

YEPPOON AREA

Property Watch®



YEPPOON AREA MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market trends of the Yeppoon Area, which encompasses the suburbs within the 4703 post code.

The Yeppoon Area property market has gained traction in the six months to February 2012, with sales volumes in the house and land markets trending towards levels recorded prior to the onset of the economic downturn in 2008. The Yeppoon Area house market has registered a total of 202 transactions in the six months to February 2012, representing a significant improvement in the level of sales volumes (46.4 per cent) from the corresponding period in 2011. Vacant land sales have decreased marginally (11.5 per cent) from the previous August 2011 half year period, however the volume of sales still represents a significant improvement of 66.7 per cent from the February 2011 half year period.

The Yeppoon Area property market is not unlike many regional areas that are benefiting from Queensland's booming mining and resources industry. Population growth in the Rockhampton Local Government Area is estimated to have experienced the 14th largest growth in the State in the year to 2011, with growth in the regions service centre feeding off to growth in the Capricorn Coast. The lifestyle and locational benefits on offer in the Yeppoon Area have been increasingly attractive to workers in mining or mining related industries who are looking to either buy or rent in the area regarded as the capital of the Capricorn Coast. Investor activity has been subdued in recent years, the likely result of a relatively high median house price which has subsequently made it more difficult for investors to secure finance. Perhaps the most significant contributor to activity in this segment of the market is confidence, which is beginning to show signs of improvement after years of poor sentiment in the property market.

MARKET INDICATORS

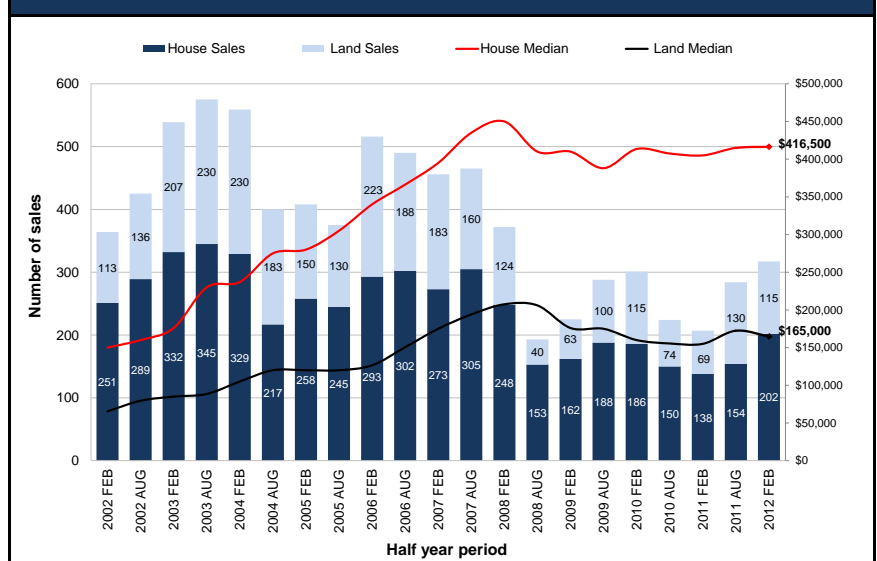
Change from Last	Year	Half Year
HOUSE SALES	↑	↑
HOUSE MEDIAN	↑	↑
HOUSE RENTS	↑	↑
LAND SALES	↑	↓
LAND MEDIAN	↑	↓

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

KEY HIGHLIGHTS

- A dominant proportion of buyers continue to transact within the higher end price points.
- Median rents have increased on average 9.4 per cent across all house types in the year to March 2012.
- Recent reduction to interest rates (50 basis points) and a change in both State and Local Government likely to improve confidence in the wider property market.

YEPPOON AREA HOUSE & LAND SALES CYCLE

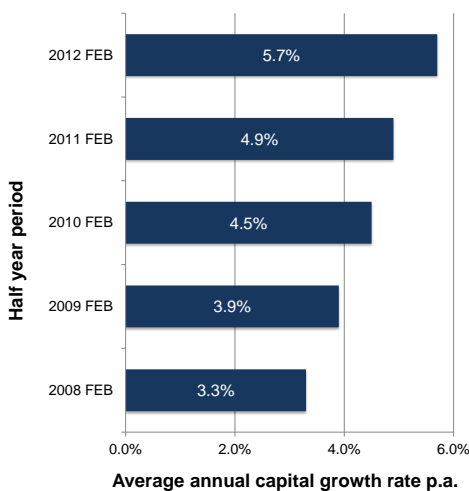


Prepared by PRDnationwide Research. Source: PDS

Increasing demand for rental property is **stimulating growth** in rental prices and is **attracting investors** back into the Yeppoon Area property market.

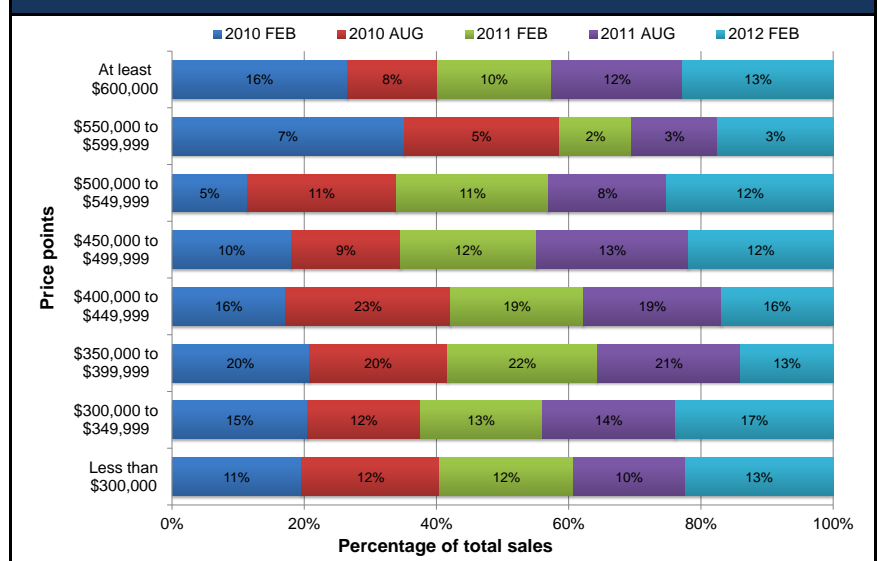
An encouraging sign for prospective investors in the market is the exceptional growth experienced in rental prices over the past year. Rents have increased on average 9.4 per cent across all house types in the year to March 2012, with three bedroom houses demonstrating the highest growth at 12.9 per cent. It is expected that sustained growing demand for accommodation in the area will continue to place upward pressure on the rental market, which is sure to reignite interest from investors. A resale analysis was undertaken to ascertain the average annual returns received by investors who exited the Yeppoon house market over the past five years to February 2012. It determined that sellers who exited the market within the February 2012 six month period registered an average return of 5.7 per cent per annum. As shown in the Average Capital Growth graph, the average rate of capital growth has actually increased over the past five years, albeit marginally, suggesting steady growth in capital values.

AVERAGE CAPITAL GROWTH



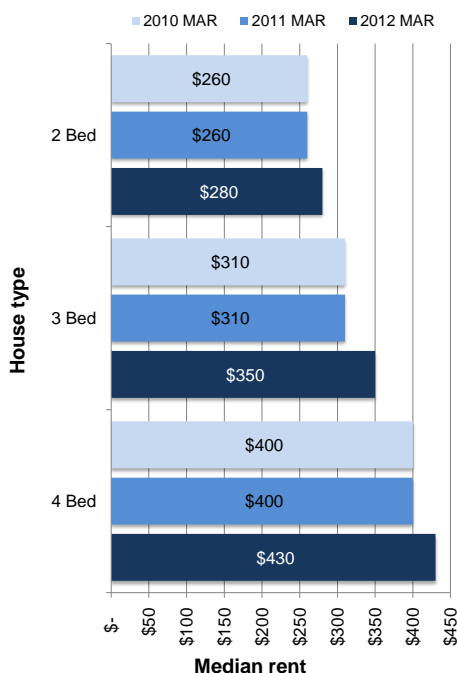
Prepared by PRDnationwide Research. Source: PDS

YEPPOON AREA HOUSE PRICE POINT DISTRIBUTION



Prepared by PRDnationwide Research. Source: PDS

MEDIAN RENTS (4703 PC)



Prepared by PRDnationwide Research. Source: RTA

Observing the House Price Points Chart over the February 2012 half year period, it can be seen that the percentage of total transactions within the \$500,000 plus market has trended upward over recent years, with a considerable proportion of activity in general transacting in the higher price ranges. Whilst activity in the sub \$400,000 market has also increased marginally, the spread of transactions across all price ranges is not a common trend experienced across either regional or non-regional areas in Queensland. In fact, most areas have demonstrated a notable shift towards the more affordable price points as a result of vendor discounting and continuing corrections to localised property markets. The Yeppoon Area market appears to have bucked the trend over recent years, with anecdotal evidence suggesting very few forced sales, marginal discounts to vendor pricing and limited stock available for sale all contributing to the market's resilience since 2008. This is further reiterated by a buoyant median price which has ensued since the uplift in activity during the stimulus driven 2009 period.

TOP 3 SUBURBS FOR THE FEBRUARY 2012 HALF YEAR

Suburbs	Feb-11 HY		Feb-12 HY		Annual Change	
	Median Price	Total Sales	Median Price	Total Sales	Median Price	Total Sales
Yeppoon	\$395,000	45	\$418,000	72	6%	60%
Tarangamba	n/a*	13	\$362,500	25	n/a*	92%
Lammermoor	n/a*	9	\$403,500	18	n/a*	100%

*PRDnationwide Research requires a minimum of 15 sales to establish a reliable median price.

Prepared by PRDnationwide Research. Source: PDS