

GEELONG AREA

Property Watch®

PRD nationwide



GEELONG AREA MARKET OVERVIEW

Scope

The following Property Watch report is the result of an investigation into the historic and current market trends within the City of Greater Geelong ("the Area" or "Geelong"). This report analyses the performance and behaviour of residential property markets in the Area, and highlights key historical performance characteristics and factors which are likely to be of influence in the future.

Demography and Infrastructure

As the second largest city in the state of Victoria, Geelong enjoys a high degree of connectivity to surrounding communities in south-western Victoria and Melbourne via a nexus of highways and light rail. Avalon Airport, located approximately 15 kilometres to the north-east of the Geelong urban centre, connects with frequent domestic flight services on routes to Brisbane, Sydney and Perth. The Port of Geelong is located on Corio Bay, acting as an import terminal for commodities including crude oil, petroleum products and alumina, as well as an export point for grains and fertilisers.

KEY MARKET INDICATORS

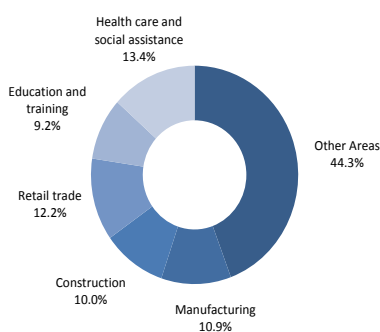
Change from Last	Year	Half Year
HOUSE SALES	↓	↓
HOUSE MEDIAN	↑	↑
LAND SALES	↓	↓
LAND MEDIAN	↑	↓
UNIT MEDIAN	↓	↓
UNIT SALES	↑	↑

The indicators depicted above are based on the year ending 30 June 2013.

Manufacturing and processing industries remain a significant source of employment for the region, with major employers including Avalon Airport and the Shell oil refinery at Corio. Furthermore, Geelong has been named as the proposed headquarters of Disability Care Australia, the agency which will be responsible for the implementation and on-going administration of the National Disability Insurance Scheme, and is expected to engage approximately 450 employees across both the national headquarters and regional office. This will be a boost to an already significant contribution to employment made by the health care and social assistance sector.

The Australian Bureau of Statistics releases unemployment data for the Area on a monthly basis. As of the June Quarter 2013 the official unemployment rate for the City of Greater Geelong was 6.90 per cent, or 1.23 per cent higher than the rate recorded for Victoria and Australia (both 5.67 per cent). The unemployment rate for the Area has consistently increased since the December Quarter 2011 (ABS, 2013).

EMPLOYMENT BY SECTOR



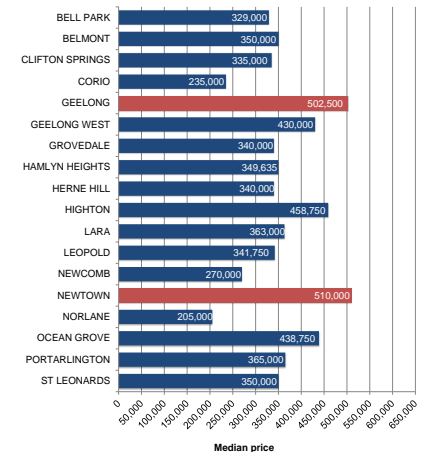
Prepared by PRDnationwide Research. Source: ABS

Detached Housing

The Geelong Area detached housing market has proved resilient throughout a period of significant economic volatility and uncertainty. While volumes have decreased over the past five years (down approximately 41 per cent), there has been a relatively persistent increase in the level of median sales, which are currently around 10 year highs. Detached housing in the region did experience a modest fall in the median sale price following the outbreak of the Global Financial Crisis, consistent with the broader domestic housing market, the strong rebound in both volume and median price during the six months to January 2009 are evidence of the overall level of demand in the region. Owners and investors considering purchasing in the Geelong area should note the relative level of stability of gains around the median price not evident in many other localities. Furthermore, approximately 94.8 per cent of repeat sales in the area during the past 12 months have achieved a higher price than the most recent prior sale of the property. In addition, there has been a notable increase in the level of buyer interest and activity.

There were 1,499 settled transactions during the six month period to July 2013, compared with 1,807 during the six months prior. Approximately 38 per cent of detached house sales fell in the range of \$300,000 to \$399,000, consistent with the previous period. The next most significant volumes of transactions can be summarised in the adjacent price ranges of \$200,000 to \$299,000 (approximately 22 per cent) and \$400,000 to \$499,000 (approximately 18 per cent). All price ranges held relatively stable when compared with prior period volumes, and approximately 5 per cent of transactions were executed for at least \$700,000.

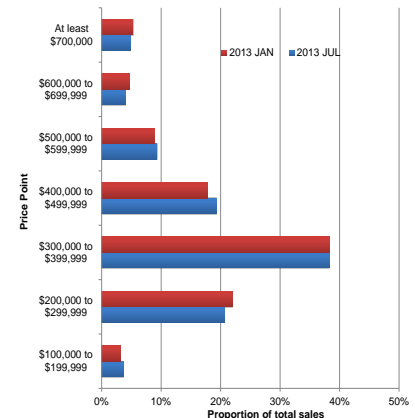
MEDIAN HOUSE PRICE BY SUBURB



Prepared by PRDnationwide Research. Source: PDS

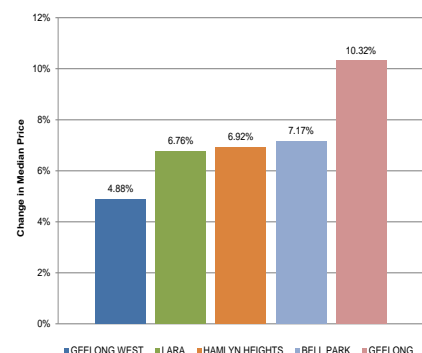
N.B. Excludes suburbs with <30 sales registered for the period

HOUSE PRICE POINTS



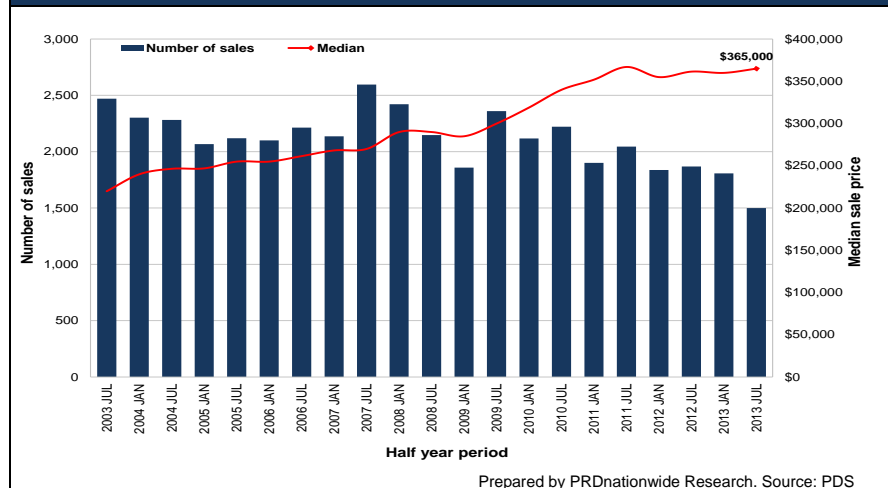
Prepared by PRDnationwide Research. Source: PDS

CHANGES IN MEDIAN HOUSE PRICE (JAN 2013 TO JUL 2013)



Prepared by PRDnationwide Research. Source: PDS

GEELONG AREA DETACHED HOUSING SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

During the period, the suburbs registering the highest transaction volumes for detached housing were Belmont (113), Ocean Grove (112), Highton (106), Grovedale (98) and Corio (97). These suburbs also ranked highly, as measured by sales volume, during the prior period.

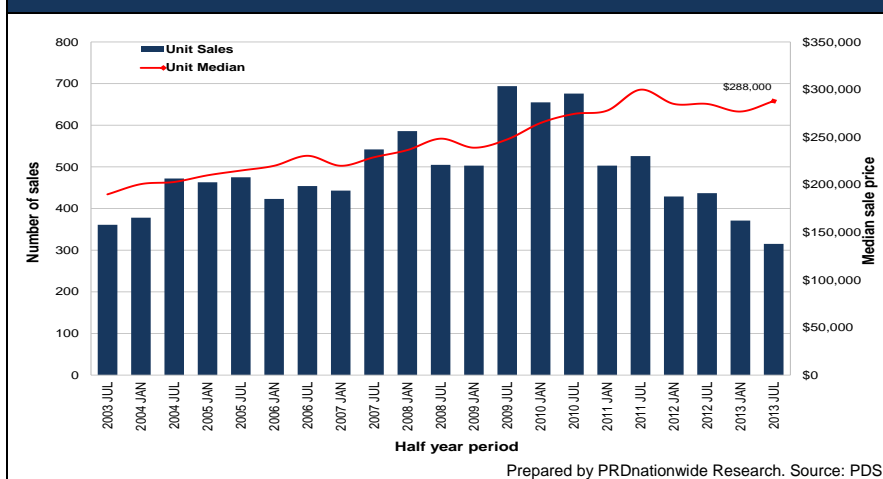
Discounting suburbs with fewer than 30 transactions during the period, Newtown recorded the highest median price at \$510,000 (down from \$575,000), followed by Geelong (\$502,500), Highton (\$458,750), Ocean Grove (\$438,750) and Geelong West (\$430,000). Geelong (suburb) also recorded the most significant increase (up approximately 10.3 per cent) in median price when compared with the prior period result. Considering suburbs in which there were at least 10 transactions during the period, the highest median price was recorded in Barwon Heads (\$658,500). The most affordable suburbs for buyers of detached housing, as measured by median price, were again Norlane (\$205,000) and Corio (\$235,000), followed by Breakwater (\$258,400), Whittington (\$261,00) and Newcomb (\$270,000).

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Units

The overall trend experienced in the Geelong Area unit market is similar to that of detached housing, with a slightly higher level of volatility in terms of both volumes and median price, consistent with an expansion of higher density accommodation in the region and existing projects coming to completion. There has been an increase in the median unit price in the Area during the six months to July 2013 (now at \$288,000) when compared with the prior period, despite a reduction in volume to 315 transactions from 371 (down approximately 15.1 per cent).

GEELONG AREA UNIT SALES CYCLE



The highest quantity of unit sales during the period, as measured by price point, fell in the range of \$200,000 to \$299,000 (approximately 38.7 per cent), following by those in the range of \$300,000 to \$399,000 (approximately 29.2 per cent) and \$100,000 to \$199,000 (approximately 14.3 per cent).

Discounting suburbs with fewer than 10 transactions during the period, Barwon Heads recorded the highest median price at \$520,000, followed by Geelong (\$430,000), Ocean Grove (\$415,000), Newtown (\$372,500) and Leopold (\$294,000). Newtown also recorded the most significant increase (up approximately 24.2 per cent) in median price when compared with the prior period result. The most affordable suburbs for buyers of units, as measured by median price, included Herne Hill (\$195,000) and Geelong West (\$221,500), followed by Newcomb (\$267,500), Belmont (\$275,000) and Grovedale (\$277,000). Geelong west also recorded the most significant fall in median unit price during the period (down approximately 13.1 per cent).

The suburbs in which the highest transaction volumes were recorded for the period were Highton (32, up one), Belmont (29, down 14), Ocean Grove (25, up four), Geelong (19, down 12) and Newcomb (16, up two).

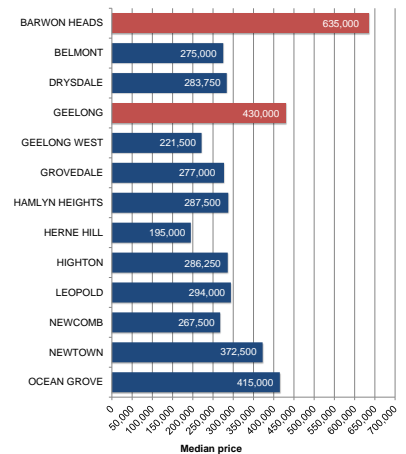
Rented Residential Property

The Geelong region weekly median asking rent for detached housing increased to \$320 (up 6.66 per cent) for the second quarter of 2013. Since the second quarter of 2009 the median asking rent for detached housing in the area has increased by an aggregate of \$70 per week, averaging an increase of approximately 6.4 per cent year-on-year. Similarly, median asking rents for units in the area have increased by an aggregate of \$50 per week over the same period, for an average annual increase of approximately 5.3 per cent year-on-year.

Vacant Land

The volume and median price of vacant land sales in the Area were both down for the six month period to July 2013 to 294 (from 399, approximately -26.3 per cent) and \$188,000 (from \$195,000, approximately -3.6 per cent) respectively. Land sales in the Area have recorded a relatively stable increasing median price trend over the 10 year period from July 2003. It seems reasonable to assume that, given modest population growth experienced in the Geelong Area over the past decade, the significant reduction in the volume of vacant land transactions since the most recent peak, recorded in the July 2010 period, can be expected to provide a level of support to local detached housing and unit prices.

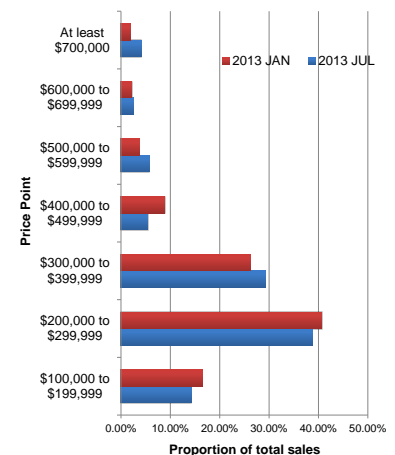
MEDIAN UNIT PRICE BY SUBURB



Prepared by PRDnationwide Research. Source: PDS

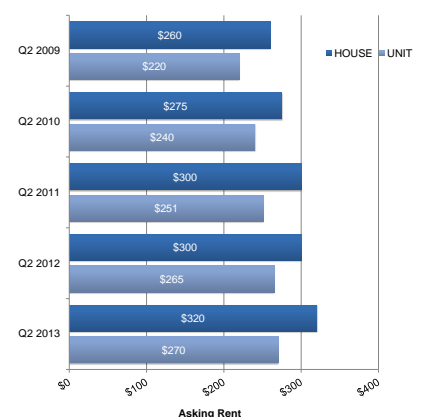
N.B. Excludes suburbs with <10 sales registered for the period

UNIT PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

MEDIAN ASKING RENTS



Prepared by PRDnationwide Research. Source: DHS, Vic. Gov.