

# WARRNAMBOOL AREA

Property Watch®

PRD nationwide



Lighthouse at Lady Bay, Warrnambool

## MARKET INDICATORS

Change from Last	Year	Half Year
HOUSE SALES	↓	↓
HOUSE MEDIAN	↓	↓
HOUSE RENTS	↑	-
UNIT SALES	↓	↓
UNIT MEDIAN	↓	↑
UNIT RENTS	↑	-

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

## KEY HIGHLIGHTS

- Sales volumes are below 2011 levels for each of the House, Unit and Vacant Land Markets in 2012
- Whilst price growth was flat for 2012 the Vacant Land ten year growth rate stands at 11%.

## WARRNAMBOOL AREA MARKET OVERVIEW

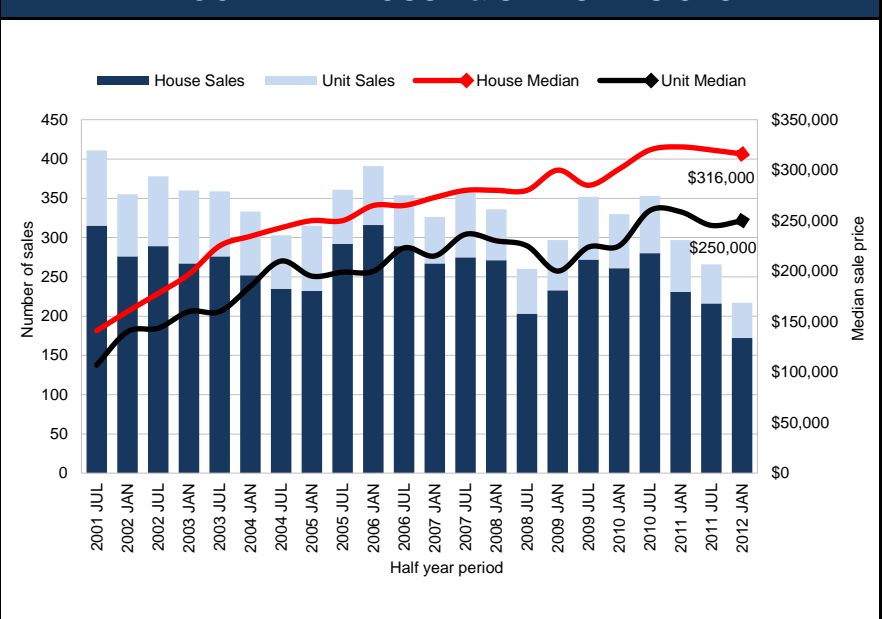
The following Property Watch report is the result of an investigation into the historic and current market trends of the Warrnambool Area, which encompasses the suburbs of Warrnambool, Allansford, Bushfield, Dennington, Woodford, and Yangery.

The Warrnambool market has seen a sustained period of lower volumes and flat prices across all property types. The six months to January 2012 has seen volumes at historically low levels, with the house market's 172 transactions representing just under 70% of the average number of transactions for a six month period over the last five years. Volumes in the unit and vacant land markets were at similarly reduced levels to their five year averages.

Whilst sales volumes are down, the number of properties on the market is at exceptionally high levels. Brad Miller of PRD Warrnambool estimates a balanced market (balanced between supply and demand) would see approximately 250 houses on the market at a given point in time. A search of the major real estate portals for the Warrnambool house market at the time of writing shows in the order of 600 properties currently on the market.

An oversupply of this nature in a market will typically lead to less investment in the market by builders and developers, who will be reluctant to risk having their money tied up in a product that has significant competition, with the resultant potentially slower turnover. If this occurs the flow on effect is typically lower levels of vacant land sales, as builders and developers are significant players in this market.

## WARRNAMBOOL AREA HOUSE & UNIT SALES CYCLE



Prepared by PRDNationwide Research. Source: PDS

Given the **current conditions** it is clear Warrnambool is currently a **buyer's market**.

Price growth in the Warrnambool house market has traditionally been very steady and reliable, with few major peaks or troughs. The ten year growth rate stands at 7.0% which whilst quite respectable in itself, would be higher except for the much lower growth rates in the last two years. As shown by the table below, growth in the last year has gone negative, with the median for the January 2012 six months of \$316,000 lower than the median recorded twelve months earlier.

The Warrnambool unit market has shown more price volatility, largely due to its lower sales volumes, but it too has proven a steady performer over time with a ten year growth rate of 6.0%. It has followed a very similar pattern of growth in recent periods to the house market with flat or negative growth over the last two years.

Vacant land in Warrnambool has shown very strong growth over an extended period to record a ten year growth rate of 11.0%. Prices fell significantly over the period of the global financial crisis, but have since recovered to the levels seen at the start of 2008. The median price for the six months to January 2012 remains unchanged from the \$140,000 as at January 2011.

Given the conditions discussed above - lower sales volumes, high levels of stock and flatter prices in recent periods – it is clear Warrnambool is currently a buyer's market. Buyers appear to be responding to this by showing a lack of urgency in their buying decisions. Mr Miller reports that enquiry numbers via the internet, phone and at open homes are only marginally lower than would normally be encountered, and buyers are typically financed and in a position to purchase. Buyers however appear to be reluctant to make decisions, with the current level of economic uncertainty both locally and internationally having a negative impact on buying sentiment.

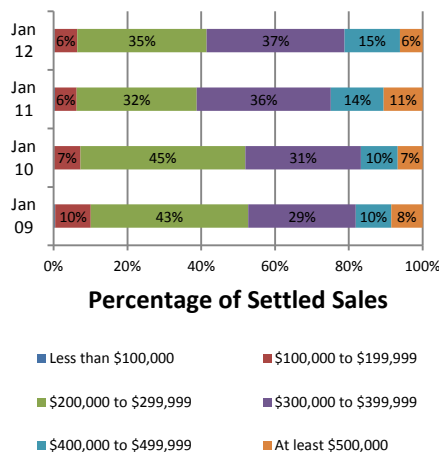
Understanding the historically strong long term performance of the Warrnambool market and the cyclical nature of all markets, savvy buyers with a longer term view may well seek to secure property before the next upwards cycle.

The house price points table shows the dominant sales bracket as at January 2012 is the \$300,000 to \$399,000 bracket, with 37% of all sales for the twelve months occurring within this range. Houses below \$300,000 which represented just over half of all sales as at January 2009, represented only 41% of sales as at January 2012.

The \$100,000 to \$149,999 price bracket continues to dominate all vacant land sales representing 60% of all sales for the twelve months to January 2012. Sales below \$100,000 have halved their representation since 2009, whilst sales above \$150,000 have grown from 21% in the January 2009 twelve months to 34% for the same period at January 2012.

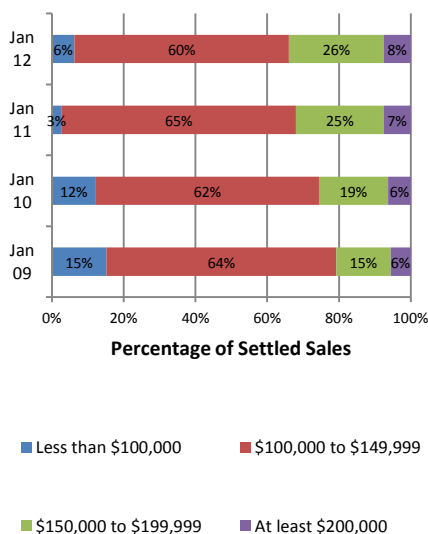
A home on a large allotment on Wirilda Trail near the Merri River in Warrnambool represented the top of the market for the six months to January 2012 when it sold for \$940,000 in December 2011. The peak of the market for both units and vacant land was influenced by properties with water views, with a Merri Street unit selling for \$640,000 and an allotment in Dobson Way transacting at \$300,000.

## HOUSE PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

## VACANT LAND PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

## Warrnambool Median Price Movements Table

	Jan 2002	Jan 2007	Jan 2011	Jan 2012	10yr growth	5yr growth rate	1yr growth
HOUSES	\$160,000	\$273,000	\$323,000	\$316,000	7.0%	3.0%	-2.2%
UNITS	\$140,000	\$215,000	\$258,750	\$250,000	6.0%	3.1%	-3.4%
LAND	\$49,150	\$125,000	\$140,000	\$140,000	11.0%	2.3%	0.0%

Prepared by PRDnationwide Research. Source: PDS

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