Bundaberg LGA Residential Overview

IN BRIEF

- The house, unit and land market have all recorded lower sales over the past twelve months, with the strongest softening of 35.5% experienced in the land market.
- The December 2010 half year period registered a median house price of $295,000 through 760 transactions.
- The December 2010 half year period registered a median unit price of $265,000 through 101 transactions.

Scope

The following Property Watch report is the result of an investigation into the historic and current market trends within the Bundaberg Local Government Area (LGA), with a specific analysis on the Bargara market. The aim of this report is to outline the recent performance of the house, unit and vacant land markets within this region.

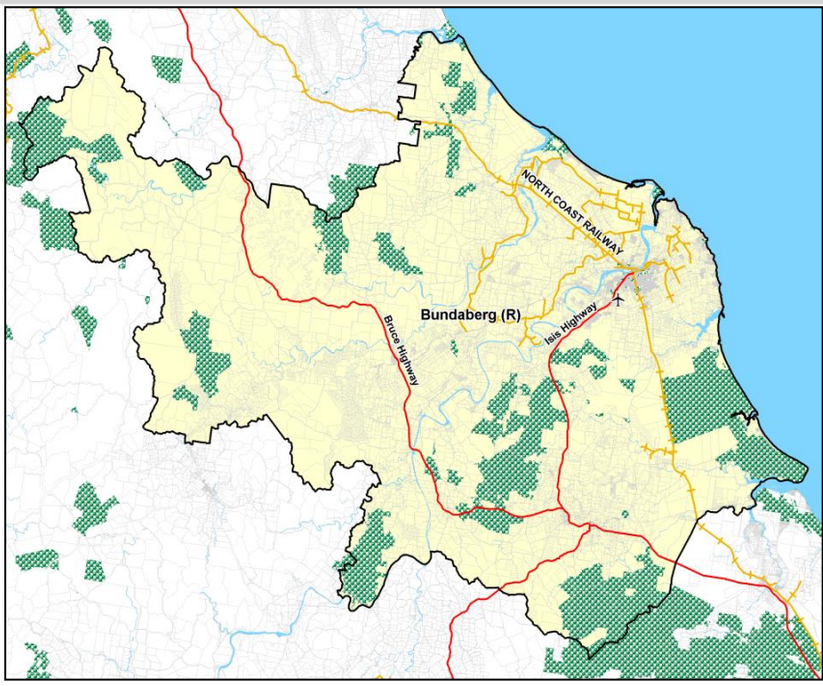
Area Characteristics

Bundaberg is located roughly 380 kilometres north of Brisbane and 15 kilometres inland from the coastline. Due to its locality, this regional community is considered to be the gateway to the Great Barrier Reef. Boasting sunny weather for the majority of the year, the region's climate compliments the great fishing, diving and hiking on offer. Bundaberg is situated on the Burnett River and has been a major service centre in Queensland's Wide Bay-Burnett region for over 130 years. The area is primarily supported by the sugar industry and the flow on effects from agriculture. The local real estate market contains housing stock to suit all tastes and budgets with the majority located within close proximity to the town centre and the coastline.

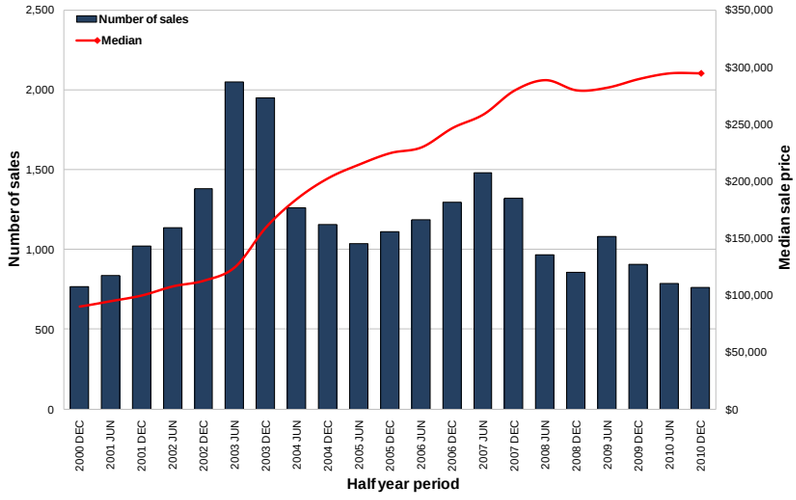
House Market

The Bundaberg LGA housing market has recorded a stagnant median price over the past two years, following subdued demand and rate of sales. Rising interest rates, increasing cost of living and the withdrawal of the First Home Buyers Boost have culminated to deter potential buyers from the market which has forced vendors to make concessions on their asking price in order to sell their property. This has been pronounced in the lower end of the market where increasing costs of living and growing debt obligations are equating to fewer settled transactions. However, when compared to most markets across Queensland, Bundaberg has proven more resilient to the wider economic conditions recording a relatively small softening's in sales activity and a buoyant median price.

To ascertain the returns home owners have achieved within the Bundaberg LGA throughout the December 2010 half year period, PRDnationwide Research has conducted a resale analysis. This analysis yielded an average annual capital appreciation of 6.3% per annum. This product had an average holding period of over four and a half years, indicating that the majority of growth achieved was attained prior to the Global Financial Crisis (GFC) which unveiled itself in 2008. Over the past 12 months the Bundaberg LGA has recorded a median price growth of 1.7% or $5,000, taking median price to an affordable peak of $295,000 for the December 2010 six month period. Looking at the longer 10 year trend, it is



Bundaberg LGA House Sales Cycle



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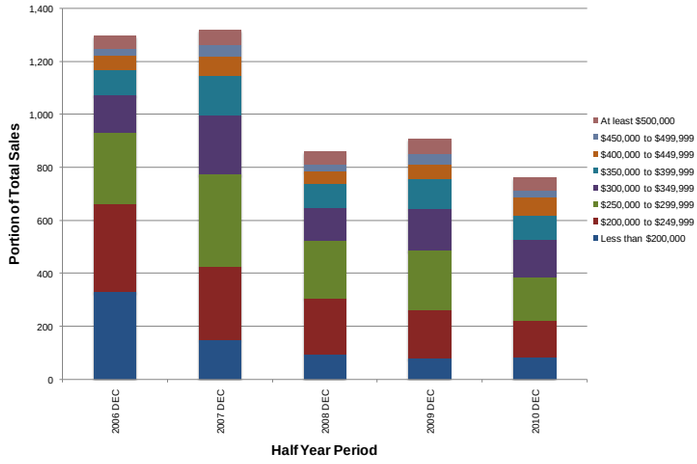
Bundaberg LGA House Price Points



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evident median price has recorded significant growth since the December 2000 half year, registering 12.6% per annum.

Sales activity has dropped significantly over the last 12 months to record a total of 760 transactions over the December 2010 half year. This represents a 16% decrease in activity from the corresponding period in 2009, where 907 sales were recorded. Despite this strong softening, Bundaberg has recorded a much smaller decrease than Queensland which recorded a drop of 28% in settled transactions. The most active suburb over the most recent six months to December 2010 was Bargara with 72 house transactions. This was followed by Avenell Heights and Avoca with 44 and 43 sales respectively. Notable performances were recorded in the suburb of Sharon and Bundaberg West with these suburb recording an additional five and three transactions. Analysis of the price point distributions has shown that the bulk of activity has transacted within $250,000 to $299,999, accounting for 22% of total sales. This was followed by the $300,000 to $349,999 price points with 18% of total sales each. Notably, 68% of the decrease in sales activity was recorded within the sub $300,000 price bracket, while sales within the $400,000 to $449,999 price point increased by 14 transactions.

Unit Market

The Bundaberg LGA unit market has contracted considerably over the past two years leading to a strong decreasing in median price. A resale analysis for units within the Bundaberg LGA has revealed that residents who sold their units during the December 2010 six month period received an average annual capital appreciation of 7.9% per annum. This product had an average holding period of over three years, with the majority of strong growth achieved from units held for longer than five years. The annual median price growth for units has recorded a softening of 7.0%, closing at $265,000 for the December 2010 half year period. However, over the past five years growth has been more stable at 3.4% per annum.

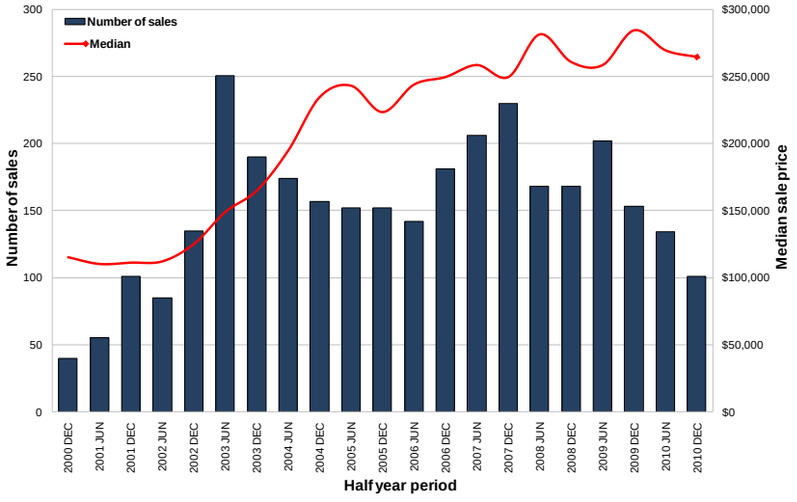
During the past five years there has been an average of 169 transactions per six month period, with the most recent six months to December 2010 recording only 101 settled sales. The most active suburb during this period was Bargara, with 31 of the total 101 transactions. This was followed by Avenell Heights and Millbank with 12 sales each. In terms of the price point distributions, 24% of total sales occurred in the price bracket of $250,000 to $299,999. This was followed by the $200,000 to $249,999 price bracket with 22% of sales.

Vacant Land Market

The Bundaberg LGA vacant land market has seen continuous growth in median price prior to the economic uncertainty which unfolded in 2008. Since then median price has trended towards stagnant growth as sales activity remains subdued.

The six months to December 2010 has registered an annual growth rate of 3.3%, taking median price to $140,000. The five year moving average however, has displayed more substantial growth at 6.9% per annum, outperforming both the house and unit markets. Over recent years, sales activity has decreased significantly registering 213 sales for the most recent period. This equates to 35.5% softening from the December 2010 half year where 330 sales were recorded. Most recently Moore Park Beach has recorded the most transactions with 20 sales, followed by Ashfield (18) and Burnett (16). Analysis of the price point distributions has revealed the bulk of transactions have occurred within $100,000 to $149,999 accounting for 44%. This was followed by the $150,000 to $199,999 price point with 24% of activity.

Bundaberg LGA Unit Sales Cycle



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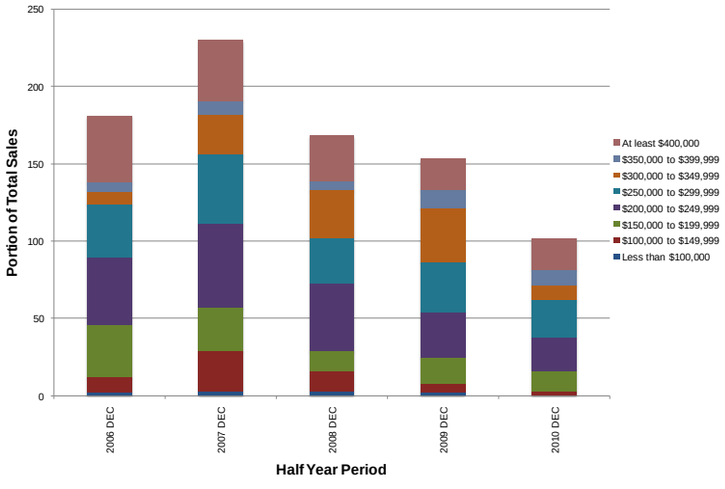
Bundaberg LGA Unit Price Points



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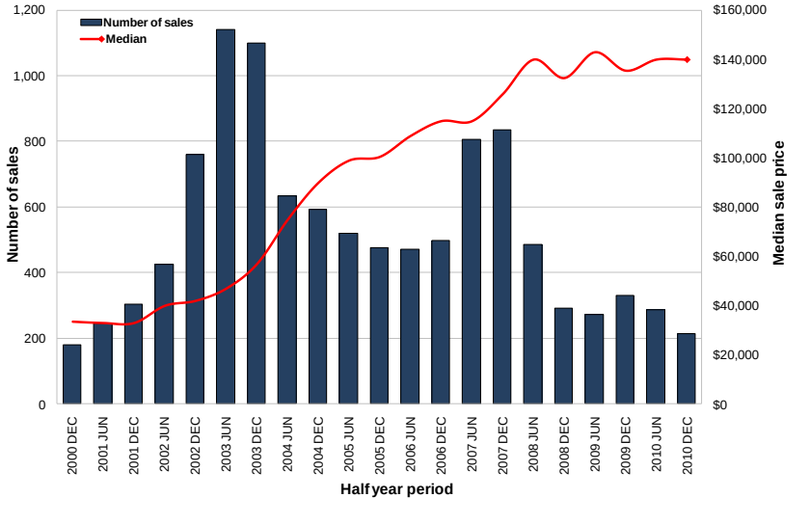
Bundaberg LGA Vacant Land Sales Cycle



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Bargara Overview

Demographics

- Bargara has recorded 3.1% population growth from June 2009 to June 2010, equating to an estimated resident population of 7,024.
- Bargara has recorded a median age of 44 years and an average weekly household income of $764.
- Dwelling structure is composed of 72% family households and 63% owner occupiers.

Bargara House Market

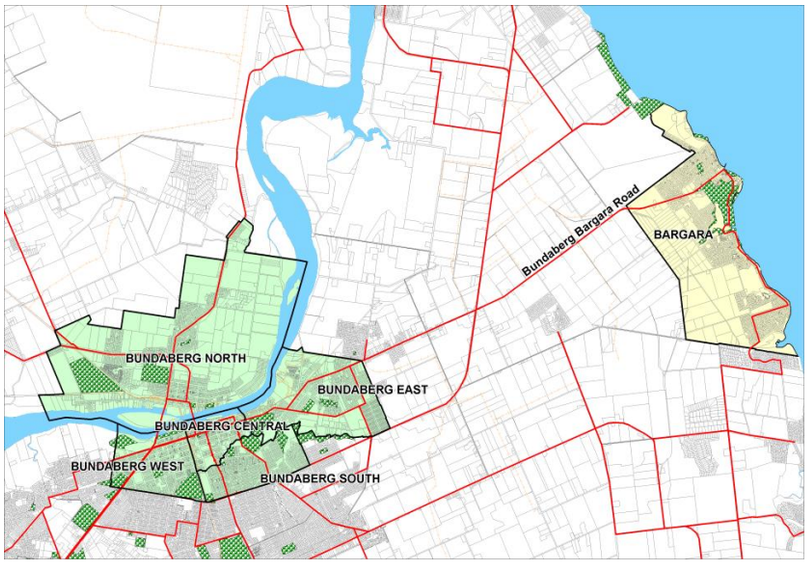
Over the past 12 months, the Bargara housing market has seen a stabilising in median price, to register $374,500. This figure is placed $8,500 below the median price peak of $380,000 recorded during the December 2008 half year period. Looking at the longer term performance, the five year moving average displays this markets trend towards gradual price increases at 3.5% per annum growth in median price. A resale analysis for house product resold in the Bargara house market over the six months to December 2010 has yielded an average annual capital appreciation of 4.1% per annum, a figure that has gradually declined since the GFC which unfolded in 2008. This product had an average holding period of over four years.

Sales in Bargara have bucked the nationwide trend of falling sale volumes to record a slight increase of 2.9% from the December 2009 half year period achieving 72 transactions. When benchmarked against the five year average however, this level of sales is still below the average of 90 sales per six month period. The majority of transactions for Bargara have taken place inside the $300,000 to $399,999 price point accounting for 33% of total sales. One of the most affordable sales that took place was on Fairway Drive for $162,000, while the highest sale recorded took place on Seaview Road for $862,000.

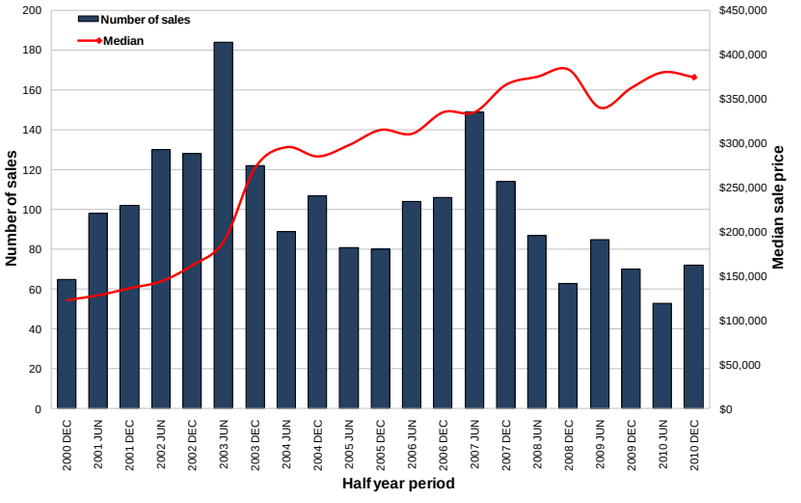
Bargara Unit Market

As seen in the Bargara Unit Sales Cycle Graph to the right, the unit market is quite volatile with large fluctuations in median price and sales activity. However, over the past two years, the market has been subdued as prices were discounted to clear excess stock and development activity was low. Currently, the one year median price growth up to December 2010 has been marginal with only a 2.8% increase, taking median price to $365,500. However this growth only represents decreasing activity in the more affordable price points as sales activity has dropped more significantly in these ranges. Over the most recent six months to December 2010, unit sales transacting for less than $400,000 have recorded a 31% drop in activity compared to the December 2009 six months, while sales above $400,000 have remained stagnant. Over the longer five year term to December 2010, Bargara has experienced a 0.6% per annum softening in median price. A resale analysis for Bargara units has revealed an average annual capital appreciation of 2.1% per annum. This product had an average holding period of two and a half years.

The December 2010 half year period has recorded 31 transactions. This level of sales represents a 16.2% decrease on the level of sales registered 12 months prior. In terms of the price point distributions, 25.8% of total sales have occurred above the $500,000 price bracket. This was followed by the $250,000 to $299,999 price bracket with 22.6% of total sales activity.



Bargara House Sales Cycle



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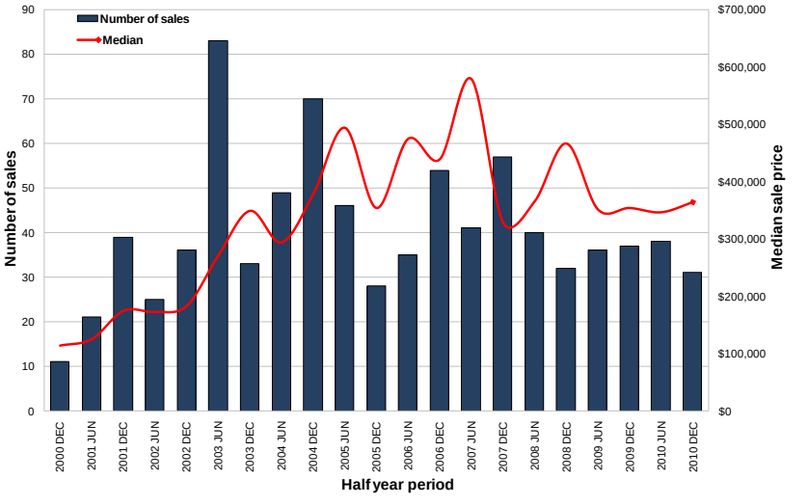
Bargara Unit Sales Cycle



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