

PROPERTY WATCH®

First Quarter 2011

Greater Mudgeeraba Area

IN BRIEF

- The September 2010 half year period registered a median house price of \$550,000 through 263 transactions.
- Units sales have fallen significantly during the six month period ending September 2010 by 45.2%, as consumer sentiment and buyer confidence remains flat.
- The region has recorded its lowest level of vacant land sales in ten years at 25 transactions.

Scope

The following Property Watch is the result of an investigation into the house, unit and vacant land markets comprising the Greater Mudgeeraba Area property market. The purpose of this report is to identify trends influencing this region's property market in recent years and factors contributing to this markets competitive environment.

Area Characteristics

For the purposes of this report, the Greater Mudgeeraba Area comprises the suburbs of Worongary, Tallai, Mudgeeraba and Reedy Creek. Nestled below Springbrook, the Greater Mudgeeraba Area is in close proximity to several major transport infrastructure nodes such as the M1 and South Coast Railway, providing easy access to the state capital, Brisbane. Mudgeeraba's residents enjoy open spaces with a green lifestyle, which is ideal for families with kids. The area is also an interesting option for people seeking a rural lifestyle in a central location, without the hustle and bustle associated with city living. Mudgeeraba's location affords fast and easy access to major amenities such as the Robina Town Centre and train station. There is a good mix of newer residential dwellings and established acreage properties to choose from, some with spectacular views of the Gold Coast.

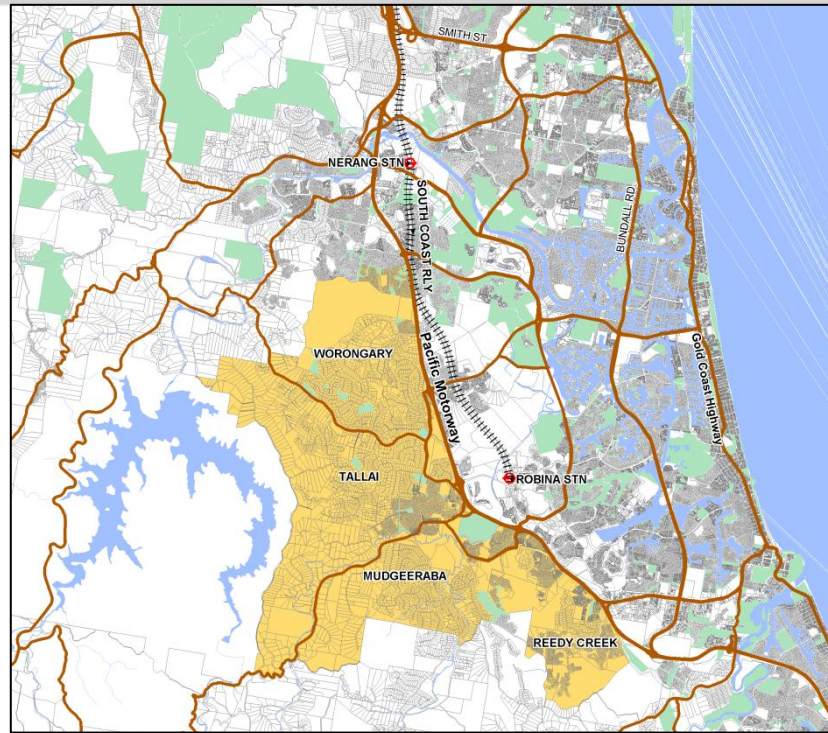
Demographics

- There is a strong 2.2% population growth in the Greater Mudgeeraba Area, with Reedy Creek leading the way at 5.2%.
- This region is a family orientated area, with 83.8% of households considered to be a family variation.
- The dwelling landscape is predominantly houses, which make up 72.8% of the total dwellings.

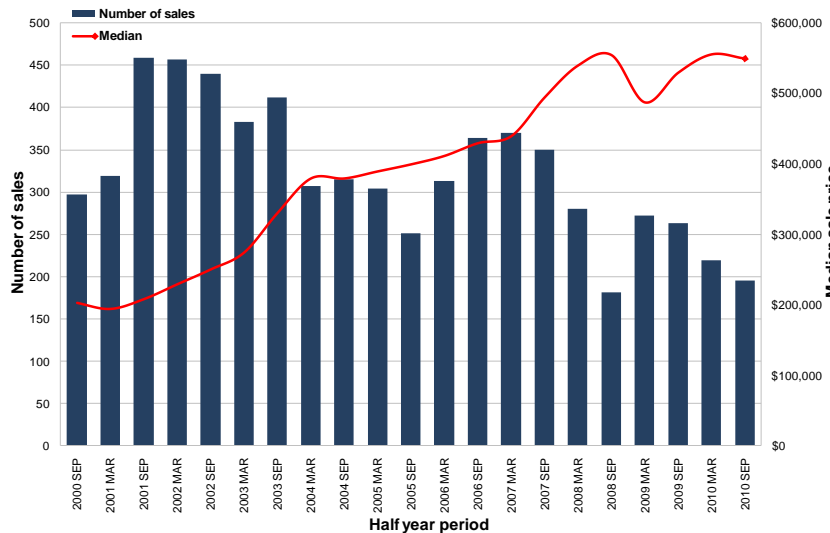
House Market

Following consecutive increases to interest rates and the withdrawal of government incentives, house sales have suffered throughout Australia as the household savings rate increased dramatically. What this indicates, is that with decreasing confidence in the housing market, families are opting to save their disposable income as oppose to making large financial commitments. The Greater Mudgeeraba Area house market is no exception to this trend, with decreasing sales activity over the past 12 months in line with a stabilising median price. This shortage of active buyers within the market has fostered an environment of fantastic investment opportunities for purchasers who have access to capital and can absorb further rate rises.

Throughout the Global Financial Crisis which unfolded in 2008,

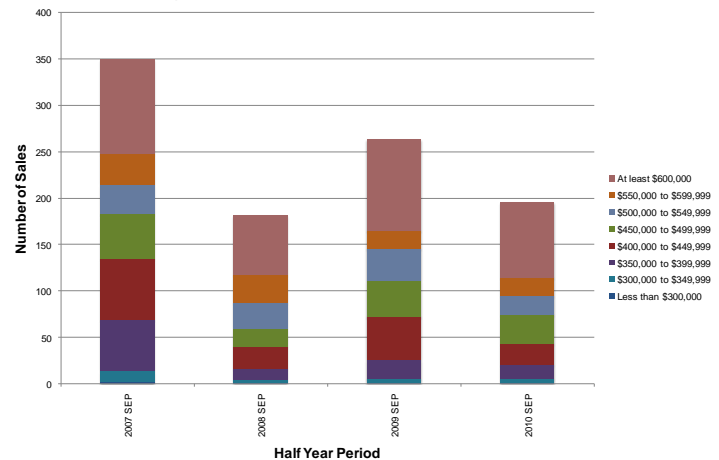


Greater Mudgeeraba House Sales Cycle



Prepared by PRDNationwide Research. Source: PDS Live

Greater Mudgeeraba House Price Points



Prepared by PRDNationwide Research. Source: PDS Live

the Greater Mudgeeraba Area recorded a significant price correction which saw median price fall as low as \$487,900. The median price has since stabilised at \$550,000, which can be attributed to low interest rates and strong activity levels recorded throughout 2009. Over the past 12 months, median price has recorded a stable growth of 3.8% or \$20,000, well under the long term growth experienced prior to the GFC at 10.5% over the past 10 years. A resale analysis has been undertaken by PRDnationwide Research to establish the returns to home owners who exited the Mudgeeraba Area house market during the six months to September 2010. This analysis revealed an average annual capital growth of 5.4% per annum for these houses over an average holding period of five years.

Over the six months to September 2010, the Greater Mudgeeraba Area recorded 195 settled house transactions. This equates to a 25.9% (68 sales) decrease in sales activity from the incentive driven six months to September 2009, where 263 sales were recorded. This softening was mostly felt within the suburbs of Mudgeeraba and Reedy Creek, which combined recorded 65 less sales than the September 2009 six month period. Worongary however, has bucked the trend and recorded an increase in activity of 2.5% to register 50 settled sales. The most active suburbs over the September 2009 half year period was Mudgeeraba with 83 settled sales, followed by Worongary with 50 transactions.

Unit Market

The Greater Mudgeeraba Area unit market is predominately held within the suburbs of Mudgeeraba and Reedy Creek which combined, accounted for 94% of the total 34 sales recorded over the September 2010 half year period. This low volume of sales activity represents a significant softening of 45.2% from the corresponding period in 2009 where 62 sales occurred. The median price over the past 12 months has registered a 3.2% growth to settle at \$313,750 for the period. The long term growth rate however, demonstrates the strong level of growth experienced throughout the booms of 2001 and 2006 with 9.8% per annum recorded over the past ten years. A resale analysis on units sold shows an average annual capital growth of 5.28% per annum, with an average holding period of just over four and a half years.

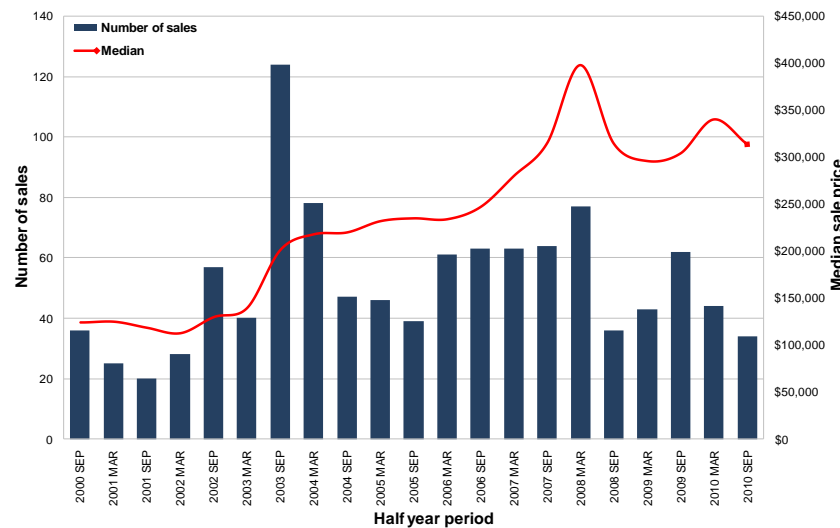
Vacant Land Market

Vacant land sales within the Greater Mudgeeraba Area have fallen sharply in the wake of the GFC, recording its lowest volume in 10 years at 25 transactions. This equates to a 69.1% decrease in activity recorded during the September 2009 half year. On an individual suburb level, the bulk of available land is located within Reedy Creek, which accounted for 80% of vacant land transactions over the most recent period.

In terms of price points, the most active price point over the September 2010 half year was \$300,000 to \$349,999 with 44% of sales. The most affordable sale which transacted during this period was for \$260,000 on Skywatch Court in Reedy Creek, while the most high end sales was \$2,750,000 on Old Coach Road, also in Reedy Creek. The median price for a vacant block of land over the six month period to September 2010 registered a 12 month growth of 15.8% to record \$344,600.

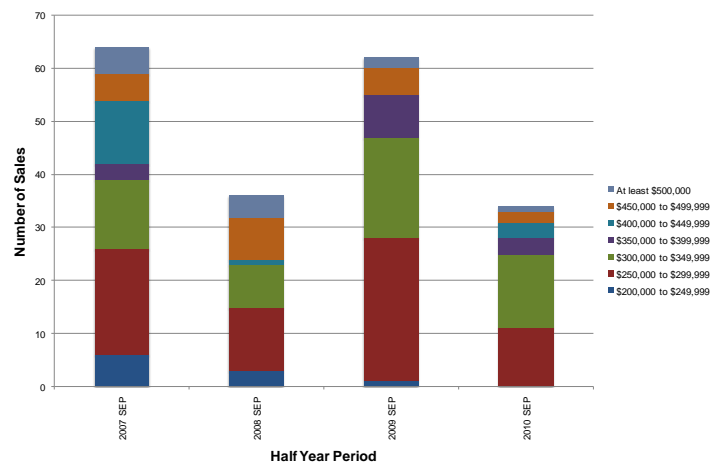
Prepared by PRDnationwide Research. Source: PDS Live and the ABS. For further details contact: Josh Brown, Research Analyst Ph: (07) 3026 3357 or Email: joshbrown@prd.com.au, or Warren Goodall from PRDnationwide Mudgeeraba on (07) 5525 1355 or visit our website at www.prdnationwide.com.au/research.

Greater Mudgeeraba Unit Sales Cycle



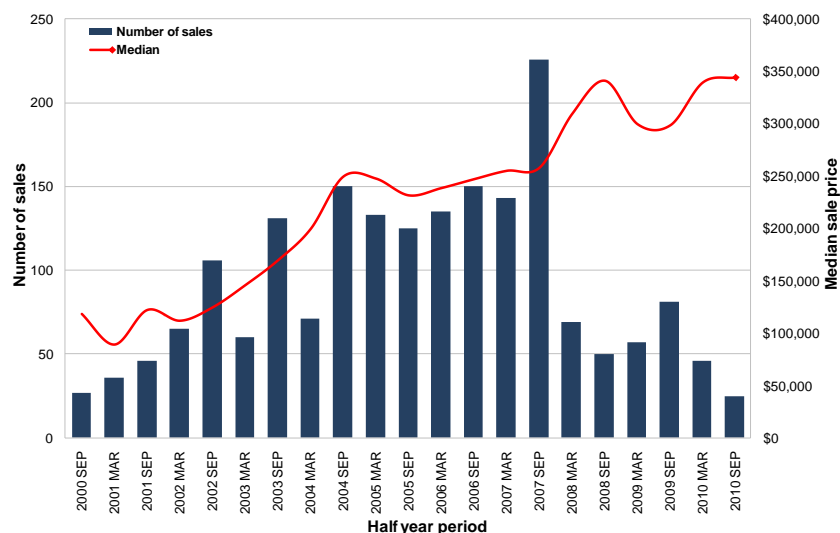
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Greater Mudgeeraba Unit Price Points



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Greater Mudgeeraba Vacant Land Sales Cycle



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