the second half of 2010, after a recovery in median price over the first half of 2010, median price has decreased to achieve an annual growth of 5.6%. This has culminated to a final median price of \$327,500. The softening in median price coincides with increasing interest rates from October of 2009, the rising cost of living and an uncertainty within the property market. This has deterred potential purchasers, perpetuating the buyer favourable conditions in the market. A resale analysis on units sold over the December 2010 half year period has yielded an average annual capital growth figure of 5.6% per annum. This growth figure has been swayed by several properties purchased earlier in the last boom period, that achieved significant capital growth.

For the six month period ending December 2010, activity has decreased by 27% to record 114 settled sales. This equates to the lowest level of sales since the December 2001 half year period. Analysis of the price points indicates the most active price point during the December 2010 six months was \$200,000 to \$299,999 with 38% of total sales.

In the Mackay LGA, one of the most affordable unit sales took place in Dolphin Heads for \$135,000. The highest priced unit sale took place on Caterpillar Drive, Paget, for \$1.56 million. The most sales (37) took place in the suburb of Mackay.

Vacant Land Market

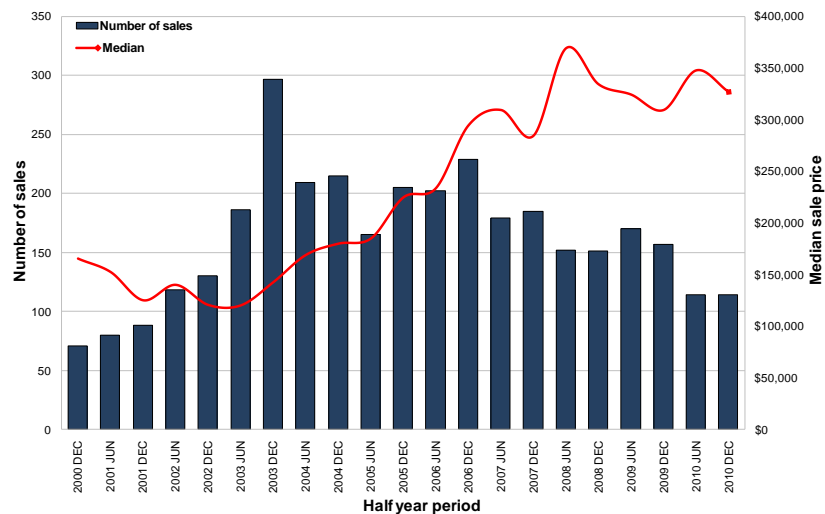
Following resurgence in activity over the December 2009 half year period, demand for vacant land has fallen in line with increasing interest rates and withdrawal of the First Home Buyers Boost to record 248 sales (December 2010 half year). In percentage terms, this drop represents a staggering 55% (305 sales) decrease on the recorded level of sales during the December 2009 period. This is much lower than the five year average of 426 transactions per six month period. Despite this strong softening in sales activity the median vacant land price has remained stable recording an annual growth of 3.4% during the year ending December 2010, to register a final median price of \$191,250.

On a suburb level, the bulk of transactions has occurred in Blacks Beach accounting for 29 settled sales, while Rural View achieved 20 sales and Bucasia recorded 17 sales. The Mackay LGA vacant land market is on the whole, comprised of generally affordable stock, with 55% of total transactions taking place within the \$100,000 to \$199,999 price bracket. To highlight this affordability, one of the most affordable sales took place for \$92,000 in Sarina. Only 1.6% of the total sales took place in the premium \$700,000 plus bracket.

Prepared by PRDNationwide Research. Source: RP Data & PDS and the ABS. For further details contact: Josh Brown, Research Analyst, Ph: (07) 3026 3357 or Email: joshbrown@prd.com.au or visit our website at www.prdnationwide.com.au/research.

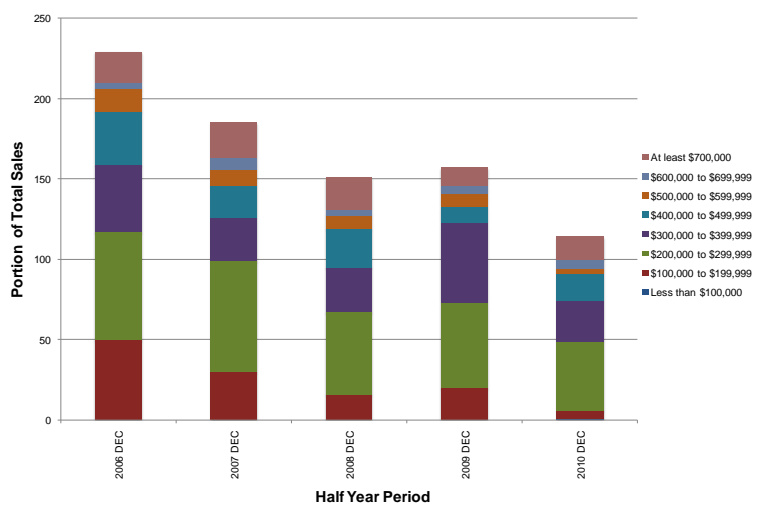
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Mackay LGA Area Unit Sales Cycle Graph



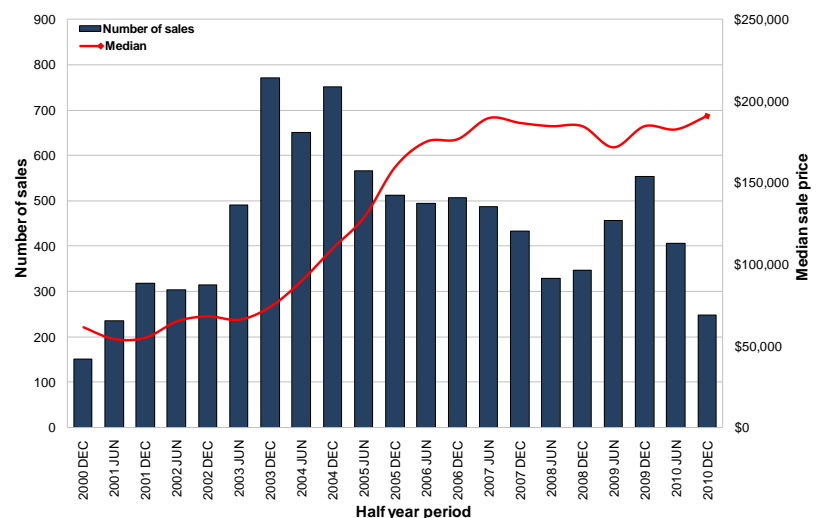
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Mackay LGA Area Unit Price Points



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Mackay LGA Area Land Sales Cycle Graph



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