

MELTON AREA

Property Watch®



Shire Clock, Melton

MELTON AREA MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market trends of the Melton Local Government Area, an area of some 530 square kilometres encompassing 20 suburbs. With its closest boundary only 20 kilometres west of the Melbourne CBD, the Melton LGA has been earmarked as a corridor for Melbourne's continuing growth.

In general terms the Victorian real estate market has seen a downturn on transaction levels and price growth over the last two years due largely it would seem to continued economic uncertainty and the negative impact this has had on buyer sentiment. The Melton market which has outperformed most other Victorian markets in recent years in terms of transaction growth, has felt the effects of this slowdown more than most.

The six months to February 2012 saw an exceptional downturn in transaction volumes. House sales for the period registered 629 which is 35.3% down on the same six month period for 2011. Unit sales were down 54.8% and vacant land sales down an unprecedented 70.8% using the same comparison periods. To provide some perspective the 263 vacant land sales for the six months to February 2012 compares to an average of 1,312 sales for a six month period for the ten years up to February 2011. As recently as the six months to August 2010, 1,570 vacant land sale transactions were recorded.

Michael Bevan of PRDnationwide Melton reports that buyer enquiry levels are on the increase in recent weeks and more buyers are showing the confidence to make offers. Mr Bevan believes that the price level is meeting the market and buyers are seeing opportunities to take advantage of the subdued prices.

MARKET INDICATORS

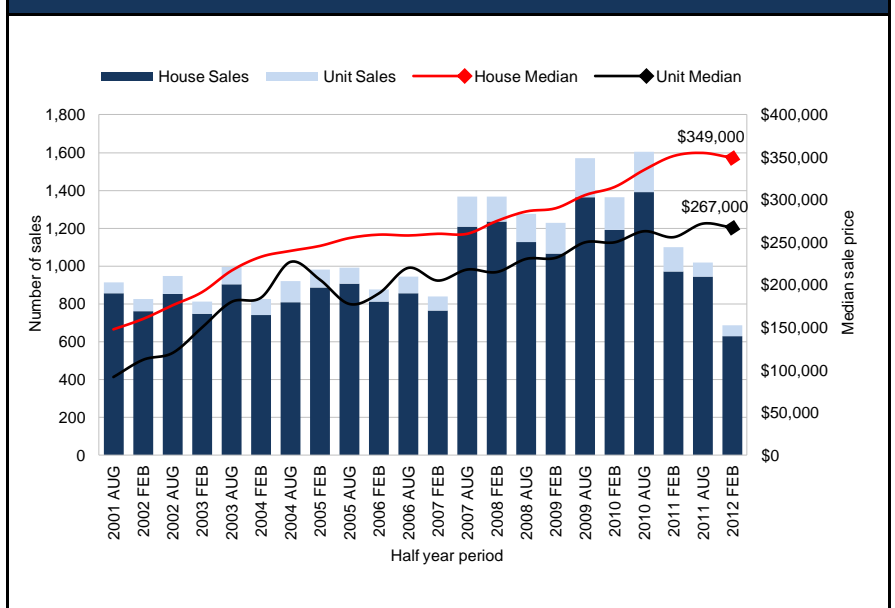
Change from Last	Year	Half Year
HOUSE SALES	↓	↓
HOUSE MEDIAN	↓	↓
UNIT SALES	↓	↓
UNIT MEDIAN	↑	↓
LAND SALES	↓	↓
LAND MEDIAN	↓	↓

The indicators depicted above are based on the twelve months ending February 2012.

KEY HIGHLIGHTS

- The six months to February 2012 sees transaction levels fall by up to 70% in the case of vacant land
- Whilst both house and vacant land prices softened, units posted a modest increase of 4.3% growth on the previous year

MELTON AREA HOUSE & UNIT SALES CYCLE



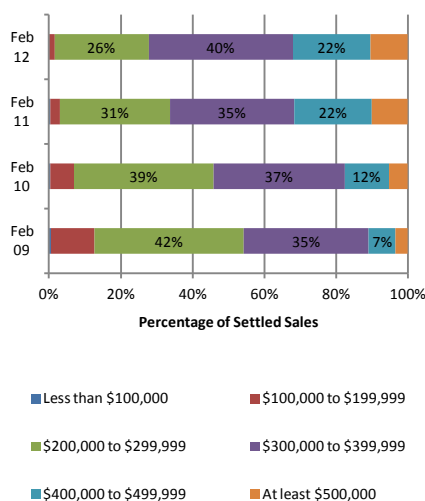
Prepared by PRDnationwide Research. Source: PDS

The average capital growth for resales of houses was 7.1% per annum

It is not surprising given the significance of the downturn in volumes that generally prices have softened in response. The median price for houses closed the February 2012 six months at \$349,000 marginally down on the close from twelve months earlier of \$351,400. Units, which saw a greater fall in transaction levels managed to record a moderate price growth of 4.3% for the year, when the six months to February 2012 median closed at \$267,000.

Vacant Land prices saw the greatest decrease in median price compared to the previous year. The February 2012 six months closed at \$165,000 down almost \$13,000 or 7.2% on the previous year. The vacant land sales cycle table shows a massive spike in prices since February 2010 when the median recorded \$127,000, even considering the recent decreases in prices, the current median price still represents a 14% average annual increase on the 2010 figure.

HOUSE PRICE POINTS



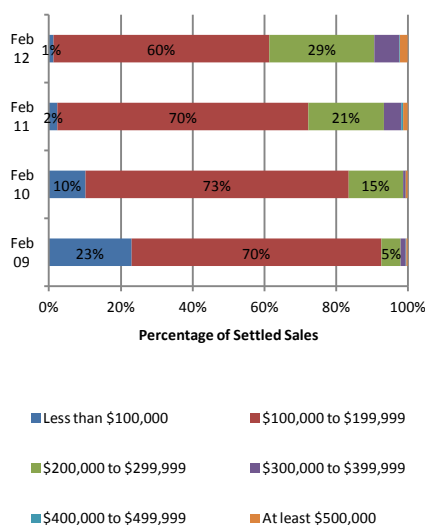
Prepared by PRDnationwide Research. Source: PDS

A longer term view of the Melton market reveals strong and consistent growth. The ten year growth rate for houses stands at 8.1% per annum. This equates to a house purchased ten years ago at \$100,000 now being valued at \$217,900. Units have shown even stronger growth over the past ten years, to show a 9.1% average annual growth figure. An analysis of houses that sold in the twelve months to February 2012 that had previously been purchased in the last ten years, revealed an average capital growth of 7.1%.

The vacant land price points table shows very clear upward trends in the last four years. For the twelve months to February 2009 sales under \$200,000 dominated the market with 93% of all sales occurring in this range, whilst still representing the majority of the market they have fallen to 61% for the February 2012 twelve month period. The fastest growing segment of the market has been the \$200,000 to \$299,999 bracket which has grown from only 5% of the market to 29% over the same comparison period. All of these upward movements are consistent with the ten year growth rate, which stands at 7.6% per annum.

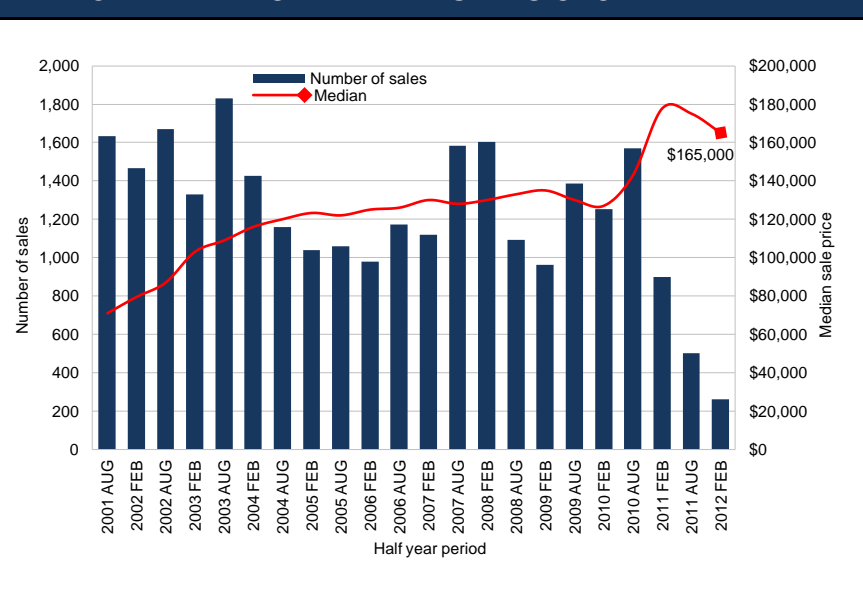
House prices for the February 2012 six months ranged from a low of \$140,000 for a property in Centenary Avenue, Melton West to \$790,000 for a home on 2,000m² at Hillside. Unit prices ranged from a low of \$150,000 for a flat in Lancefield Drive, Caroline Springs to \$455,000 for a unit with Lake Caroline frontage in the Esplanade, Caroline Springs. Vacant land under 3,000m² saw a 320m² block in Eynesbury Road sell for \$74,000 (\$231.25m²) whilst a 792m² block in Coogee Drive was the highpoint at \$360,000 (\$454.55m²)

VACANT LAND PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

MELTON AREA VACANT LAND SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS