

BURLEIGH HEADS AREA

Property Watch®

PRD nationwide



Burleigh Heads Coastline

MARKET INDICATORS

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

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

KEY HIGHLIGHTS

- House sales below \$450,000 accounted for 41 per cent of total sales in the December 2011 half year.
- Burleigh Waters bucked the trend of declining sales volumes to record 13 per cent growth in the year to December 2011.

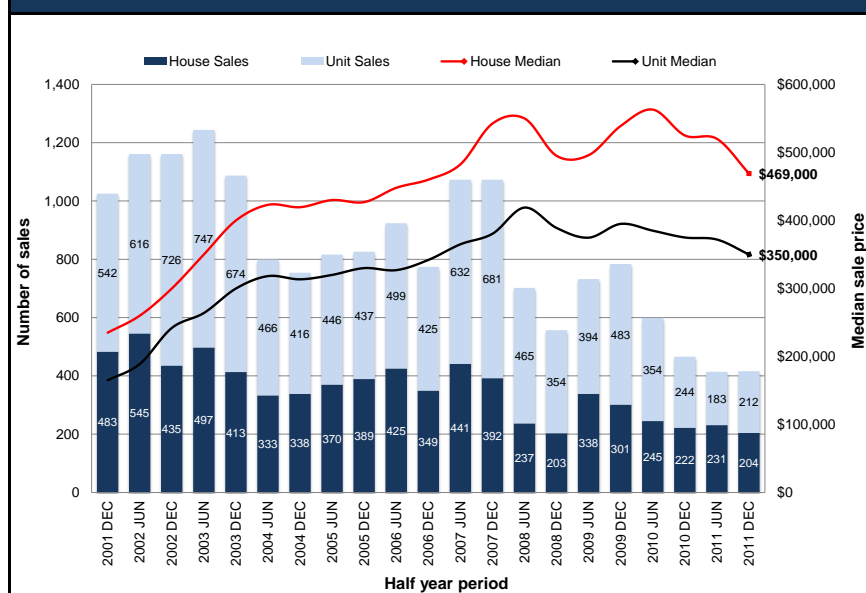
BURLEIGH HEADS AREA MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market trends of the Burleigh Heads Area, which encompasses the suburbs of Burleigh Heads, Burleigh Waters, Miami and Varsity Lakes.

The Burleigh Heads Area property market has experienced a notable drought in sales performance in the year to December 2011, recording a fall of 8.1 per cent in house sales activity and 13.1 per cent in unit sales activity. During the six months to December 2011, the house market registered a total of 204 transactions, which was only eight less than that registered in the unit market. The preceding June 2011 half year period was in fact the first time in over a decade that the house market registered more sales than the unit market, suggesting that times have never been tougher for the unit market.

The lack of sales within the unit market in recent times is attributed largely to the desertion of both interstate and intrastate investors who have in the past accounted for a significant portion of purchasers in the area. A diluted first home buyer's pool has also contributed to dwindling sales volumes with most enquiry and settlements coming from end users, typically upgraders. With that said, the market did see resurgence from the first home buyers segment during the December 2011 half year period, as a 50 basis point drop in the official cash rate and the end to the QLD Home Builders Bonus (now extended to April 2012) revived confidence in the market and enticed many would be purchasers to take the plunge. However, much like the incentive driven 2009 property market, it is likely that the level of demand from this segment will not be sustained into 2012.

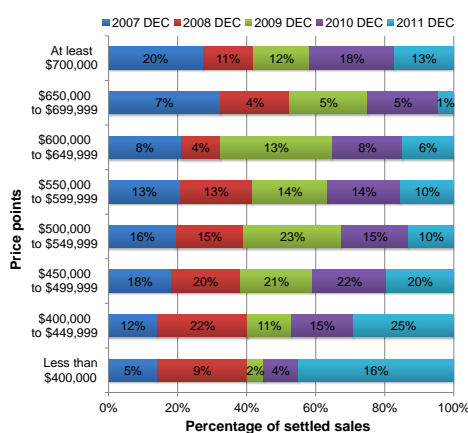
BURLEIGH HEADS AREA HOUSE & UNIT SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

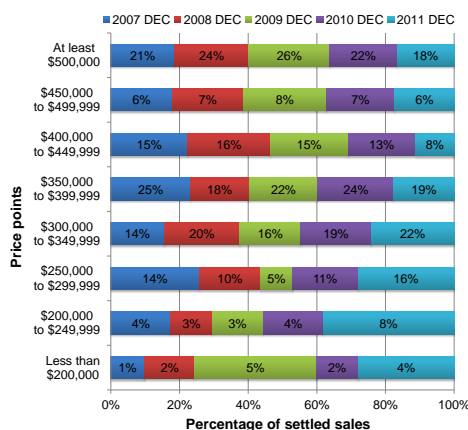
Supply and Demand for realistic prices continues to **undermine** sales performance in the Burleigh Heads Area property market.

HOUSE PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

UNIT PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

The reluctance of many potential buyers within the first home buyer segment, and indeed across all segments, continues to be underpinned by tighter lending covenants and as evidenced in both January and February 2012, the liberation of banks in dictating mortgage rate movements. With that said, there is evidence of savvy purchasers that are exploiting the many opportunities that derive from an underperforming property market, which is often brought about from the misfortunes of others. Mortgage distress sales ranging from moderately priced to high end homes have been frequently evidenced across the Gold Coast property market, with no exception to the Burleigh Heads Area. Considerable price corrections in recent times, particularly in the higher end have presented excellent value for upgraders. It is widely known that the ability of property owners to maintain financial equilibrium has become very difficult since the Global Financial Crisis in 2008, as local businesses based on tourism and retail continue to suffer due to the downturn in the building industry and the high Australian Dollar. As a consequence, distressed sales are expected to continue throughout 2012, as over committed mortgagees reconsider their capacity to service debt among the rising cost of living.

Observing the House Price Points chart over the December 2011 half year period, it can be evidenced that a dominant portion of buyers are entertaining the sub \$450,000 price range. Interestingly, this price range recorded more activity in the December 2011 half year period than in the corresponding period in 2008, reiterating the assertion that buyers today have a stronger appetite for affordable housing more than ever before. The implication this concentration of activity has had on median price growth is reflected by the acute decrease of 10.7 per cent in the median price recorded for the year to December 2011.

Conversely, the unit market has demonstrated more activity in the middle ranges which has contributed to a comparatively resilient median price. However, this is due largely to the poor sales performances of the under \$250,000 investor stock (typically 1 bedroom) developers and receivers are still burdened with. Investors have shone away from property in the area because of their lack of confidence in capital growth prospects. With that said, falling property values and steady increases to rents may well be enough to entice investors back into the unit market during 2012.

The table below provides an overview of the performance of each suburb that formed the Burleigh Heads Area study. The Burleigh Waters house market recorded 88 transactions in the December 2011 half year period, making it the only suburb to record positive growth in sales activity for this product. Varsity Lakes and Burleigh Heads went toe to toe in the unit market, recording 72 and 70 sales respectively for the December 2011 half year period. Miami proved times are tough with very few sales recorded in both the house and unit markets.

SUBURB PERFORMANCE FOR THE YEAR TO DEC 2011

TYPE	Suburbs	Dec-10 HY		Dec-11 HY		Annual Change	
		Median Price	Total Sales	Median Price	Total Sales	Median Price	Total Sales
HOUSE	Burleigh Waters	\$548,750	78	\$489,000	88	-11%	13%
	Varsity Lakes	\$477,500	77	\$430,000	69	-10%	-10%
	Burleigh Heads	\$555,000	33	\$522,500	30	-6%	-9%
	Miami	\$552,000	34	\$452,500	17	-18%	-50%
UNIT	Varsity Lakes	\$395,000	89	\$365,000	72	-8%	-19%
	Burleigh Heads	\$400,000	75	\$350,000	70	-13%	-7%
	Miami	\$365,000	37	\$350,000	36	-4%	-3%
	Burleigh Waters	\$360,000	43	\$312,750	34	-13%	-21%

Prepared by PRDnationwide Research. Source: PDS

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