

PROPERTY WATCH®

First Quarter 2012

Melton LGA Market Overview

IN BRIEF

- The Melton LGA median house price closed the September 2011 six months at \$352,000 culminated from 803 transactions, representing an annual growth rate of 5.1%
- The median price for the Melton LGA vacant land market closed the September 2011 six months at \$168,500, to post an exceptional 16.2% annual growth despite falling volumes.

Scope

This report analyses the current trends and performance of the Melton Local Government Area's (LGA) house, unit and vacant land markets. It further highlights the region's local trends to provide an understanding of the type of real estate product in demand by the local market.

Area Characteristics

The Melton LGA encompasses almost 530 square kilometres, with its closest perimeter approximately 20 kilometres west of Melbourne's CBD. The region comprises of 20 suburbs and has been earmarked as a key growth corridor for Victoria, with much of Melbourne's urban sprawl already encroaching the LGA's eastern border. With strong population growth driving a number of substantial infrastructure and amenity developments in the Western Corridor, there lays a strong potential for capital appreciation in the Melton real estate market.

Melton LGA House Market

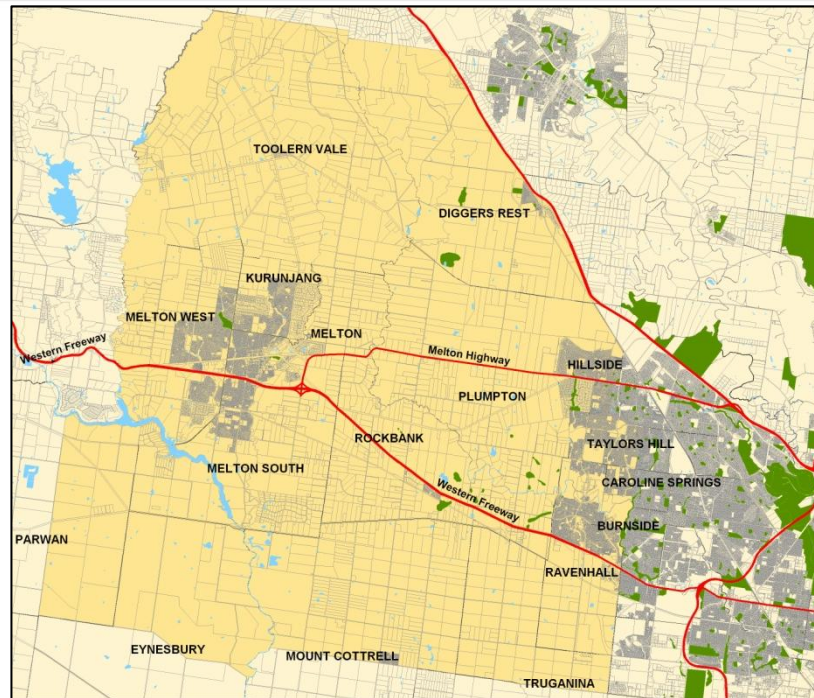
The Melton LGA house market has seen an easing in terms of price growth and transaction levels in the September 2011 six month period.

The September 2011 median price closed at \$352,000 marginally down on the previous six month period, however the figure still represents a 5.1% annual increase. Price growth trends in the last five years have been softer than in the previous five years, with the five year growth rate standing at 6.2%, and the ten year growth rate at 8.9%. The market has shown no negative growth year to year, and continues to be very stable and consistent in terms of upwards price movement.

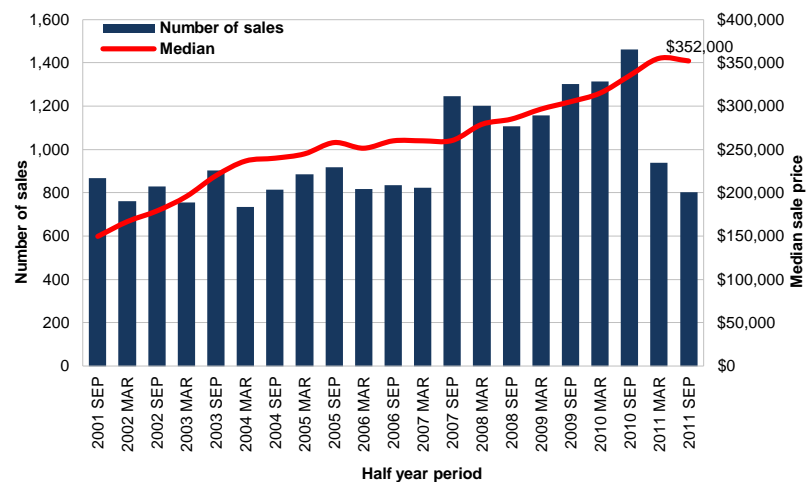
The price points table indicates very clear trends towards the higher priced brackets. The 2009 September six month period showed almost half of all sales were under \$300,000 this figure has dropped to just over a quarter of all sales in the September 2011 six months. The dominant price bracket is now the \$300,000 to \$399,000 with 39% of all sales occurring in this range. There has been strong growth at the top of the market with \$500,000 plus sales doubling their percentage of the market from 5% in September 2009 to 11% in September 2011. Sales under \$200,000 are becoming relatively rare, at only 1% of all sales.

Sales volumes spiked heavily between 2007 and 2010, with average transaction numbers for a six month period at 1,256 during this time. The September 2011 six months closed with 803 transactions, which is more comparable to the average sales numbers from the 2001 to 2007 period, at 757 transactions per six months.

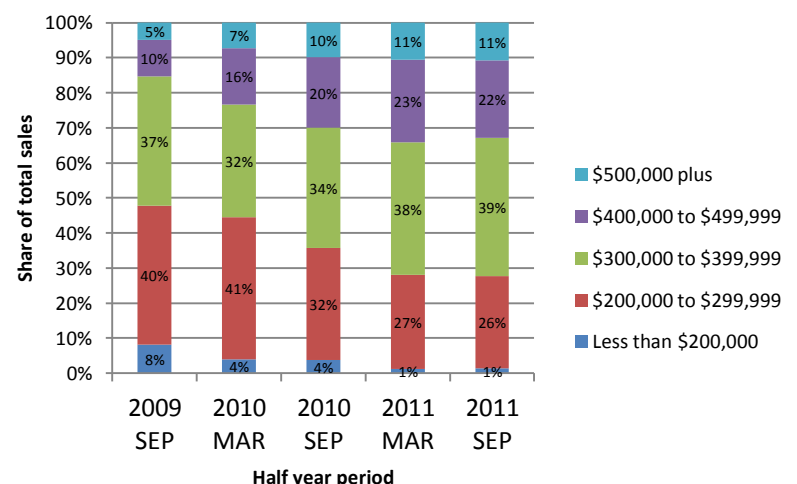
Three of the four highest value sales occurred on Melbourne fringe suburbs Taylors Hill and Hillside.



Melton LGA House Sales Cycle



Prepared by PRDnationwide Research. Source: PDS

Melton LGA House Price Points
September 2009 to September 2011

Prepared by PRDnationwide Research. Source: PDS

Melton LGA Unit Market

The Melton unit market has shown vigorous growth since 2001 both in terms of price and the level of transactions. Over the last year the growth in transaction numbers has seen a complete reversal back to early 2000 levels, and price growth has moderated.

The median price closed the September 2011 at a new high of \$270,000 representing annual growth of 4.2%, very much in line with the five year growth rate of 4.3% per annum. Average annual growth for the previous five years (2001 to 2006) was a remarkable 18.5% leaving the ten year rate at a more than healthy 11.2%. Whilst price growth has moderated, the dramatic highs and lows of earlier periods have ceased, and the market appears to be in a more mature and moderate growth phase.

The change in transaction numbers has been sudden and dramatic. The number of transactions for a six month period has averaged 151 for the last five years, the September 2011 figure of 63 represents less than half of that number of sales. The main impact on sale numbers appears to be cautious buyer sentiment, with only positive changes in the supply side evident.

Whilst price growth has moderated the price points graph demonstrates a very clear movement towards the higher priced brackets. Since the September 2009 six month period, sales of less than \$200,000 have reduced by 73% to represent only 6% of all sales for the September 2011 six months. Sales between \$200,000 and \$399,000 dominate the market, representing 92% of all sales made for the September 2011 six months.

For the six months to September 2011 Melton South recorded the most transactions with 21, whilst Caroline Springs had the highest average sale price, with sales ranging between \$305,000 and \$408,000.

Melton LGA Vacant Land Market

Having surged since late 2009, the median price for vacant land has softened to close the six months to September 2011 at \$168,500. Whilst down \$8,000 on the March 2011 median price, this figure still represents annual growth of 16.2%. The ten year growth rate of 8.7% per annum equates to a \$100,000 block of land purchased in September 2001, being valued at \$230,300 as of September 2011.

Sales volumes have dropped dramatically over the last year, with the September 2011 six months recording only 357 transactions. This figure represents only 26.5% of the average transactions for a six month period, for the ten years preceding September 2010.

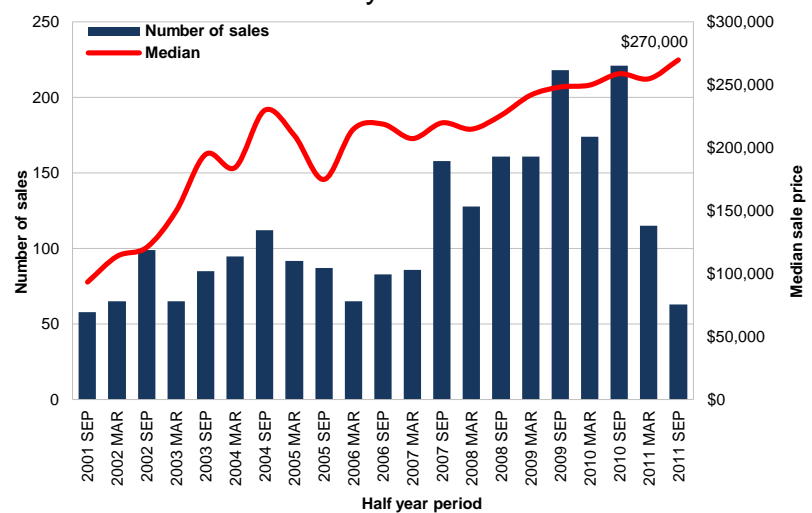
This significant decrease in sales numbers can not be attributed to a lack of supply, as there are several different developments currently on offer with a varied range of options for buyers. The recent well reported global economic issues have effected buying sentiment and activity broadly across Victoria, however the Melton vacant land market appears to have been effected more than most by the softening in buying activity.

The area continues to offer exceptionally strong value given the close proximity to Melbourne, with sales occurring under \$100,000 in Melton, Eynesbury and Brookfield in the September 2011 six months.

Prepared by PRD Research. Source: PDS Live and ABS. For further details contact: Mark Corboy (0400) 520 717 or Email: markcs4u@gmail.com, PRD Gens Gaunt Melton on (03) 9747 6665, or visit our website at www.prdnationwide.com.au/research.

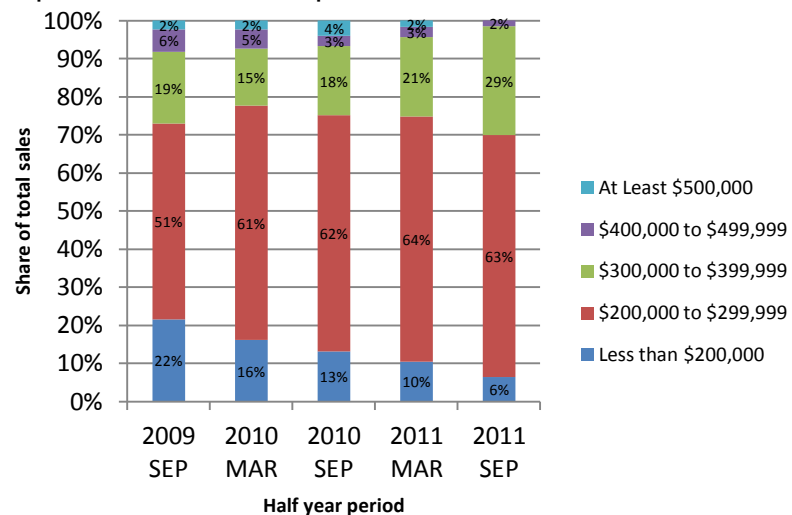
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Melton LGA Unit Sales Cycle



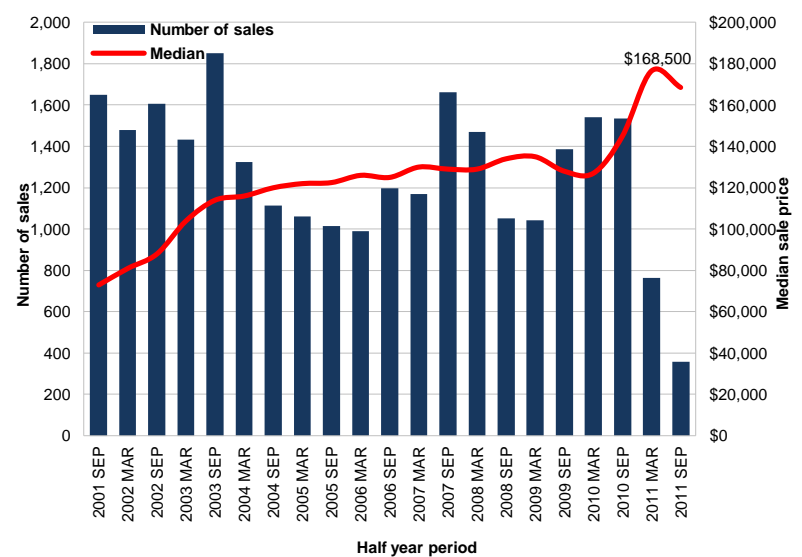
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Melton LGA Unit Price Points September 2009 to September 2011



Prepared by PRDnationwide Research. Source: PDS

Melton LGA Vacant Land Sales Cycle



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