

PALM BEACH AREA

Property Watch®

PRD nationwide



PALM BEACH AREA MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market trends of the Palm Beach Area, which encompasses the suburbs of Palm Beach, Elanora, Currumbin, Currumbin Waters and Tugun.

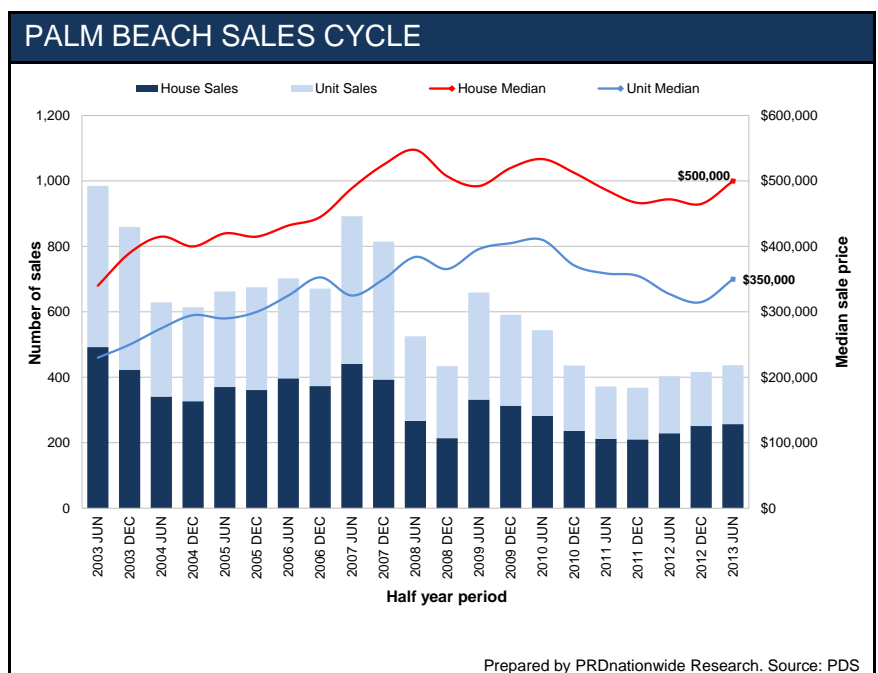
All major indicators within the Palm Beach Area point to a market that has shifted off the bottom of its property cycle and is in the infancy of a phase of growth. Since the trough of the real estate market experienced during 2011, buyer enquiry levels have heightened every six month period, resulting in increasing amount of sales activity. The Gold Coasts affordable environment for real estate through record low interest rates and previously declining dwelling prices, combined with major private and public investment has attracted buyers to return to the region.

Since 2011 sales activity in the Palm Beach Area house market has increased 22.4 per cent, while transactions for units have increased 13.9 per cent. This consistent level of growth is observed in the final couple years of the Palm Beach Sales Cycle graph. Through heightened levels of demand, the latest six month period ending June 2013 has experienced a significant rise in the both the median price for houses and units. The median house price has risen 5.9 per cent to \$500,000, while the median unit price grew by 7.0 per cent to \$350,000.

KEY MARKET INDICATORS

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

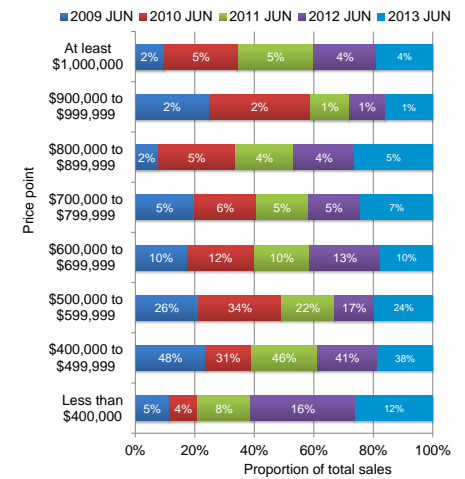
The indicators depicted above are based on the year ending 30 June 2013.



A price point analysis over the past year undertaken for the house market unveiled a modest increase in buyer activity within the \$700,000 to \$899,999 price segment (up three per cent), while houses sold for less than \$500,000 have contracted by seven per cent. As the Palm Beach market begins its revival, PRDnationwide expects activity for houses below \$500,000 to contract even further. The trend of contracting sales in the affordable side of the market is also evident for units. There has been an approximate seven per cent decrease in transactions for units priced under \$500,000, shifting to the \$500,000 to \$599,999 price bracket.

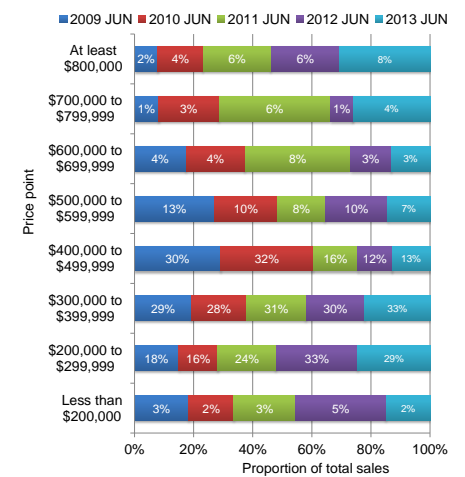
A resale analysis was undertaken to ascertain the average annual returns received by investors who exited the Palm Beach Area house and unit market since 1990. By observing the Palm Beach Area Average Capital Growth graph, two clear conclusions can be made. The first is the markets property cycle is noticeably evident, through the peaks experienced in 1991 and again in 2004, and troughs in 1998 and 2012. The property market is dynamic and while it may not sustain booming capital growth returns of 15 per cent per annum (or higher) every year, the analysis shows long-term investment provides solid returns at an average 9.3 per cent per annum. The second conclusion drawn from the analysis is the emergence of units providing comparable returns as houses, for investors.

HOUSE PRICE POINTS



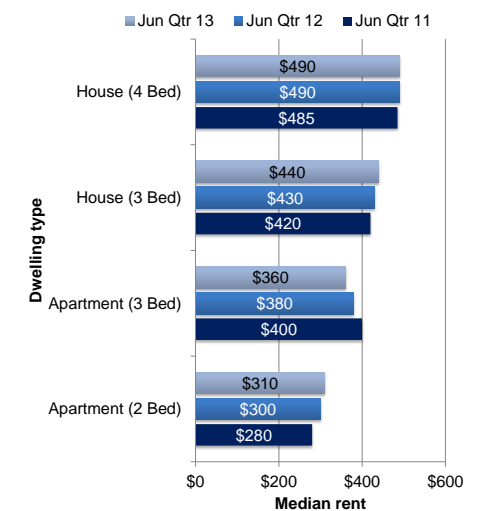
Prepared by PRDnationwide Research. Source: PDS

UNIT PRICE POINTS



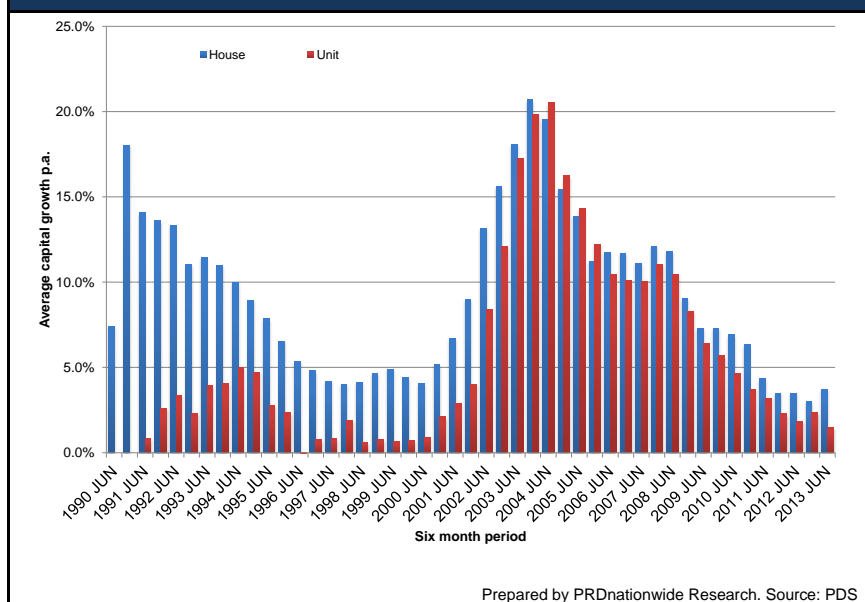
Prepared by PRDnationwide Research. Source: PDS

MEDIAN RENTS – 4221 PC



Prepared by PRDnationwide Research. Source: RTA

PALM BEACH AVERAGE CAPITAL GROWTH



Prepared by PRDnationwide Research. Source: PDS

The majority of dwelling types within the Palm Beach Area rental market have experienced slight increases to the median rent over the past three years, for the exception of three bedroom apartments, which have decreased. Vacancy rates within the 4221 post code have dropped down to a tight 1.4 per cent, signifying a tight market.

PALM BEACH AREA REAL ESTATE SUMMARY TABLE

Location	Annual Change		Annual Change	
	House Sales	House Median	Unit Sales	Unit Median
Currumbin	0.0%	-17.9%	-4.3%	-17.3%
Currumbin Waters	19.2%	12.6%	-13.3%	-6.0%
Elanora	19.4%	4.5%	-38.1%	0.7%
Palm Beach	1.5%	7.0%	20.3%	3.0%
Tugun	12.0%	5.0%	2.8%	6.3%

Prepared by PRDnationwide Research. Source: PDS