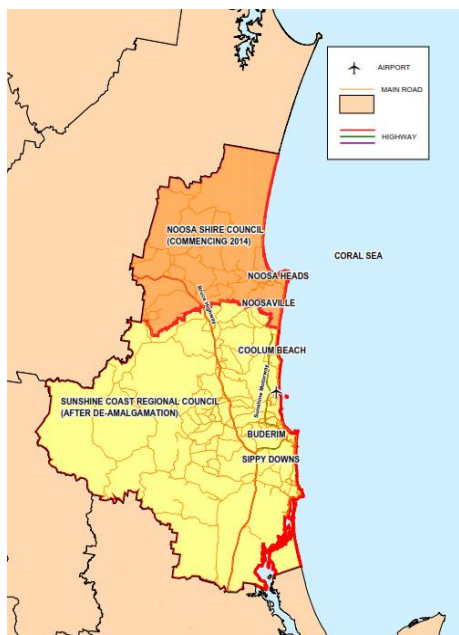


SUNSHINE COAST AREA

Highlight Report®

PRD nationwide


SUNSHINE COAST REGION OVERVIEW

Scope

The following Highlight Report is a summary of the historic and current trends within the Sunshine Coast Local Government Area ("the LGA" or "the Sunshine Coast") residential property market, with a specific focus on the sub-markets of Buderim and Mountain Creek.

About the Region

The Sunshine Coast LGA, located in South-East Queensland, covers 3,126 square kilometres. Approximately 100 kilometres north of the Queensland state capital, Brisbane, the Sunshine Coast is connected to the surrounding regions by a network of road, highway and rail infrastructure.

Significant features of the region include its beaches and a number of national parks as well as internationally recognised attractions such as Australia Zoo and Underwater World.

Having initially built a strong reputation as a tourist destination, particularly for domestic travellers, the Sunshine Coast has in recent decades also attracted a significant number of lifestyle-oriented residents. This trend has been supported by the establishment and growth of regional employment hubs and investment in key infrastructure programs.

As of 1 January 2014 the former Noosa Shire Council is to be reinstated as the local government body for the same area it governed prior to the formation of the amalgamated Sunshine Coast Regional Council.

The State of the Market

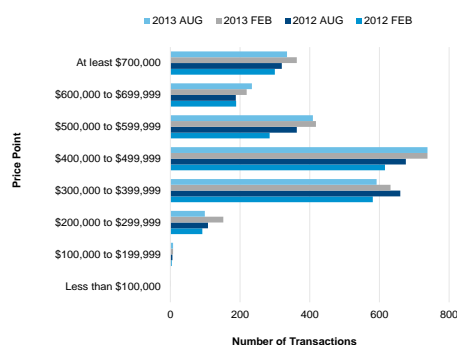
In recent years the broader Sunshine Coast residential property market has undergone significant development in a range of areas, with an increase in the level of supply during the period from 2003 to 2007 acting to enhance affordability in some locations, while regional infrastructure improvements have assisted in supporting median price levels during the past decade.

Over the 10 year period to February 2012 transaction volumes have generally declined across all residential property categories. However, during the past 18 months there has been a notable reversal of this trend as the higher levels of stock previously available on-market have begun to dissipate and prospective home owner and investor activity has accelerated.

It is likely that in the near to medium term the perceived lifestyle benefits and improvements in infrastructure will encourage an increase in buyer activity, while additional stock releases will support a level of relative affordability and stability in the median price level.

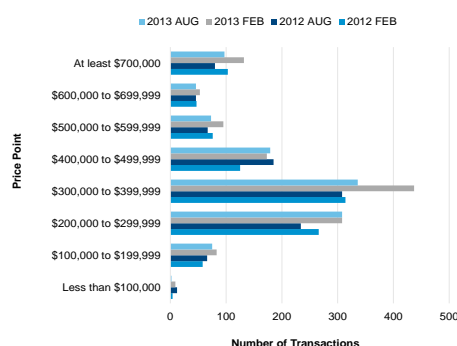
Furthermore, consistent with observations in other markets, the accommodative stance of policy settings currently in place appears to be fostering an increased level of prospective investor and home owner interest which will be particularly important for encouraging further development within the Region.

SUNSHINE COAST HOUSE PRICE POINTS



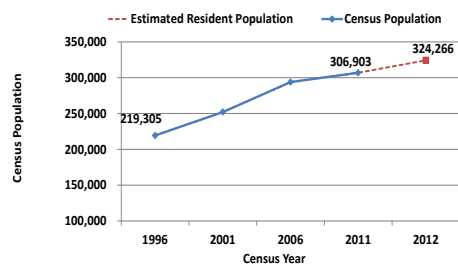
Prepared by PRDnationwide Research. Source: PDS

SUNSHINE COAST UNIT PRICE POINTS



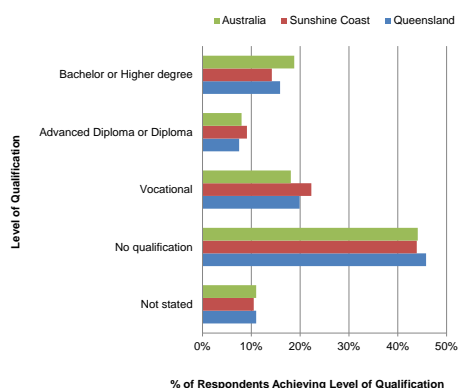
Prepared by PRDnationwide Research. Source: PDS

SUNSHINE COAST POPULATION



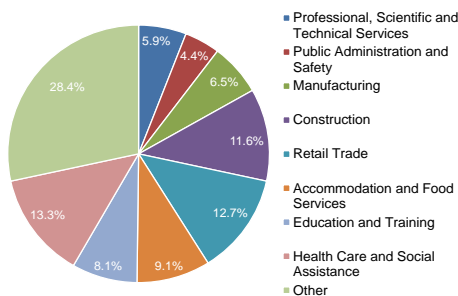
Prepared by PRDNationwide Research. Source: ABS

SUNSHINE COAST LEVEL OF EDUCATION ACHIEVED 2011



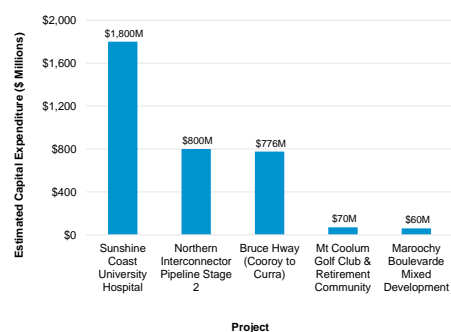
Prepared by PRDNationwide Research. Source: ABS

SUNSHINE COAST EMPLOYMENT BY SECTOR



Prepared by PRDNationwide Research. Source: ABS

SUNSHINE COAST PROJECTS



Prepared by PRDNationwide Research. Source: Cordell

SUNSHINE COAST GROWTH DRIVERS

There are a range of economic and demographic factors exerting varying levels of influence on the direction and behaviour of the Sunshine Coast residential property market. Prominent drivers of growth are likely to include aspects of the following:

Population and Migration

The population of the Sunshine Coast increased 48 per cent in the years from the 1996 Census to June 2012. It is expected that additional population growth and migration will be critical to the region's development.

Education and Employment

A high level of education and employment are key drivers of growth in any economy. As at the 2011 Census the Sunshine Coast region had a higher proportion of residents with vocational and Advanced Diploma or Diploma level qualifications than both the state and national averages. Furthermore, the proportion of Sunshine Coast residents achieving a Bachelor or Higher Degree level qualification increased by 1.7 per cent (to 14.2 per cent) between the 2006 and 2011 Censuses.

As at the 2011 Census the public, construction and retail trade sectors were significant employers in the Region. These industries will be important in underpinning future economic growth in the Sunshine Coast area. Other sectors such as manufacturing and tourism are likely to benefit in the medium term as competitive pressures exerted by the unusually high value of the domestic currency begin to show signs of easing.

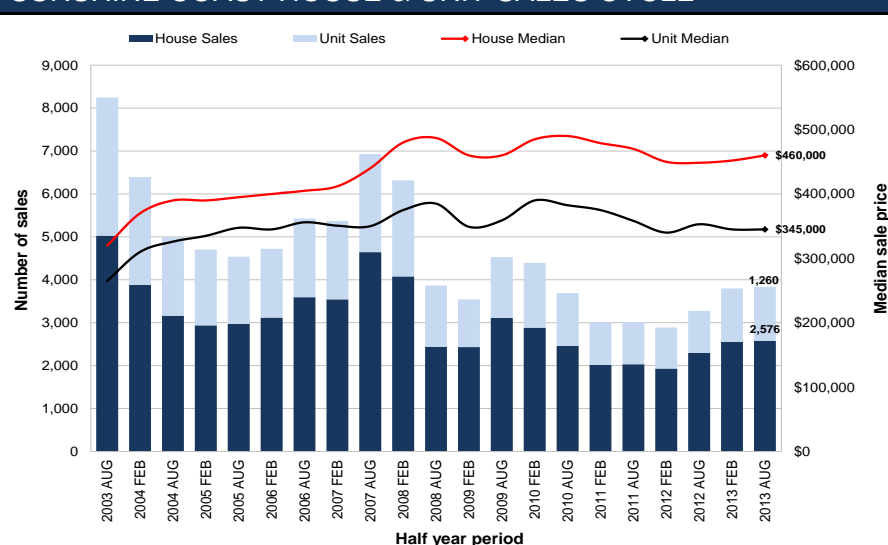
Infrastructure and Construction

Investment in infrastructure will continue to play an important role in the economic development and growth of the Sunshine Coast. With construction being a key employment sector for the Sunshine Coast, major projects such as the Sunshine Coast University Hospital and Bruce Highway Upgrade demonstrate the expectation of increased public demand for infrastructure within the region.

Location

The Sunshine Coast residential property market is likely to be the beneficiary of a range of positive market influences, while distinctions between specific locations and sub-markets will be important in identifying the best opportunities. Overall, the regional market has demonstrated relative level of stability over the past decade, despite significant periods of volatility in similar markets.

SUNSHINE COAST HOUSE & UNIT SALES CYCLE



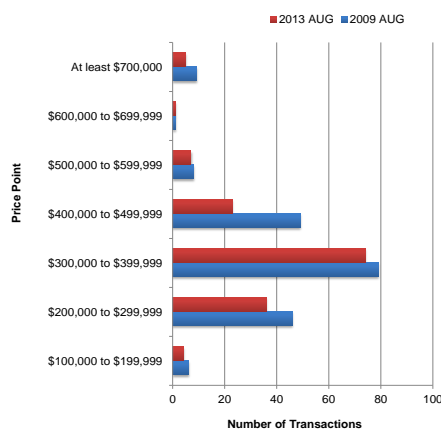
Prepared by PRDNationwide Research. Source: PDS

BUDERIM HOUSE PRICE POINTS



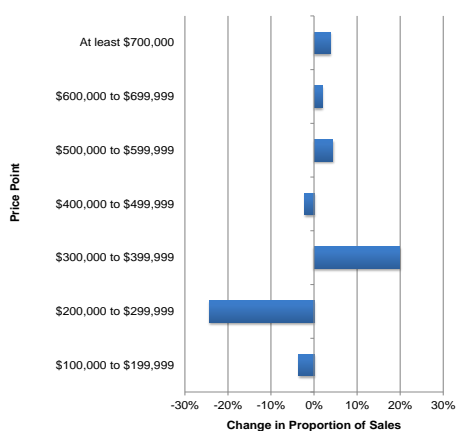
Prepared by PRDnationwide Research. Source: PDS

BUDERIM UNIT PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

BUDERIM VACANT LAND CHANGE IN TRANSACTION VOLUME COMPOSITION BY PRICE POINT (AUG 2009 – AUG 2013)



Prepared by PRDnationwide Research. Source: PDS

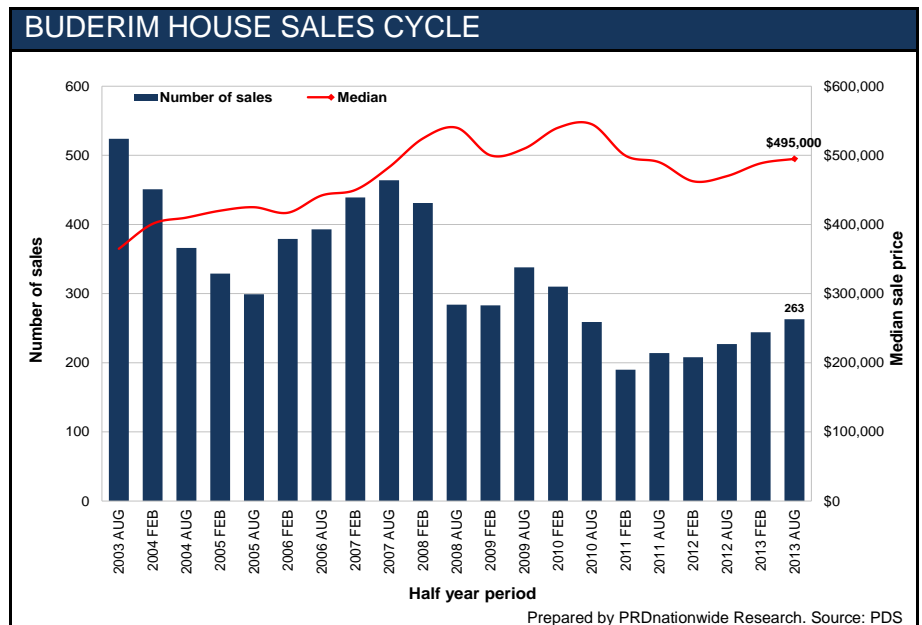
N.B.: Figures show are based upon the 12 month period to August 2009 and 12 month period to August 2013

*For the purposes of this report references to "Buderim" also includes the suburbs of Kuluin, Mons and Kunda Park.

BUDERIM*

Buderim is the most populous area within the Sunshine Coast. Situated in-land of the Maroochydore urban centre and offering impressive ocean and hinterland views, Buderim has generally been regarded as one of the strongest residential property markets within the Sunshine Coast. Buderim's appeal as a "rural village" community is combined with the convenience of proximity to major urban centres, affording residents a high-level of amenity and convenience.

Buderim Houses



Prepared by PRDnationwide Research. Source: PDS

The median house price in the Buderim area recorded average annual growth of 3.1 per cent over the 10 years to August 2013. Demand was stronger in the earlier years and was a key driver of median price appreciation during this time. Periods subsequent to the events of Global Financial Crisis ("the GFC") have generally been characterised by modest negative median price growth and a greater level of price volatility.

The Buderim area median house price increased 1.3 per cent to \$495,000 in the six months to August 2013, making it one of the Sunshine Coast's most expensive areas. Transaction volume also increased approximately 7.8 per cent to 263 over the same period.

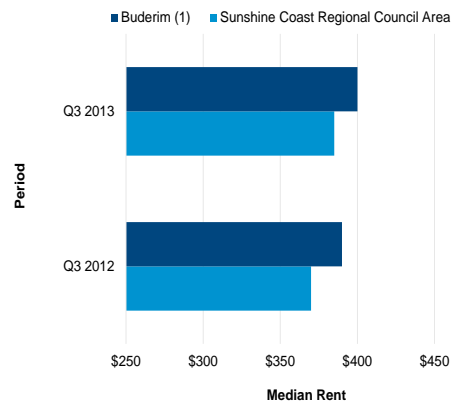
An important consideration when interpreting median price behaviour in the Buderim area is the relatively elevated level of this measure towards the start of the 10 year period to August 2013. This suggests that the early 2000's property price "boom" began somewhat earlier in the Buderim area than in other South-East Queensland locations.

Buderim is currently undergoing a further stage of residential property development, increasing the potential for improved affordability within the area as new stock is added to the market.

Buderim Units

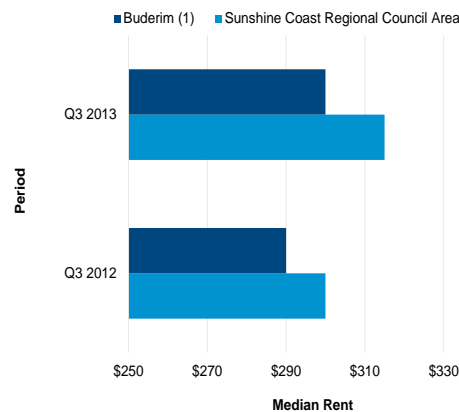
The median unit price in the Buderim area exhibited marginally stronger average annual growth than housing at 4.2 per cent per annum over the 10 years to August 2013. However, it is noted that unit median prices have been somewhat more volatile on a six month period-to-period basis over the same 10 years. This is generally consistent with the overall behaviour of unit median prices in similar markets. Specifically, greater volatility is often recorded where new high-density stock such as multi-storey units and retirement-focused complexes are released to market in larger quantities and of variable quality and specification, from site to site.

BUDERIM HOUSE MEDIAN RENT LEVEL



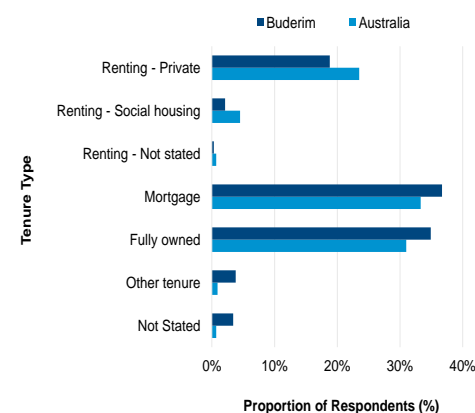
Prepared by PRDnationwide Research. Source: RTA

BUDERIM UNIT MEDIAN RENT LEVEL



Prepared by PRDnationwide Research. Source: RTA

BUDERIM RESIDENTIAL TENURE BY TYPE



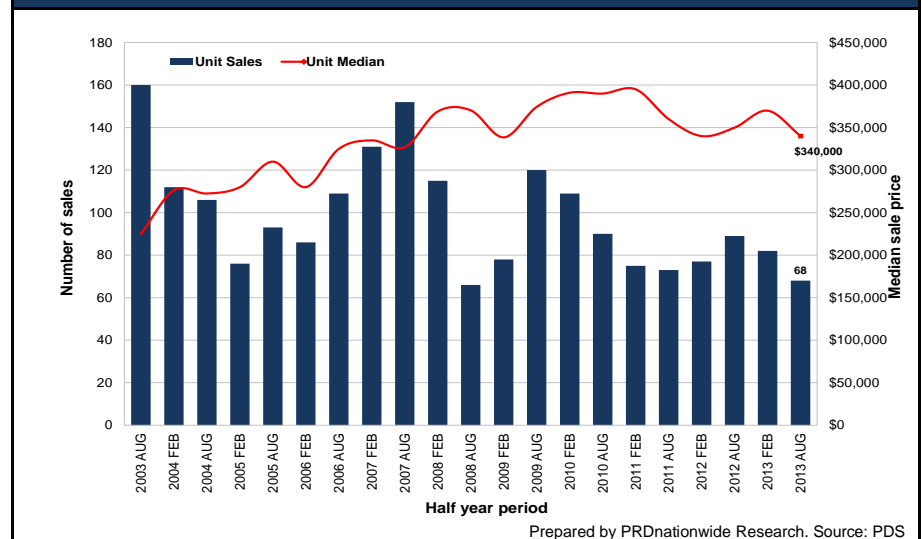
Prepared by PRDnationwide Research. Source: ABS

(1) The figures quoted were calculated by the State of Queensland Residential Tenancies Authority. The data used for calculation purposes includes that for the suburbs of Buderim, Forest Glen, Kunda Park, Mons, Sippy Downs and Tanawha

This interpretation is further supported by the relatively short and repetitious transaction volume cycle observed, with an overall notable decline in periodic transaction volumes as fewer completed projects come to market as a result fewer development opportunities.

For the six months to August 2013 the median unit price fell approximately 8.1 per cent (to \$340,000) when compared with the prior period. Transaction volume fell by approximately 17.1 per cent (to 68).

BUDERIM UNIT SALES CYCLE



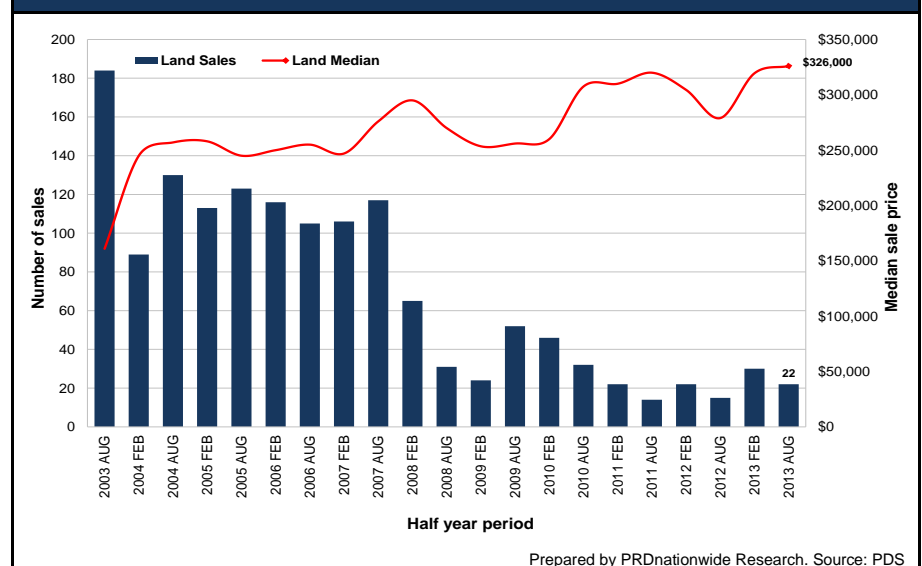
Prepared by PRDnationwide Research. Source: PDS

Buderim Vacant Land

The trend of falling vacant land transactions volume is consistent with the gradual decline in the availability of stock generally, and more specifically stock which is suitable for development.

This should provide notional support to the value of other types of residential property in the Buderim area as new dwelling supply becomes constrained due to relative vacant land scarcity. This is evidenced by the upward shift in price point.

BUDERIM VACANT LAND SALES CYCLE

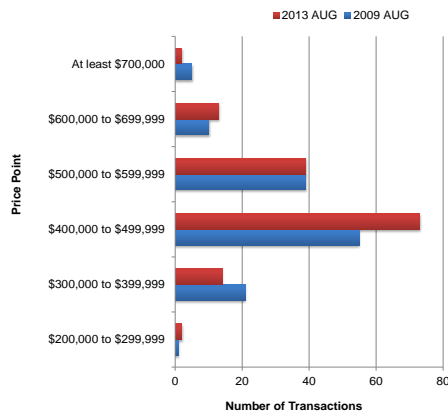


Prepared by PRDnationwide Research. Source: PDS

Buderim Rental Market

The median rent received for houses and units in the Buderim area increased by 2.6 per cent and 3.4 per cent respectively in the third quarter 2013 compared with the same period in 2012. It is noted that the proportion of residents renting in social housing accommodation in the area (currently 2.1 per cent) is less than half the national average.

MOUNTAIN CREEK HOUSE PRICE POINTS



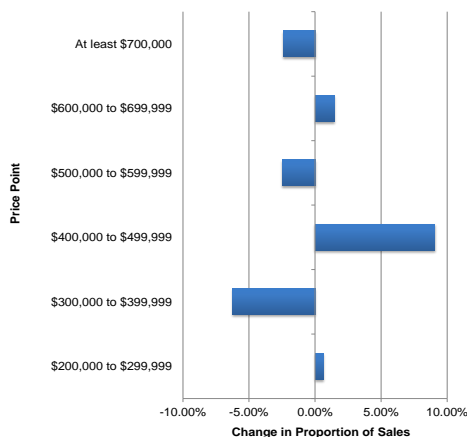
Prepared by PRDnationwide Research. Source: PDS

MOUNTAIN CREEK UNIT PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

MOUNTAIN CREEK HOUSE CHANGE IN TRANSACTION VOLUME COMPOSITION BY PRICE POINT (AUG 2009 – AUG 2013)



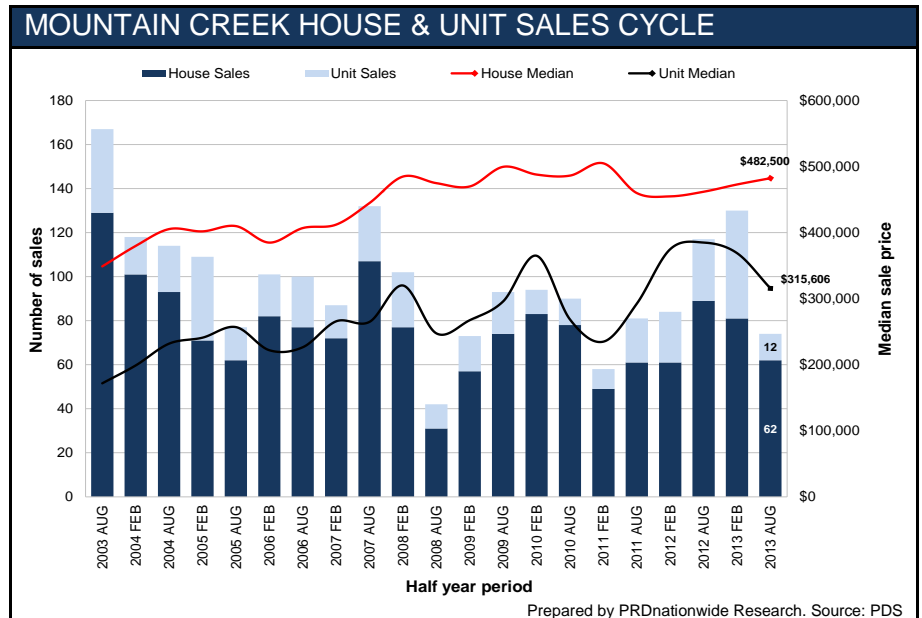
Prepared by PRDnationwide Research. Source: PDS

N.B.: Figures shown are based upon the 12 month period to August 2009 and 12 month period to August 2013

MOUNTAIN CREEK

A part of the Buderim Urban Centre, Mountain Creek is a developing suburb affording a high level of amenity and convenience to residents. Being in close proximity to a number of employment hubs and lifestyle attractions, including beaches and retail and dining precincts, Mountain Creek is an example of the on-going urbanisation and development taking place in the Sunshine Coast area.

Mountain Creek Houses and Units



Prepared by PRDnationwide Research. Source: PDS

Mountain Creek housing stock has been a notable point of strength in the Sunshine Coast residential property market, recording average annual median price growth of 3.3 per cent over the 10 years to August 2013. Over the 12 months to August 2013 the median house price appreciated 4.4 per cent. Median price growth has been recorded in all periods since August 2011 (on a six month basis).

The median house price recorded a rise of 2 per cent (to \$482,500) while transaction volume fell 23.5 per cent (to 62) over the six months to August 2013. The rise in the median house price is most likely a lagged indication of the significant increase in transaction volume (as a reasonable proxy for demand) during period from February 2011 to August 2012.

The composition of house transaction volumes by price point indicates a level of consolidation around the \$400,000 to \$499,000 range, comparing the 12 months to August 2009 with the 12 months to August 2013.

Mountain Creek unit stock has also recorded strong median price growth averaging an annual rate of 6.3 per cent over the 10 years to August 2013. However, unit prices in the area do exhibit a higher level of short term volatility.

In recent periods there has been a downward trend in both volume and median price following the sharp rebound after the most significant events of the Global Financial Crisis. The median unit price fell 14.5 per cent (to \$315,606) over the six months to August 2013 when compared with the prior period. Unit transaction volume fell 75.5 per cent (to 12) during the current period.

Given the significant level of development occurring in Mountain Creek and the surrounding suburbs it is likely that both median price and volume fluctuations will to a large extent be driven by the demand for new stock. While new releases may act to suppress prices of existing dwellings in the short term, the overall level of migration to the suburb and investor activity is likely to provide underlying support and drive a level of price appreciation.