

PROPERTY WATCH®

First Quarter 2012

Geelong Area Market Overview

IN BRIEF

- The Geelong Area's median sale price for houses closed the six months to September 2011 at \$342,000, culminated from a total of 1,327 sales.
- The median sale price for units and vacant land grew strongly to both record annual growth rates of 9.6%

Scope

This report analyses the current trends and performance of the Geelong Area's house, unit and vacant land markets. It further highlights the area's characteristics and trends to provide an understanding of the type of real estate product in demand by the local market. For the purpose of this report, the Geelong Area comprises the suburbs highlighted in the map to the right.

Area Characteristics

Geelong is a port city located on Corio Bay and the Barwon River, 75 kilometres 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. 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 inner suburbs. Manufacturing and processing industries provide the majority of employment for the region, with major employers such as the Ford Motor Company, Avalon Airport and the Shell oil refinery at Corio. Geelong has a number of shopping precincts and major shopping centres located in the CBD with outer suburbs serviced by smaller centres. The Port of Geelong is located on the shores of Corio Bay, and is the sixth largest seaport in Australia by tonnage.

Geelong Area House Market

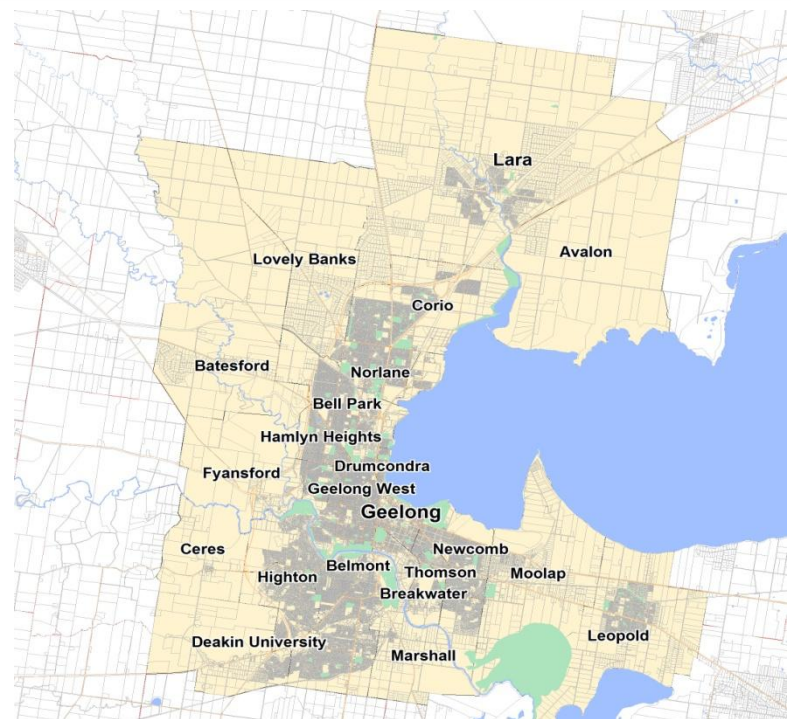
The September 2011 six months saw the median price close at \$342,000 reflecting an annual increase of just 1.3%. Recent growth patterns have shown increased volatility with annual growth as high as 15.6% as at September 2010. The ten year average annual growth stands at an 9.3%, showing the underlying strength of the Geelong house market.

Sales volumes fell to their lowest levels in ten years, when the six months to September 2011 saw 1,327 transactions recorded. The five year average for transaction numbers for a six month period stands at 1,642. This softening in sales numbers has been seen broadly in the Victorian market.

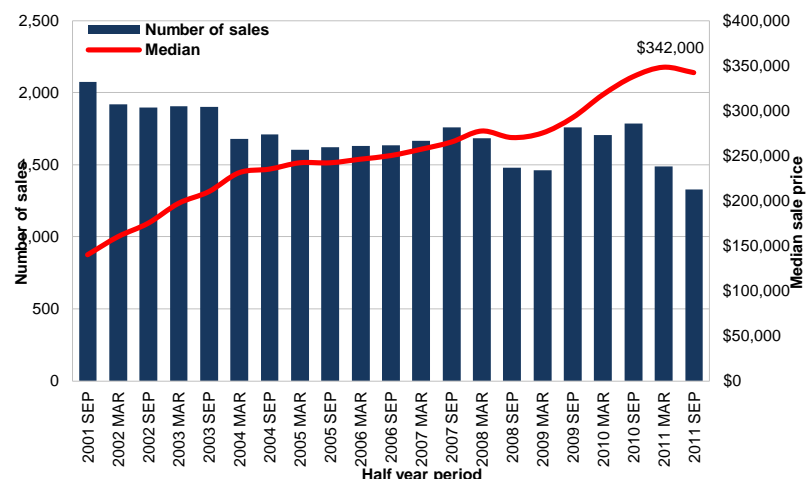
The price points table shows a steady trend away from the lower price brackets towards the higher brackets. In September 2009 sales under \$300,000 represented just over half of the total market at 52% this has reduced to less than a third of the market at September 2011. Sales over \$400,000 have outnumbered those under \$300,000 for the last two six month periods.

An analysis of all sales in the last twelve months where the property had previously been purchased in the last ten years, showed an average holding period of 5.2 years, and an average annual capital growth of 8.4%.

The peak of the market was seen when a property in West Fyans Street, Newtown sold for just over \$3 million in September 2011.

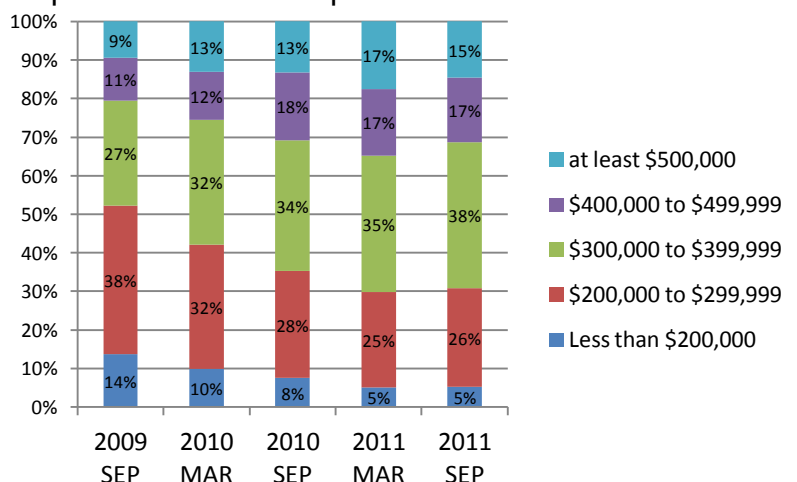


Geelong Area House Sales Cycle



Prepared by PRDNationwide Research. Source: PDS

Geelong Area House Price Points September 2009 to September 2011



Prepared by PRDNationwide Research. Source: PDS

Geelong Area Unit Market

The median price for units closed the six months to September 2011 at \$282,250 representing an annual growth of 9.6%. This is a strong result in terms of growth, but not out of the ordinary as the ten year growth rate stands at 8.5%. The median price at September 2001 was \$125,000 demonstrating that the Geelong unit market median has outperformed the adage in real estate that property doubles in value every ten years.

Sales volumes have averaged 396 for a six month period over the last ten years. The September 2011 six months saw only 294 transactions, the second lowest recorded over this time. Clearly the lower volumes did not impact price growth over the September six month period, with a new high median price being achieved.

The trend towards higher prices is clearly evident in the price points table, with all lower price brackets having a diminishing share of sales, and the higher brackets all increasing their share. The share of the market for units in excess of \$400,000 has more than doubled from 8% for the six months to September 2009 to 20% for the corresponding period in 2011. Sales less than \$100,000 have become increasingly rare. The majority of sales occur between \$200,000 and \$299,999.

Sales for the September 2011 six months were spread across 24 suburbs. There were five Suburbs with twenty or more transactions, Newtown (23), Geelong West (26), Geelong (27) Highton (28) and Belmont (36). These five suburbs represented 47.6% of all sales.

A unit in Fiona Avenue which sold in August 2011 represented the bottom of the market at \$134,000. The top of the market was seen for a property in Eastern Beach Road, when it transacted for just over \$1.7 million in May 2011.

Geelong Area Vacant Land Market

The median price for vacant land closed the six months to September 2011 at \$182,000 up from \$166,000 from twelve months before, or 9.6%. Whilst representing exceptionally strong growth, this figure falls well short of the ten year average growth rate currently standing at 13.3% per annum. The ten year growth rate equates to a \$100,000 block of land purchased in September 2001 being valued at \$348,577 in September 2011.

Sales volumes have seen peaks and troughs over the last ten years, with the market currently softening to record 295 transactions for the six months to September 2011. This compares to an average transaction volume of 465 transactions for a six month period.

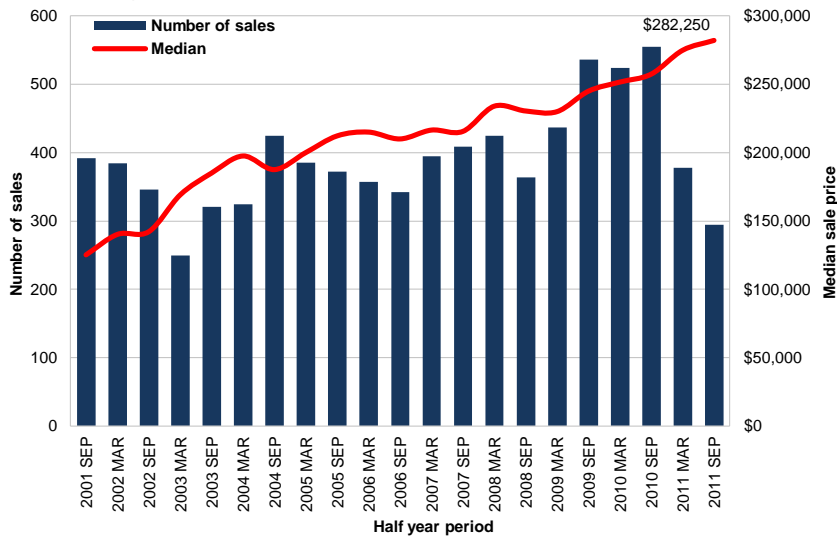
Sales between \$150,000 and \$200,000 have remained the dominant price bracket with 56% of all transactions occurring in this range. Sales between \$100,000 and \$150,000 which represented 35% of all sales as recently as the six months to September 2009, have fallen to only 10% for the corresponding period in 2011.

Just over half of all sales for the six months to September 2011 occurred in two locations, Lara recorded 100 transactions and Leopold 52. The highest price per square metre was paid for a vacant block in Pakington Street, Newtown when it transacted for \$1,716m² in April 2011.

Prepared by PRDnationwide Research. Source: PDS and ABS. For further details contact: Mark Corboy – Systems For You (0400) 520 717 or Email: markcs4u@gmail.com.au, PRDnationwide Geelong on (03) 5222 3566, or visit our website at www.prdnationwide.com.au/research.

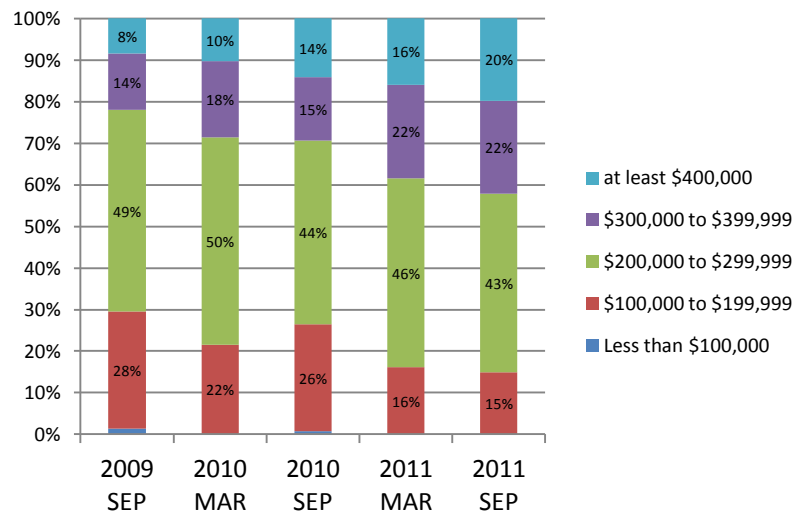
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Geelong Area Unit Sales Cycle



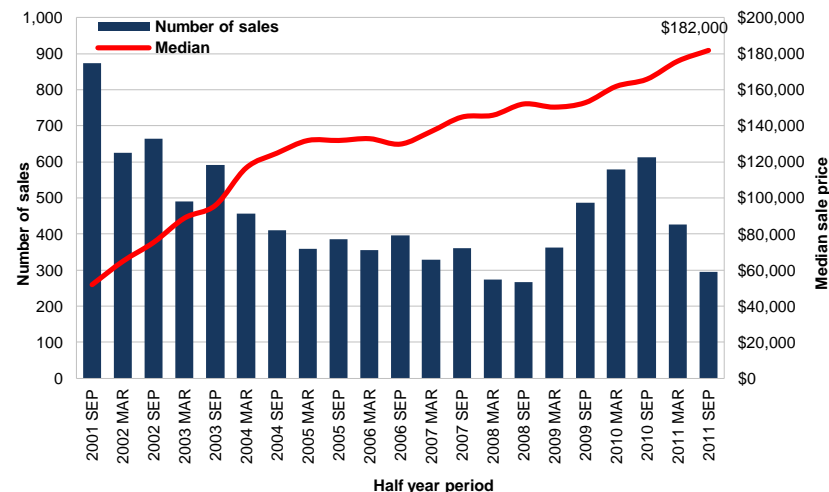
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Geelong Area Unit Price Points September 2009 to September 2011



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Geelong Area Vacant Land Sales Cycle



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