

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.

Activity in the Palm Beach Area house market remains idle despite a marked correction in the median price over the past five years. A total of 220 transactions were registered in the first half of 2012, a marginal improvement from the corresponding period in 2011 though still within proximity to the low volumes recorded subsequent to the onset of the Global Financial Crisis (GFC) in 2008. On the market evidence indicates an improvement in buyer enquiry for houses though buyers remain reticent in their purchasing decisions and sensitive to vendor pricing. Whilst many vendors acknowledge diminished capital values especially over recent years, and have priced their property accordingly, a large proportion of vendors remain under the illusion that their properties are undoubtedly worth more now than three to five years ago. Whilst this may be the case for few properties in the area, this is definitely an extraordinary circumstance which has contributed to a lack of reasonable priced property on the market.

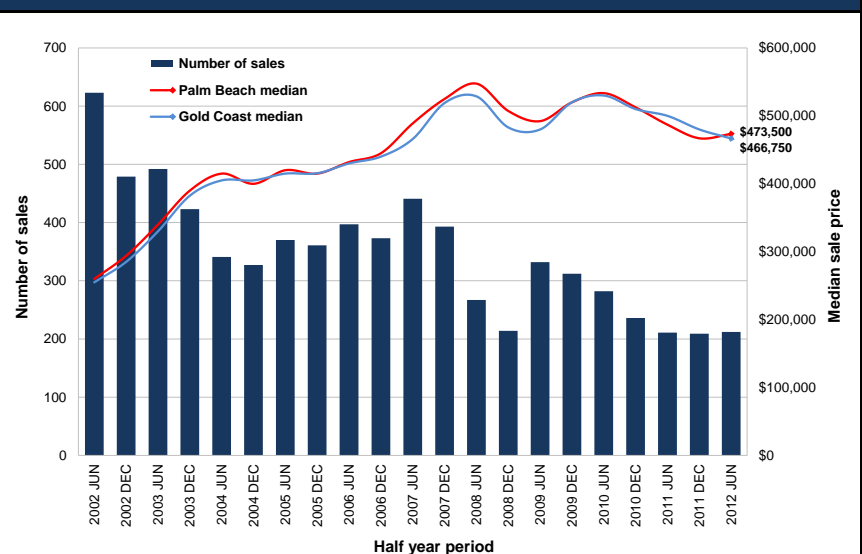
With that being said, some vendors – particularly those who have purchased since 2007 – are restricted by how much they can revise their pricing due to possible equity shortfalls. There is also evidence to suggest that unencumbered vendors have become increasingly reluctant to negotiate on the fire sale cash offers floating around in the market, which is exacerbating the level of well-priced stock in the market.

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.

PALM BEACH HOUSE SALES CYCLE

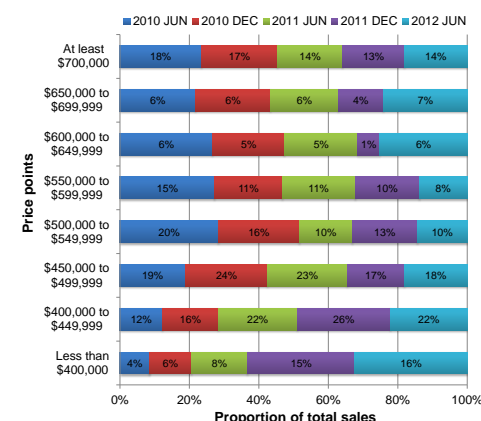


Prepared by PRDnationwide Research. Source: PDS

A price point analysis undertaken for the house market unveiled a modest increase in buyer activity within the higher price points, though a sustained trend towards the lower price points over the past three years continues to contain median price growth. The \$400,000 to \$449,999 price range accounted for the majority (22 per cent) of sales for the June 2012 period, compared to 12 per cent for the June 2010 period. Similarly, the sub \$400,000 price range accounted for 16 per cent of sales over the June 2012 period in contrast to 4 per cent for the June 2010 period. As a result, the median house price for the June 2012 period was \$473,500, up marginally from the previous half year period.

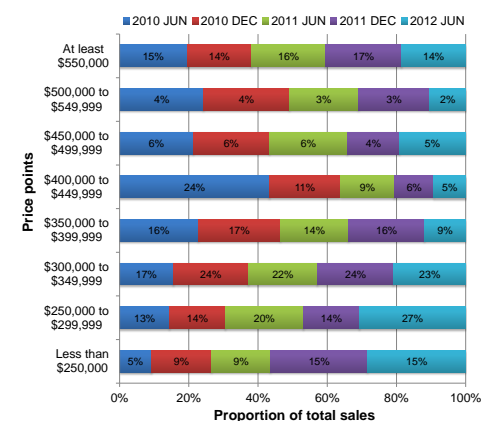
Flat market conditions are also being experienced in the Southport Area unit market, with sales volumes struggling to achieve above 200 sales per six month period since June 2011. The heavily suppressed unit market is analogous with beachside locations across the Gold Coast, with a severely diluted buyers pool influencing sub-par sales activity. Uncertainty surrounding a turning point in the Palm Beach Area unit market continues to see prices soften, despite a considerable improvement to mortgage affordability over 2012. Active investors and owner occupiers have become increasingly price conscience, with the sub \$350,000 price range accounting for 65 per cent of the total sales recorded in the June 2012 period, in contrast to 35 per cent recorded in the June 2010 period. The median unit price recorded for June 2012 was \$355,000, demonstrating a comparatively resilient unit market in contrast to the wider Gold Coast LGA.

HOUSE PRICE POINTS



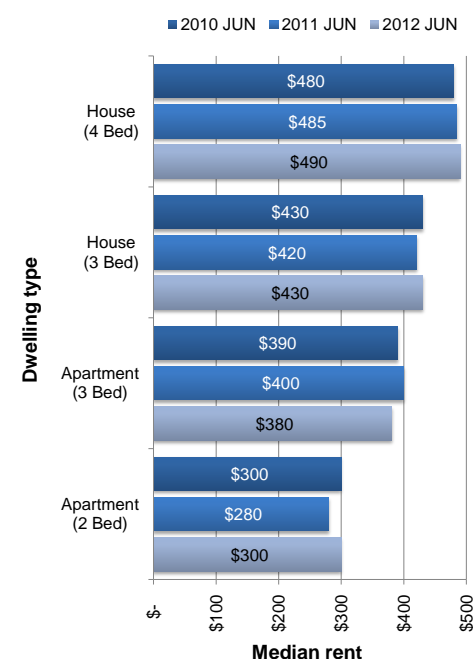
Prepared by PRDnationwide Research. Source: PDS

UNIT PRICE POINTS



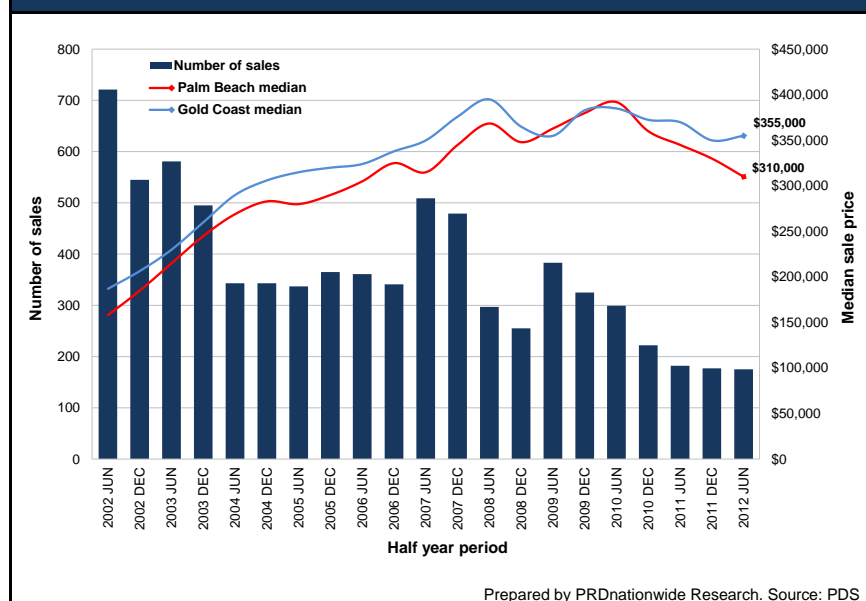
Prepared by PRDnationwide Research. Source: PDS

MEDIAN RENTS – 4221 PC



Prepared by PRDnationwide Research. Source: RTA

PALM BEACH UNIT SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

The Palm Beach Area rental market has been stagnant over the past three years with little to no movement in price growth across the house and unit markets. Buying well is the key for investors to achieve a competitive rental yield in the marketplace with low rental price growth anticipated over the coming year.

MOST ACTIVE SUBURBS FOR THE JUNE 2012 HALF YEAR

House market	No. House Sales		Unit Market	No. Unit Sales	
	HY Jun-12	Annual Change		HY Jun-12	Annual Change
Elanora	67	20%	Palm Beach	66	-20%
Palm Beach	63	-6%	Elanora	34	10%
Currumbin Waters	51	19%	Currumbin	29	32%
Tugun	22	-41%	Currumbin Waters	23	44%
Currumbin	9	13%	Tugun	23	-26%

Prepared by PRDnationwide Research. Source: PDS

Research Analyst | Robert Matta P (07) 3026 3357 F (07) 3166 0457 E robertmatta@prd.com.au

PRDnationwide Palm Beach | Principal Michael Power P (07) 5534 6044 F (07) 5534 6022 E prdpalmbeach@prd.com.au

Prepared by PRDnationwide Research. Source: PDS, Residential Tenancy Authority. PRDnationwide does not give any warranty in relation to the accuracy of the information contained in this report. If you intend to rely upon the information contained herein, you must take note that the information, figures and projections have been provided by various sources and have not been verified by us. We have no belief one way or the other in relation to the accuracy of such information, figures and projections. PRDnationwide will not be liable for any loss or damage resulting from any statement, figure, calculation or any other information that you rely upon that is contained in the material. Prepared by PRDnationwide Research © All medians and volumes are calculated by PRDnationwide Research. Use with written permission only. All other responsibilities disclaimed. © 2012