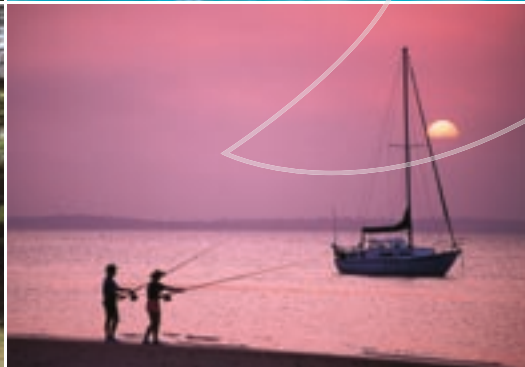


# Dolphin Waters Estate, Burrum Heads Market Overview Report



# Dolphin Waters Estate, Burrum Heads

## Market Overview Report

**December 2007**

Prepared exclusively for Burrum Heads Development No. 1 Pty Ltd

By Matusik Property Insights Pty Ltd

*ABN 85 088 308 847*

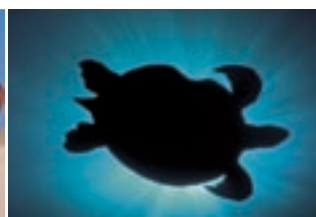
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We learn from every market investigation and development recommendation we do through both the research and analysis itself and particularly through the responses and critical appraisals of our wide range of clients. We therefore invite, and will welcome, your own opinions and the sharing with us of your insights and experience in relation to our findings.

Our purpose is to discover, objectively comprehend and responsibly apply the relevant facts. We will therefore be happy to amend our report in accordance with any relevant new information, without in any way compromising our independence and the professional integrity upon which the reputation we are proudly building depends.



## Section 1 - Introduction

### Burrum Heads

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Burrum Heads Development No. 1 Pty Ltd (BHDPL) and its associated entity the Australian Land Co Pty Ltd are the developers of the 243 hectare Dolphin Waters Estate in Burrum Heads, on Queensland's Fraser Coast. Located 35 kilometres north of Hervey Bay, Burrum Heads is situated on the southern headland of the Burrum River and is renowned for its fishing, sailing and water-skiing.

Dolphin Waters is located on the only road into Burrum Heads and is a continuation of the existing urban centre of the town. A new service station and shopping precinct has recently opened which provides an added level of amenity and convenience to residents of the Dolphin Waters Estate and other residents of Burrum Heads. Walkways and cycle paths connect the estate to the township, shopping precinct and bowls club. BHDPL has spent upwards of \$1 million on landscaping throughout the estate and a lot of native vegetation has been retained including some rare and endangered species. Approximately 33 hectares in the southern portion of Dolphin Waters includes saltwater and freshwater lakes.

Burrum Heads is surrounded by water and national park, therefore there is a finite amount of land that can be developed and hence a de-facto population cap exists. In many ways it is very similar to Noosa in that it is on a headland, has a beach, river, and national park behind. An added advantage for residents of Dolphin Waters is that there is always water in the Burrum River (which adjoins the estate) and no large expanse of mud flats as with the other major estate in the area.

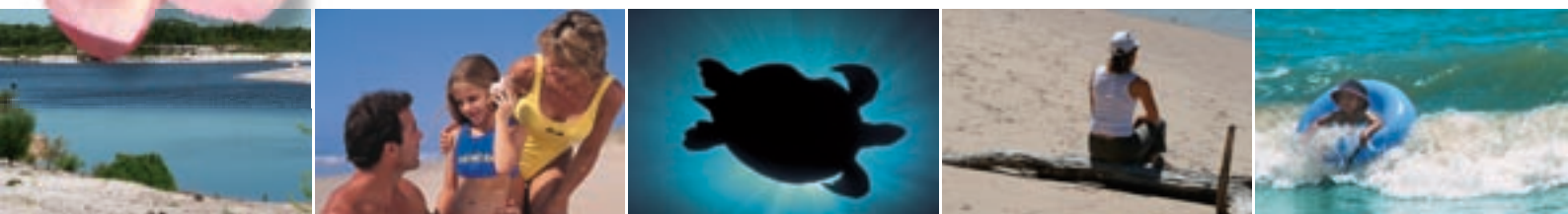
Burrum Heads is well-known to the grey nomads and other road travellers and has a lot of amenity and appeal to retirees. Burrum Heads is well-recognised by people undertaking the "grand tour" around Australia and Burrum Heads Development No. 1 Pty Ltd has plans for both a retirement village and caravan park in the "balance land" adjacent to Dolphin Waters. A major hospital is located in Hervey Bay and direct tilt-train access to Brisbane is provided from the town of Howard, some 12 kilometres from Burrum Heads. In recent times, Burrum Heads has attracted younger families and there is a primary school at Torbanlea and in time (perhaps) a high school.

### Hervey Bay

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Located 300 kilometres north of Brisbane and 30 kilometres from Maryborough, the city of Hervey Bay comprises a number of seaside resort towns set along 20 kilometres of pristine beaches with safe swimming and good fishing. The Hervey Bay City Council covers some 2,356 square kilometres and incorporates not only these coastal villages (Point Vernon, Pialba, Scarness, Torquay, Urangan, Toogoom and Burrum Heads) but also the northern half of Fraser Island and hinterland towns.

The Hervey Bay City Council has recently undertaken an \$11 million upgrade to the airport to enable jet services to fly directly into Hervey Bay from both Brisbane and Sydney, with direct flights from Melbourne due to commence in 2008. Part of the Fraser Coast South Burnett Tourism Region, Hervey Bay is one of the main access points to Fraser Island and major regional tourist attractions. Structured around a network of parks and shared walk/cycle paths connecting a range of recreational facilities, Hervey Bay is characterised by a relaxed lifestyle and enjoyable sub-tropical climate. Hervey Bay also has a campus of the University of Southern Queensland specialising in nursing, education, marine studies, business and information technology as well as a TAFE college.



## Section 2 – Population and demographics

### Population and demographics

According to the latest figures from the Australian Bureau of Statistics (ABS), Hervey Bay's population<sup>1</sup> is currently 55,113 permanent residents. This is an increase of nearly 2,800 people from the previous year, a higher rate of growth than forecast by either the ABS (who expected around 1,150 additional residents) and the Queensland Government's Planning and Information Forecasting Unit which expected an additional 1,700 persons.

Hervey Bay's total population grew by 5.3% in both 2005 and 2006, and has recorded an average annual growth rate over the past five years of 4.9%. This is more than double the average annual growth rates of Queensland as a whole over this period, and much higher than the annual average growth rate between 2001 and 2006 of 3.1% for the Wide Bay-Burnett Statistical Division, of which Hervey Bay is a part. Burrum Heads itself has a current population of approximately 1,250 permanent residents and the nearby Burrum Town approximately 400 permanent residents.

Hervey Bay has one of the oldest age profiles of any Statistical Area in Queensland, with a median age of 44 years as at the 2006 Census. This compares to the median age across Queensland as a whole of 36 years as at 2006. Looking forward, based on ABS population projections, population growth in Hervey Bay is expected to average between 900 and 1,800 additional persons per year over the next decade, with Hervey Bay's population expected to be between 78,000 and 97,000 permanent residents by 2026.

Whilst all demographic groups are forecast to increase in absolute numbers over the next 20 years, the largest proportional increase is expected to be in the over 65 age group which is forecast to comprise nearly one-third (30.3%) of Hervey Bay's population by 2026, up from 20.3% at the time of the 2006 census. See **chart 1 above**. This will result in an increase in the median age of Hervey Bay's population from an already high 44 years in 2006 up to a median age of 52 years in 2026.

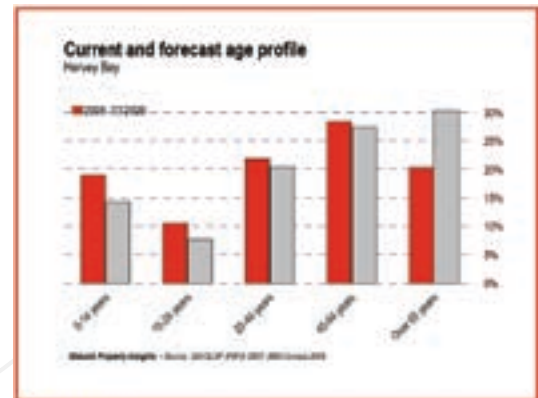
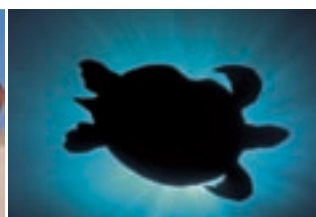
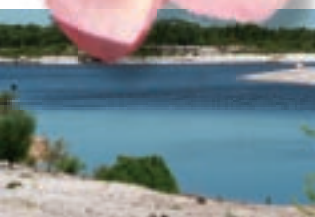


Chart One

The Queensland Government expects that the Wide Bay-Burnett Statistical Division will record the largest population growth outside of south east Queensland during the next twenty years and will have the highest proportion of people aged over 65 by the year 2026. However, anecdotal evidence suggests that there has been a significant increase in the number of first home buyers and young families moving to the Hervey Bay area as a result of high job growth and comparative housing affordability, as well as the general attraction that coastal communities with pleasant climates have. This is particularly so, we believe, for a location such as Burrum Heads which has been attracting considerably more younger families over the past few years. This trend is likely to accelerate given the popularity of the Dolphin Waters Estate.

<sup>1</sup> As at 30 June 2006, the latest figures available.

Population data for 30 June 2007 will not be released by the ABS until February 2008.



## Section 3 – Residential property

### Market size - houses

As shown in the following table, there were 1,502 sales of detached houses in the Hervey Bay City Council area during the 2006/07 financial year. In Burrum Heads during the 2006/07 financial year there were 45 house sales, up from 32 in 2005/06 and 25 in 2004/05.

Median house prices:						
	2004/05		2005/06		2006/07	
	No. sold	Median \$	No. sold	Median \$	No. sold	Median \$
Burrum Heads	25	\$325,000	32	\$360,000	45	\$350,000
Hervey Bay City	1,288	\$265,000	1,263	\$280,000	1,502	\$292,500

*Matusik Property Insights - November 2007. Source - Qld DNRM / RP Data  
Settled house sales under 2,000 sqm for years ending 30th June.*

The weighted average house price in Hervey Bay City during 2006/07 was \$292,500. This is a 4.5% increase from 2005/06 (median price of \$280,000) and follows a 6% increase the previous year.

The median house price in Burrum Heads during 2006/07 was \$350,000. This is a minor (2.7%) decrease from 2005/06 (median price of \$360,000) but an 8% increase from 2004/05 (median price of \$325,000). Burrum Heads has one of the highest median house prices of all suburbs within Hervey Bay City, and a median sale price 20% higher than the average across all of Hervey Bay City.

### Market size – vacant land

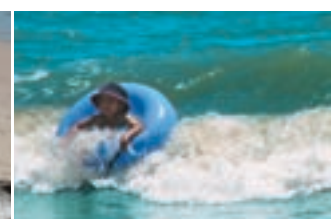
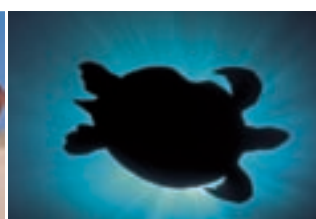
As shown in the following table, there were 650 sales of vacant land sized under 1,000m<sup>2</sup> in the Hervey Bay City Council area during the 2006/07 financial year. In Burrum Heads during the 2006/07 financial year there were 164 vacant land sales, more than double the 60 sales recorded in 2005/06 and also significantly higher than the 94 sales recorded in 2004/05.

Median vacant land prices:						
	2004/05		2005/06		2006/07	
	No. sold	Median \$	No. sold	Median \$	No. sold	Median \$
Burrum Heads	94	\$120,000	60	\$120,000	164	\$148,000
Hervey Bay City	620	\$122,000	559	\$130,000	650	\$140,500

*Matusik Property Insights - November 2007. Source - Qld DNRM / RP Data  
Settled house sales under 1,000 sqm for years ending 30th June.*

The weighted average price of vacant land sized under 1,000m<sup>2</sup> in Hervey Bay City during 2006/07 was \$140,000. This is an 8% increase from 2005/06 (median price of \$130,000) and follows a 6.5% increase the previous year.

The median sale price of vacant land in Burrum Heads during 2006/07 was \$148,000. This is a 23% increase from 2005/06 (median price of \$120,500). Burrum Heads recorded the largest number of settled vacant land sales of all suburbs within Hervey Bay City during 2006/07, and a median sale price 6% higher than the average across all of Hervey Bay City.





## Section 4 - Key factors for residential price growth

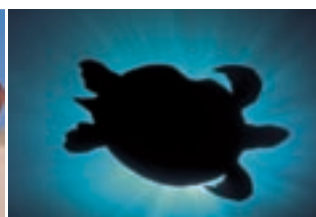
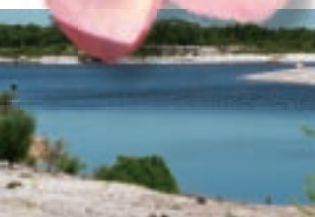
### Top performance

Matusik Property Insights has undertaken extensive research into the characteristics of better performing residential projects. Below is our analysis of how Dolphin Waters Estate performs against these benchmarks:

#### Dolphin Waters Estate and the characteristics of better performing residential projects

Desired characteristic:	Dolphin Waters Estate offers:
A waterfront location	Dolphin Waters is only 200 metres from the nearest beach and has no large expanse of mud flats as with the other major estate in the area
Are near existing facilities	Dolphin Waters is located on the main road into Burrum Heads and is a continuation of the existing urban centre of the town. A new service station and shopping precinct has recently opened. A major hospital is located in Hervey Bay and direct tilt-train access to Brisbane is provided from the town of Howard, some 12 kilometres from Burrum Heads. A primary school is located at nearby Torbanlea
Have a well-credentialed "brand" developer, designer and builder	√
Are low density in terms of development scale (a limited number of dwellings)	To date approximately 400 lots have been developed at Dolphin Waters and a further 188 lots have been approved and are under construction.
Provide a feeling of spaciousness (dwellings are not crowded together; view corridors are maintained)	Dwellings are detached houses with strong building guidelines and a two-level height restriction.
Have well-landscaped roadways, common property and parkland	The developer has spent upwards of \$1 million on landscaping throughout the estate although a lot of native vegetation has been retained including some rare and endangered species. Approximately 33 hectares in the southern portion of Dolphin Waters includes saltwater and freshwater lakes. Burrum Heads itself is surrounded by water and national park.

*Matusik Property Insights – December 2007. Source: Matusik database and information supplied by Dolphin Waters Estate.*



## Section 4 - Key factors for residential price growth (continued)

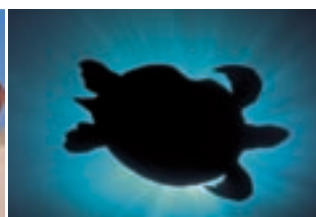
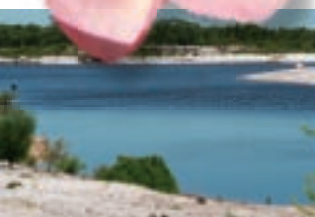
In addition, our research has shown that when looking to buy in a coastal location, a number of factors help to ensure strong capital growth potential. Below is our analysis of how Dolphin Waters Estate performs against these factors:

### Dolphin Waters Estate and the factors favouring capital growth

Important factor:	Dolphin Waters Estate offers:
Proximity to a major urban environment, preferably with an airport within an hours' drive.	Dolphin Waters is only 35 kilometres north of Hervey Bay Airport which has regular jet services to Brisbane, Sydney and (shortly) Melbourne.
Has a seafront location	Dolphin Waters is only 200 metres from the nearest beach and has no large expanse of mud flats as with the other major estate in the area
Have lifestyle and entertainment facilities such as restaurants, cinemas and retail within 30 minutes travelling time	Dolphin Waters is only 35 kilometres north of Hervey Bay which has a large range of entertainment facilities
Are in pristine surroundings, or close to untouched environmental areas	Burrum Heads is surrounded by water and national park, therefore there is a finite amount of land that can be developed and hence a de-facto population cap exists. In many ways it is very similar to Noosa in that it is on a headland, has a beach, river, and national park behind. An added advantage for residents of Dolphin Waters is that there is always water in the Burrum River (which adjoins the estate) and no large expanse of mud flats as with the other major estate in the area. Furthermore, the developer has spent upwards of \$1 million on landscaping throughout the estate although a lot of native vegetation has been retained including some rare and endangered species. Approximately 33 hectares in the southern portion of Dolphin Waters includes saltwater and freshwater lakes.
A high proportion of people on higher incomes (over \$1,000 per week) moving into an area.	√

*Matusik Property Insights – December 2007. Source: Matusik database and information supplied by Dolphin Waters Estate.*

Dolphin Waters Estate is also well-situated in relation to the major driver in premium prices for residential property, as detailed below.



## Waterproof

Matusik Property Insights has recently researched the capital growth performance of residential property in seaside locations compared to property in non-coastal locations. To do this we looked at price growth of residential property in ten seaside locations in Queensland and New South Wales, including the Gold Coast (and Yamba, Byron Bay, Pottsville, Raby Bay, Bribie Island, Noosa, Burrum Heads, Woodgate and Airlie Beach) during the period 1990 to 2005, and compared it to price growth over the same period in ten rural/hinterland locations (Macleay, Kyogle, Biggenden, Calliope, Childers, Clermont, Gin Gin, Gympie, Maryborough and Rockhampton).

In 1990 the average house price across the ten waterfront locations was \$246,000 and across the inland locations the average house price was a little under \$60,000.

In 2005, the average house price across the seaside locations was in excess of \$1.4 million (nearly a six-fold increase) whilst the regional areas recorded an average house price of only \$167,000 (less than a three-fold increase). Over this fifteen year period, the average house price across the seaside localities grew by an average of 11.4% per annum compared to an average of only 7.1% per annum for the inland locations. See **chart 3** below. The effect of this was that in 1990 the average house price in seaside locations was 4.1 times greater than that of inland locations. By 2005, the multiple was 8.4.

Our findings clearly show that the average annual price growth for properties within seaside locations exceeds that for residential property in non-seaside locations.

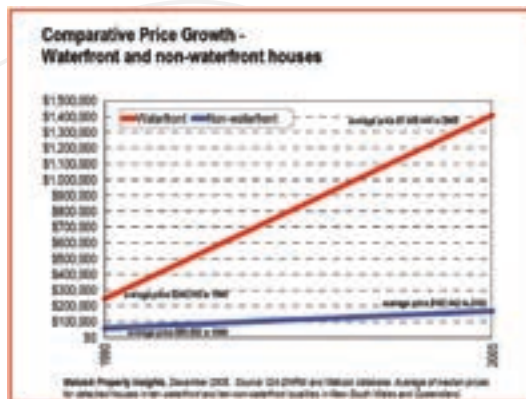
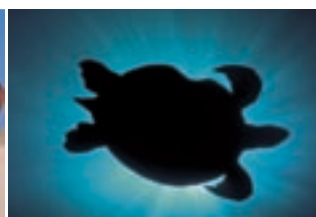
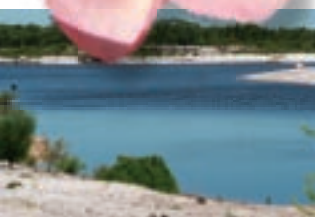


Chart Three

We have also found that waterfront property is more resistant to a downturn in the residential cycle.

The Australian residential market experienced downturns during 1983, the early 1990s, again in 1995 and in 2000.

During these depressed periods, residential property (as averaged across the Australian mainland capitals) made losses, albeit small ones. In an important contrast, seaside property grew in value during these downturns. Based on this research, it would appear the **prime property in seaside and waterfront locations held in good precincts is recession proof.**



## Focus on Burrum Heads

As illustrated in charts 4 and 5 below, houses and vacant land in Burrum Heads are much more affordable than in other coastal locations, particularly vacant land.

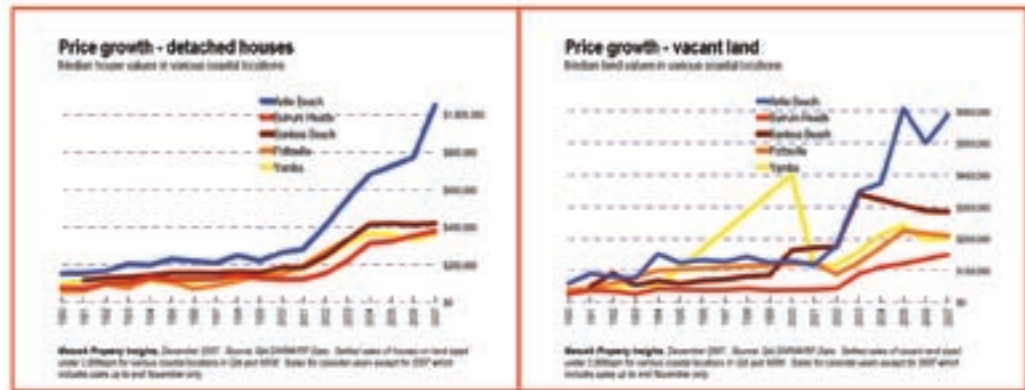
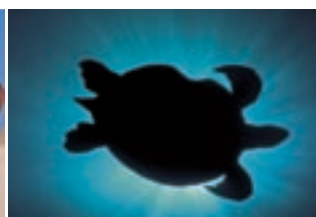
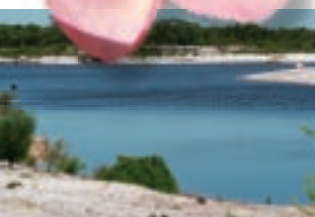


Chart Four

Chart Five

The charts also indicate that even though houses and land in Burrum Heads have increased in value quite considerably over recent years, price growth has lagged other coastal areas indicating the potential for more significant price growth in coming years as Burrum Heads “catches up” with other coastal locations. In other words, the relative affordability of residential property in Burrum Heads suggests it offers more “upside” than other coastal towns. Also significant is that the median sale price of houses and vacant land has increased steadily in Burrum Heads, without the volatility experienced in some other coastal locations. This adds another level of comfort to intending buyers that Dolphin Waters Estate offers good value today and even better value tomorrow.



Comparative analysis – vacant land

**What does \$150,000 buy?**

**Suncrest Court, Gympie**

966m<sup>2</sup> allotment  
Asking price \$145,000  
161 kilometres from Brisbane City  
78 kilometres to nearest beach



**Sunset Bay Estate, Tin Can Bay**

607m<sup>2</sup> allotment  
Asking price \$145,000  
216 kilometres from Brisbane City  
1 kilometre to nearest beach



**Tin Can Bay**

607m<sup>2</sup> allotment  
Asking price \$150,000  
215 kilometres from Brisbane City  
2 kilometres to nearest beach



**Orchid Valley Estate, Marian**

755m<sup>2</sup> allotment  
Asking price \$145,000  
1,010 kilometres from Brisbane City  
35 kilometres to nearest beach



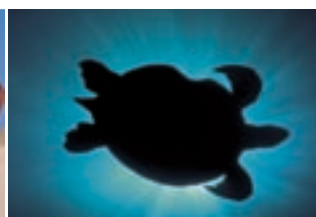
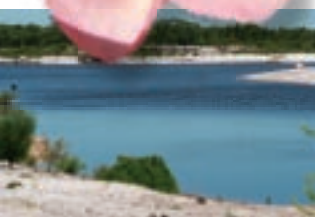
**The Hill, Bowen**

608m<sup>2</sup> allotment  
Asking price \$150,000  
1,162 kilometres from Brisbane City  
7 kilometres to nearest beach



**Innisfail**

1,715m<sup>2</sup> allotment  
Asking price \$145,000  
1,614 kilometres from Brisbane City  
12 kilometres to nearest beach



Comparative analysis – vacant land

**What does \$150,000 buy?**

**Rainforest Park, Mission Beach**

793m<sup>2</sup> allotment  
Asking price \$145,000  
1,608 kilometres from Brisbane City  
1 kilometre to nearest beach



**Redbank Plains**

451m<sup>2</sup> allotment  
Asking price \$149,000  
26 kilometres from Brisbane City  
65 kilometres to nearest beach



**Springview Estate, Springfield**

736m<sup>2</sup> allotment  
Asking price \$148,000  
24 kilometres from Brisbane City  
65 kilometres to nearest beach



**Collingwood Park Estate, Collingwood Park**

612m<sup>2</sup> allotment  
Asking price \$149,000  
25 kilometres from Brisbane City  
65 kilometres to nearest beach



**The Outlook at Flagstone Rise, Jimboomba**

633m<sup>2</sup> allotment  
Asking price \$145,500  
40 kilometres from Brisbane City  
40 kilometres to nearest beach



**Dolphin Waters Estate, Burrum Heads**

Average lot size 750m<sup>2</sup> approx.  
Selling from \$147,500  
326 kilometres from Brisbane City  
200 metres from nearest beach

