

# SOUTHPORT AREA

Property Watch®

PRD nationwide



Southport Central Mixed-Use Precinct

## 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 2012, except median rental indicators which reflect aggregate quarterly data up to September 2012.

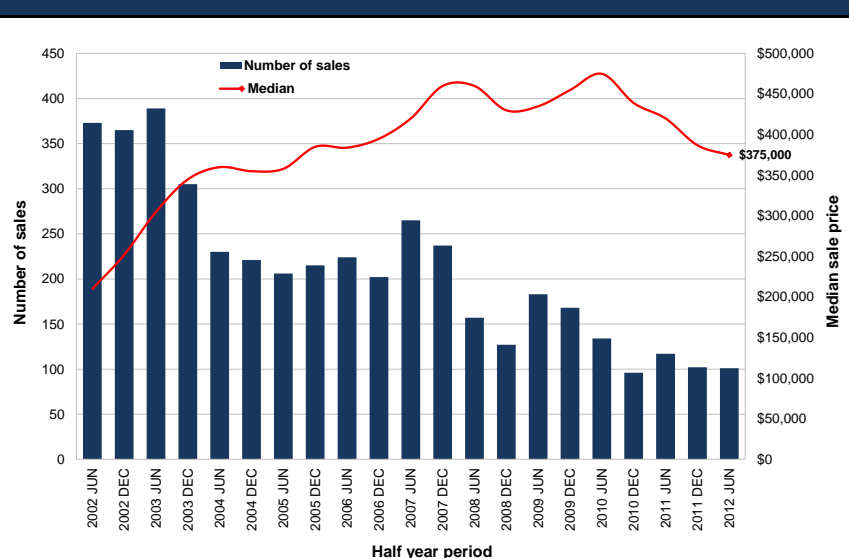
## SOUTHPORT AREA MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market trends of the Southport Area, which encompasses the suburbs of Southport and Labrador.

The Southport Area house market continues to endure a suppressed level of activity, recording a total of 101 transactions in the six months to 30 June 2012, representing a 13.7 per cent remission from the level recorded in the June 2011 period. As evidenced by the acute fall in the median price since the June 2010 period, buyers have been targeting properties that represent bargain basement purchasing or that have softened to lower price brackets in recent years. The current median price of \$375,000 recorded for the June 2012 period reflects the median price recorded seven years ago, with uncertainty in the local market forcing many buyers to adopt a vulture like mentality to ensure their potential purchase is less exposed to the risks of further price corrections.

However, with the extent of price corrections experienced in the market over the past five years, particularly from the mid-high end of the market, some vendors cannot afford to reduce their pricing due to equity shortfalls, often withdrawing their properties from the market until such time market conditions improve. Increased mortgage affordability resulting from successive interest rate cuts since November 2011 has perhaps alleviated some of the pain for distressed mortgagors, further encouraging them to weather the storm. There is also evidence to suggest that unencumbered vendors have become increasingly reluctant to negotiate on the fire sale cash offers floating around in the market, which is contributing to restricting housing stock in the market. Unfortunately, the stalemate between counterparties on what is a reasonable price to pay is prolonging any real progress towards a certain turning point in the market.

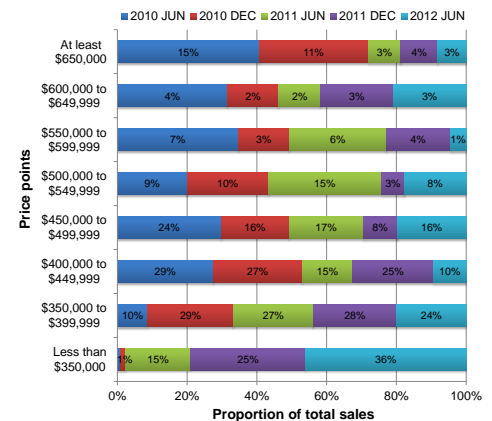
## SOUTHPORT AREA HOUSE SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

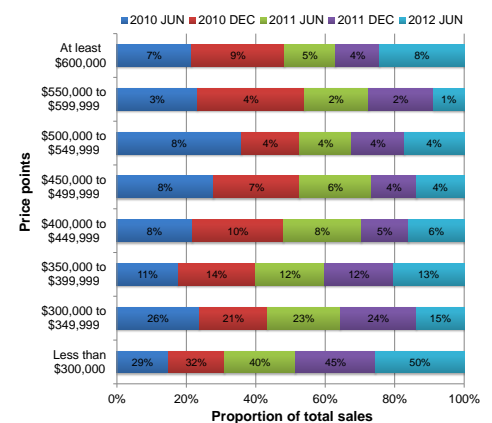
Conditions are also testing in the Southport Area unit market, with a historically low 296 sales recorded for the June 2012 period. Volumes have experienced a staggering fall over the past five years, exacerbated by excess developer stock struggling to sell as a result of modest investor demand. The current median price of \$301,000 for the June 2012 period reflects the level recorded six years ago, attributed largely to the lack of confidence and subsequent competition in the market, in addition to the level of discounting of new stock and the roll-on ramifications to the established market. Active investors and owner occupiers have become increasingly price conscience, with the sub \$300,000 price range accounting for half of the total sales recorded in the June 2012 period, in contrast to 29 per cent recorded in the June 2010 period. Activity above \$600,000 has been sustained over the June 2012 period on the back of continued buyer interest in the price range where discounting has been the heaviest.

## HOUSE PRICE POINTS



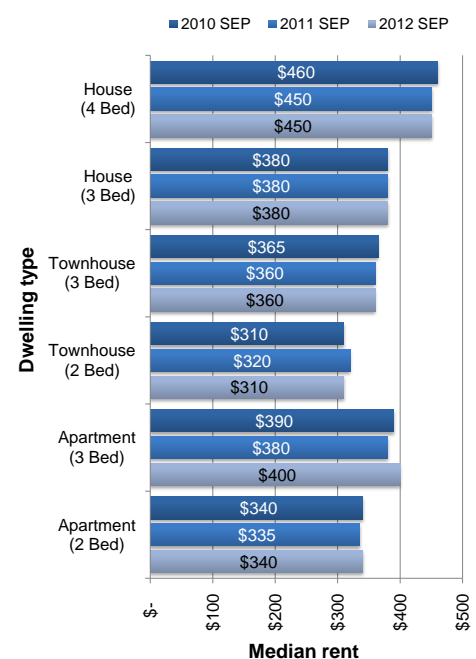
Prepared by PRDnationwide Research. Source: PDS

## UNIT PRICE POINTS



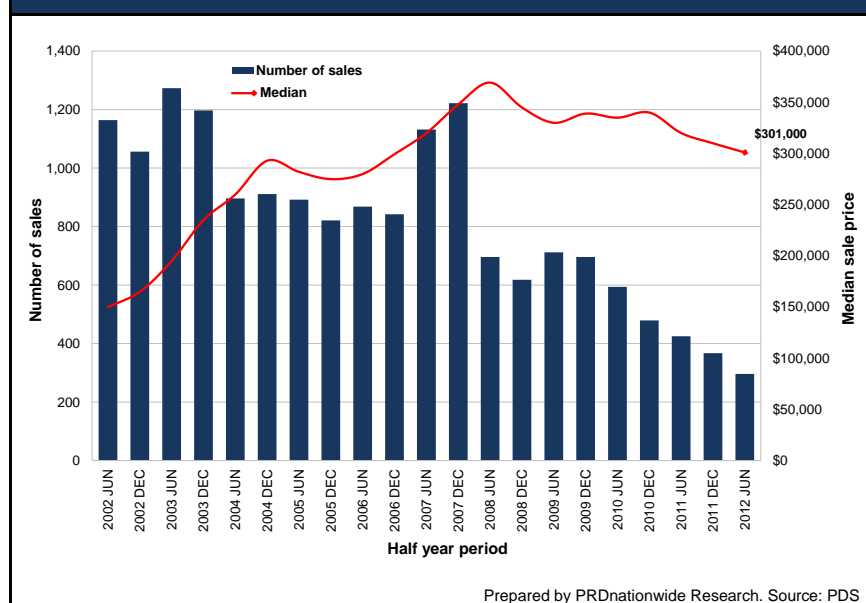
Prepared by PRDnationwide Research. Source: PDS

## MEDIAN RENTS – 4215 PC



Prepared by PRDnationwide Research. Source: RTA

## SOUTHPORT AREA UNIT SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

The Southport Area rental market has been relatively flat over the past two years, with exception to the unit market which appears to have improved marginally over the year to 30 September 2012. With the rental market likely to trend up slowly in the coming years, investors are banking on bargain buys to ensure they can achieve competitive yields on their purchase. Despite the data painting a dire picture of the current market situation, prospects for the immediate are among the best in the Gold Coast region.

The Southport area is one of the Gold Coast's infrastructure hot spots with spending sitting at \$4.26 billion. Upgrades to existing recreational facilities and roads, and the development of key public and private infrastructure such as the Gold Coast Private Hospital, Gold Coast University Hospital and the Light Rail Network soon to link Southport with Broadbeach, all contribute to the multi-billion dollar investment into the area over the forthcoming years. Several commercial and residential projects are earmarked for the area amounting to a further \$3.38 billion, though most are not likely to come to fruition anytime in the near future.

The economic fundamentals of the Southport Area property market should see the area prosper over the long term with strong population growth and increasing employment opportunities likely to reinvigorate demand for housing and subsequent investment in the property market. The immediate area boasts a strong commercial presence with retail, tourist, service, education and healthcare sectors providing a diverse employment base which will underpin the local economy and housing market in the long term.