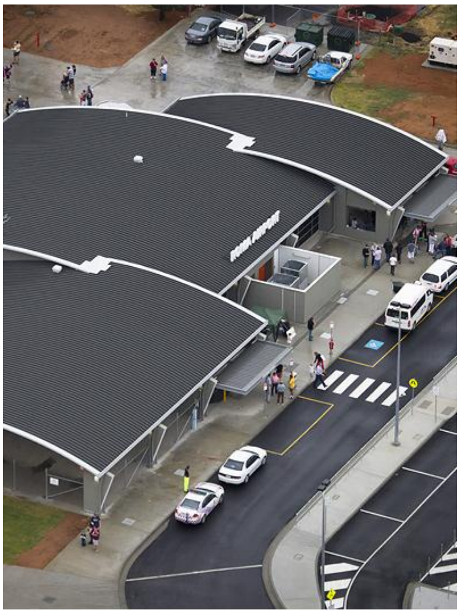
ROMA

Property Watch®

PRD nationwide



Completed $14 million upgrade of the Roma Airport

KEY MARKET INDICATORS

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

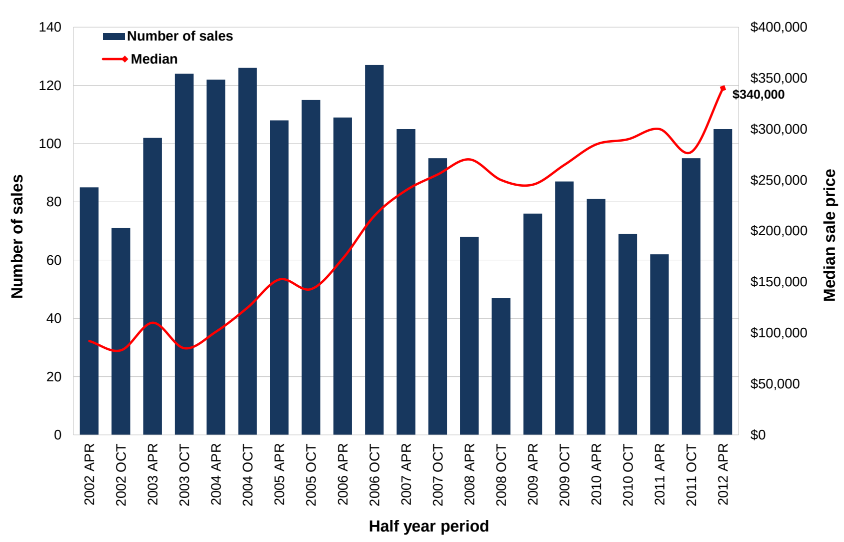
The indicators depicted above are based on the year ending April 2012, except for aggregate rental indicators which reflect quarterly data up to June 2012.

ROMA MARKET OVERVIEW

Maranoa's regional capital Roma is on the cusp of major urban reform, with unprecedented growth in various resource industries placing immense pressure on this regional hub to service and accommodate an ever increasing workforce and resident population. While Roma is home to the largest cattle sale yards in Australia and contributes to a substantial agricultural base that generates approximately $620 million annually in the Maranoa region, it is the progression in mining activity and advancement in Coal Seam Gas (CSG) extraction/ transmission that is proving to be a catalyst for significant growth in the local economy. The Queensland Resource Council estimates more than 18,000 new jobs will be created in CSG and Liquefied Natural Gas (LNG) industries, placing immense pressure on associated regional hubs like Roma to service and accommodate the workforce required to deliver and operate these projects, including supporting infrastructure and adequate housing. In recent years, the town has invested millions on upgrading the regional hospital, airport, roads and community infrastructure. Roma has proved itself as one of the most stable regional economies in Queensland and the indications are there for it to enjoy continued growth. Investment prospects in the Roma housing market look promising, evidenced by significant long-term employment opportunities in the area, projected population growth, low property vacancy and high rental yields currently being achieved in the market, all of which underpin an undersupply of housing – more specifically housing options.

The Roma house market registered a total of 105 transactions during the April 2012 half year period, representing a remarkable 69.4 per cent uplift in activity from the April 2011 period. The house market recorded a median price of $340,000 for the April 2012 period, translating to an acute 13.3 per cent spike from the April 2011 period.

ROMA 10 YEAR HOUSE SALES CYCLE

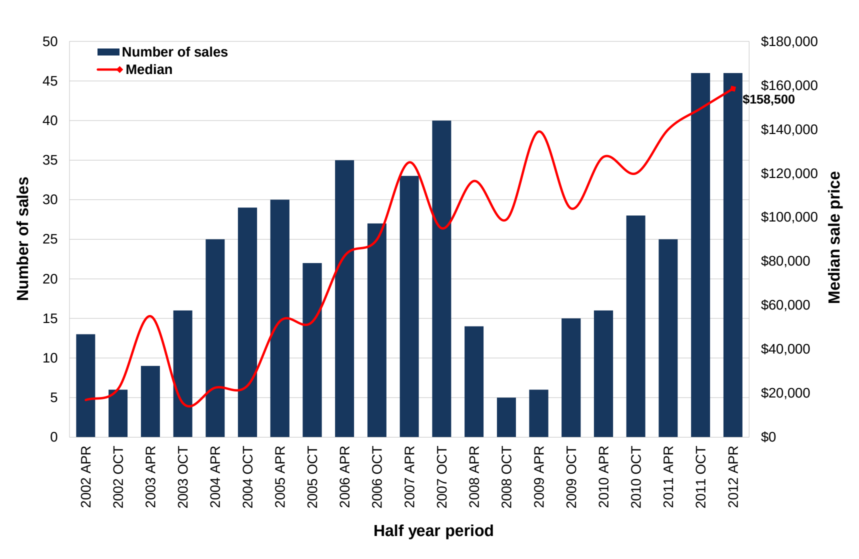


Prepared by PRDnationwide Research. Source: PDS

During what has been a challenging five years in the Australian housing market, Roma has bucked the nation's trend to record consecutive average annual growth in the median price during this period. The median house price achieved an impressive average annual growth of 7.2 per cent over the past five years, which is a testament to the resilience of this diverse regional economy. The 10 year average annual growth rate was 14 per cent, reflecting stable long term growth in what is still an affordable market. Whilst the housing market was not immune to the ramifications of the Global Financial Crisis (GFC) during 2008, the markets ability to regain traction almost immediately and maintain a buoyant median price reiterates the stability and prospects for the local economy.

The land market demonstrated exceptional growth in the April 2012 half year period, registering a total of 46 transactions – on par with volumes recorded for the October 2011 period. This level of sales activity is unprecedented in the market, surpassing the peak experienced during the October 2007 period (pre-GFC). An analysis of land area distributions for sales recorded in the year to 30 April 2012 unveil a majority (32 per cent) of sales were for land in the 1,000 to 1,199 sq m range. Land between 800 to 999 sq m accounted for the second most transacted range followed by land greater than 2,000 sq m. It appears as though demand for property in the sub 800 sq m range is comparatively weak, accounting for only 7 per cent of sales.

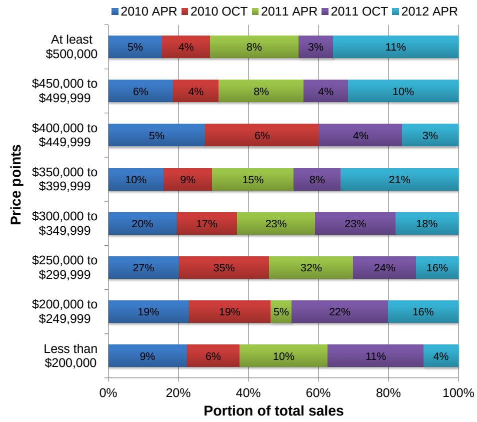
ROMA 10 YEAR LAND SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

The Land Price Points chart demonstrates a radical shift in buyer demand within the $140,000 to $179,000 price range, with 73 per cent of total purchases recorded in the April 2012 period compared to 12 per cent during the April 2010 period. A significant contraction in activity within the sub $100,000 price range has also contributed to the prevailing median price of $158,000, with only 4 per cent of sales recorded in this range. Observing the long term median price movements, periods of volatility over the past 10 years have occurred when sales volumes have been considerably low. PRDnationwide Research requires at least 15 transactions to recognise a reliable median price, and thus the long term median price trend should be used as a more accurate measure of performance. Over the past 10 years, the median land price has grown at an average 25.1 per cent per annum, dwarfing the rather impressive 4.9 per cent average annual growth recorded over the past five years. The shortfall of house and land options in the area has inflated the median price to its current peak, prompting many builders/ developers to capitalise on the opportunity to bring stock to the market.

HOUSE PRICE POINTS



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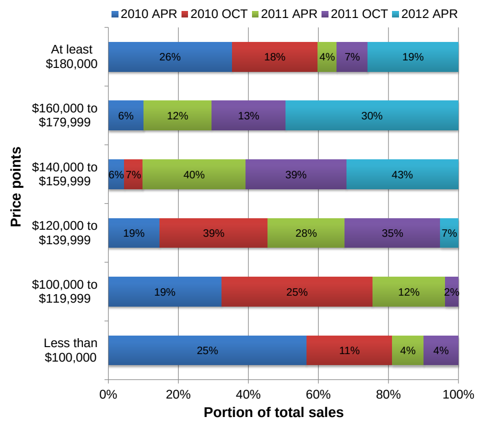
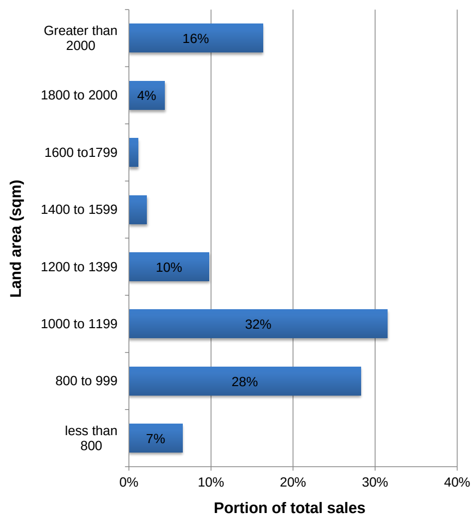
LAND PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

AREA DISTRIBUTION FOR SALES IN OCT 2011 & APR 2012



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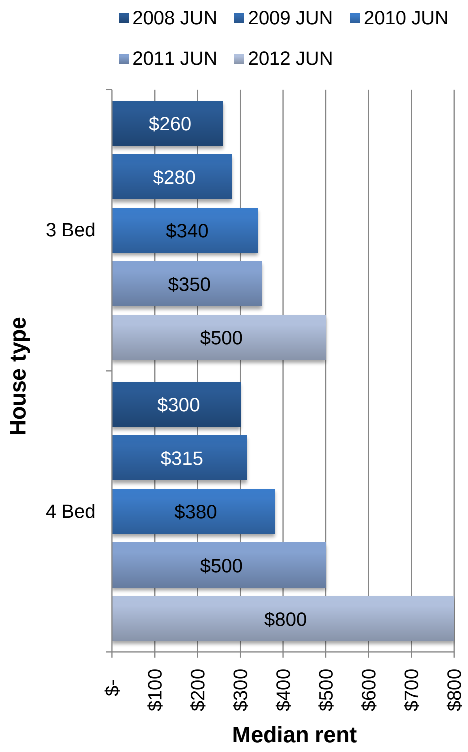
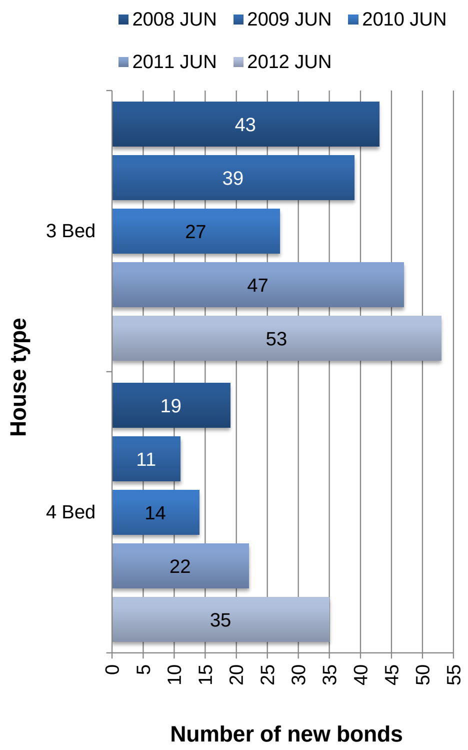
MEDIAN HOUSE RENTS 4455 POST CODE



Prepared by PRDnationwide Research. Source: RTA

NEW HOUSE BONDS 4455 POST CODE



Prepared by PRDnationwide Research. Source: RTA

An alarming shortage of both long term and short term accommodation in Roma has had an adverse impact on the current rental market. Super charged price escalations over the year have led to an increasingly unaffordable rental market, particularly for renters without the benefit of subsidised rent. Many long term residents in rental properties are either relocating (as a result of the increase cost of living) or more noticeably are considering a mortgage as a more affordable alternative. Investors are also doing their part to alleviate further price growth pressures, fast becoming a dominant segment in the Roma property market. The recent increase in purchases from both owner-occupiers and investors has caused rental vacancy to soften over the past few months. With that being said, the vacancy rate in Roma for the month of June 2012 was still 1.3 per cent according to SQM Research statistics. Rental vacancy will continue its struggle to find equilibrium until such time the fly in – fly out workforce subsides and/ or overzealous developers flood the market.

During the year to June 2012, median rental prices for four bedroom houses increased by a remarkable 69.4 per cent, commanding $800 a week. The median rent for three bedroom houses was $500 for the June 2012 quarter, translating to a 42.9 per cent increase from the June 2011 period. Median rents for both four and three bedroom houses recorded average annual growth of 21.7 and 14.0 per cent respectively over the four years to the June 2012 quarter. The number of new bonds registered for the June 2012 quarter indicates a marked increase in demand for four bedroom houses over the past year, with three bedroom houses still the most dominant rental property type. As new housing stock comes to market, it is expected that the number of new bonds for four bedroom houses will continue its current level of growth which is likely to contain further rental escalations.

Based on the current median price (recorded for the six months to 30 April 2012) and median rents for three and four bedroom houses for the June quarter, investors can expect to receive gross yields between 8 and 12 per cent on their purchases. The aforementioned gross rental yield estimates provide as a general indication of investment potential, with anecdotal evidence proving net rental yields between 8 and 12 per cent at purchase are currently being achieved in the market. The combination of affordable housing and a stable economy presents investors in Roma with excellent capital growth prospects. Furthermore, purchasing new/ off-the plan will enable investors to capitalise on maximum depreciation benefits.

A resales analysis was undertaken in order to provide a fair indication of the Roma house market by establishing the true value of returns through investment. Analysis was undertaken into holding periods and returns achieved on all houses held for longer than a twelve month period before being resold into the market and therefore reliably recognising the real returns made by real estate investors. The average capital value for the Roma house market has grown at a high rate of 7.4 per cent per annum over the past 10 years.

The analysis shows that capital asset appreciation reached a peak during 2007 to record 28.3 per cent average annual capital growth. Owners who sold during this period had kept their property for an average hold period of just over five years (when the median house price was at one of its lowest points over the past 10 years). Since the onset of the GFC, the house market has experienced a steady decline in the average rate of appreciation to average a rather resilient 10.8 per cent per annum. Roma residents who resold their homes within the most recent April 2012 period recognised an average growth of 8.4 per cent per annum. These residents kept their house for an average hold period of just over seven years, suggesting many residents who have sold purchased during the peak and endured the aftermath of the GFC. Although the recent trend for capital growth has subsided, it remains positive and is a good sign for the market when contrasting the sub-par performances of most markets across the nation.

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