

GEELONG AREA Property Watch Report®



GEELONG AREA MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market trends of the Geelong Area. This report analyses the house and unit markets in the Geelong Area and highlights key characteristics, demographics and performance of the local residential property market. For the purposes of this report the Geelong Area comprises the 26 suburbs highlighted in Geelong Regional Map (left) which geographically cover the suburbs between the Corio Bay waterfront and east of the Princes Freeway. Suburbs extending from northern regional centre Lara continuing south through Geelong City to East Geelong and Newcomb. The region also encompasses the growth suburbs south of the Geelong centre through Belmont, Marshall, Highton and Grovedale.

GEELONG AREA MARKET INDICATORS

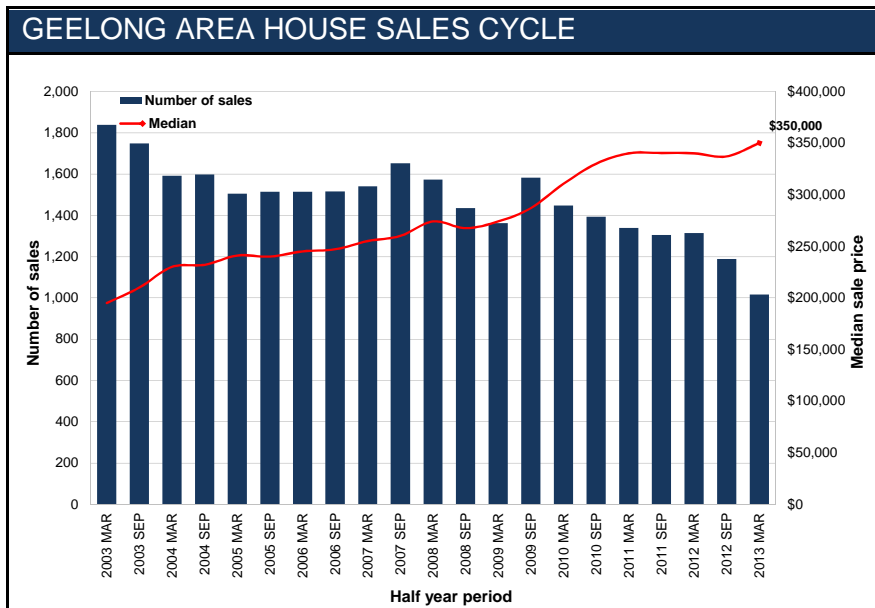
Change from Last	Year	Half Year
HOUSE SALES	↓	↓
HOUSE MEDIAN	↓	↑
LAND SALES	↓	↓
LAND MEDIAN	↑	↑
UNIT SALES	↓	↓
UNIT MEDIAN	↓	↓

The indicators depicted above are based on the year ending 31 March 2013.

Geelong is a port city located on Corio Bay and the Barwon River, 75km south-west of Melbourne. As the second largest city in the state of Victoria, Geelong has a high degree of connectivity to all of south-west Victoria and Melbourne via a nexus of highways and light rail. Avalon Airport, located approximately 15km to the north-east of the city centre, provides Jet Star and Tiger Airways flights frequently to Brisbane, Sydney and Perth.

Since the 1990's, the built form in Geelong has changed dramatically due to large scale redevelopment of the city centre as well as gentrification of the inner suburbs. Manufacturing and processing industries provide the majority of employment for the region with major employers including the Avalon Airport and the Shell oil refinery at Corio. The Port of Geelong is located on the shores of Corio Bay; major commodities include crude oil and petroleum products, export grain, alumina imports, and fertiliser. Geelong has also recently been named new headquarters of new Australian Government Disability Care agency which is expected to employ upward of 450 employees. This should assist to somewhat nullify the loss of the Ford Motor Group closure and the corresponding 510 jobs lost in Q1 2013.

GEELONG REGIONAL MAP



Prepared by PRDnationwide Research. Source: PDS

GEELONG AREA HOUSE MEDIAN PRICE BY SUBURB

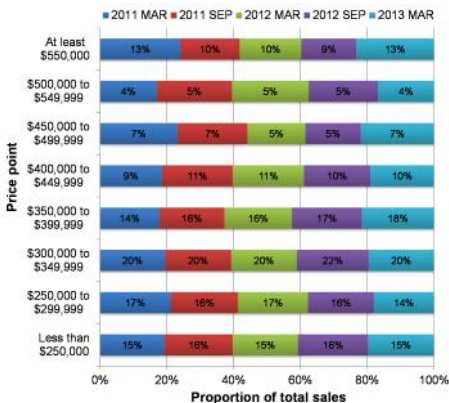


The Geelong Area house market has experienced a dwindling in demand over the past five years, down 8.4 per cent per annum since the six month period ending March 2008. During the economic uncertainty which unfolded over 2008, a decrease in buyers entering the market led to a similar uncertainty in terms of house median price. Since a short term dip in median price spurred from the Global Financial Crisis (GFC), the median price has regained strength in the Geelong Area with help from the Australian government introducing record low interest rates and stimuli packages aiding home-owners entering the market. Due to the dwindling transactions however, the Geelong Area house median price has only increased five per cent in the three year period since March 2010, closing Q1 2013 at \$350,000.

The six month period to March 2013 saw 1,015 settled transactions, which registers 322 sales below the five year average. The majority of these sales occurred within the \$300,000 to \$399,999 price point accounting for 38% of transactions. This was followed by the sub \$300,000 price point with 29% of sales.

When analysed at a closer level, in the past twelve month period to March 2013, the bulk of transactions in the Geelong Area property market have occurred in Belmont with 266 sales which equates to 12% of total sales for the period. This was followed by Highton, Corio and Grovedale (10%). Newtown recorded the highest median price for suburbs with greater than ten sales for the annual period reaching \$525,000 followed by Geelong (\$463,000), Highton (\$451,000) and RippleSide (\$442,500). The most affordable house median was recorded in Norlane (\$202,000), Corio (\$230,000) and Whittington (\$255,000). Small seaside suburb of Drumcondra recorded a median of \$862,500 only capturing nine sales in the annual period closing March 2013 with sales ranging from \$626,000 to \$1,900,000.

GEELONG AREA HOUSE PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

The Geelong Area rental median price has remained relatively stagnant closing Q1 2013 at \$300/wk[^] for house and \$265/wk[^] for units. Of the popular suburbs for rentals within the Geelong Area; Belmont, Highton, Geelong West and Corio all offered 10 per cent of house rental market while Belmont, Highton, and Geelong also provided 10 per cent of the unit rental market share. Since Q1 2009, both house and unit rental numbers have increased 22 and 25 per cent respectively, however unit median rentals have increased 17 per cent while house rentals only increased by 10 per cent.

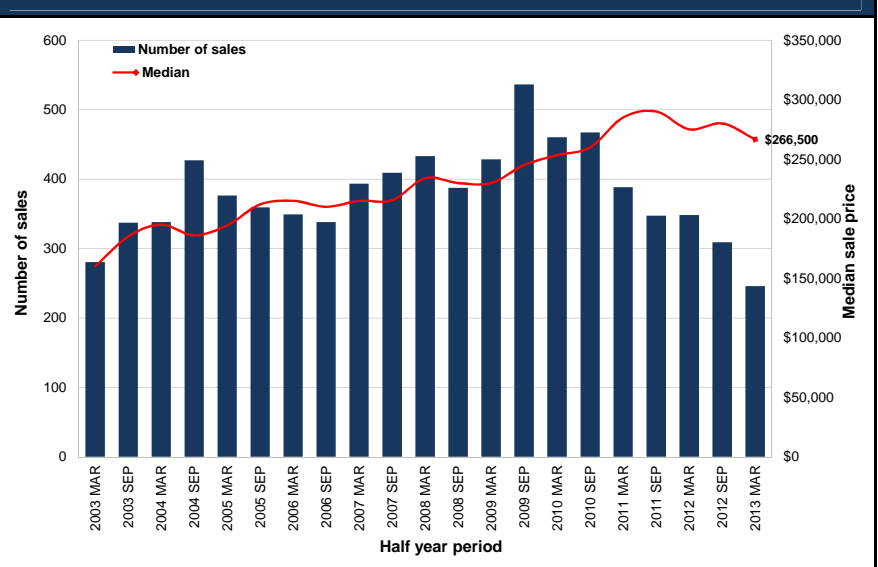
GEELONG AREA HOUSE & UNIT RENTAL PRICE



[^]Rental median assumptions are based on the configuration of a 3-bed house and 2-bed unit as standard.

Source: RPData

GEELONG AREA UNIT SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

GEELONG AREA UNIT PRICE POINTS



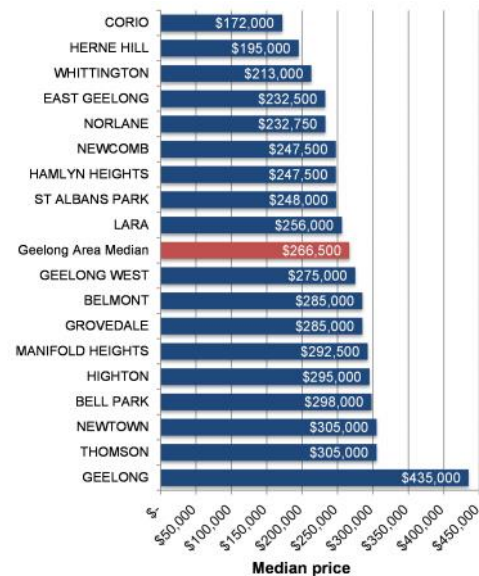
Prepared by PRDnationwide Research. Source: PDS

The Geelong Area unit market has experienced a decline in demand over the past five years, with transaction numbers dropping 10.7 per cent per annum and unit median price only gaining a 2.6 per cent per annum increase, half that of the housing market. Currently the six months to March 2013 has recorded 246 settled unit transactions, which registers 145 sales below the five year average.

In terms of the unit price point distributions, the bulk of sales have transacted within the \$200,000 to \$299,999 price bracket accounting for 44% of sales. The negative median price shift since peaking at \$290,000 at the six month period ending September 2009, is in part due to the 10 per cent decline in unit sales over \$450,000 paired with the an 8 per cent increase in more affordable units under \$250,000. The Geelong Area unit market closed Q1 2013 with median price at \$265,000.

The suburbs recording the most unit transactions for the six month period to March 2013 were Belmont with 82 sales (15%), followed by Grovedale and Highton with 11 per cent each. The highest median price for units was achieved in Geelong with \$435,000 while the most affordable suburbs by median were Corio (\$172,000) and Herne Hill (\$195,000).

GEELONG AREA UNIT MEDIAN PRICE BY SUBURB



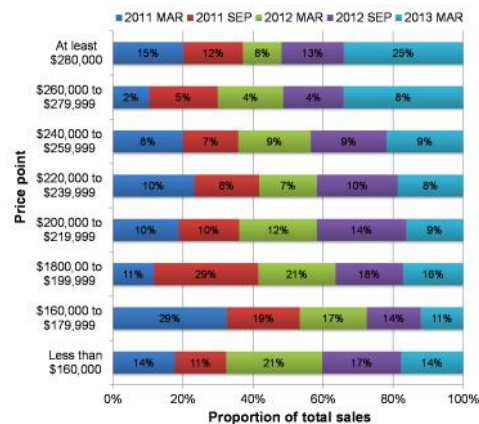
GEELONG VACANT LAND SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

The Geelong Area vacant land sales cycle indicates that despite witnessing a historical record low in transaction numbers in the six month period to March 2013, the median price has dramatically increased by 14.5 per cent since over the past 12 months. This displays the Geelong Area investors' appetite for established suburbs and infill development with a 16 per cent increase in vacant land greater than \$260,000.

GEELONG LAND PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

The Geelong Area witnessed 377 vacant land sales in annual period concluding Q1 2013 which was 33 per cent lower than the five year average of 566 transactions. The suburbs recording the most vacant land transactions for the annual period to March 2013 were Highton (28%), Lara (23%), Marshall (11%) and Grovedale (7%). These suburbs together equated to 70 per cent of the annual vacant land sales. Interestingly, the individual locality of the four aforementioned suburbs that dominated vacant land transactions are all situated on the outskirts of Geelong, Lara itself dominates the northern urban growth corridor of Geelong and will see continual infill development as a northern hub. Alternately, Highton, Grovedale and Marshall form an urban growth corridor to the south. It is expected that these growth corridors will continue to expand as we see the aforementioned regions maintaining strong house, unit and vacant land transaction numbers and median price.