

HERVEY BAY AREA

Property Watch®

PRD nationwide



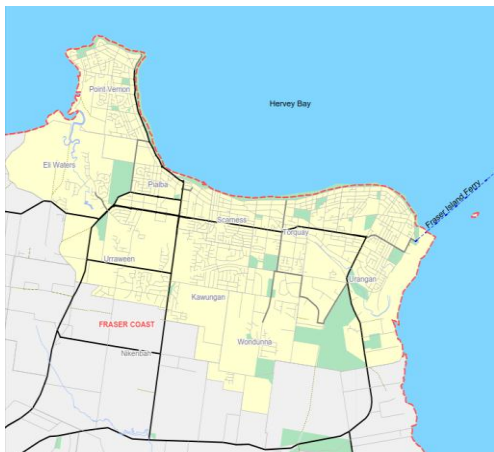
Urangan Pier

PRDnationwide, Hervey Bay

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 May 2013, excluding rental indicators which reflect quarterly data up to March 2013.



HERVEY BAY AREA MARKET OVERVIEW

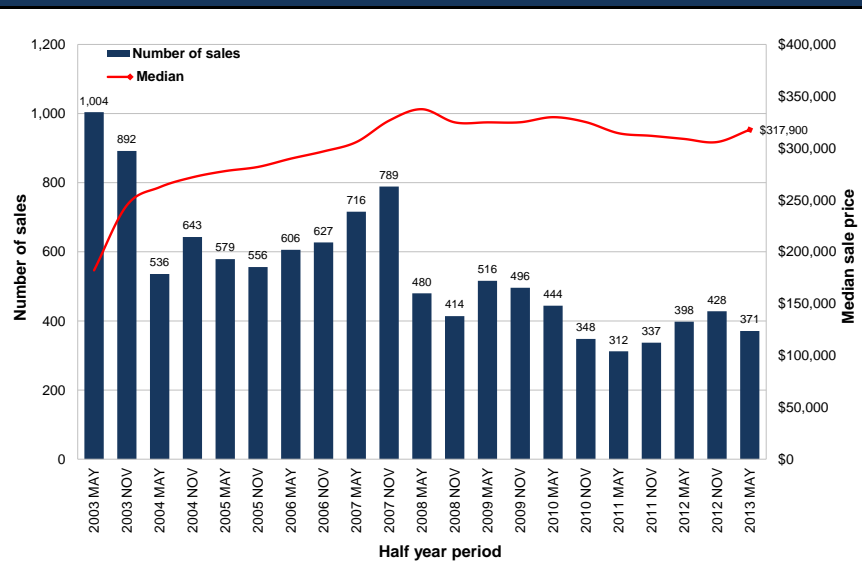
The following Property Watch report is the result of an investigation into the historic and current market trends of the Hervey Bay Area, which encompasses the suburbs of Urangan, Torquay, Scarness, Pialba, Point Vernon, Eli Waters, Urraween, Kawungan and Wondunna.

There is an air of confidence currently being experienced in the Hervey Bay Area property market. The local house market continues to benefit from improved mortgage affordability and accessibility attributed largely to official cash rate reductions (currently 2.5 per cent as at August 2013). The Hervey Bay Area property market recorded 437 dwelling transactions in the six months to May 2013, equating to a decrease of 13 per cent in house sales activity and 36 per cent in unit sales activity. The reduction in sales is due by and large to a lack of available stock on the market, as properties that are priced accordingly are selling in a short time frame, as buyers are ready to move quickly with clean contracts on offer.

There is a healthy mix of buyers active in the market, with first home buyers beginning to emerge as they take advantage of record low interest rates and the ensuing savings on mortgage repayments. Investors are present in the market, with rental demand high as mine workers look to relocate to escape the high rents further north and take advantage of lifestyle amenities and affordability in the Hervey Bay Area. There is some development activity underway in the Hervey Bay Area, providing attractive job opportunities for out of towners which is expected to drive rental demand further, pushing rental prices up.

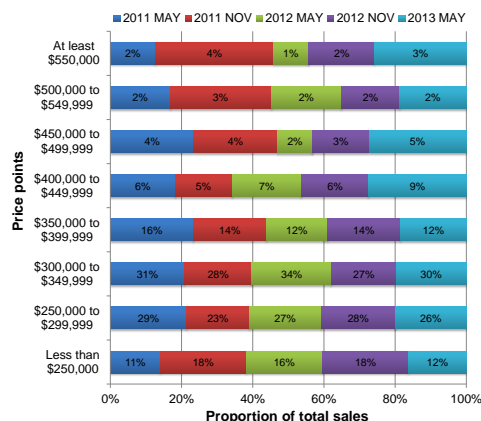
The Hervey Bay Area house market has recorded 371 settled transactions during the May 2013 half year period, which saw four consecutive periods of positive growth come to an end. The most recent number of transactions was down 13 per cent on the previous six month period ending November 2012, while down seven per cent when compared to the corresponding period 12 months earlier. The median price for the Hervey Bay Area for the half year period ending May 2013 was \$317,900. This figure represents a steady improvement of three per cent over the previous 12 months and is the most significant median price increase since the Global Financial Crisis.

HERVEY BAY AREA HOUSE SALES CYCLE



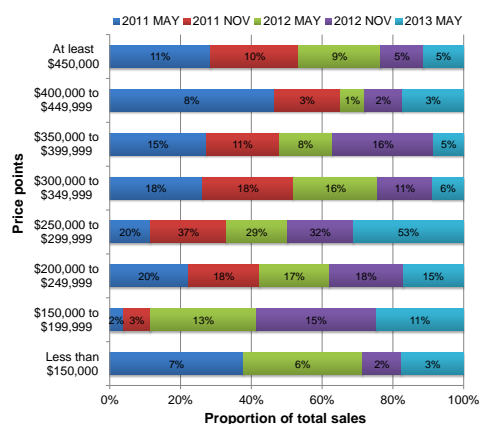
Prepared by PRDnationwide Research. Source: PDS

HOUSE PRICE POINTS



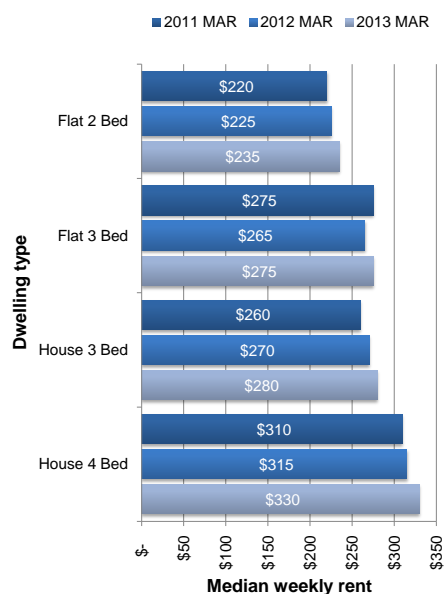
Prepared by PRDnationwide Research. Source: PDS

UNIT PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

MEDIAN RENTS – 4655 PC

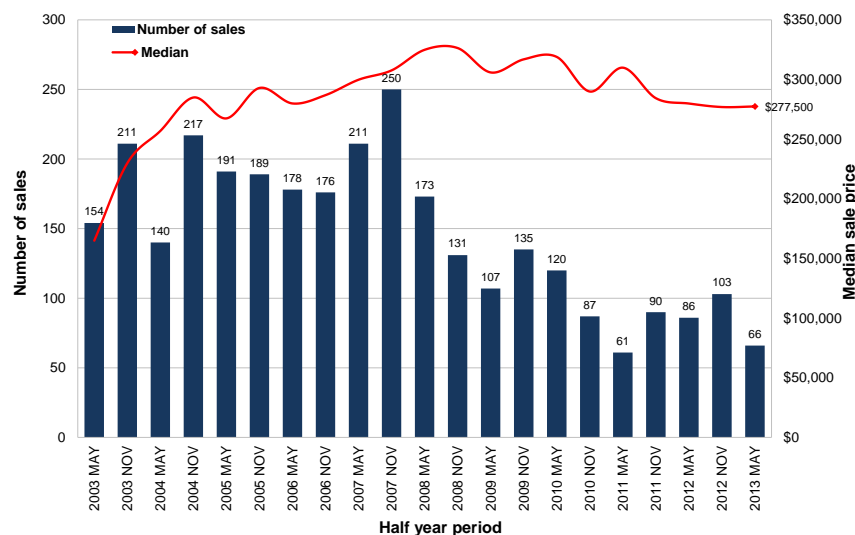


Prepared by PRDnationwide Research. Source: RTA

This rise in median price in the Hervey Bay Area can be attributed to an upward shift in the price point being experienced in the Area. The most dominant price point is the \$300,000 to \$349,999 which accounted for 30 per cent of sales during the half year period ending May 2013, an improvement of three per cent on the previous half year period ending November 2012. Also of note is that the \$400,000 to \$499,999 price range, which previously accounted for nine per cent of total transactions during the November 2012 period, increased to account for 14 per cent of transactions during the most recent May 2013 period, thus having a positive effect on the median price for the Hervey Bay Area. Activity in this higher price range is likely attributed to the number of owner-occupier buyers moving into the Hervey Bay Area as a result of relocating for work/retirement purposes. The Area is also seeing buyers from regional Hervey Bay moving into the immediate Hervey Bay Area. Attractive lifestyle factors in combination with affordability is drawing residents into Hervey Bay, with good quality, well priced properties closer to the beach experiencing shorter selling periods. There is also an extreme shortage of supply in the lower end of the house market around the \$250,000 price point.

In a similar vein to the house market, the Hervey Bay Area unit market has seen a decline in sales, having recorded 66 settled transactions during the most recent May 2013 period, a large decrease of 23 per cent from the corresponding period 12 months earlier. Again, akin to the house market, this more denotes a lack of supply in the market as opposed to an absence of buyer activity. This is evidenced when looking at the median price of the unit market, where it closed the May 2013 half year period at \$277,500 which represents a minimal 0.1 per cent increase from the previous half year period, and a similarly minor 1 per cent reduction from the corresponding period 12 months earlier. By far the most prominent price point in the Hervey Bay Area unit market is the \$250,000 to \$299,999 which accounted for over half (53 per cent) of sales during the May 2013 half year period, compared to the previous November 2012 period where it accounted for 32 per cent of sales. This price point has seen increasing popularity as a result of the market essentially chasing these properties up. There has been increasing interest in this lower end of the market, creating a large amount of competition amongst buyers, which has resulted in a shortage of supply and buyers willing to spend more to secure a property.

HERVEY BAY AREA UNIT SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

The rental market in the Hervey Bay Area has performed solidly over the past three years, experiencing rental increases in the past 12 months across the dominant rental dwelling types. Four bedroom houses saw the highest increase over the previous 12 months of \$15 per week. With a number of development projects currently in the pipeline attracting more workers to the Hervey Bay Area, it is expected that as rental demand increases, so will rental prices. With the market seemingly moving in an upward direction with a similar sentiment to the 2006-07 market, it may represent a solid opportunity for investors to get into the market early.

Research Analyst | Matt Ballam P (07) 3026 3356 F (07) 3166 0456 E mattballam@prd.com.au

PRDnationwide Hervey Bay | Principal Jim McKay P (07) 4125 1900 F (07) 4125 1211 E jimkmckay@prd.com.au

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