

PROPERTY WATCH®

Fourth Quarter 2011

Robina Area Waterfront Overview

IN BRIEF

- A proposed investment of \$374 million in development to the Robina Area provides a strong signal of a strengthening long term property market.
- A resale analysis of product sold over the six months to June 2011 reveals an average annual capital growth figure of 4.7 per cent per annum for waterfront houses sold in Mermaid Waters.
- Waterfront house sales in the Robina Area for \$900,000 plus have decreased by 88 per cent.

Scope

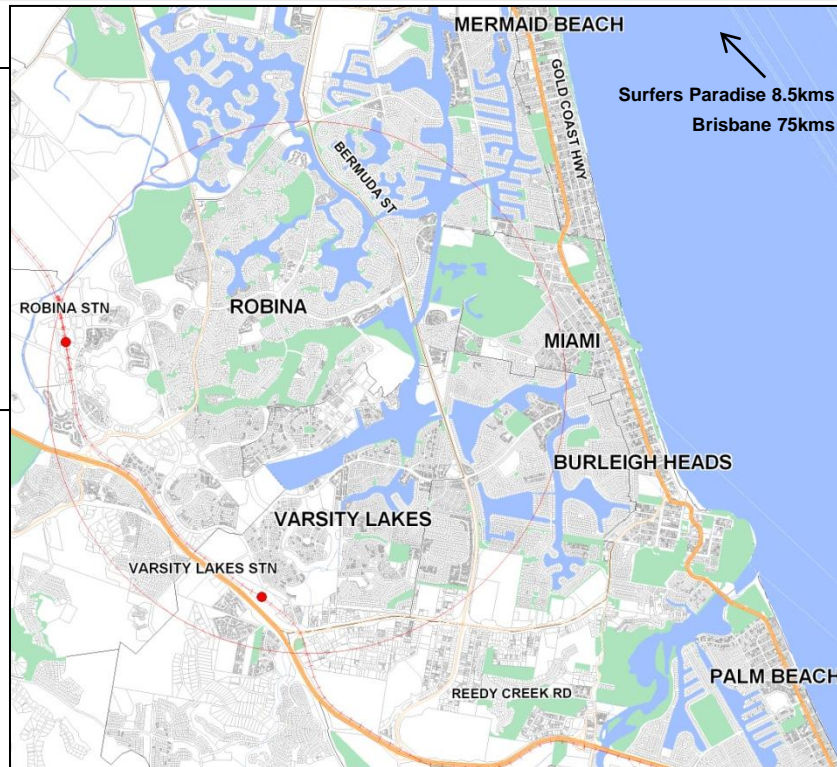
The following Property Watch report is the result of an examination of historic and current market activity of waterfront property within the Robina Area. The report takes into account recent sales, median sale prices and price points over the past ten years. The aim of this report is to outline the recent performance of the housing market, while considering external factors that may influence the market. For the purpose of this report the Robina Area includes the suburbs of Robina, Varsity Lakes and Mermaid Waters.

Area Characteristics

Comprising a total area of 1,850 hectares, Robina was one of the largest private master planned community developments in Australia. According to the Australian Bureau of Statistics, as at June 2010 the Estimated Residential Population of Robina was 22,660 residents. Varsity Lakes is another master planned community which is bounded by the 80 hectare Lake Orr and the 18 hole Robina Woods Golf Course. The area is a \$1 billion community comprising of residential villages, business precincts and retail centres, developed on 343 hectares and is home to 14,751 residents as at June 2010.

The rate of population growth in the wider Gold Coast region has declined over the 12 month period ending June 2010, particularly due to the significant loss of jobs in the construction industry. Over this period, the Robina Area increased its number of residents by only 0.8 per cent to 50,262 residents. The majority of households in this area are considered to be in a family type structure, accounting for 77.6 per cent, while 67.9 per cent of residents live in a detached house. There is a significant proportion of rental stock in the Area with 37.9 per cent of households being rented. The Varsity Lakes community is considered to have a high portion of rental dwellings accounting for 46.3 per cent of total dwellings. This can largely be attributed to the number of students attending Bond University.

Despite the decrease in the rate of population growth on the Gold Coast, there is a large amount of proposed investment in the pipeline that should help promote future growth and prosperity for the region, through the creation of employment opportunities. Just over \$18 billion of proposed investment is awaiting either approval for development or is currently in construction. When looking at the Robina Area, there is just under \$374 million planned in development. The most recent improvement to transport infrastructure has been the railway line expansion into Varsity Lakes, which now provides reliable, hassle free access to the Brisbane CBD. Having such high quality public transport so close will attribute to the value and quality of lifestyle residents can expect in the future; with factors such as traffic congestion and rising petrol prices to consider. The Robina Area is well serviced by frequent bus links to train stations, the local business hub of Robina Town Centre and other activity spots on the coast. The recently expanded Robina Town Centre is now one of the premium shopping, cafe and business centres located in South East Queensland.

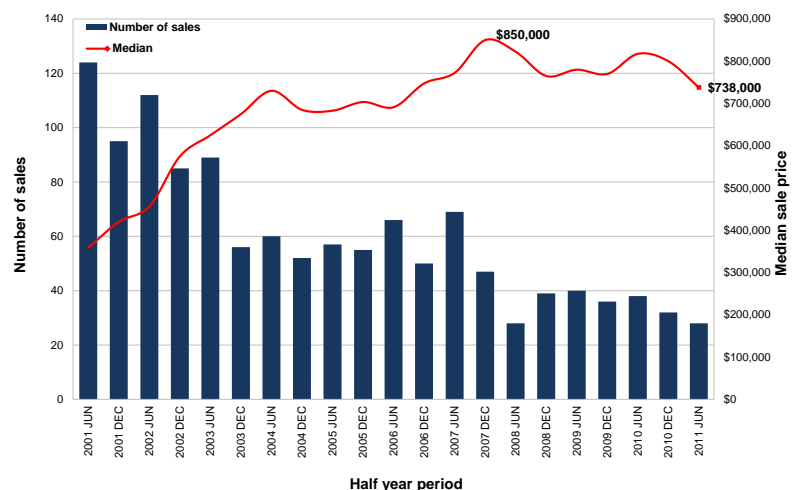


Robina Area Total House Market Supply Overview

Suburb	Houses on the market	Sold over June 2011 six months	Average sold per month	Estimated leftover supply for sale
Robina	213	115	19	11 Months
Varsity Lakes	135	66	11	12 Months
Mermaid Waters	119	67	11	11 Months

Table prepared by PRDnationwide Research. Source: PDS, Realestate.com.au

Robina Area Waterfront House Sales Cycle



Graph prepared by PRDnationwide Research. Source: PDS

Waterfront House Market

Currently, the greater Robina Area house market has a range of homes on the market to choose from, with an estimated supply of 11 to 12 months for detached houses. With considerably good buying conditions being experienced in the market, PRDnationwide has conducted a study to analyse how blue chip waterfront property in the Robina Area has progressed.

Overall, the Robina Area has experienced a significant decline of 13.2 per cent in the median price for waterfront houses since the peak of the market at the end of 2007. It appears that the median sales price did experience a brief increase over 2010, but has since declined even further to close at \$738,000 for the first half of 2011. Waterfront sales has significantly declined since the first half of 2003, with an average of just 43 sales per six month period over the past five years. The first six months of 2011 experienced 28 sales, providing further evidence of the slowing coastal property market.

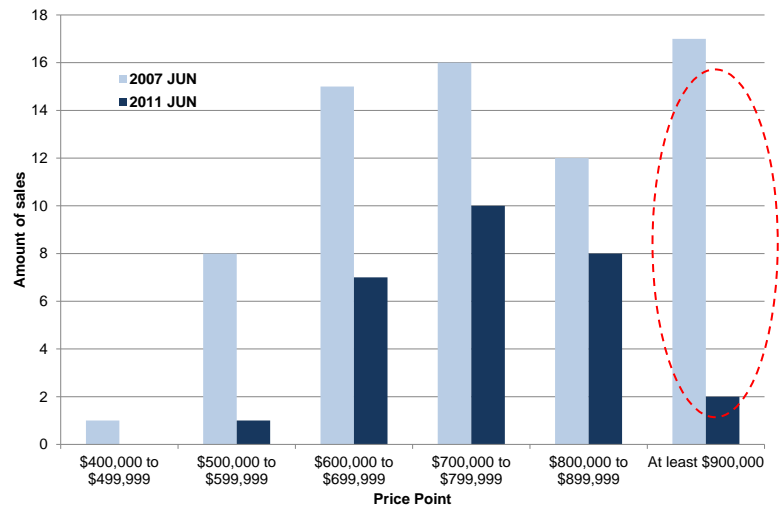
By observing the Robina Area Waterfront House Price Points graph, three conclusions can be drawn. The first is the decline on activity in the overall waterfront house market when comparing 2007 to 2011. The second is in which price bracket the highest rate of decline occurred in. It is clear that waterfront houses for sale in the higher end of \$900,000 plus have almost disappeared over the first half of 2011, decreasing by 88 per cent from 2007. Finally, it can be determined that houses on the waterfront still sell at reasonably affordable prices when compared to the larger Gold Coast market. There may be several reasons for this dramatic decrease in activity, with the first being homeowners reluctant to sell in a market that demands reduced prices, preferring to deploy a holding strategy. Another factor for the decline of activity in the higher end of the market can be falling values itself, with properties shifting out of the \$900,000 plus bracket and into more affordable price segments.

A resale analysis was undertaken to ascertain the average annual returns received by investors who exited the Robina Area waterfront house market over the six months to June 2011. On the whole, the house market sustained an average annual capital growth of four per cent per annum with an average holding period of just over ten years. The Average Capital Growth chart demonstrates that waterfront houses in Mermaid Waters have achieved a higher rate of capital growth over the past six months, when compared to the suburb of Robina. Growth in capital value has decreased significantly over the past six years, but still remains positive overall.

The majority of waterfront sales in the Robina Area has historically occurred inside the suburb of Mermaid Waters, due to the suburb having a larger share of waterfront property than both Robina and Varsity Lakes. Mermaid Waters has averaged 29 sales per six month period, while Robina has averaged eight and Varsity Lakes has averaged six. The first half of 2011 brought a further 20 sales in Mermaid Waters, slightly down from the second half of 2010 (at 22). In this suburb alone, the median price for waterfront houses has decreased by 14.6 per cent over the 12 month period ending June 2011, to close at \$725,000. The suburb of Robina recorded a median price of \$833,500 for the first half of 2011, while Varsity Lakes closed at \$704,000.

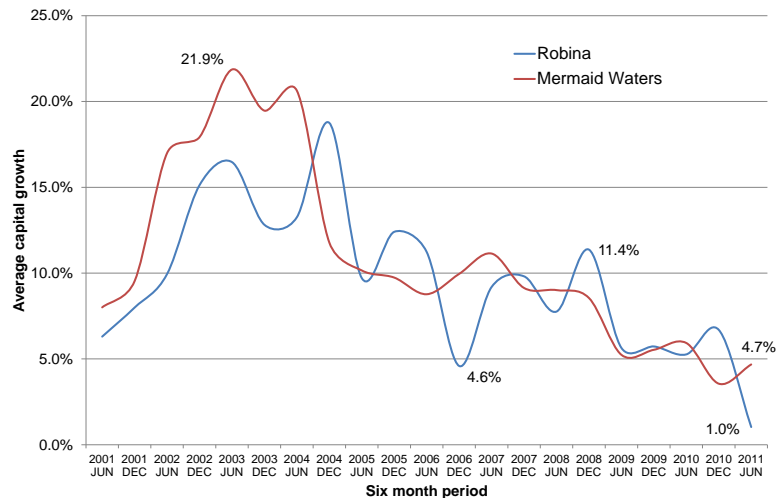
It is anticipated that market conditions on the Gold Coast are set to remain favourable for buyers in the near future, with a wide range of dwellings to choose from at values that have softened over the past three years. Buyers now have opportunity to enter into blue chip markets, such as waterfront property in the Robina Area, which traditionally over the years has been tightly held and transacted at higher values.

Robina Area Waterfront House Price Points Comparison June 2007 to June 2011



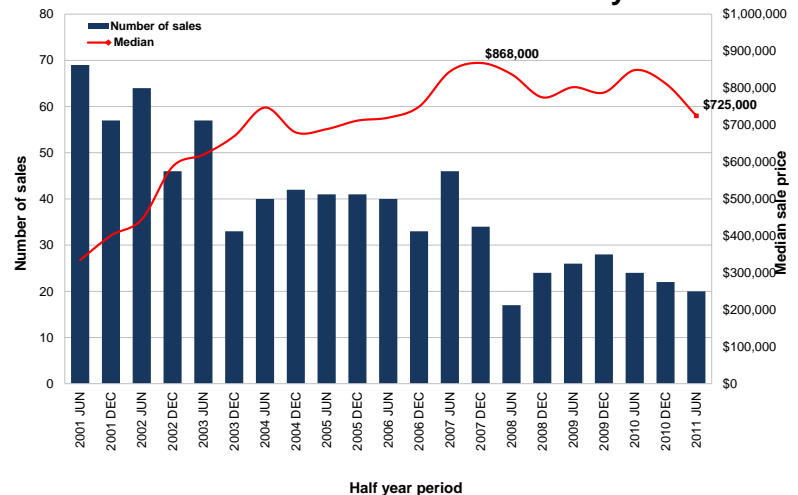
Graph prepared by PRDnationwide Research. Source: PDS

Robina Area Waterfront Average Capital Growth



Graph prepared by PRDnationwide Research. Source: PDS

Mermaid Waters Waterfront House Sales Cycle



Graph prepared by PRDnationwide Research. Source: PDS

Prepared by PRDnationwide Research. Source: PDS Live, BCI Australia and the ABS.

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