

**PROPERTY WATCH®**

Fourth Quarter 2011

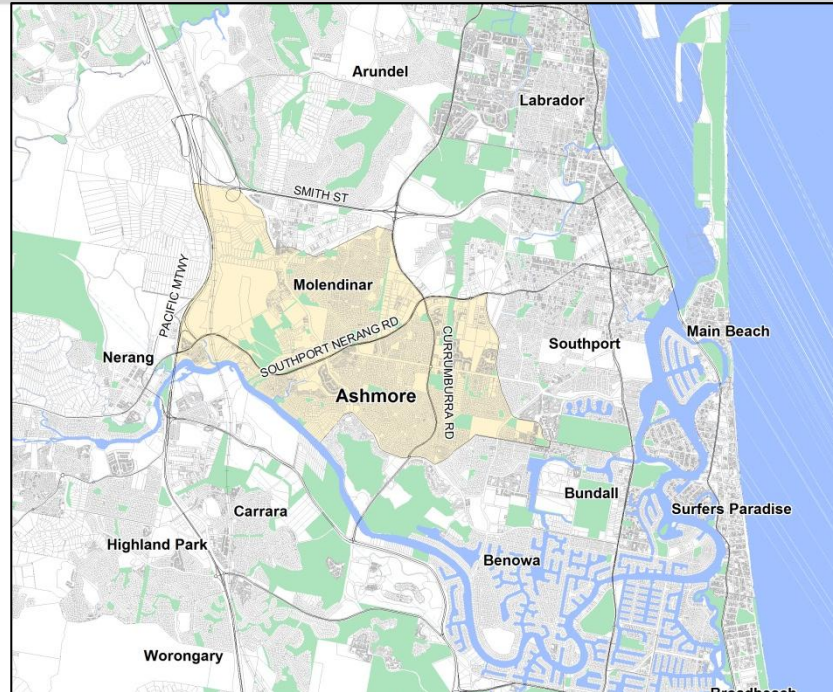
**Ashmore Area Market Overview**

**IN BRIEF**

- The Ashmore Area house and unit markets have experienced the effects of tightening credit with a significant decline in the level of sales.
- A resale analysis has shown that there was an average annual capital growth of 4.8 per cent per annum for houses, while units achieved 2.2 per cent per annum during the six month period ending June 2011.
- Rental tenancies for houses have decreased by seven per cent, while the weekly rental price has remained steady at \$400.

**Scope**

The following Property Watch is the result of an investigation into the house, unit and vacant land market comprising suburbs within the Ashmore Area as depicted in the map to the right. The purpose of this report is to identify the trends influencing the performance of this real estate market and the factors contributing to its competitive environment.



**Demographics**

As at June 2010 the estimated resident population of Ashmore was 13,129 residents, while Molendinar registered 6,908. This equates to an increase of 1.2 per cent and 1.6 per cent respectively from the June 2009 population. Understood to be a family oriented region, 75 per cent of residents live in a household that is classified as a family variation. Investors account for 28 per cent of the total dwellings in the Ashmore Area while the remaining 72 per cent of residents are owner occupiers either servicing a mortgage or owning their property outright. The slight majority of households, 22 per cent, earn between \$800 to \$1,200 per week, while toward the top end of the market, a significant 23 per cent of households earn over \$1,700 per week.

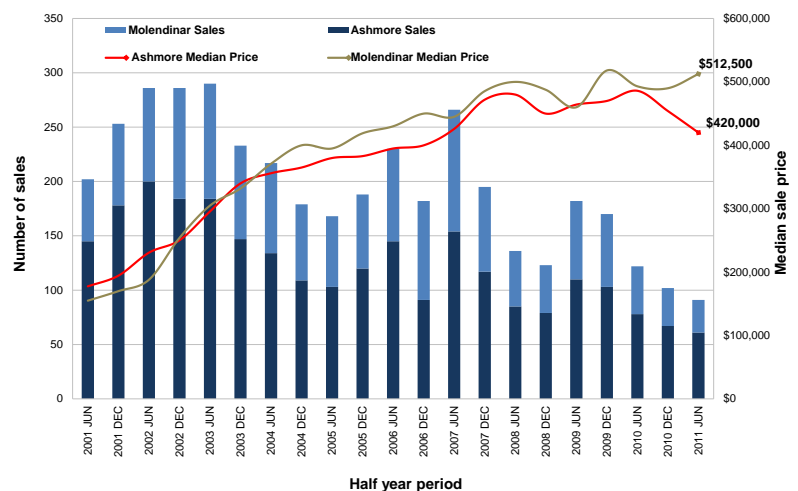
**House Market**

Over the past decade, the Ashmore Area house market has seen a gradual trend of decreasing sales per six month period. The suburb of Ashmore has averaged 99 sales per six month period, while Molendinar experienced 64 transactions. For the most recent six month period ending June 2011, Ashmore registered 61 house sales, while only 30 occurred in Molendinar. This equates to a decrease in Ashmore of 38 per cent from the five year average sales rate and a 53 per cent decrease in Molendinar.

In Ashmore the median price has increased steadily by nine per cent per annum over the past ten years. This is slightly lower than in Molendinar, which experienced a ten year rate of 12.7 per cent per annum. Over the past year ending June 2011, the median price in Ashmore decreased considerably (13.6 per cent) to record a final price of \$420,000. Meanwhile, the Molendinar median price has remained relatively stable, achieving annual growth of four per cent to \$512,500.

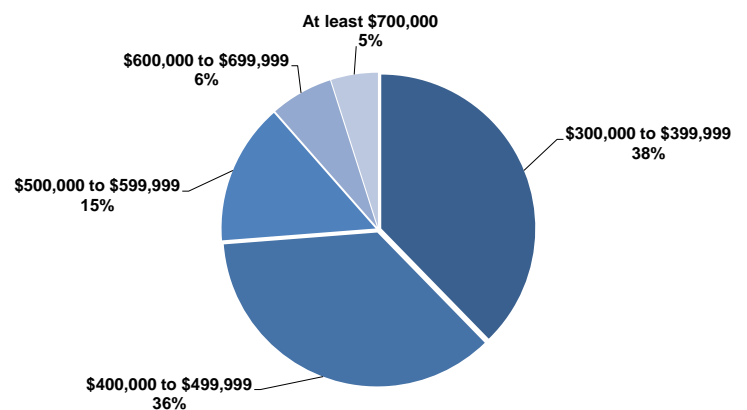
Over the June 2011 half year period the bulk of house transactions occurred in the \$300,000 to \$399,999 price bracket, at 38 per cent of total sales in Ashmore. The price segment to have contracted the most from the previous year has been the \$500,000 to \$700,000 range, experiencing a fall of 57 per cent, to record only nine settled sales. As a result of the middle and top segments of

**Ashmore House Sales Cycle**



Prepared by PRDnationwide Research Source: PDS

**Ashmore House Price Points**



Prepared by PRDnationwide Research Source: PDS

the market contracting, the median price has softened by \$66,000. A resale analysis was undertaken to ascertain the average annual returns received by homeowners who exited the Ashmore house market over the six months to June 2011. Sellers during this period realised capital gains of an average 4.8 per cent per annum in the suburb of Ashmore with an average holding period of just under seven years. Sellers in Molendinar experienced an average capital growth of 2.1 per cent when selling in the June 2011 six month period, with an average holding period of four and a half years.

### Unit Market

The Ashmore Area unit market has continued to experience softening sales since the end of 2009. Over the past five years the unit market has registered an average of 44 unit sales per six month period in Ashmore and 28 sales in Molendinar. For the first half of 2011, Ashmore registered 19 unit sales, while Molendinar recorded 18. This is a significant decline in activity for the Area and follows the greater trend of less sales activity in the Gold Coast region.

Ashmore unit sales were fairly balanced between the main price segments of the market over the first half of 2011. Approximately 37 per cent of the total sales occurred in both the \$300,000 to \$399,999 and \$200,000 to \$299,999 price brackets. The majority of sales in Molendinar occurred in the \$300,000 to \$399,999 price bracket, with 39 per cent of total sales. Over the year ending June 2011, the median unit price has been reasonably steady in both Ashmore and Molendinar, with Ashmore experiencing a \$10,000 increase (3.4 per cent) to close at \$305,000. Units in Molendinar also increased by a similar amount of \$11,350 (3.5 per cent) over the 12 month period, to close at \$333,850.

A resale analysis on unit stock sold over the June 2011 half year period has yielded an average annual capital growth of 2.2 per cent per annum in Ashmore, with an average holding period of five and a half years. Molendinar recorded even less capital growth during this period, with sellers on achieving an average one per cent per annum and an average holding period of just under five years.

### Rental Market

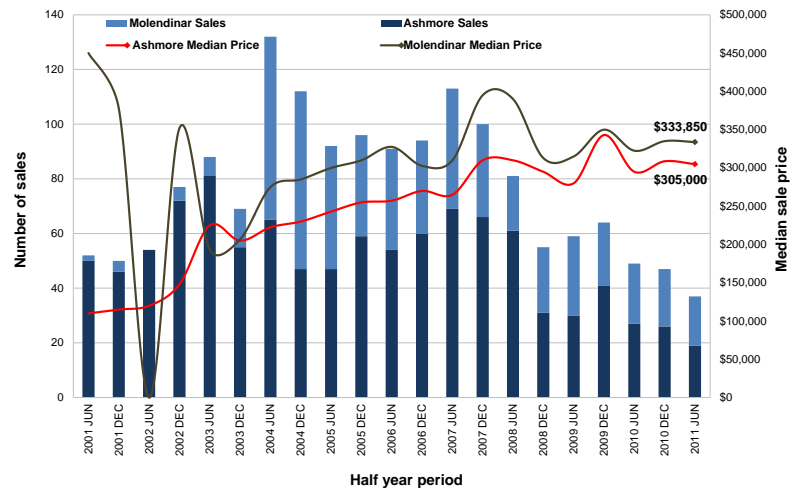
Approximately 28 per cent of the Ashmore Area belongs to the rental market. As a result, the performance of the rental market and subsequent yields become important in understanding the performance of the market as a whole. The appeal of the coastal lifestyle, particularly in the less developed suburbs of the Gold Coast will continue to drive growth within this market.

Demand in the Ashmore Area house rental market appears to have stagnated over the past couple years, as there has been no change in the median weekly rental price of \$400 since the September 2009 quarter. Rental bonds for standard three bedroom house decreased by seven per cent over the 12 month period ending September 2011. Standard two bedroom units have received a significant decrease in the median weekly rental price from the previous year, with a drop of 49 per cent, equating to \$98 less per week to a final price of \$202. However, the quantity of rental bonds has increased by almost double the amount (88 per cent) from the previous year.

Prepared by PRDnationwide Research. Source: PDS, BCI Australia, RTA and the ABS. For further details contact: Aaron Maskrey, Research Director, Ph: (07) 3370 1702 or Email: aaronmaskrey@prd.com.au.

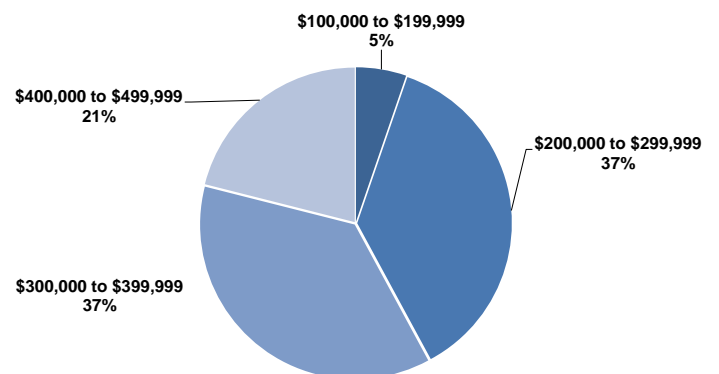
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### Ashmore Unit Sales Cycle



Prepared by PRDnationwide Research Source: PDS

### Ashmore Unit Price Points



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### Ashmore Area Sales Summary

House	Median House Price	Annual Change	Median Weekly Rent	Annual Change	Rental Yield	Total Property Returns
Ashmore	\$420,000	-13.6%	\$400	0	4.9%	-8.7%
Molendinar	\$512,500	4%	\$400	0	4.0%	8.0%

Unit	Median Unit Price	Annual Change	Median Weekly Rent	Annual Change	Rental Yield	Total Property Returns
Ashmore	\$305,000	3.4%	\$202	-47%	3.4%	6.8%
Molendinar	\$333,850	3.5%	\$202	-47%	3.1%	6.6%

Prepared by PRDnationwide Research Source: PDS, RTA