

PROPERTY WATCH®

Fourth Quarter 2011

Whitsunday and Airlie Beach Market Overview

IN BRIEF

- Airlie Beach has experienced a large increase in its population, recording an increase of 9.8 per cent over the 12 month period ending June 2010.
- Over the past twelve months median house price for the Whitsunday has softened by 2.7 per cent, while the unit market has experienced 5.8 per cent decline median price growth.
- Vacant land in the Whitsunday property market could offer investors a potential bargain, with the median price softening to \$127,500.

Area Characteristics

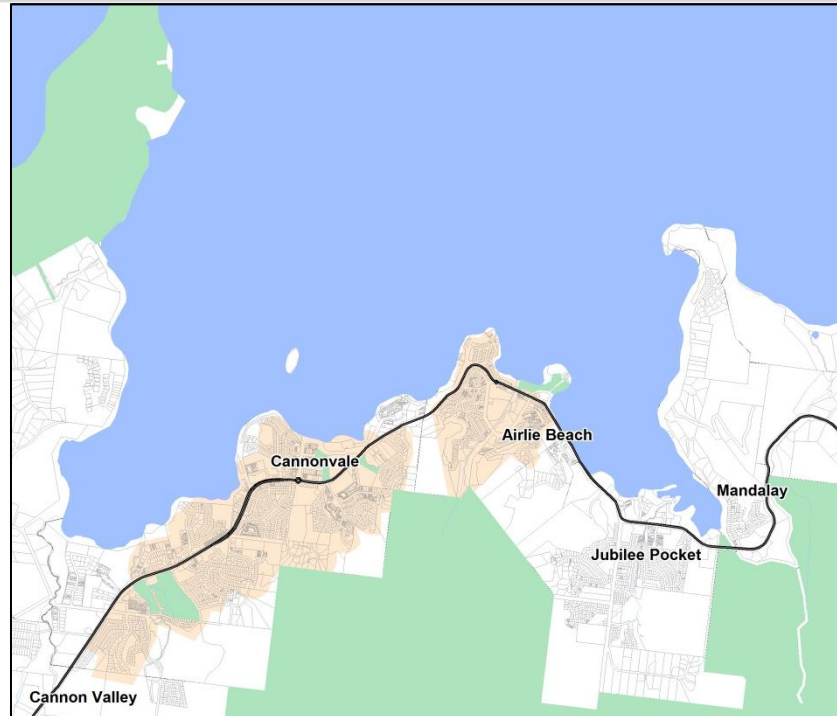
The Whitsunday Region is located 125 kilometres north of Mackay and is considered the gateway not only to the Whitsunday Islands, but also the Great Barrier Reef. This area has traditionally appealed directly to the tourist trade, attracting hundreds of thousands of visitors each year. Close to 25% of the Whitsunday Region is designated parkland, with national parks making for excellent recreational opportunities. The region's economy is primarily supported by the tourism and sugar industries, with Airlie Beach and Proserpine acting as the major business centres. Within the Whitsunday region, Airlie Beach is one of the main tourist destinations and provides one of the major departure points for the Whitsunday Islands. Proserpine, located 25 kilometres inland from Airlie Beach, provides the region's infrastructure including a hospital, rail station, sugar mill and airport.

Demographic Snapshot

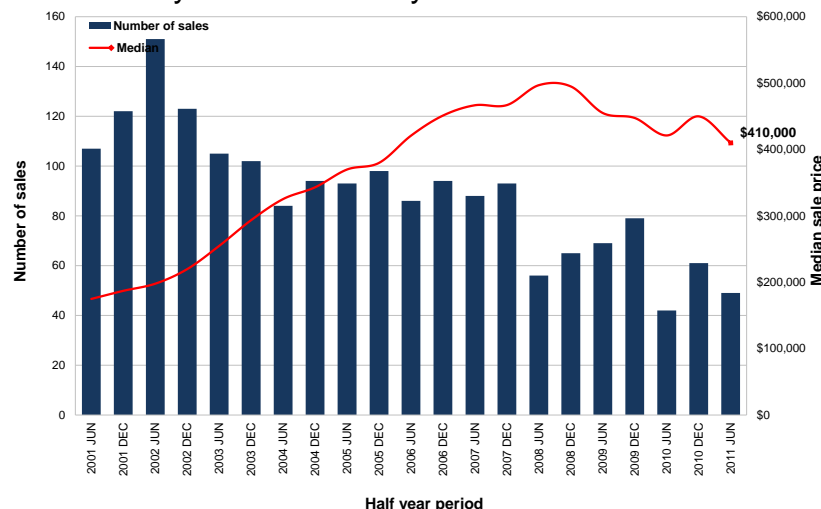
As at June 2010, Airlie Beach registered an Estimated Residential Population of 1,227 residents, equating to a population growth rate of 9.8 per cent from June 2009. This registers well above the population growth rate of the Greater Whitsunday Area which recorded a stable 1.8 per cent increase over the same period, equating to 20,374 residents. The Airlie Beach region is characteristic of a popular tourist destination, with a unit dominated landscape accounting for 51% of total dwellings. The Greater Whitsunday Region has a higher proportion of separate houses at approximately 74% of total dwellings. Rented accommodation in the area is a markedly high 52%, which is indicative of the high levels of tourism fuelled investment in this region. The average individual income of residents living in Airlie Beach is \$591 per week, \$49 greater than the Whitsunday average of \$542 per week.

Whitsunday House Market

The Whitsunday property market has continued to decline over 2010 largely attributed to the loss of just over 2,000 jobs in the construction industry. The local economy felt the large loss of disposable income with vacancy rates increasing to 11 per cent. Over the six months to June 2011, the Whitsunday property market recorded a further decline in sales, when compared to the stronger finish of 2010. During the six months to June 2011, the median price has continued its steady decline, presenting an opportunity for investors to capitalise on bargain properties. Despite interest rates remaining steady over the first half of 2011, activity remains low and prices continue to decline further offering favourable conditions for buyers. However, the strong short term gains enjoyed in the booms of 2001 and 2006, are transforming into

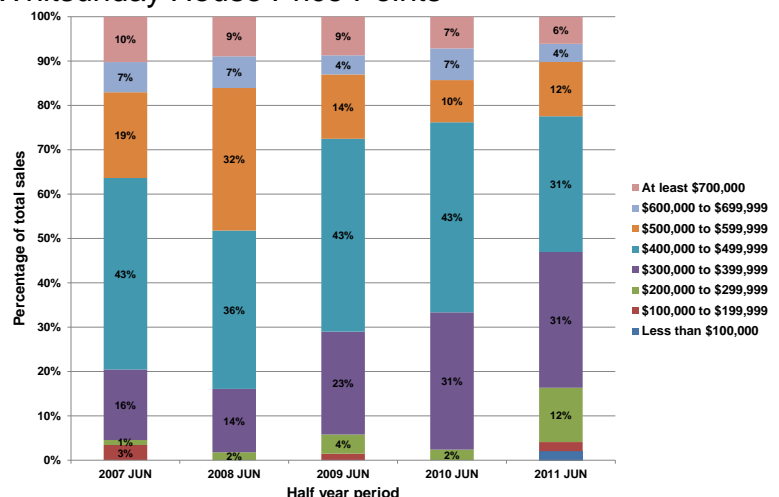


Whitsunday House Sales Cycle



Prepared by PRDnationwide Research Source: PDS Live

Whitsunday House Price Points



Prepared by PRDnationwide Research Source: PDS Live

longer holding periods, as current market conditions become more apparent to vendors. Recently the local economy has been boosted by a large influx of demand from the mining industry, with vacancy rates now pushing below five per cent. Many of the sales that have occurred in 2011 have been directly attributed to new mining residents. If this is to be sustained over the longer term, the regions future appears brighter.

During the June 2011 half year period, the Whitsunday Area house market recorded a 2.7 per cent softening in the median price to register \$410,000. However, when analysing the long term performance of this market, the median house price has recorded a strong ten year growth rate of 8.9 per cent per annum. Demand for houses in the Whitsunday Area has fallen from the previous six month period in 2010 by 19.7 per cent, equating to 49 settled transactions. The majority of these sales were recorded in Cannonvale with 26 transactions, followed by Jubilee Pocket with 18 transactions. Analysis of the price point distributions reveals that 31 per cent of sales have occurred within the \$400,000 to \$499,999 as well as the \$300,000 to \$399,999 price bracket. This reflects the shift of affordability in the market, where the lower price segment is once again receiving attention from buyers. Only three house sales have exceeded the \$700,000 plus price point, representing high end stock for the June 2011 half year.

A resale analysis has been undertaken by PRDnationwide Research to establish the returns to home owners who exited the Whitsunday house market. Product sold within 2011 has yielded an average annual capital growth figure of 0.8 per cent per annum for the region. It must be noted that these houses had an average holding period of just under six years and therefore reflect the recent downturn experienced in the global economy.

Whitsunday Unit Market

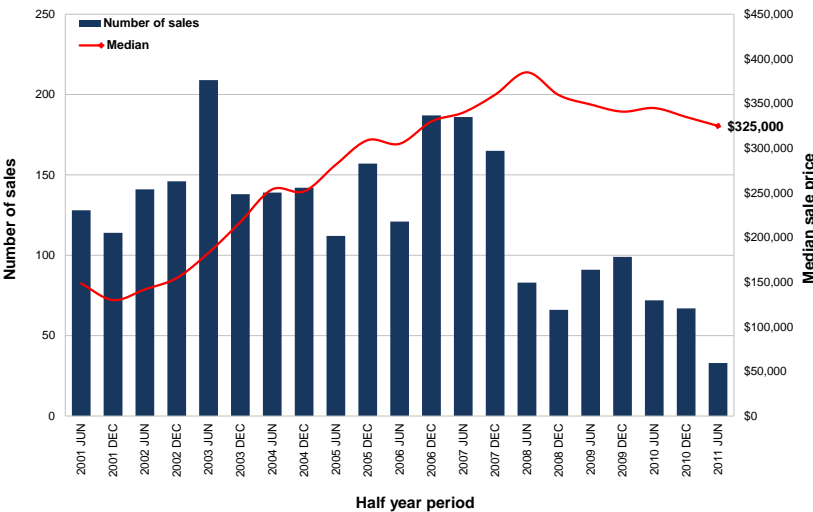
The Whitsunday apartment market has experienced a significant decline in activity, most likely a direct result of the lingering financial crisis which has sapped confidence in the local market. The median unit price has sustained a consistent drop from its peak over the June 2008 period. As a result, the unit market presents a fantastic opportunity for investors to capitalise on discounted prices. During the year ending June 2011, the median unit price has decreased by 5.8 per cent to register \$325,000.

Over the first half of 2011, the Whitsunday region has experienced a 50.7 per cent decrease in sales activity from the previous six month period, resulting in a total of 33 transactions. The most active suburb within this period was Cannonvale recording 18 of the total 33 settled transactions. This was followed by Airlie Beach with 10 sales. In terms of price points, 39 per cent of transactions fell within the \$300,000 to \$399,999 price bracket, followed by the \$200,000 to \$299,999 price point accounting for 33 per cent of sales. The highest priced sale that occurred in the six month period was in Altmann Avenue, Cannonvale for \$966,750. Historically, there have only been 84, \$1 million plus sales recorded within the Whitsunday Area. The recently low level of high end apartment transactions over the past two years has resulted from more prudent investors actively seeking product with perceived value and greater investment potential. A resale analysis was carried out on apartment stock to establish returns to those who resold product back into the Whitsunday apartment market. Product sold during 2011 yielded an average annual capital growth figure of -2 per cent per annum. These units were held for an average period of 5.6 years.

Airlie Beach Property Market

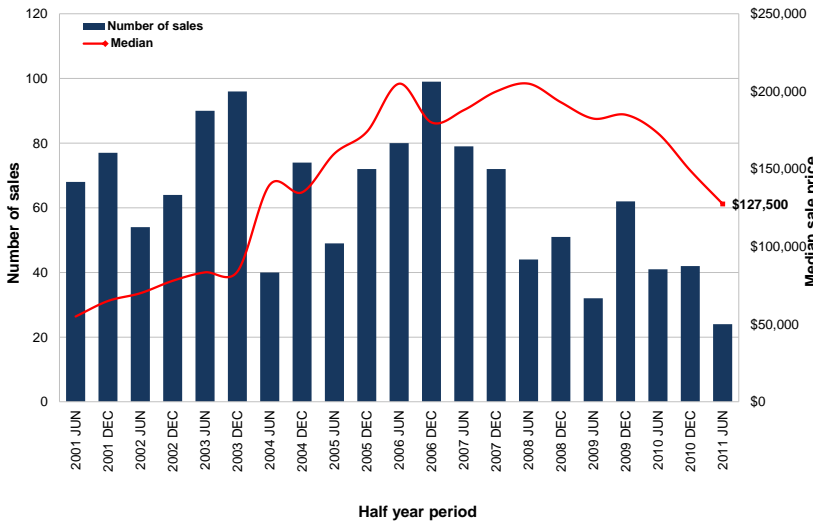
The suburb of Airlie Beach is predominately made up of units and townhouses, with separate houses making up only 35% of total

Whitsunday Unit Sales Cycle



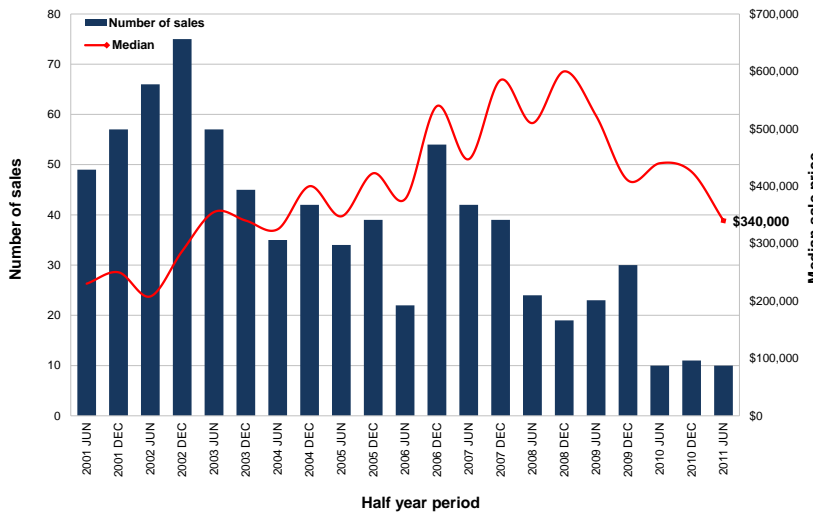
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Whitsunday Vacant Land Sales Cycle



Prepared by PRDnationwide Research. Source: PDS Live

Airlie Beach Unit Sales Cycle



Prepared by PRDnationwide Research. Source: PDS Live

dwellings. This is a premium market and has yielded only one house transaction during the first half of 2011. This was for \$765,000 achieved in Orana Street. During the six month period ending June 2011, 10 transactions were recorded in the Airlie Beach unit market. This figure registers well below the five year average of 26 transactions per half year period, which can be attributed to the lasting effects of the financial crisis still present in this tourism driven market. The majority of Airlie Beach's apartment transactions have occurred within the \$300,000 to \$399,999 price point, which saw 90 per cent of the regions sales.

Jubilee Pocket Property Market

Since the market low at June 2010, house activity has increased each consecutive six month period to record 18 sales for the most recent period. With the general low number of house sales, the median house price has fluctuated over the past two years, with the first half of 2011 closing at \$362,000. Within the Jubilee Pocket unit market there were five unit sales recorded during the June 2011 half year period, ranging in price from \$199,000 to \$525,000. The level of sales activity in the unit market has fluctuated as buyer confidence has softened over recent years.

Cannonvale and Cannon Valley House Market

During the past five years, the Cannonvale and Cannon Valley suburbs have averaged 44 settled house transactions per six month period. Over the most recent period, activity in Cannonvale and Cannon Valley registered 26 settled sales. The median price which has been established through these sales is \$442,500, a \$7,500 or 1.7 per cent softening from the June 2009 period. The majority of transactions have fallen inside the \$400,000 to \$499,999 price bracket, with 31 per cent of total sales. This was followed by the \$300,000 to \$399,999 price bracket, with 19 per cent. The most affordable sale for the six month period of June 2011 settled at \$160,000 on Links Drive in Cannonvale, while the highest priced transaction settled at \$985,000 in Coral Esplanade, also in Cannonvale.

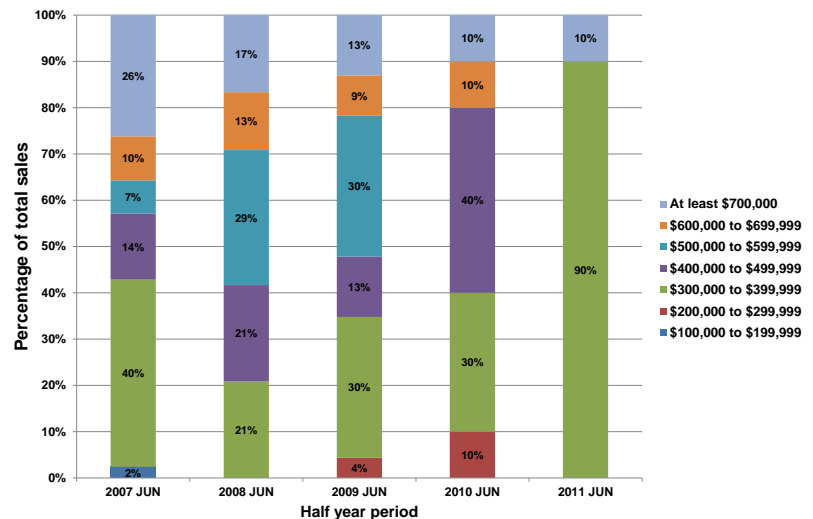
Cannonvale and Cannon Valley Unit Market

The Cannonvale and Cannon Valley unit market appears to be significantly affected by the tight financial conditions, experiencing a decrease of 65 per cent in activity to register 18 settled sales. The majority of these settled sales for the most recent period have occurred within the \$200,000 to \$299,999 price bracket, accounting for 56 per cent of total sales. The median unit price recorded for the Cannonvale and Cannon Valley market for the first half of 2011 closed at \$272,500, registering a substantial decrease of 21 per cent from the previous year. The highest transaction settled on Altmann Avenue for \$966,750, while the most affordable transaction occurred along Eshelby Drive for \$150,000.

Cannonvale and Cannon Valley Land Market

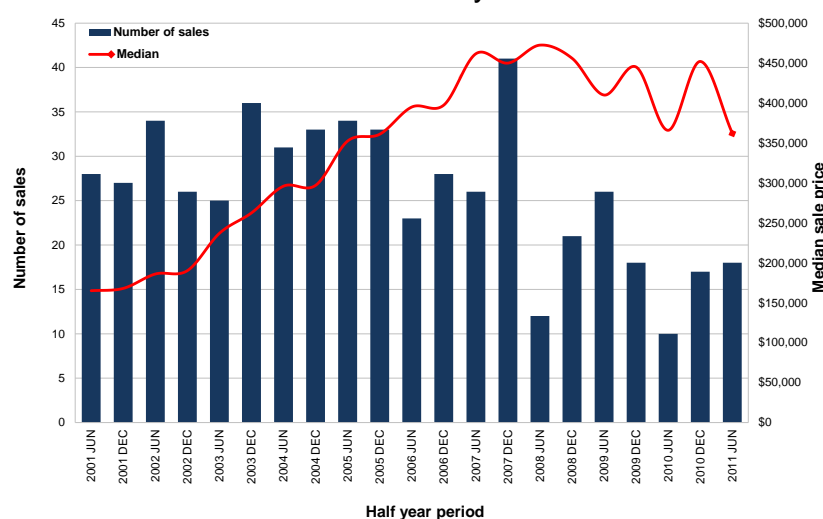
Activity in the Cannonvale Area vacant land market has steadily declined from the property market peak experienced in 2007. Over the past couple years there has been a sharp decline in the median price with the most recent year ending June 2011 experiencing a decline of 25.4 per cent to close at \$125,000. The median vacant land price, which culminated through 19 vacant land transactions over the June 2010 period, a decrease of 10 per cent from the previous year. The majority of the transactions have occurred within the price bracket of \$100,000 to \$149,999, with 74 per cent of total sales. The highest residential land settlement for the six month period ending in the June 2011 six month period was \$325,000 on Beth Court, while the most affordable transaction took place in Ridge View Road for \$92,500.

Airlie Beach Unit Price Points



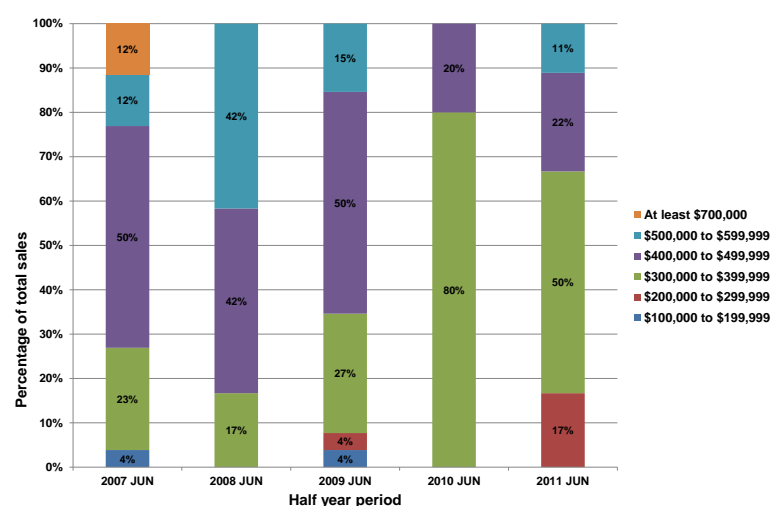
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Jubilee Pocket House Sales Cycle



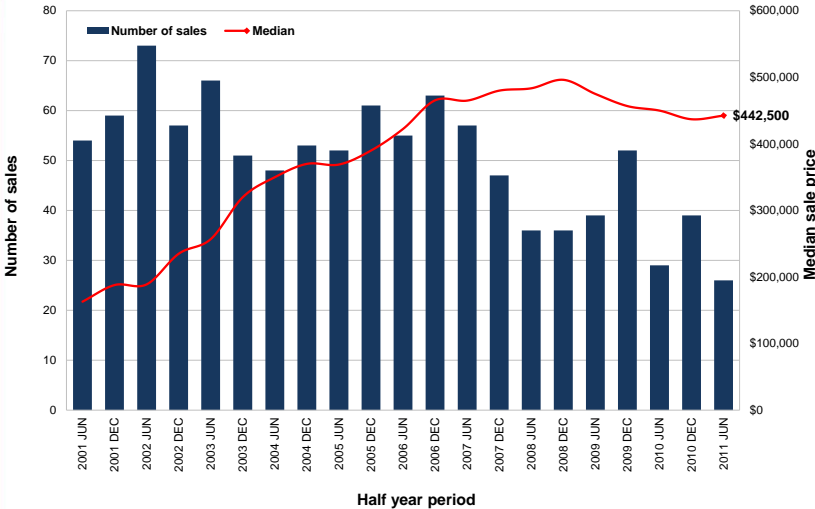
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Jubilee Pocket House Price Points



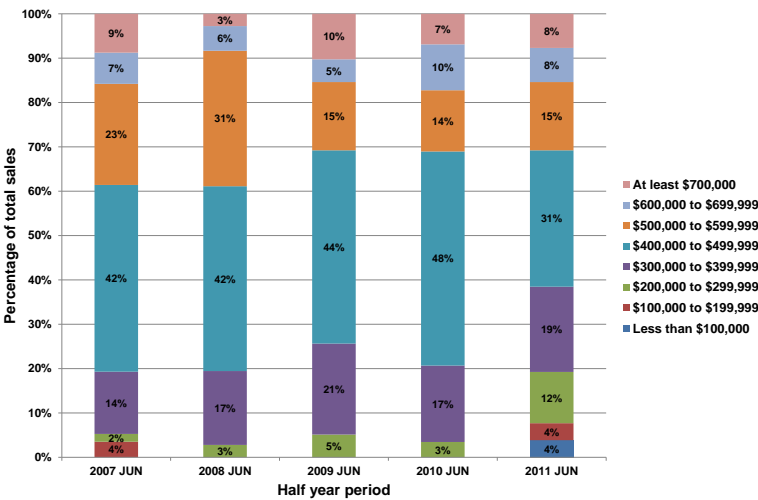
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Cannonvale & Cannon Valley House Sales Cycle



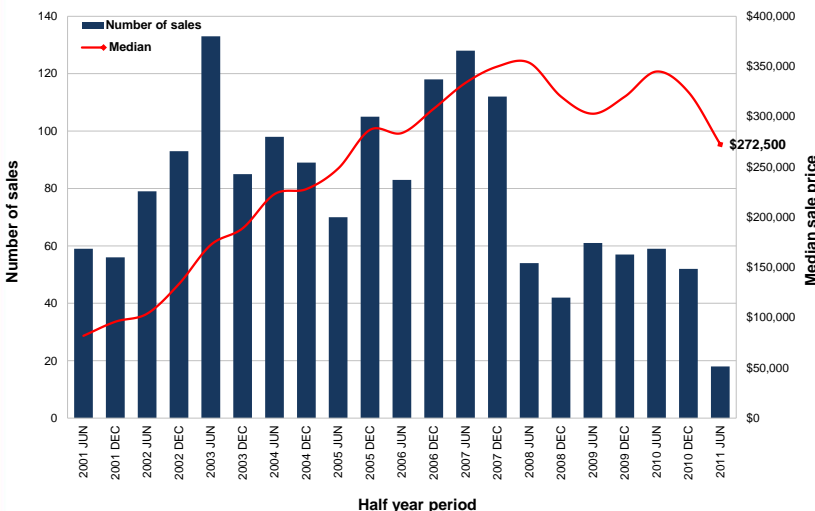
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Cannonvale & Cannon Valley House



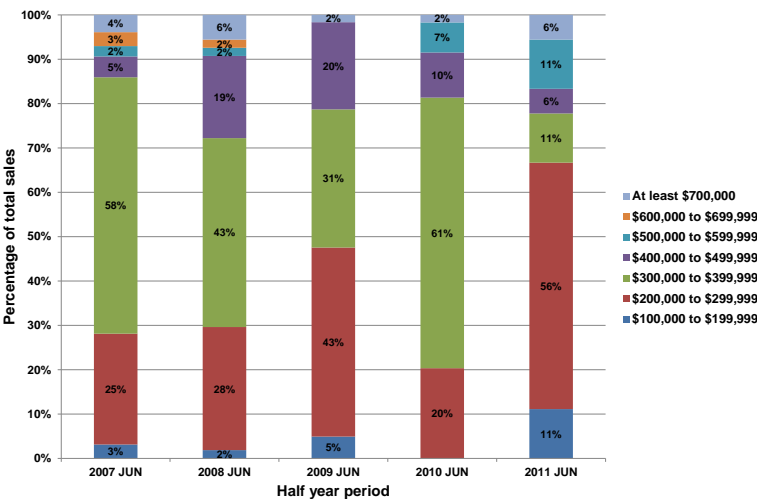
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Cannonvale & Cannon Valley Unit Sales Cycle



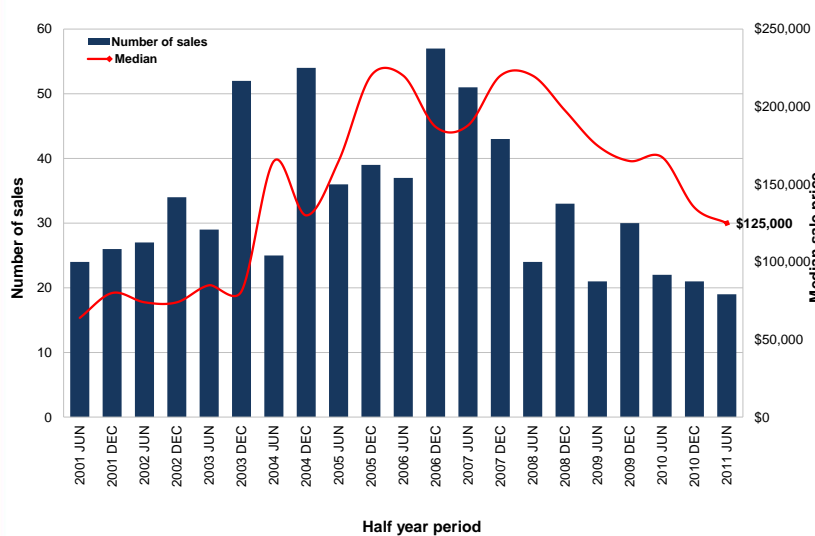
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Cannonvale & Cannon Valley Unit



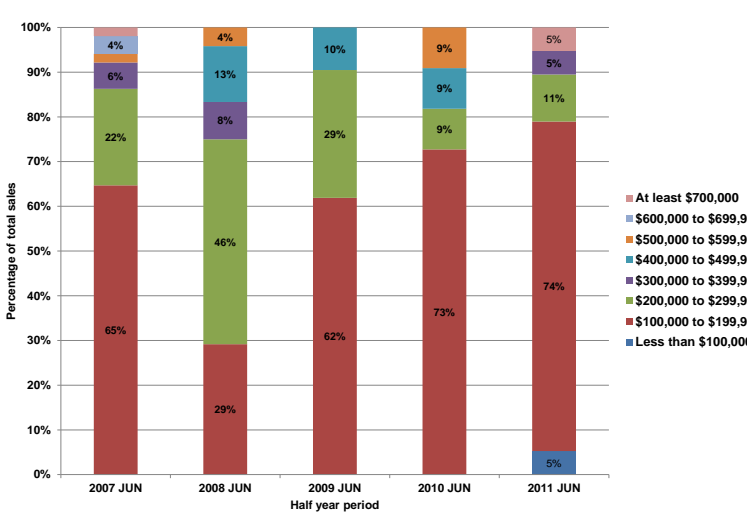
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Cannonvale & Cannon Valley Vacant Land Sales Cycle



Prepared by PRDnationwide Research. Source: PDS Live

Cannonvale & Cannon Valley Vacant Land



Prepared by PRDnationwide Research. Source: PDS Live

Prepared by PRDnationwide Research. Source: RP Data & PDS and the ABS. For further details contact: Aaron Maskrey, Research Analyst Ph: (07) 3370 1702 or Email: aaronmaskrey@prd.com.au, or Christie Leet from PRDnationwide Whitsunday on (07) 4946 2030 or visit our website at www.prdnationwide.com.au/research.

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