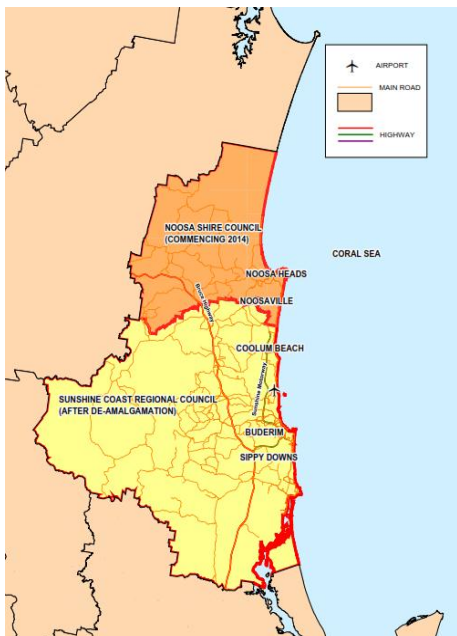


SUNSHINE COAST AREA



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-markets of Sippy Downs and Bli Bli.

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

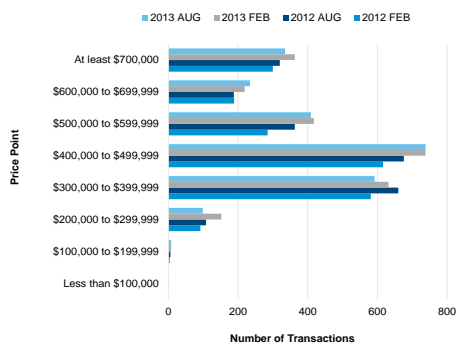
In recent years the broader Sunshine Coast residential property market has undergone significant development in a range of areas, with an increase in the level of supply during the period from 2003 to 2007 acting to enhance affordability in some locations, while regional infrastructure improvements have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

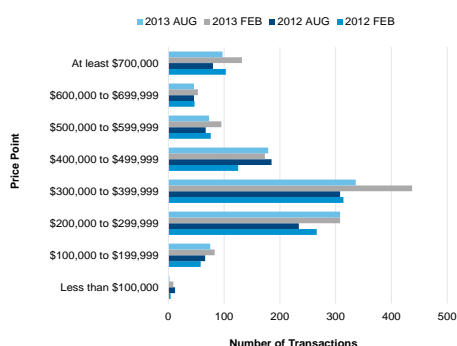
Furthermore, consistent with observations in other markets, the accommodative stance of policy settings currently in place appears to be fostering an increased level of prospective investor and home owner interest which will be particularly important for encouraging further development within the Region.

SUNSHINE COAST HOUSE PRICE POINTS



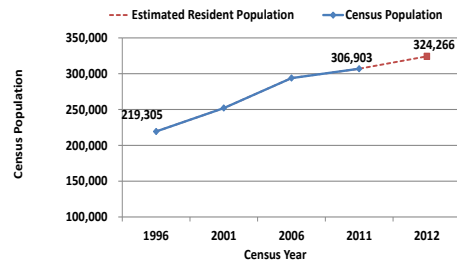
Prepared by PRDnationwide Research. Source: PDS

SUNSHINE COAST UNIT PRICE POINTS



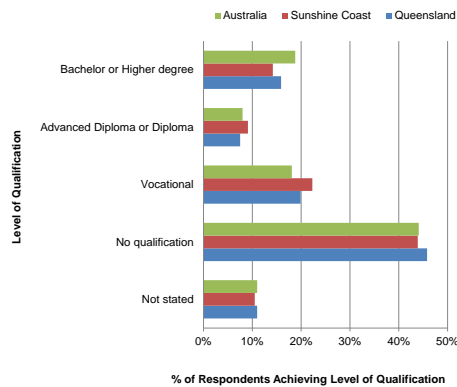
Prepared by PRDnationwide Research. Source: PDS

SUNSHINE COAST POPULATION



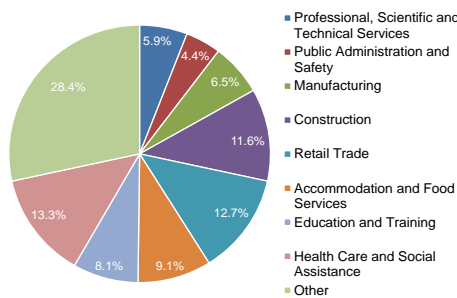
Prepared by PRDnationale Research. Source: ABS

SUNSHINE COAST LEVEL OF EDUCATION ACHIEVED 2011



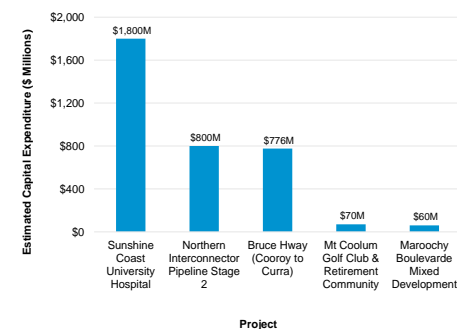
Prepared by PRDnationale Research. Source: ABS

SUNSHINE COAST EMPLOYMENT BY SECTOR



Prepared by PRDnationale Research. Source: ABS

SUNSHINE COAST PROJECTS



Prepared by PRDnationale 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.

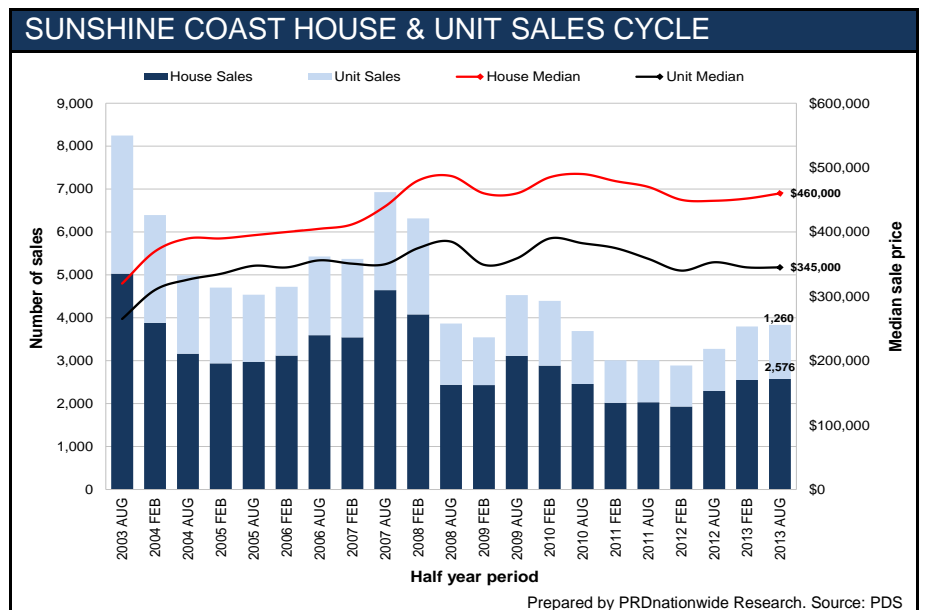
As at the 2011 Census the public, construction and retail trade sectors were significant employers in the Region. These industries will be important in underpinning future economic growth in the Sunshine Coast area. Other sectors such as manufacturing and tourism are likely to benefit in the medium term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

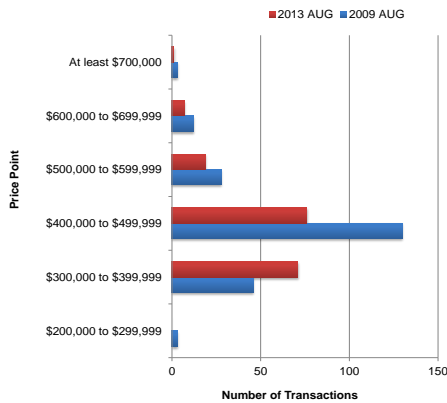
Location

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.



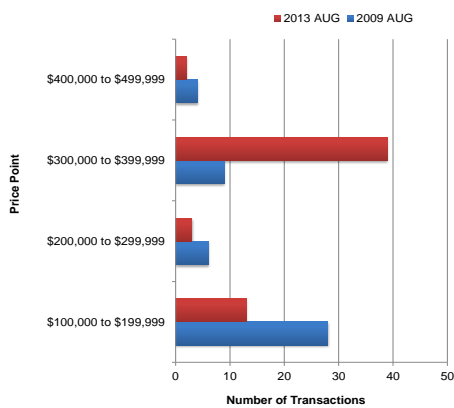
Prepared by PRDnationale Research. Source: PDS

SIPPY DOWNS HOUSE PRICE POINTS



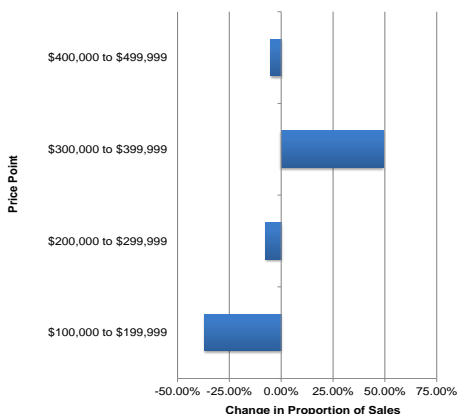
Prepared by PRDnationwide Research. Source: PDS

SIPPY DOWNS UNIT PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

SIPPY DOWNS UNIT 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

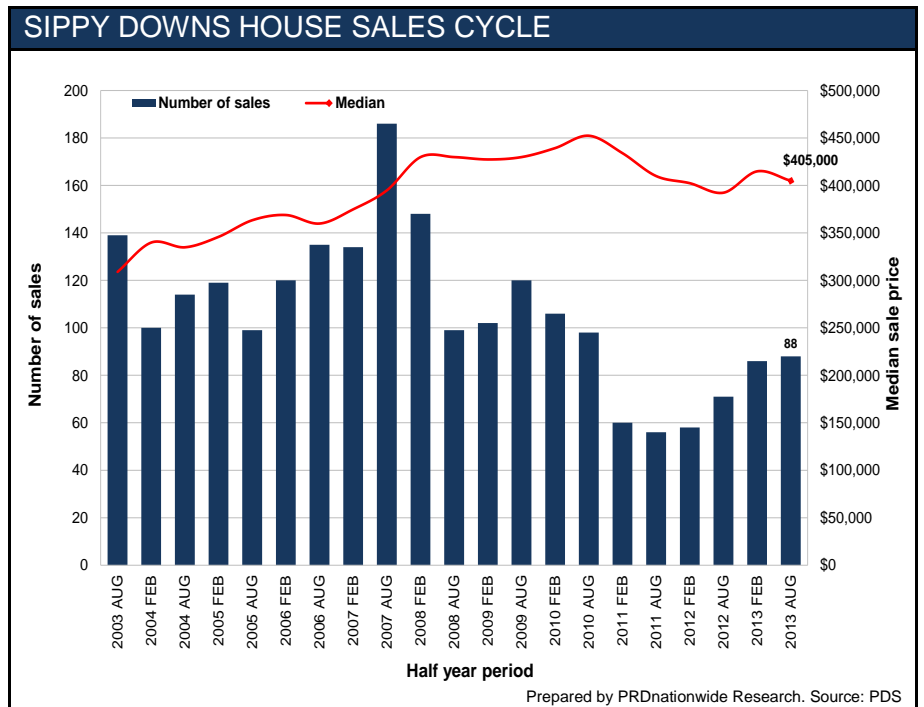
*For the purposes of this report references to "Sippy Downs" also includes the suburb of Palmview

SIPPY DOWNS

A part of the Buderim urban centre, Sippy Downs is a rapidly developing community which offers residents a high level of amenity and convenience with ease of access to a number of popular local hot-spots, including the beaches in neighbouring suburbs and retail precincts in Mooloolaba and Kawana.

Sippy Downs is also home to the nation's newest university, the University of the Sunshine Coast, and the area has been master planned with an aim to becoming Australia's first "university town". This location will be a significant employment hub for knowledge-based industries in South-East Queensland.

Sippy Downs Houses



Prepared by PRDnationwide Research. Source: PDS

Despite a decline in the volume of house transactions per period since August 2007 median prices have remained relatively elevated. This is an indication of the reduced level of stock being brought to the market since this time, while demand has remained relatively stable.

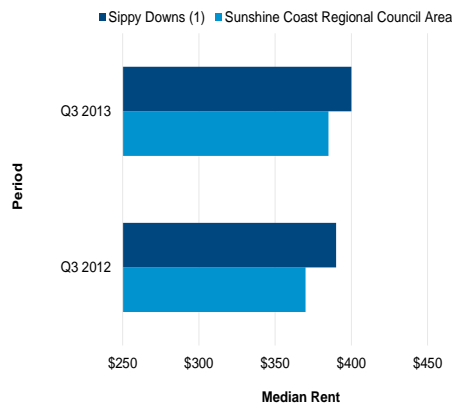
The median house price fell 2.4 per cent (to \$405,000) recorded over the six months to August 2013 when compared with the prior period, following a 5.7 increase in the median house price over the period August 2012 to February 2013. The volume of transactions recorded increased for the fourth consecutive period, up 2.3 per cent (to 88).

Sippy Downs Units

There has been a structural upward shift and consolidation in the median price for unit stock in the Sippy Downs area with the majority of transactions now being recorded in the range of \$300,000 to \$399,000. The increase in the proportion of transactions in this range entirely accounts for the decline observed in all other price point ranges when comparing the 12 months to August 2009 with the 12 months to August 2013.

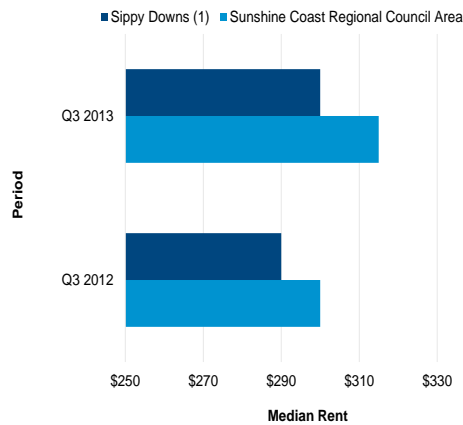
The median unit price recorded for the six months to August 2013 remained steady (at \$310,500) when compared with the prior six month period. An examination of median unit price behaviour over time reveals that this measure has generally remained stable, with a structural upward shift occurring in mid-2010 and then a reversion to relative stability thereafter.

SIPPY DOWNS HOUSE MEDIAN RENT LEVEL



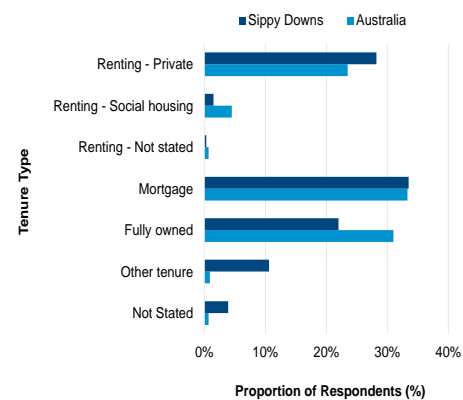
Prepared by PRDnationwide Research. Source: PDS

SIPPY DOWNS UNIT MEDIAN RENTS LEVEL



Prepared by PRDnationwide Research. Source: PDS

SIPPY DOWNS RESIDENTIAL TENURE BY TYPE

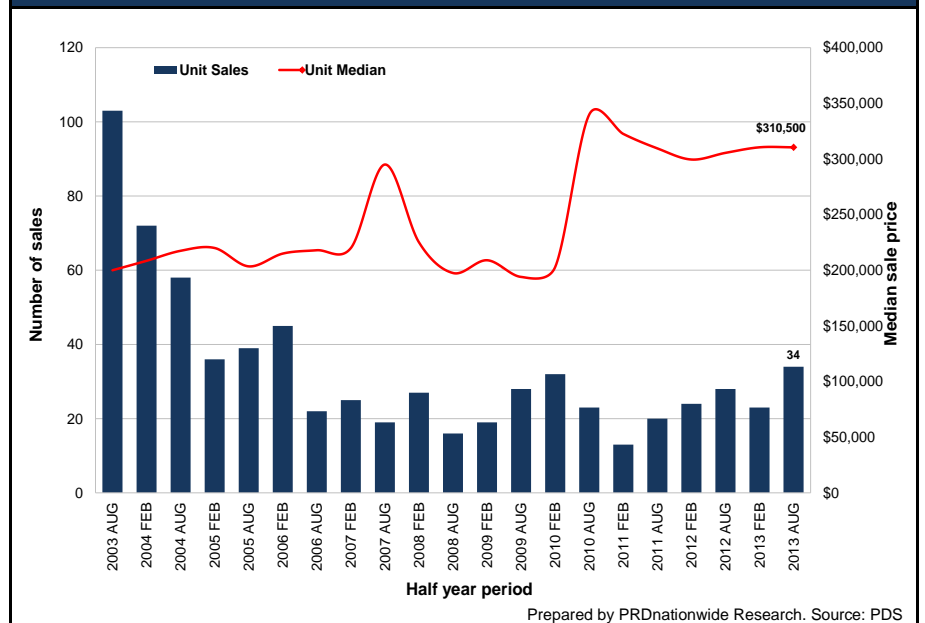


Prepared by PRDnationwide Research. Source: PDS

(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

The relatively high transaction volumes recorded in earlier years is representative of the surge in development activity in the area during that time. The reasonably consistent cyclical behaviour exhibited in recent years is consistent with the staged releases of new stock. A surge in the number of Unit transactions was recorded over the six months to August 2013, up 47.8 per cent (to 34).

SIPPY DOWNS UNIT SALES CYCLE

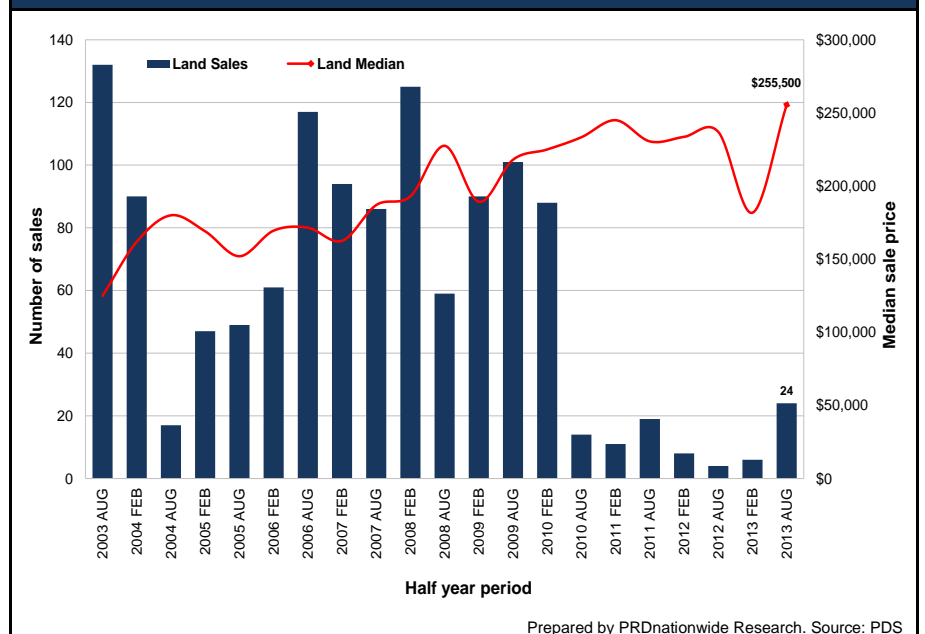


Prepared by PRDnationwide Research. Source: PDS

Sippy Downs Vacant Land

The recent increase in the volume and median price level for vacant land in the Sippy Downs area is indicative of the release of newly developed stock. It is likely that the relatively heightened level of volatility observed in the median price level will persist as the area continues to develop, generally around an increasing trend, fuelled by infrastructure and other investment in the region.

SIPPY DOWNS VACANT LAND SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

Sippy Downs Rental Market

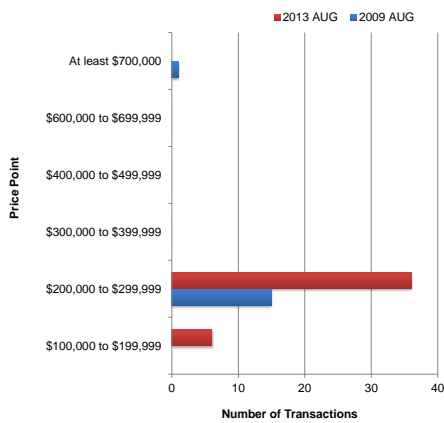
The median rents received for both houses and units in the Sippy Downs area increased by 2.6 per cent and 3.4 per cent respectively in the third quarter 2013 compared with the same period in 2012. It is noted that the proportion of residents renting in social housing accommodation (currently 1.5%) is only one third the national average.

BLI BLI HOUSE PRICE POINTS



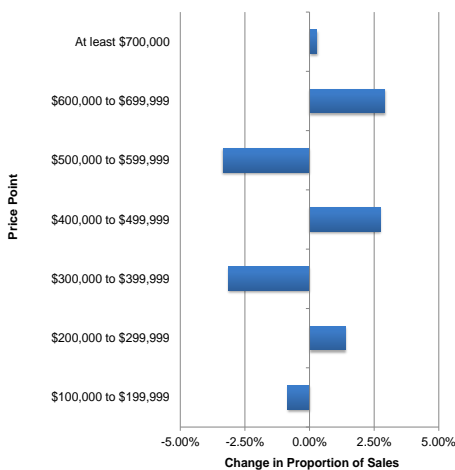
Prepared by PRDnationale Research. Source: PDS

BLI BLI VACANT LAND PRICE POINTS



Prepared by PRDnationale Research. Source: PDS

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



Prepared by PRDnationale Research. Source: PDS

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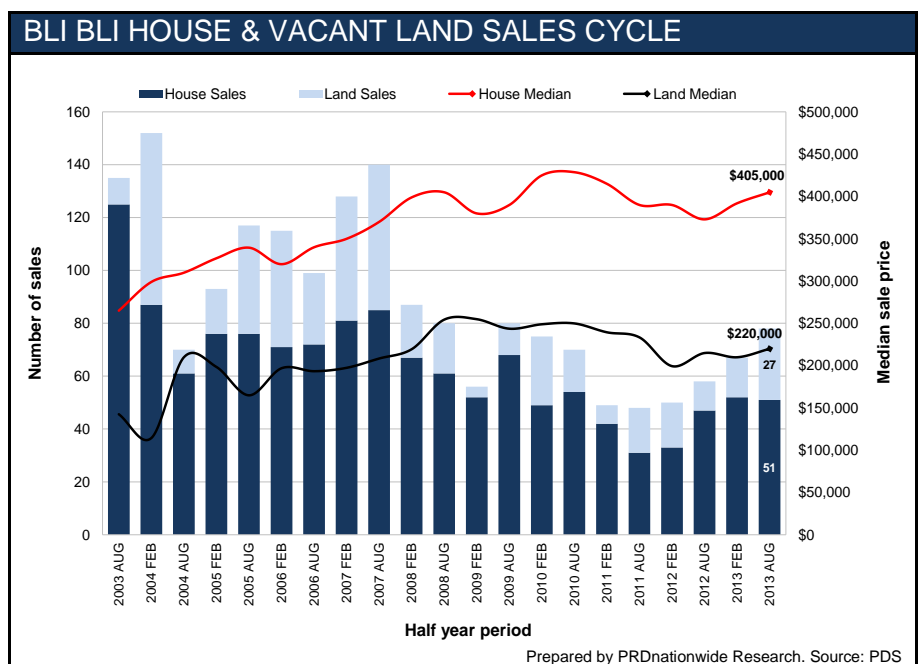
BLI BLI

Located to the North-East of the Maroochydore urban centre, Bli Bli is a developing residential community affording a high level of amenity and convenience to residents while retaining a “small town” appeal. Situated above the surrounding wetlands, Bli Bli was previously a hub for the Sunshine Coast sugar cane industry. While the industry has, for the most part, departed the Bli Bli locality conservative planning mechanisms aim to ensure the retention and quality of the area’s wetlands and other environmental attributes.

Bli Bli is most notable for its “fairy-tale” castle tourist attraction constructed in the early 1970s. The castle now hosts a range of displays and a coffee shop for visitors to enjoy.

Higher density dwelling types are largely absent from the Bli Bli market, further strengthening the appeal of the area as a quiet and relaxed getaway location with the benefit of easy access to nearby urban hubs.

Bli Bli Houses and Vacant Land



Prepared by PRDnationale Research. Source: PDS

The behaviour of the Bli Bli housing market is notable for the relative absence of a cyclical trend and furthermore for its relative immunity to the effects the Global Financial Crisis. The trend in the median house price in the area has been an increasing one, with an annual average growth rate of 4.3 per cent, over the 10 years to August 2013 and 8.6 per cent over the 12 months to August 2013.

The median price recorded for the six months to August 2013 increased 3.3 per cent (to \$405,000) while transaction volume fell 1.9 per cent (to 51) when compared with the prior period.

A trend in volume is not immediately apparent in relation to vacant land transactions, with significant volatility exhibited from one period to the next. The volume of vacant land transactions increased approximately 80 per cent (to 27) over the six months to August 2013 when compared with the prior period.

The median vacant land price appears to be strongly linked to supply, with a large component of the overall growth achieved during the 10 years prior to August 2013 resulting from two significant structural shifts. Both of these movements followed immediately after periods in which transaction volume fell noticeably. The median price for vacant land increased approximately 4.8 per cent (to \$220,000) for the six months to August 2013 when compared with the prior period.