

COFFS HARBOUR AREA

Property Watch®

PRD nationwide



Coffs Harbour Jetty

Source: BOM

COFFS HARBOUR AREA MARKET OVERVIEW

The City of Coffs Harbour is a coastal local government area (LGA) located on NSW Mid-North Coast, 430 kilometres north of Sydney. Cycles of expansion and consolidation have dominated the Coffs Harbour market over the past twenty years, providing good returns and capital appreciation over the long term. The coastal part of the LGA can be divided into four regions. The southern part surrounds the town of Sawtell, while Woolgoolga and Sandy Beach are the main centres in the northern region, and Sapphire Beach, Korora and Moonee Beach make up the adjoining region between Sandy Beach and Coffs Harbour. Many of the large amenities and infrastructure are located around the Coffs Harbour town centre and include a regional airport, shopping centres, The Coffs Harbour Jetty, a university, and a growing health campus.

The Economy

Two consecutive cuts in the cash rate have strengthened buyers' confidence and provided relief to mortgagors. More recently the Reserve Bank of Australia has kept interest rates on hold, indicating it was satisfied with the robustness of the local economy and with Australia's ability to weather the challenging conditions in the European and American markets. While regional areas across the Hunter Valley, Orange and Dubbo are benefitting from strong mining activity, Sydney and other coastal areas are experiencing softer conditions.

The People

The Coffs Harbour Council area holds a mix of residential and rural locations. The areas of North Boambee Valley, Coffs Harbour (West) and Sapphire Beach are attracting both young and mature families as well as retirees. However, most retirees, now accounting approximately 23% of the population, prefer to live on the eastern side of Coffs Harbour, where medium and high density housing represent a significant component of dwellings. The area is also popular with young adults, who are moving from rural areas to larger centres in search for employment and educational opportunities. Coffs Harbour experienced steady long term population growth, showing an average increase of 1.7% in the five years to June 2010. This figure is in line with other Mid-North Coast LGAs such as Port Macquarie – Hastings (1.6%) and stronger than Ballina (1.4%) and the state's average (1.4%).

Infrastructure

The most significant civil project currently under way is the \$400 million upgrade to the Pacific Highway near Woolgoolga. The residential projects pipeline graph on the next page reveals limited supply of approved developments, with most projects remaining in early planning stage. Coffs Harbour accounted for 57% of the project pipeline, with Moonee Beach and Bonville accounting for 17% and 12% respectively. With limited supply of new residential buildings and a firm population growth, the market is expected to tighten over the next two years. It is likely that an upswing in the economy will move several projects from early planning to development application (DA) and construction stages.



The median rent price for a one bedroom unit **increased 17.6%** in the year to December 2011.

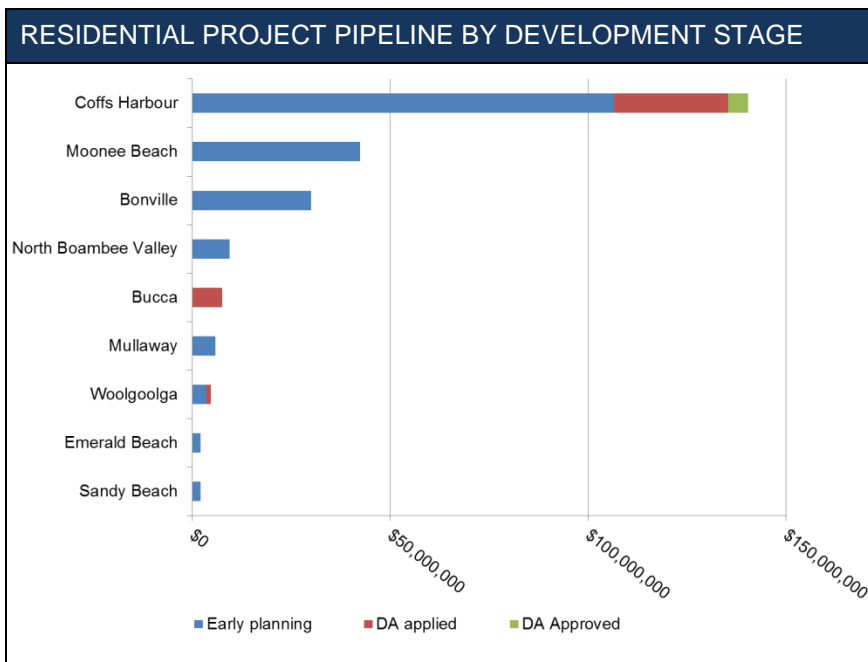
MARKET INDICATORS

	Year	Change from Previous Half Year
HOUSE MEDIAN	↓	↓
HOUSE SALES	↓	↑
UNIT MEDIAN	↓	↓
UNIT SALES	↓	↑
UNIT RENTS	↑	-
HOUSE RENTS	↓	-

The indicators above are based on the year ending December 2011.

KEY HIGHLIGHTS

- The latest figures reveal an average population growth of 1.7% per annum compared to a state average of 1.4% per annum in the five years to June 2010.
- Strong demand led to a significant increase in the median rent price for one and two bedroom units, while the median rent for a three bedroom house declined.
- Limited DA approved development in the region is likely to create pressure on housing over the next two years.

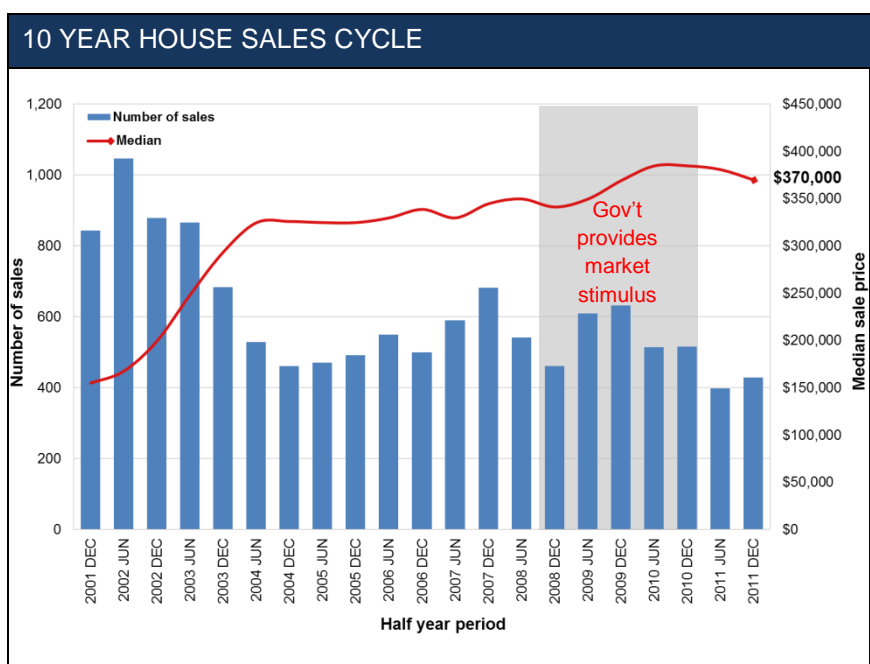


Prepared by PRDNationwide Research. Source: Cordell

The Rental market

The City of Coffs Harbour experienced strong growth in unit rental prices, while house rents declined. The 12 month increase in the median unit rent price of 17.6% for a one bedroom (\$200 per week) and 11.4% for a two bedroom (\$245 per week) was impacted by a large workforce that is involved with the Pacific Highway Bypass project. A low vacancy rate of 1.3% (Coffs Harbour) and 1.7% (Woolgoolga) further indicate a tight rental market. The strong figures did not filter through to detached dwellings, with a three bedroom house declining 2.9% to a median of \$340 per week.

HOUSE MARKET



Prepared by PRDNationwide Research. Source: PDS



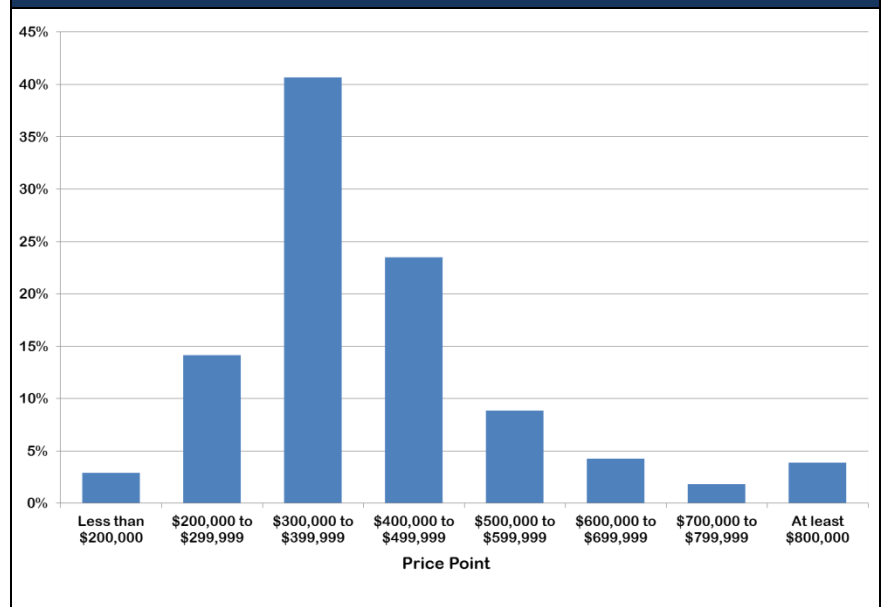
HOUSE MARKET (continued)

The house market has improved in the lead up to 2012, with the return of first homebuyers to the market. Activity in the second half of 2011 increased from the first six months of the year, recording 428 transactions but remained below the five year average. Sales activity is likely to improve in the first half of 2012, given the easing of interest rates policy in November. A softer median house price recorded for the December period represents a decline of 3.9% from December 2010, marking the uncertainty that prevailed in the market since the withdrawal of government stimulus. PRDnationwide Research examined the capital growth achieved by vendors who exited the market in 2011. The table highlights the strong performance of both Woolgoolga and Emerald Beach. The price point graph below depicts the distribution of sales in the 12 months to December 2011. The graph confirms the strong demand for houses in lower price brackets, with the \$300,000 to \$399,999 bracket accounting for 41% of transactions.

MARKET INDICATORS

Suburb	Average annual capital growth per annum 2011
Woolgoolga	8.07%
Emerald Beach	7.16%
Sawtell	6.55%
Boambee	5.89%
Korora	5.67%
Sandy Beach	5.61%
Coffs Harbour	5.48%
Toormina	5.03%
Sapphire Beach	4.76%
Corindi Beach	4.38%
Coramba	4.24%
Boambee East	3.82%

TOTAL HOUSE ACTIVITY BY PRICE POINT – 2011



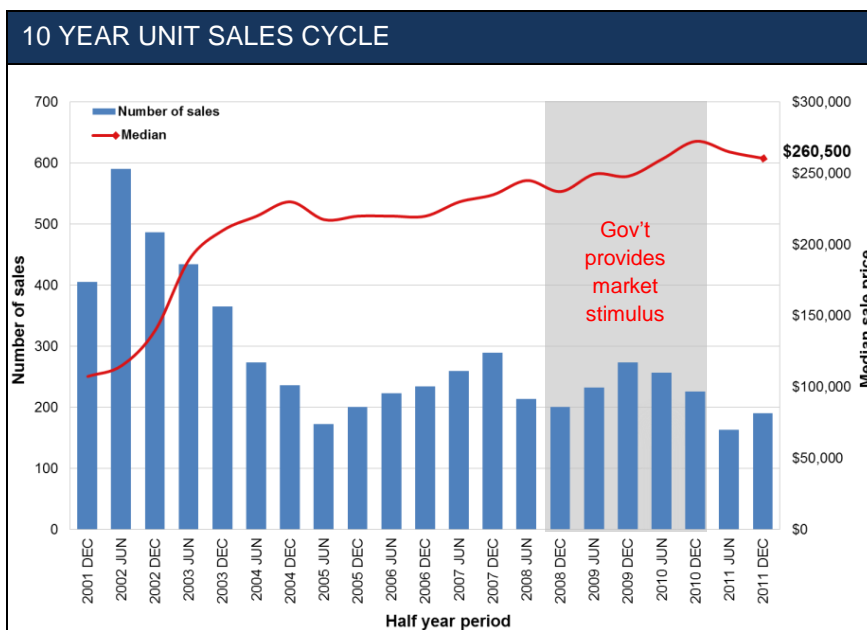
Prepared by PRDnationwide Research Source: PDS

KEY HIGHLIGHTS

- First home buyers are back in the market, seeking properties at price brackets less than \$500,000.
- The withdrawal of government stimulus in 2010 led to a decline in the median house price in 2011.

UNIT MARKET

Units have averaged 30% of the total number of transactions over the five years to December 2011. As with the house market, the price of units in the LGA met softer conditions in 2011. The median unit price closed the December period at \$260,000, representing a decline of 4.4% from December 2010. Activity increased to 190 transactions in the second half of the year after declining over the previous 18 months, but remained below the five year average of 230 transactions per six month period. A price point analysis placed 37% of units and townhouses in the \$200,000 to \$299,999 price bracket, with units below \$200,000 and between \$300,000 and \$399,999 accounting for 25% each. Coffs Harbour accounted for the majority of transactions for the 2011 calendar year (65%) followed by Toormina (10%) and Sawtell (8%). In Coffs Harbour, Boultonwood Street, Harbour Drive and Ocean Parade represented the majority of sales.



Prepared by PRDnationwide Research Source: PDS

A resale analysis was conducted to ascertain the actual change in individual property prices. The analysis covered unit sales in 2011, pointing to an average capital growth of 4.8% per annum, with an average holding period of 7.3 years between transactions. It is interesting to note that the most active streets for the period achieved a lower average growth of 3.4% per annum, with a period of five years and four months between resales.

A distinct decline in sales volumes was identified, with a 30% reduction in the value of unit sales between 2010 and 2011. The trend was consistent through most suburbs, with the exception of Emerald Beach (4% increase) and Korora (82% increase). The value of sales in Sapphire Beach halved over the period, as the 27 units that sold in Nautilus and Aqualuna Beach resorts in 2010 were matched by only three sales in 2011.

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Source: PDS, Cordell, Housing NSW, id forecast and the ABS.

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