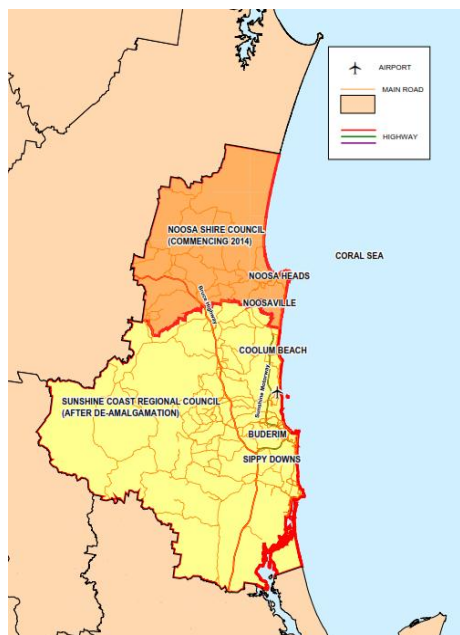


SUNSHINE COAST AREA

PRD nationwide

Highlight Report®



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-market of Coolum.

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

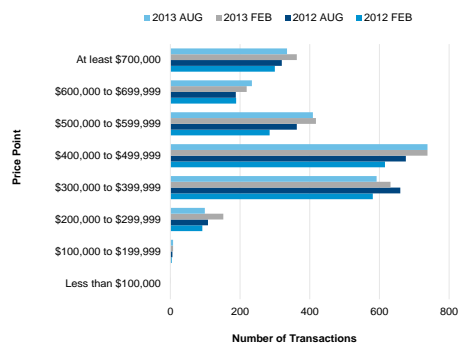
In recent years the broader Sunshine Coast residential property market has undergone significant development in a range of areas, with an increase in the level of supply during the period from 2003 to 2007 acting to enhance affordability in some locations, while regional infrastructure improvements have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

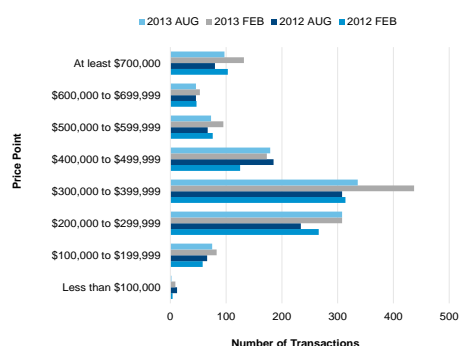
Furthermore, consistent with observations in other markets, the accommodative stance of policy settings currently in place appears to be fostering an increased level of prospective investor and home owner interest which will be particularly important for encouraging further development within the Region.

SUNSHINE COAST HOUSE PRICE POINTS



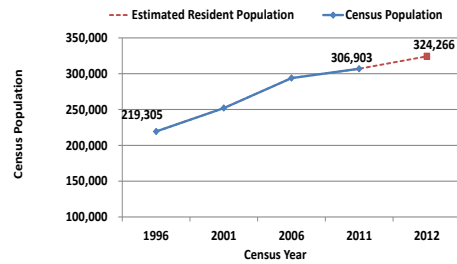
Prepared by PRDnationwide Research. Source: PDS

SUNSHINE COAST UNIT PRICE POINTS



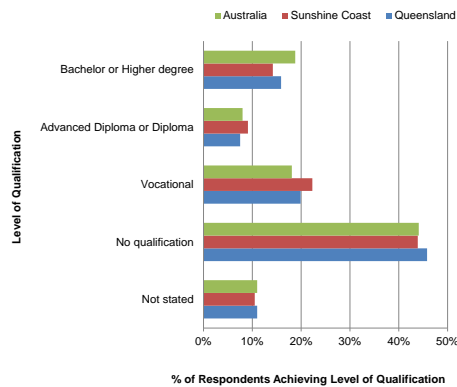
Prepared by PRDnationwide Research. Source: PDS

SUNSHINE COAST POPULATION



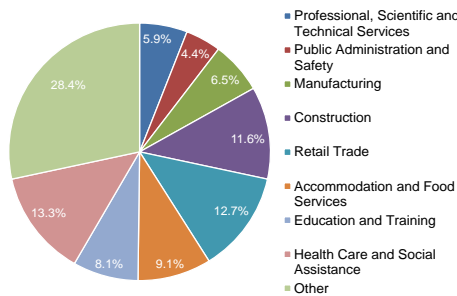
Prepared by PRDnationwide Research. Source: ABS

SUNSHINE COAST LEVEL OF EDUCATION ACHIEVED 2011



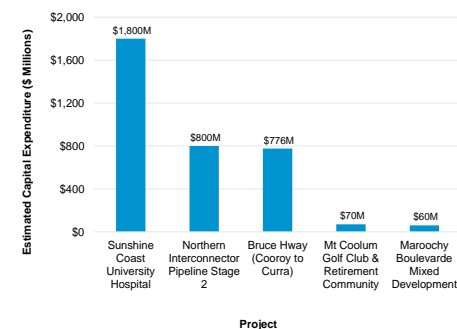
Prepared by PRDnationwide Research. Source: ABS

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.

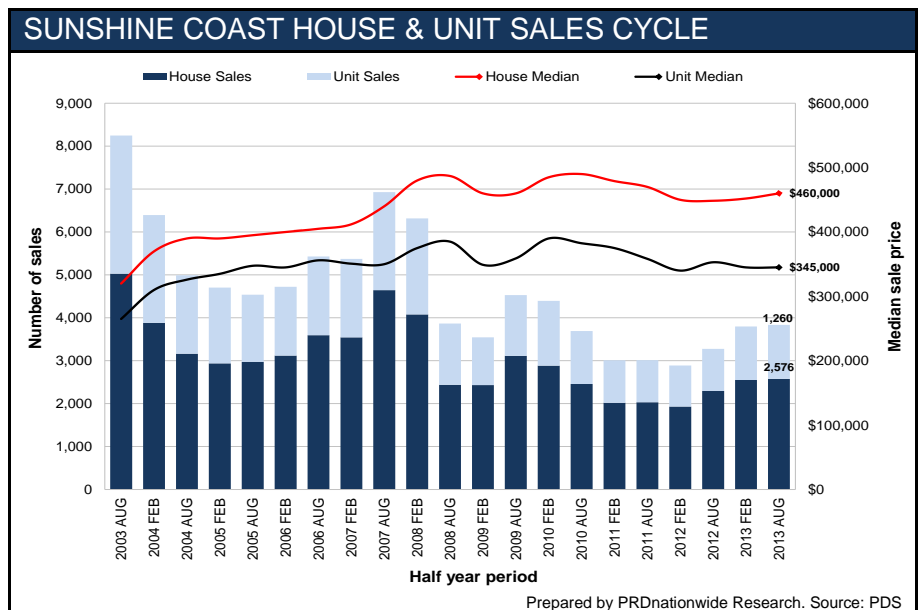
As at the 2011 Census the public, construction and retail trade sectors were significant employers in the Region. These industries will be important in underpinning future economic growth in the Sunshine Coast area. Other sectors such as manufacturing and tourism are likely to benefit in the medium term 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.

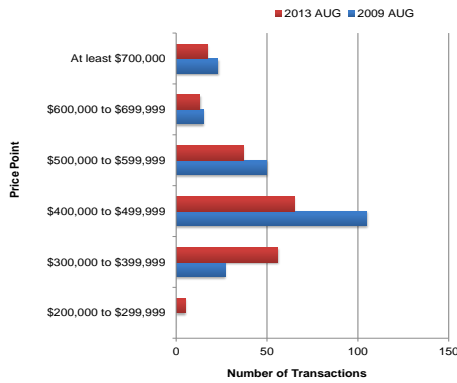
Location

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.



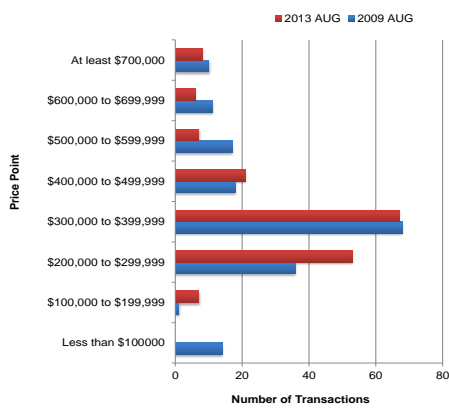
Prepared by PRDnationwide Research. Source: PDS

COOLUM HOUSE PRICE POINTS



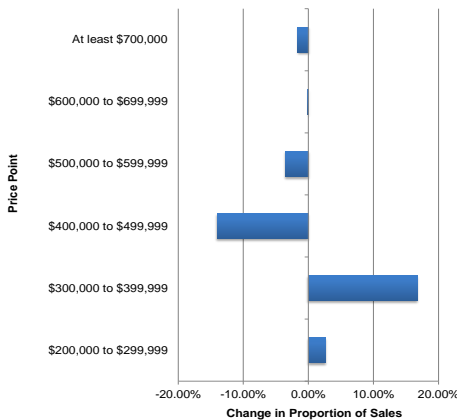
Prepared by PRDnationwide Research. Source: PDS

COOLUM UNIT PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

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



Prepared by PRDnationwide Research. Source: PDS

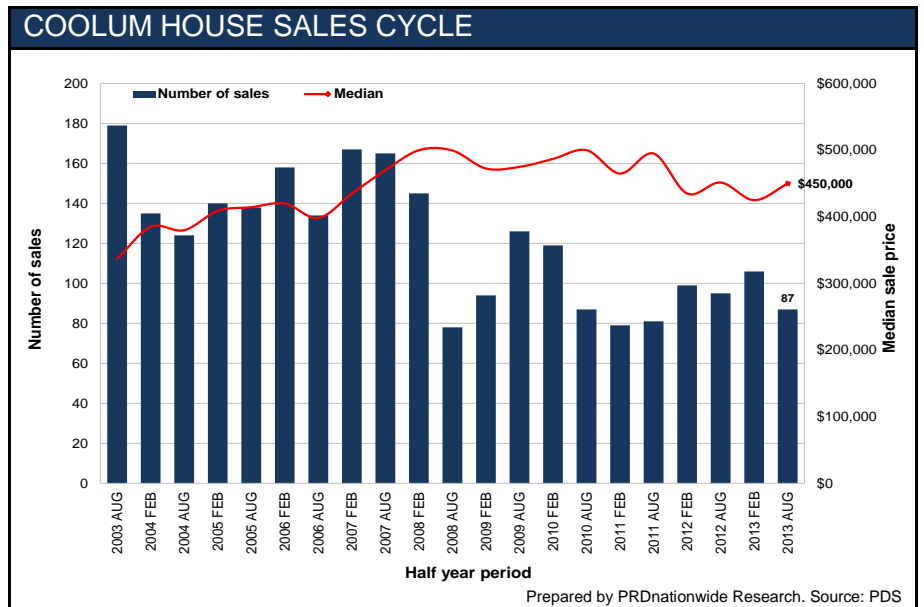
N.B.: Figures show are based upon the 12 month period to August 2009 and 12 month period to August 2013

*For the purposes of this report references to "Coolum", "Coolum Beach" and "Mount Coolum" may also include the suburbs of Yaroomba and Point Arkwright. **For the purposes of this report references to "Coolum" represent the same as the definitions of Coolum Beach and Mount Coolum above.

COOLUM*

Located centrally along the coast relative to the urban centres of Maroochydore and Noosa, Coolum Beach* is renowned as a relaxed beachside suburb that has developed a vibrant alfresco dining and retail precinct. As a popular beach-going and surfing destination, areas of the shore are patrolled by life savers. Boardwalks, shops and the Coolum Beach Surf Life Saver Club are also prominent local attractions. Mount Coolum* visibly dominates the area's mainland scenery to the south and is part of a national park. A brief bush walk allows visitors to Mount Coolum access to the 208 metre above sea level peak.

Coolum Houses



Prepared by PRDnationwide Research. Source: PDS

The median house price in the Coolum area has exhibited marginal growth in the 10 years to August 2013. A relatively heightened level of demand in the years prior to February 2008 was a key driver of median price appreciation, with the effects of the Global Financial Crisis on transaction volumes evident in subsequent periods. A combination of this and the effect of new stock releases has notionally improved affordability in the Coolum area.

Specifically, the proportion of transactions recorded in the ranges of \$400,000 to \$499,000 and \$500,000 to \$599,000 have fallen (down 14 per cent and 3.6 per cent respectively) while the proportion of transactions recorded in the range of \$300,000 to \$399,000 has increased (up 16.7 per cent). The relatively short market cycle is likely a result of the developing nature of the area as well as a range of other factors, particularly the impact of the tourism sector.

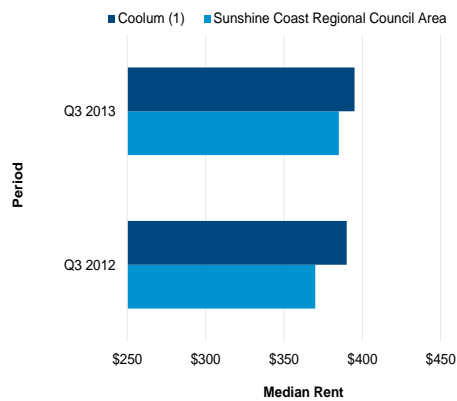
The median price for houses in the Coolum area increased 5.9 per cent (to \$460,000) during the six months to August 2013 when compared with the prior period. A fall of 17.9 per cent in House transaction volume (to 87) was observed for the same period.

An important consideration when interpreting median price behaviour in the Coolum 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 Coolum than in other locations.

Coolum Units

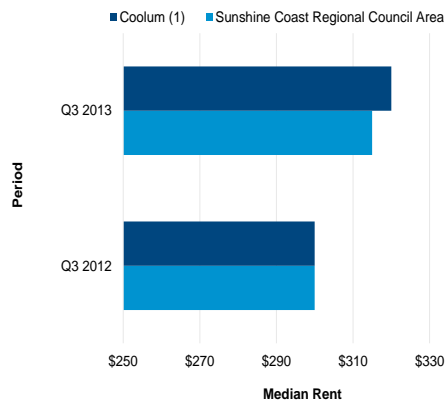
The market for units in the Coolum area has performed similarly to that for housing stock over the 10 year period to August 2013. The relatively neutral trend observed in the median price level during this time is an inherent trait of developing residential property markets, particularly where high-density dwelling construction

COOLUM HOUSE MEDIAN RENT LEVEL



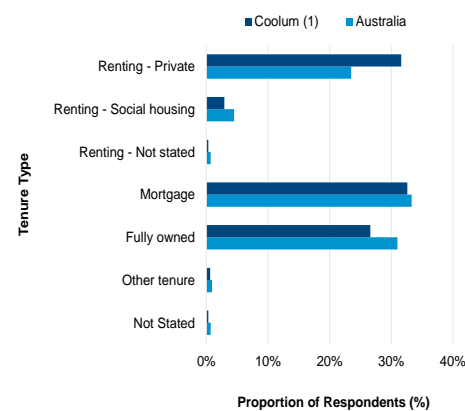
Prepared by PRDnationwide Research. Source: RTA

COOLUM UNIT MEDIAN RENT LEVEL



Prepared by PRDnationwide Research. Source: RTA

COOLUM RESIDENTIAL TENURE BY TYPE



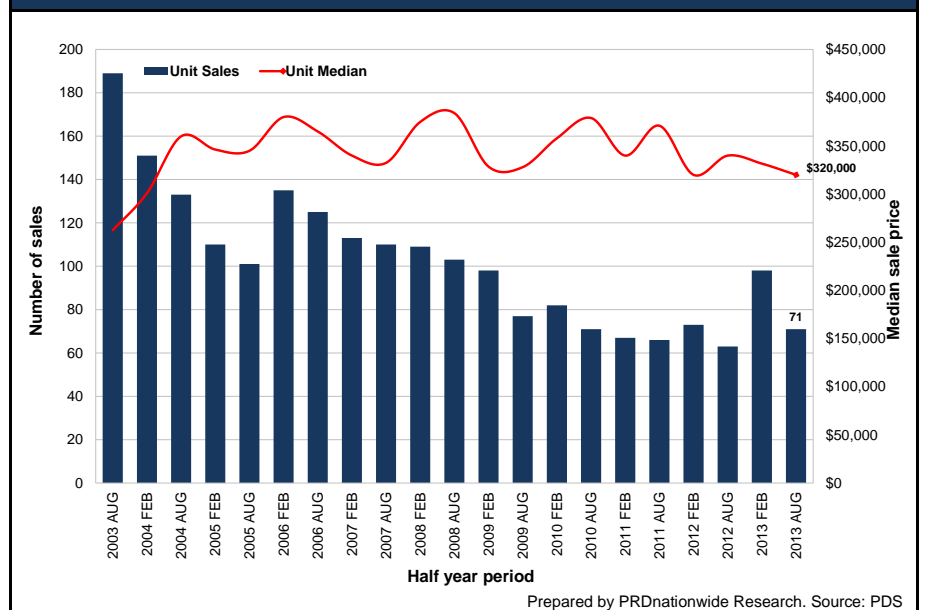
Prepared by PRDnationwide Research. Source: ABS

(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 Coolum Beach, Mount Coolum, Centenary Heights, Marcus Beach, Peregrin Beach, Point Arkwright and Yaroomba.

is a prominent feature. This is as a result of relatively large quantities of new stock acting to mitigate demand-driven price appreciation.

The median price for units fell 3.5 per cent (to \$320,000) over the six months to August when compared with the prior period. Transaction volume fell by 27.6 per cent (to 71) during the same period.

COOLUM UNIT SALES CYCLE

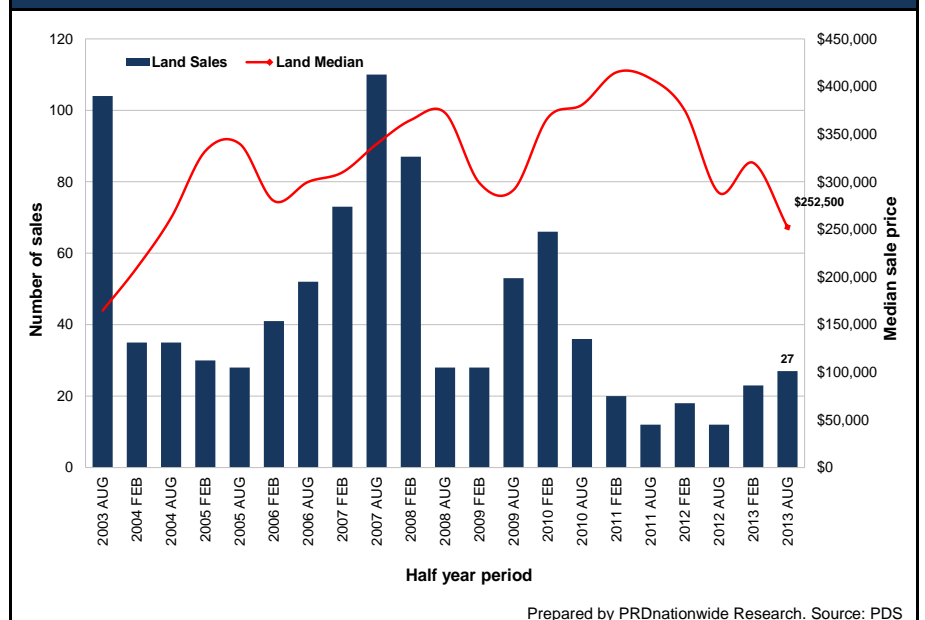


Prepared by PRDnationwide Research. Source: PDS

Coolum Vacant Land

In recent periods there has been a decline in the median price level for vacant land in the Coolum area. This is likely a result of a reduction in the availability of land in the more appealing locations. This trend should provide notional support to other types of residential property in the Coolum area, as new dwelling supply becomes constrained due to the relative scarcity of desirable vacant land.

COOLUM VACANT LAND SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

Coolum Rental Market

The median rent received for both houses and units in the Coolum area increased by 1.3 per cent and 6.7 per cent respectively in the third quarter 2013 compared with the same period in 2012. Furthermore, both property types achieved higher median rents in the Coolum area than in the broader Sunshine Coast region during the third quarter 2013.