

PROPERTY WATCH®

Second Quarter 2010

Greater Yeppoon Area

IN BRIEF

- Both the house and unit market have recorded significantly lower sales over the past twelve months with 38% less house sales and 49% less unit sales.
- The December 2010 half year period registered a median house price of \$390,000 through 138 transactions.
- The December 2010 half year period registered a median unit price of \$155,000 through 75 transactions.

Scope

The following Property Watch investigates the house and land markets comprising the Greater Yeppoon Area. This report also highlights the trends influencing these property market and factors contributing to its competitive environment. For the purposes of this report the Greater Yeppoon Area encompasses the suburbs highlighted in the map to the right.

Area Characteristics

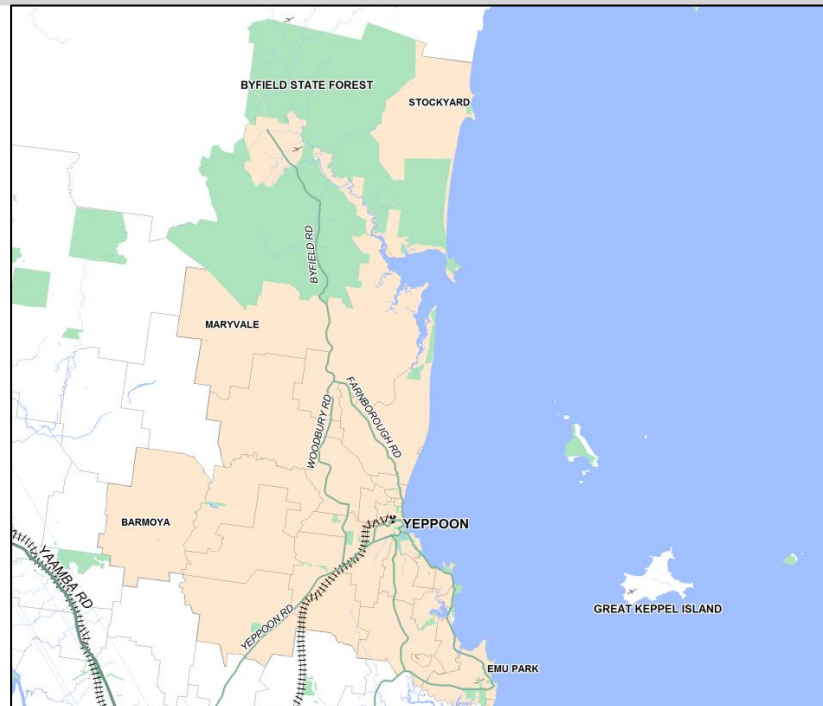
Located on Keppel Bay, the Greater Yeppoon Area is a coastal region based around the suburb of Yeppoon. This region is situated in Central Queensland around 700 kilometres north of Brisbane, the state capital, and 40 kilometres from its nearest regional centre of Rockhampton. The major drawcards for the region are predominately the long stretches of beaches and group of islands located just off the coast, known as the Keppel Islands. These islands form the basis of the local tourism industry. In the north of the Greater Yeppoon Area is the Byfield State Forest and National Park which is popular with Four Wheel Drive enthusiasts.

House Market

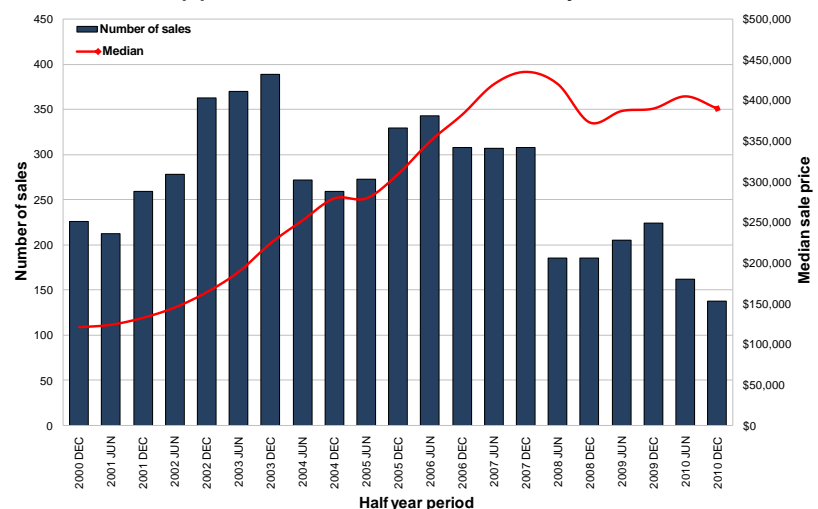
Since the Global Financial Crisis which unfolded in 2008, the Greater Yeppoon Area has entered into a downturn. During the December 2010 half year period, diminishing sales volumes and discounted median price has seen the market record its lowest level of sales in over a decade. Throughout 2010, the property market has seen a large number of potential purchasers wait out the bottom of the property cycle as increasing interest rates, rising cost of living and withdrawal of the First Home Buyers Boost dampened confidence. The surprise November rate rise has caused values to recede slightly during the December 2010 half year, with the median price for the region established at \$390,000, recording no growth from the December 2009 equivalent period.

PRDNationwide Research has conducted a resale analysis on the Greater Yeppoon Area house market over the December 2010 six months. This analysis revealed an average annual capital appreciation of 4.3% per annum. These houses were held for an average period of just under five years. Characteristic of many holiday markets, this region is more susceptible to the downturns and the prolonged softening in median price has likely had a strong affect on capital values in the region. However from a buyer's standpoint, the discounted property prices and lack of competition in the market means there is ample opportunity to purchase a discounted property.

The Greater Yeppoon Area has achieved 138 transactions over

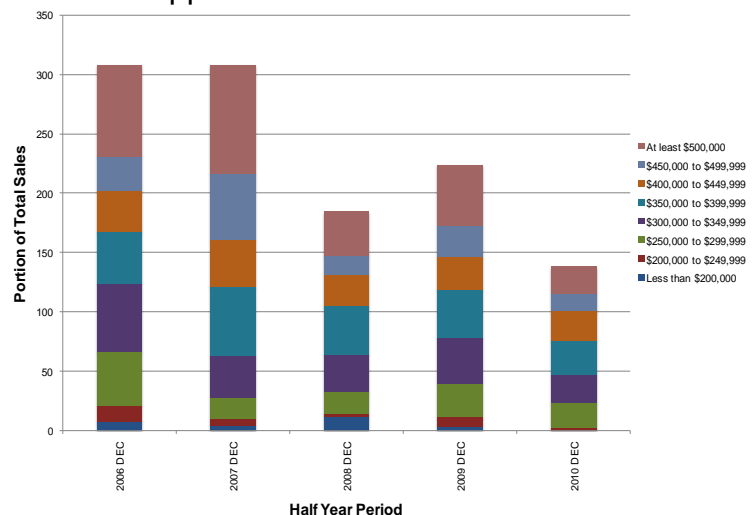


Greater Yeppoon Area House Sales Cycle



Prepared by PRDNationwide Research. Source: PDS Live

Greater Yeppoon Area House Price Points



Prepared by PRDNationwide Research. Source: PDS Live

the most recent December half year period, its lowest volume of settled transactions in over ten years. This equates to an annual softening of 38% (86 sales) from the December 2009 half year. The five year average of 237 sales per six month period highlights the historically low level of sales currently being recorded in the market. On an individual suburb level, the most active suburb over the December 2010 six month period was Yeppoon with 50 settled transactions, the majority occurring within the \$300,000 to \$349,999 price bracket.

Analysis of the price point distributions throughout the December 2010 half year period has shown a significant decrease in houses sold above \$500,000. Previously this price point has accounted for the bulk of sales activity, however over the most recent period this market accounts for only 17% of sales. The most active price point over the December 2010 period was \$350,000 to \$399,999 which attained 21% of sales.

Unit Market

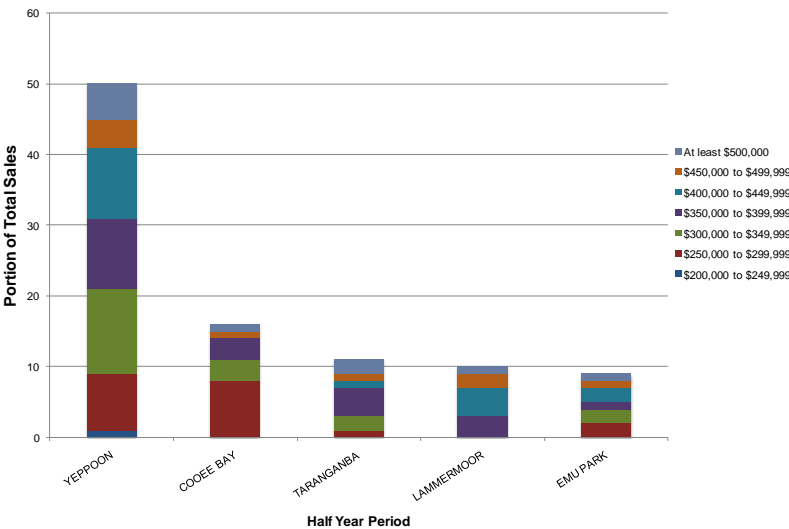
The Greater Yeppoon Area unit market has seen a consistent softening in median unit price from early 2008, when the global financial crisis made its mark on real estate markets across Australia. Following the withdrawal of government incentives at the end of 2009, this market has seen sales volumes weaken further with buyer confidence. Similarly to the house market, this equates to discounted prices and less competition within the market place allowing potential purchasers to snap up well priced units. Over the most recent period, the Greater Yeppoon Area has recorded a median unit price of \$155,000, through an annual softening of 6.1%

A resale analysis conducted on unit product sold within the December 2010 half year was conducted to ascertain the returns to home owners who sold within this period. This analysis revealed an average annual capital appreciation of 2.6% per annum. These houses were held for an average period of just over four years.

Settled unit transactions slowed again over the most recent period, with activity levels remaining consistent with the peak GFC periods in 2008. In percentage terms, this region has recorded a 49% softening to register just 75 settled transactions over the December 2010 half year. The most active suburb over the December 2010 six month period was Yeppoon with 11 settled transactions. The majority of these sales occurred within the \$150,000 to \$199,999 price bracket. Emu Park, Lammermoor and Rosslyn all recorded nine transactions each. The only sale to exceed the \$400,000 mark over the most recent period transacted in Farnborough. Emu Park was the only suburb to record an increase in sales activity, gaining a single transaction when compared to the December 2009 half year.

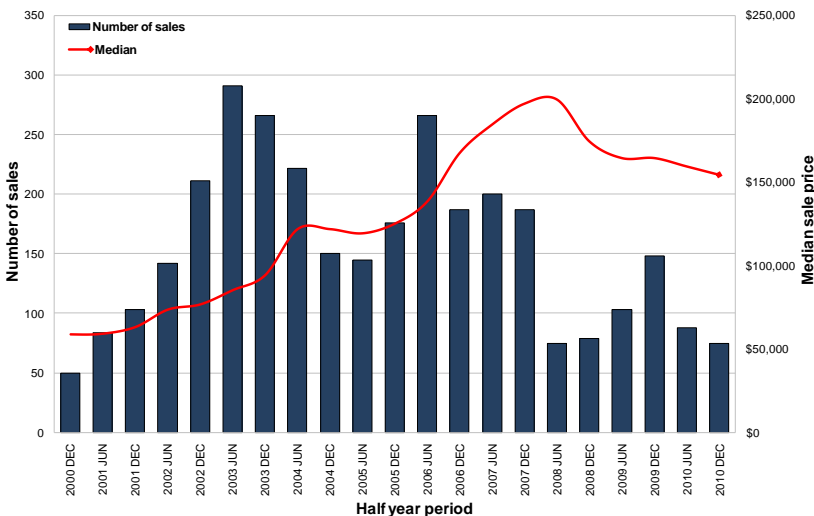
In terms of the price point distributions throughout the December 2010 half year period, the bulk of unit sales were achieved within the \$150,000 to \$199,999 market, accounting for 37% of total sales. This was followed by the \$100,000 to \$149,999 bracket, which saw 29% of total sales. The strongest tightening in sales activity was recorded within the \$150,000 199,999 market, which has registered 38 sales less than the December 2009 period.

Price Points of Top Five Suburbs



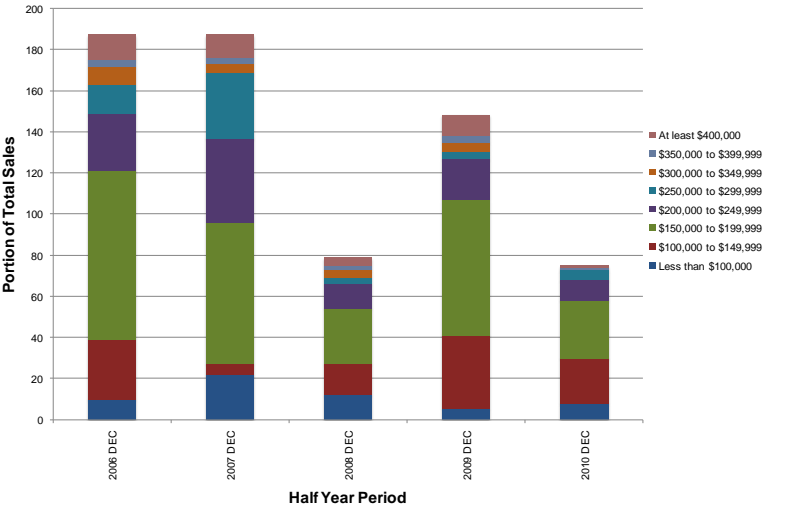
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