

**Magnetic Island Property Watch December 2008**

**Area Characteristics**

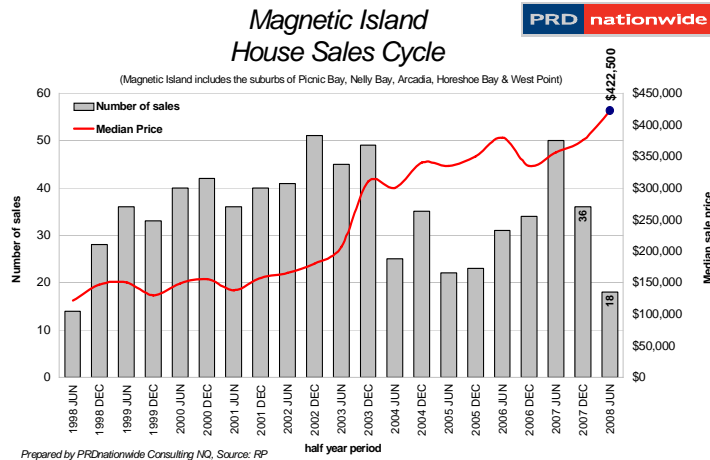
Magnetic Island is the most accessible and well serviced island on the Queensland coast. This tropical island is only a 20 minute ferry ride from Townsville and has excellent access with over 12 fast ferry services and more than 6 car ferry services daily. The island consists of five suburbs within the local government area of Townsville City and has all major services (water, electricity, telephone, broadband) supplied from the mainland at mainland prices, with state of the art tertiary sewerage treatment plants located on the island. Extensive mobile telephone coverage is also provided on the island. Marine infrastructure is world class, with a multi level passenger pontoon with luggage conveyors, a barge ramp and a large public boat ramp for trailer boat access. In addition to the unrivaled infrastructure, Magnetic Island property offers freehold title, which is unique for an island located within the World Heritage listed Great Barrier Reef Marine Park.

The development of a world class safe harbour and marina at Nelly Bay in 2002 was the catalyst that began the transformation of Magnetic Island into a vibrant and thriving resort and lifestyle destination. The first new high quality resorts located at Nelly Bay harbour opened in 2007, expanding the awareness and appeal of Magnetic Island and broadening the profile of visitors and new residents. Magnetic Island offers a broad range of property types, suitable for both investors and owner occupiers. Property is priced well below other islands and in many cases is as affordable as the Townsville mainland.

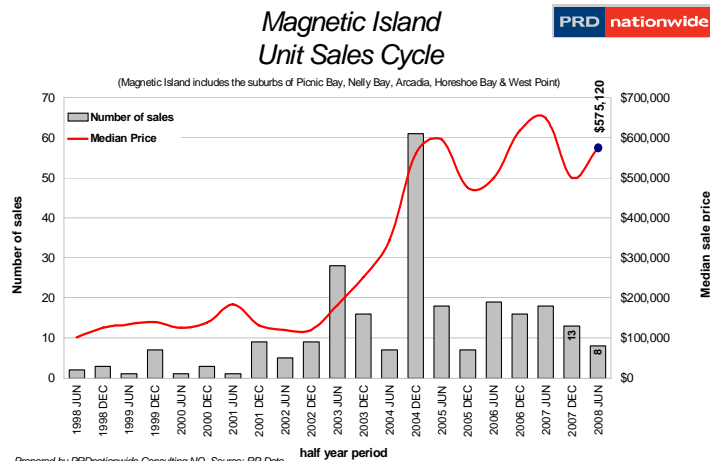
**Magnetic Island House Market**

Settled sales for all five suburbs on Magnetic Island have been aggregated to produce the sales cycles graphs to the right. Following an increase in activity in the Magnetic Island house market from mid 2005 to mid 2007, sales volumes have declined in the six months to June 2008 with 18 settled sales recorded. Median price growth has accelerated since the beginning of 2007 however. The median house price across Magnetic Island in June 2008 was \$422,500, now well above the median house price for the broader Townsville Local Government Area which was \$369,000 for the same period. Median price growth in the last year was 18.5% and over the last five years was 15.3% per annum. Despite this solid six-month growth from a median of \$375,500 at December 2007, more than 50 per cent of sales during the year ending June 2008 were still less than \$400,000. These figures highlight the affordable nature of property on Magnetic Island, which is the most accessible and well serviced island on the Queensland coast.

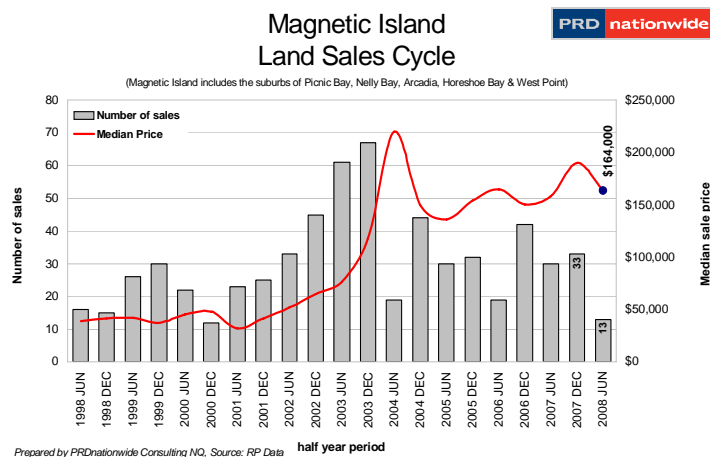
**Magnetic Island House Sales Cycle**



**Magnetic Island Unit Sales Cycle**



**Magnetic Island Land Sales Cycle**



**Magnetic Island Unit Market**

Prior to 2003, unit sales volumes on Magnetic Island were minimal and median prices were very low. Post 2003, new unit projects commenced and sales volumes and prices lifted dramatically. 211 settled sales have now occurred since June 2003, which is a major achievement and market changing milestone. Since the peak of activity in the six months ending December 2004, median prices show some volatility due to the mix of product in the market and the relatively small sample size of settled transactions. The median unit price was \$575,120 in June 2008, however this is based on only 8 transactions, therefore needs to be treated with caution. The median price has retracted by 11.2% in the last year, however has recorded five year growth of 25.8% per annum. Unit projects completed in recent years include: The Docks (13 units), Waters Edge (4 units), One Bright Point (124 units), Peppers Blue on Blue stage 1 (101 units) and Beachside (20 units).

**Magnetic Island Land Market**

Magnetic Island land sales have averaged 30 transactions every six months over the last decade. The median price in June 2008 retracted to \$164,000 based on 13 transactions, making Magnetic Island land more affordable than the Townsville mainland, which recorded a median price of \$175,000 in June 2008. Median price growth over the past five years has been 16.4% per annum. A broad range of land types is now available on Magnetic Island, from prime marina front lots with private pontoons, exclusive beachfront and ocean view lots, through to affordable traditional sub divisions. Scarcity will drive capital growth in the future as demand outstrips the finite supply of developable land.

**House Price Points**

During the year ending June 2008, the dominant price point was the \$300,000 to \$399,999 price category which accounted for 44% of all sales on Magnetic Island. When combined with the \$200,000 to \$299,999 price point, 50% of all sales were under \$399,999, indicating that half of the activity during the year occurred at the affordable end of the market.

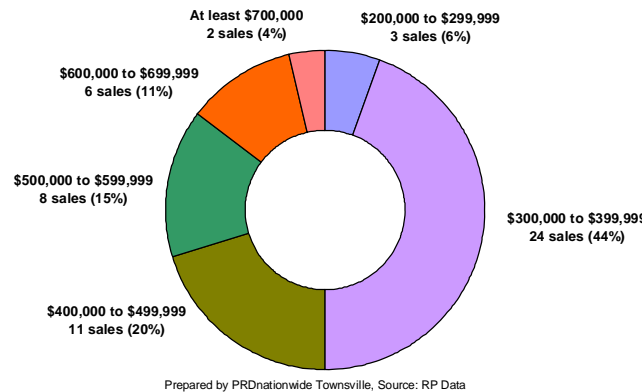
**Unit Price Points**

Unlike housing, the dominant price point for units in the year ending June 2008 was the over \$700,000 category which accounted for 33% of all sales. At the other end of the spectrum, units priced between \$200,000 and \$299,999 accounted for 29% of all sales demonstrating the broad range of product type on offer in the market.

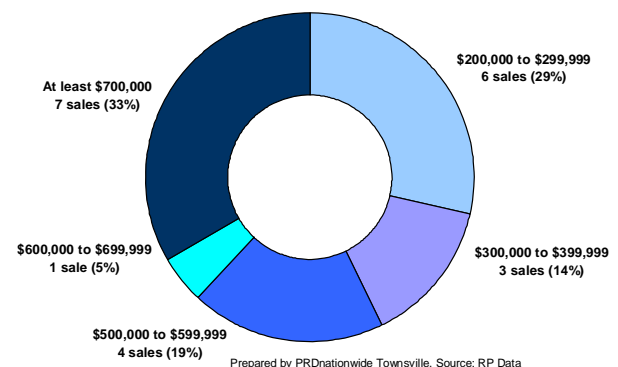
**Rental Market**

According to the Residential Tenancies Authority, there are 320 bonds held for properties located on Magnetic Island. Rents are considerably cheaper than those on the Townsville mainland, although strong growth in median rents has been recorded in the last year. According to SQM research, the residential vacancy rate on Magnetic Island was 2.3% in October 2008.

**Magnetic Island House Price Points  
Year ended June 2008**



**Magnetic Island Unit Price Points  
Year Ended June 2008**



**Median Weekly Rents  
Magnetic Island & Townsville**

Dwelling Type	Area	Sep Qtr 08 Rent (\$)	Sep Qtr 07 Rent (\$)	1 Yr Change %	1 Yr Change \$
2 bed units	Magnetic Island	\$220	\$180	22.2%	\$40
2 bed units	Townsville	\$270	\$245	10.2%	\$25
3 bed houses	Magnetic Island	\$295	\$260	13.5%	\$35
3 bed houses	Townsville	\$330	\$285	15.8%	\$45
4 bed houses	Magnetic Island	na	\$260		
4 bed houses	Townsville	\$400	\$350	14.3%	\$50

Prepared by PRDnationwide, Source: RTA