

PROPERTY WATCH®

First Quarter 2012

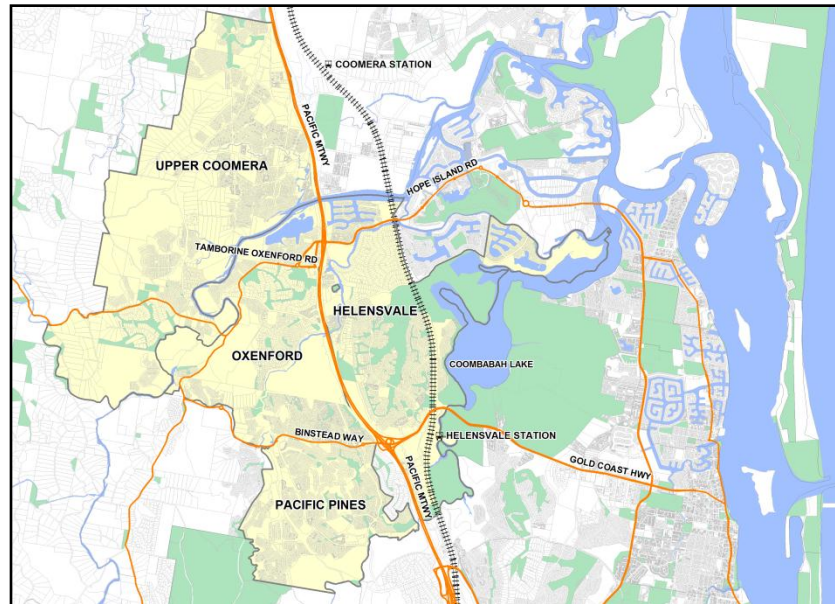
Greater Helensvale Market Overview

IN BRIEF

- The Greater Helensvale house market has demonstrated a continued decreasing trend in sales activity, attributed largely to softened land values and reluctant vendors.
- The median price for the house market has corrected to record an annual decrease of 4.6 per cent from the October 2010 half year period, as demand for more affordable product strengthens.

Scope

The following Property Watch report is the result of an investigation into the historic and current market trends of the defined Greater Helensvale study area. Analysis provided within this report focuses on highlighting the recent performance of Greater Helensvale with due consideration of prevailing economic influences. For the purpose of this report, the Greater Helensvale study area encompasses the suburbs of Helensvale, Upper Coomera, Oxenford and Pacific Pines.

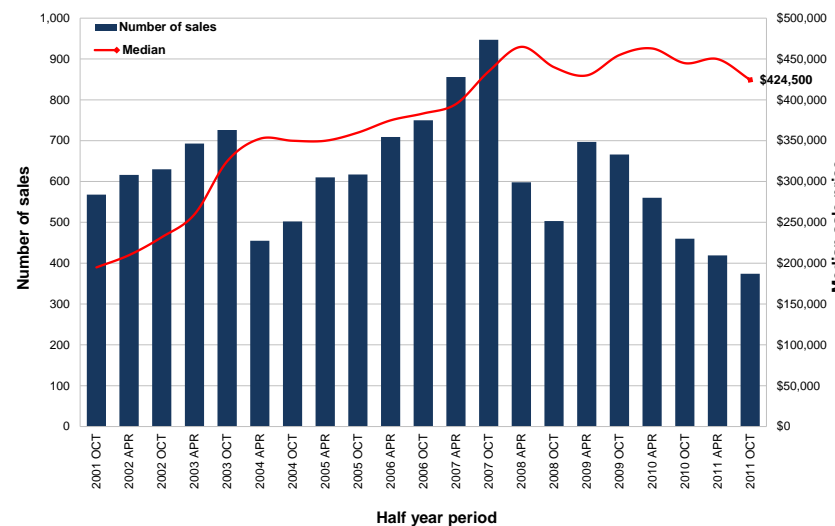


Greater Helensvale House Market

The median house price recorded for Greater Helensvale in the six months to October 2011 was \$424,500, representing a notable decrease of 4.6 per cent from the April 2011 half year period. The prevailing median price is reminiscent of that recorded in the April 2009 half year period, a time where the first home buyer segment dominated the market, which translated to a softened median price of \$430,000. As evidenced by the House Sales Cycle chart to the right, the median price since the economic downturn in 2008 has demonstrated some mild fluctuations which can be attributed to a range of influences including softened property values, government stimulus and ultimately poor confidence in the market which has dictated the movement of sales volumes to date. The trend in falling sales volumes (more specifically in the mid to high price points) and subsequent decrease in the median price remain analogous across a majority of suburbs within the Gold Coast Local Government Area, and in fact across the greater South East Queensland region. Observing the long-term performance of the house market, it is evident that the median price over the past five years has experienced considerable volatility as the property cycle transitioned from peak of the boom to bottom of the bust during this period of time. Consequently the five year average annual growth rate was a mere 2.1 per cent. As one would expect, the 10 year median price performance recorded a superior result to achieve an average annual growth rate of 8.1 per cent.

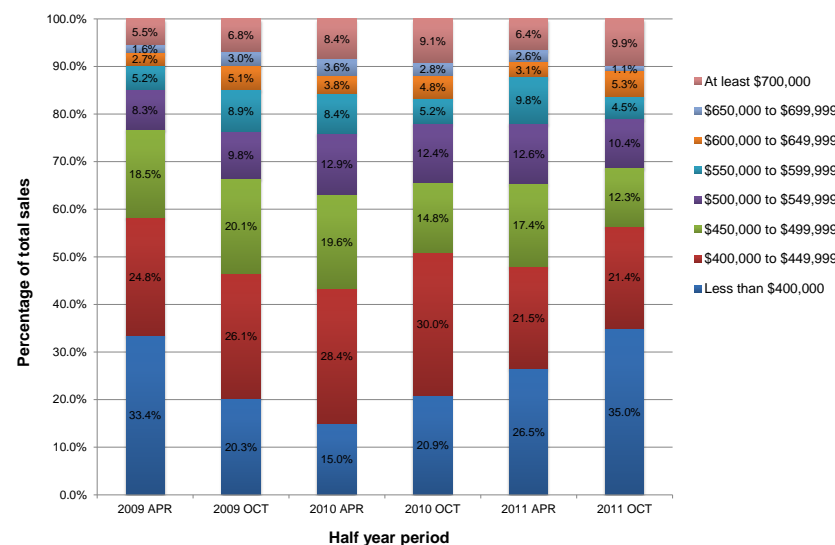
Sales activity since the incentive driven 2009 period has cascaded towards the lowest recorded sale volume in just over a decade. During the six months to October 2011, Greater Helensvale registered a total of 374 transactions, representing a considerable decrease of 18.7 per cent from the level of sales activity recorded in the corresponding period in 2010. General enquiry over the past year has been fairly subdued with virtually no investors currently looking for stock in the market, which previously accounted for approximately 30 per cent of the buyer profile. First home buyers have also shone away from the house market over the past six months, despite recent cuts to interest rates (0.25 per cent in November 2011 and 0.25 per cent in December 2011), an extension of the QLD Home Builders Bonus (an addition to the First Home Owners Grant), softened property values and favourable buying conditions. For most would be buyers, the underlying problem continues to be access to finance, and despite increased affordability many are perhaps convinced that, renting is still the most viable option. This is likely to continue at least until either a significant fall in mortgage rates occurs, optimism in property value growth improves and/or rental price growth entices them to reconsider.

Greater Helensvale House Sales Cycle



Prepared by PRDnationwide Research. Source: PDS

Greater Helensvale House Price Point Distributions



Prepared by PRDnationwide Research. Source: PDS

Observing the House Price Point Distributions chart over the October 2011 half year period, it can be evidenced that a dominant portion of buyers are targeting houses in the sub \$450,000 market. Interestingly the \$700,000 plus market has also expanded during this period, suggesting there are upgraders looking to take advantage of bargains available in the market brought about by distressed vendors and mortgagee possessions. Whilst a dominant portion of buyers are active in the sub \$450,000 market, supply of housing within this price range has diluted, primarily as a result of many sellers withdrawing their properties from the market when their price expectations are not entertained, hence the level of sales recorded during the six months to October 2011. The problem faced by many over mortgaged vendors today, specifically of newer property, is that they are encumbered with a mortgage that is typically in excess of what is achievable in the current market, and thus are instinctively compelled to hold onto their asset despite their desire to sell.

It is important to note that the Greater Helensvale area comprises of old established estates that border directly on newer estates which reflects the ability for willing vendors to accept market value as opposed to newer areas where the vendor has spent more than what the property is now worth given the considerable fall in land value in recent times. This problem is a direct result of both softening land values and overcommitted mortgagors. Consequently, a majority of properties that are selling in the sub \$450,000 market are within these established areas which has exacerbated the oversupply of higher priced properties. With that said, the newer estates typically comprise a demographic of working age, heavily mortgaged owners, whilst the older estates comprise an aging demographic which is not as financially challenged. Therefore a majority of distressed sales are in fact originating from the newer estates.

Looking specifically into the suburb of Helensvale, the area is broken up into three distinctive pricing areas; the under \$450,000 market where there is good demand for stock, the \$450,000 to \$700,000 market which is tired and the over \$700,000 market which includes waterfront properties at "Riverlinks" estate and areas of Monterey Keys where the activity is similar to the \$450,000 to \$800,000 market. However, as previously mentioned, there appears to be a much higher degree of mortgage stress in the over \$700,000 market, hence a far more attractive buyer opportunity for bargains and the uplift in activity within this price range. Helensvale performed extremely well, relative to the other three suburbs in the study, having demonstrated the most resilience with regards to the decrease in sales activity evidenced across all suburbs in the year to October 2011, despite recording the highest median price for both the October 2011 and October 2010 half year periods. Upper Coomera managed to register the most transactions in the six months to October 2011, which can be attributed largely to the fact that it had recorded the lowest median price compared to all other suburbs. Pacific Pines also demonstrated great resilience with a marginal fall of 0.6 per cent in the median price in the year to October 2011.

Greater Helensvale Vacant Land Market

The Greater Helensvale vacant land market has registered only 112 transactions in the six months to October 2011, representing both a significant decrease of 54.3 per cent from the corresponding period in 2010, and the lowest recorded sales volume in a decade. Softened land values have perhaps eroded developer margins as well as their capacity to deliver affordable product that the market demands. Observing the Vacant Land Price Point Distributions chart to the right, it is evidenced that there has been a gradual contraction in the over \$240,000 market, supporting the decrease in land value. Access to finance is also an issue burdening many developers, and as such, developer activity has been rather silent throughout 2011, with perhaps many developers further extending the release of their land banks.

Prepared by PRDnationwide Research. Source: PDS Live and ABS. For further details contact: Robert Matta, Research Analyst, Ph: (07) 3026 3357 or Email: robertmatta@prd.com.au, Rebecca Croudace, Principal from PRDnationwide Helensvale on (07) 5573 7444 or visit our website at www.prdnationwide.com.au/research.

PRDnationwide does not give any warranty in relation to the accuracy of the information contained in this report. If you intend to rely upon the information contained herein, you must take note that the information, figures and projections have been provided by various sources and have not been verified by us. We have no belief one way or the other in relation to the accuracy of such information, figures and projections. PRDnationwide will not be liable for any loss or damage resulting from any statement, figure, calculation or any other information that you rely upon that is contained in the material. Prepared by PRDnationwide Research © All medians and volumes are calculated by PRDnationwide Research. Use with written permission only. All other responsibilities disclaimed. © 2012

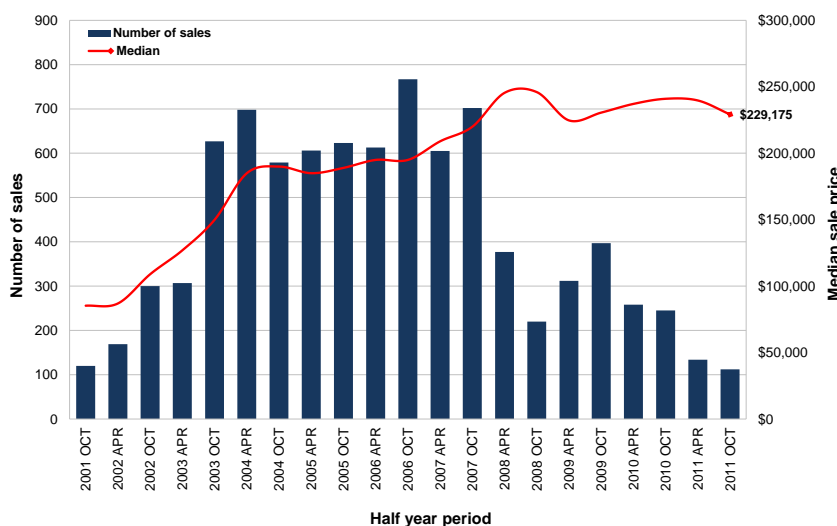
Suburb Performance For September 2011 Half Year Period

Suburb	Median House Price		Annual Change
	Oct-10	Oct-11	
Pacific Pines	\$ 452,500	\$ 450,000	-0.6%
Oxenford	\$ 457,500	\$ 430,000	-6.0%
Helensvale	\$ 487,500	\$ 451,000	-7.5%
Upper Coomera	\$ 425,000	\$ 385,000	-9.4%

Suburb	House Sales Activity		Annual Change
	Oct-10	Oct-11	
Helensvale	108	92	-14.8%
Upper Coomera	153	129	-15.7%
Pacific Pines	112	92	-17.9%
Oxenford	87	61	-29.9%

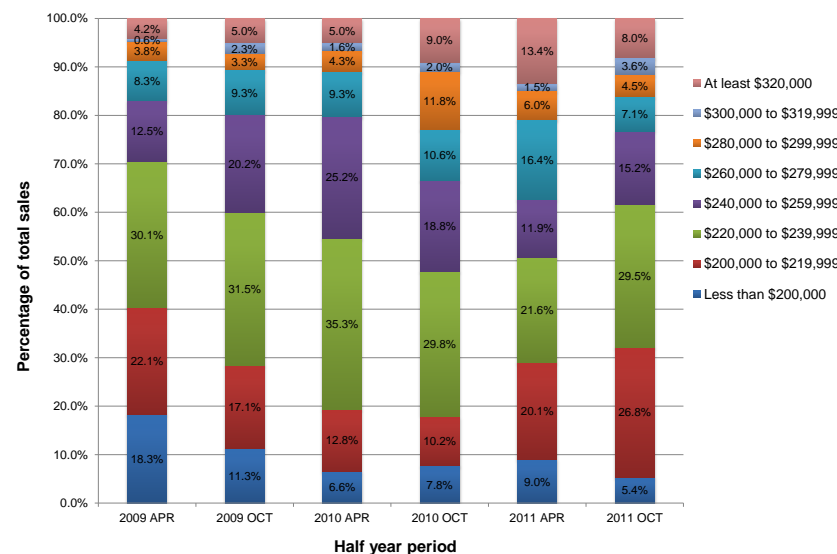
Prepared by PRDnationwide Research. Source: PDS

Greater Helensvale Vacant Land Sales Cycle



Prepared by PRDnationwide Research Source: PDS

Greater Helensvale Vacant Land Price Point Distributions



Prepared by PRDnationwide Research Source: PDS