

# BUDERIM AREA

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## BUDERIM AREA MARKET OVERVIEW

The following investigation looks at the Buderim Area residential real estate market which encompasses the suburbs of Buderim and Mountain Creek. The Buderim Area property market is showing positive signs of recovery since the notable underperformance recorded in the April 2011 half year period. It appears that consecutive reductions to interest rates since November 2011 (currently on hold at 3.5 per cent as at August 2012) has generated considerable interest from potential buyers, despite an enduring lack of confidence in the property market in general. It is anticipated that activity will continue this momentum throughout 2012, with the reinstatement of transfer duty on the 1st of July 2012 likely to have backlogged a number of purchases in the first half of the year.

During the six months to April 2012, the Buderim Area house market registered a total of 262 transactions, representing a marked increase of 21.9 per cent in sales volumes compared to the corresponding period in 2011. The median price for houses has softened considerably over the past year, with buyers looking to purchase more affordable property after monitoring the market over the past year.

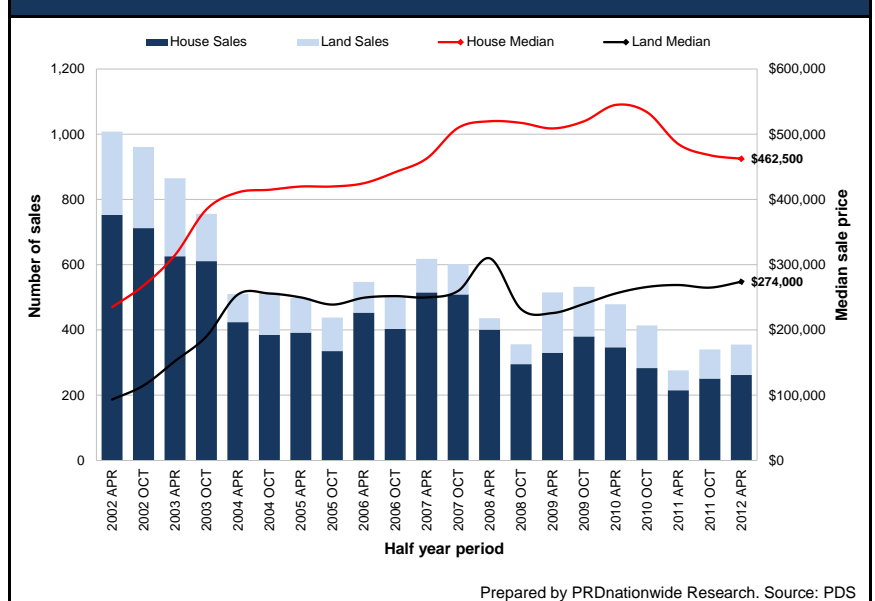
The House Price Points chart indicates a large contraction in the \$650,000 plus price range in addition to a gradual expansion in the sub \$500,000 price range, resulting in a median price of \$462,500 for the April 2012 half year period. The current median price trend is likely to continue in the short term as buyers maintain their appetite for well-priced property and target heavy price discounts from the higher end.

### MARKET INDICATORS

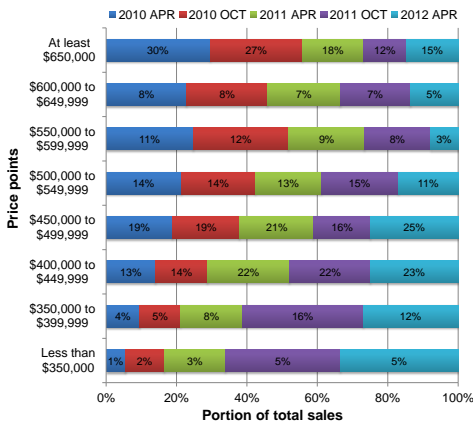
Change from Last	Year	Half Year
HOUSE SALES	↑	↑
HOUSE MEDIAN	↓	↓
HOUSE RENTS	↑	↑
UNIT SALES	↑	↑
UNIT MEDIAN	↓	↑
UNIT RENTS	↑	↑
LAND SALES	↑	↑
LAND MEDIAN	↑	↑

The indicators depicted above are based on the year ending April 2012, except for rental indicators which reflect quarterly data up to June 2012.

### BUDERIM AREA HOUSE AND LAND SALES CYCLE

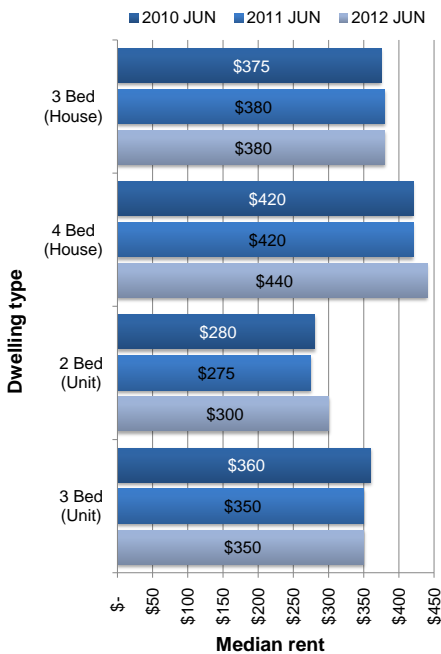


## HOUSE PRICE POINTS



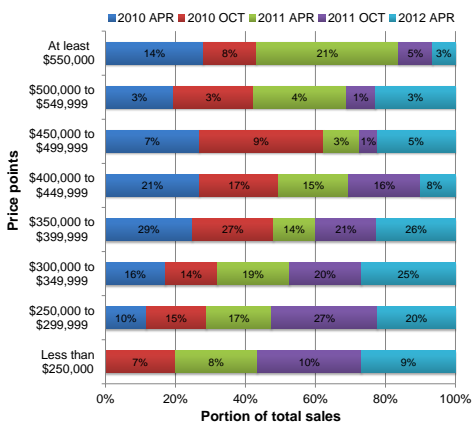
Prepared by PRDnationwide Research. Source: PDS

## MEDIAN RENTS – 4556 PC



Prepared by PRDnationwide Research. Source: RTA

## UNIT PRICE POINTS

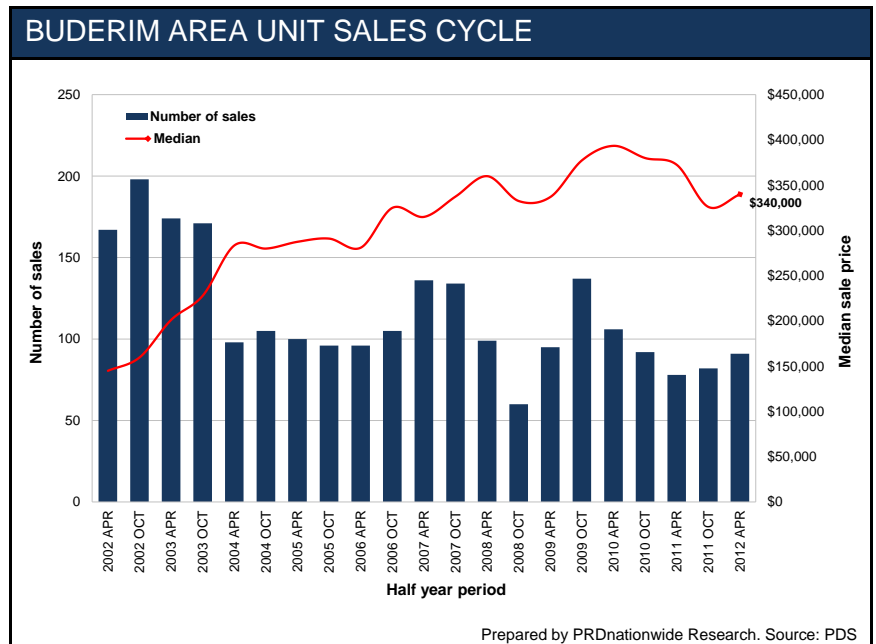


Prepared by PRDnationwide Research. Source: PDS

Vacant land sales have sustained the level of activity experienced during the October 2011 half year period, registering a total of 93 transactions during the six months to April 2012. Whilst only a slight improvement from the previous half year period, the number of sales represents a 52.5 per cent increase from the corresponding period in 2011.

A combination of decreasing interest rates and the phasing out of the New Homes Builders Boost in April 2012 appears to have spurred the most recent wave of activity in the market, with most activity deriving from emerging estates in Mountain Creek. The median land price has grown at a steady rate from the correction experienced in 2008 as the supply of land begins to tighten in the market. Sustained demand for new houses continues to buoy the median price at \$274,000 during the April 2012 half year period, with further increases anticipated in the long term as the availability of land becomes scarce.

The Buderim Area Unit Sales Cycle chart highlights an increase in both sales activity and median price during the six months to April 2012, with a total of 91 transactions registered over the period, representing an annual increase of 16.7 per cent in sales volumes. The median price for the unit market has changed direction from the notable correction experienced over the past two year, recording a median price of \$340,000, which translates to 4.3 per cent growth from the previous October 2011 half year period. The Unit Price Points chart indicates increased activity in the \$450,000 to \$550,000 price range over the six months to April 2012 compared to the previous half year period, however the overall trend over the past three years has been a shift towards more affordable product with an expansion of purchases noticed in the sub \$350,000 price range and a substantial contraction evident in the \$550,000 price range. The current median price trend is likely to remain stagnant at least for the short term.



The rental market for the Buderim Area (represented by the 4556 post code) has remained relatively stagnant in the year to June 2012 with the exception to a \$20 increase noted in the four bedroom house market and a \$25 increase in the two bedroom unit market. It is anticipated that rental price growth will improve in the short to medium term as the number of 'true' investor purchases remains scarce in the current market, subsequently driving vacancy rates across the market downward. Based on the current rental and median price data, investors could expect to achieve estimated gross rental yields of 4.9 per cent for houses and 5.2 per cent for units. Rental yields above these indications can still be achieved in the current market, though investors must be diligent to buy property that is priced well and more importantly able to attract competition in the rental market.