

WHITSUNDAY AREA

Property Watch®



Whitehaven Beach, Whitsunday Island

WHITSUNDAY AREA MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market trends of the Whitsunday Area, which encompasses the suburbs within the 4802 post code.

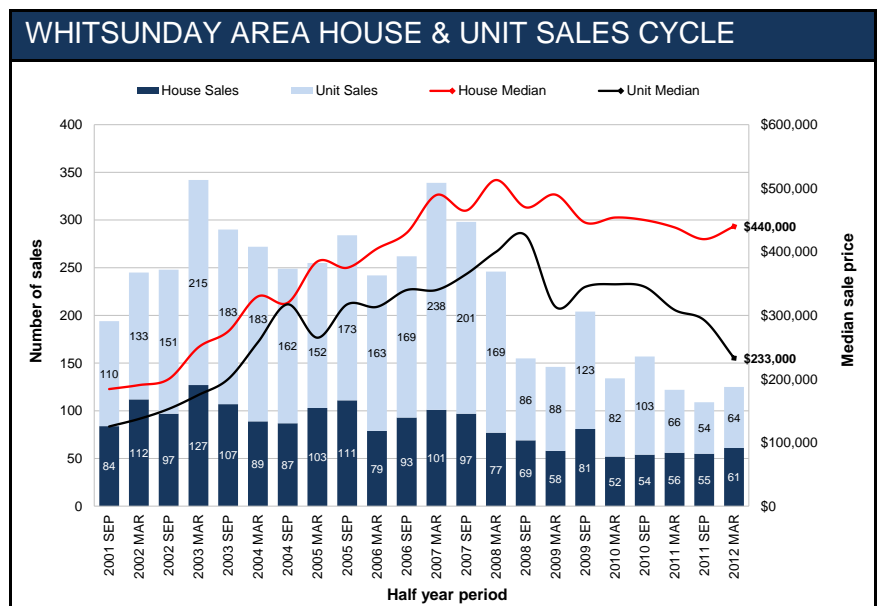
The Whitsunday Area property market has demonstrated positive signs of recovery in the first quarter of 2012, with sales activity improving across all markets in the six months to March 2012. Activity in the house market has been rather stagnant since the economic downturn in 2008, with that being said, volumes are trending upward to levels recorded during the onset of the Global Financial Crisis (GFC). This is of course with exception to the level of activity recorded in the September 2009 half year period where many pessimistic buyers were encouraged to take advantage of very low interest rates, discounted property values and the boost to the First Home Owners Grant. The median price recorded for the house market in the six months to March 2012 was \$440,000, representing a slight improvement to the previous half year period. A sustained level of demand for houses over the past three years has resulted in a resilient median price, with nominal change to the distribution of price point activity.

Sales activity in the unit market has been rather volatile over the past five years, as capital values continue to soften as a result of poor confidence in the market and excess supply. A modest uplift in sales volumes recorded in the six months to March 2012 suggests the market is beginning to acknowledge the exceptional value on offer, especially in one of Australia's most desirable beachside localities. The median price for units has experienced a staggering fall of 24.5 per cent in the year to March 2012, which has contributed to a dismal average annual growth rate of negative 7.3 per cent in the median price over the past five years.

MARKET INDICATORS

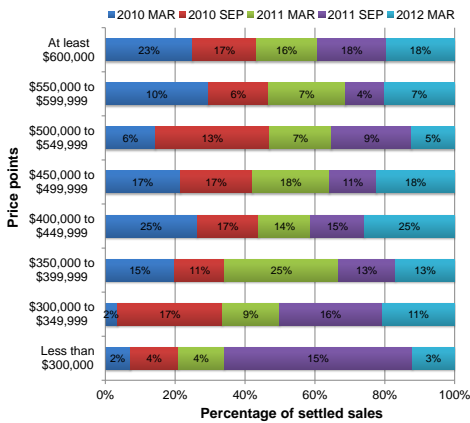
Change from Last	Year	Half Year
HOUSE SALES	↑	↑
HOUSE MEDIAN	↑	↑
HOUSE RENTS	↑	↑
LAND SALES	↑	↑
LAND MEDIAN	↑	↑
UNIT SALES	↓	↑
UNIT MEDIAN	↓	↓
UNIT RENTS	↑	↑

The indicators depicted above are based on the year ending March 2012, with exception to rental indicators which are based on the year ending March 2012.



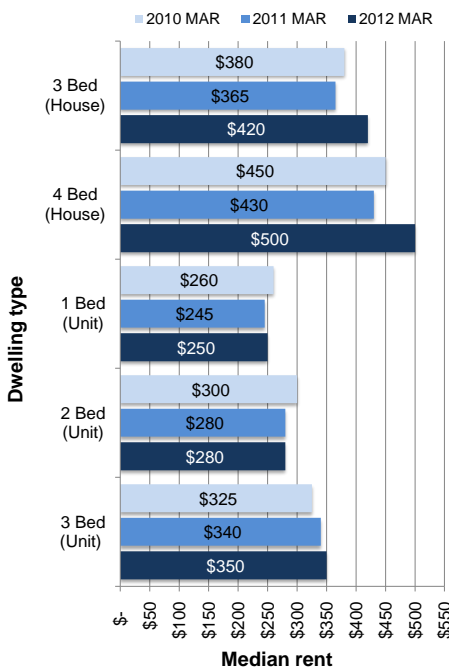
Prepared by PRDNationwide Research. Source: PDS

HOUSE PRICE POINTS



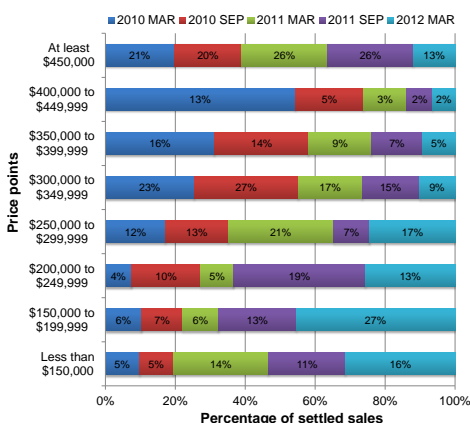
Prepared by PRDnationwide Research. Source: PDS

MEDIAN RENTS (4802 PC)



Prepared by PRDnationwide Research. Source: RTA

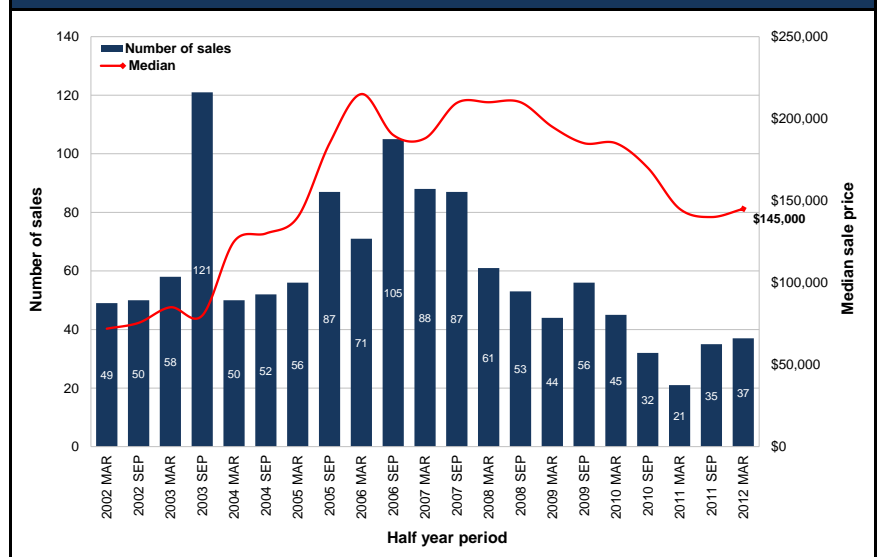
UNIT PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

As evidenced by the Unit Price Point chart, there has been a significant shift to lower price points over more recent years, with buyers' appetite for more affordable units being satisfied by an oversupply of developer stock that has been forced to meet the market. The level of oversupply has also contributed to a soft rental market over the past three years, which has deterred many investors from entering the market. The average annual growth in the median rental price over the past three years across all unit types was negative 0.4 per cent. However, median rents have increased 1.7 per cent over the past year across all unit types, and is set to gradually improve in the short term as unit vacancy rates tighten and demand for rentals increase. Median rents for the house market have outperformed the unit market considerably, with rents increasing on average 15.7 per cent over the year across all house types. The disparity between rental markets lies within the vacancy factor, with anecdotal evidence suggesting very low vacancy in the house market and a trend of tightening vacancy, albeit steady, in the unit market.

WHITSUNDAY AREA LAND SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

It is expected that development activity for new unit projects is unlikely to commence in the near future and until such time that all existing supply additions have been absorbed and signs of demand (i.e. increasing capital values and rental prices) become prevalent in the market place. The Land Sales Cycle chart above, has demonstrated an increase in activity over the past year, with opportunistic buyers looking to capitalise on bargain purchasing that reflects land values recorded during 2005.

Population growth in the Whitsunday region is estimated to have experienced the 26th largest growth in the State in the year to 2011, with an annual growth rate of 1.1 per cent. Over the long term, the region has recorded an average annual population growth rate of 2.3 per cent from 2006 to 2011, translating to the 18th highest growth rate in the region out of 74 regions in the State. The resident population is anticipated to increase substantially over coming years as an increasing number of fly-in/ fly-out and drive-in/ drive-out workers from nearby mining centres look to take advantage of the value and lifestyle benefits on offer. Approximately 500 mining families have been reported to have moved to the area which has subsequently increased high school enrolments up 100 from a base of 800. Furthermore, this particular demographic generally has a high disposable income, which has had and will continue to have, positive implications for the local economy. Further growth in this working class will underpin a revitalised economy and property market in the years to come.