

# ARARAT AREA

## Property Watch®

PRD nationwide



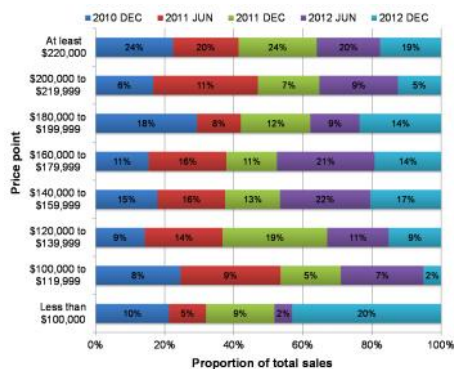
## ARARAT AREA MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market trends and performance of the Ararat Local Government Area (LGA) house and vacant land markets. The central township of Ararat is located approximately 92 kilometres west of Ballarat and 202 kilometres north-west of the Melbourne CBD. The Ararat LGA expands over approximately 4,230 square kilometres and encompasses rural centres including Halls Gap and Willaura. The following Property Watch report further highlights the area's residential characteristics and demographic trends to provide an understanding of the type of real estate product in demand.

The Ararat Area house market has averaged 87 settled house sales per six month period over the past five years which amounts to a figure slightly less than the ten year average of 113. Despite housing activity in the Ararat Area cooling since 2010, the market remains resilient compared to other Victorian localities due to the Ararat Rural City's initiative to accommodate the future growth expected in regional Victoria.

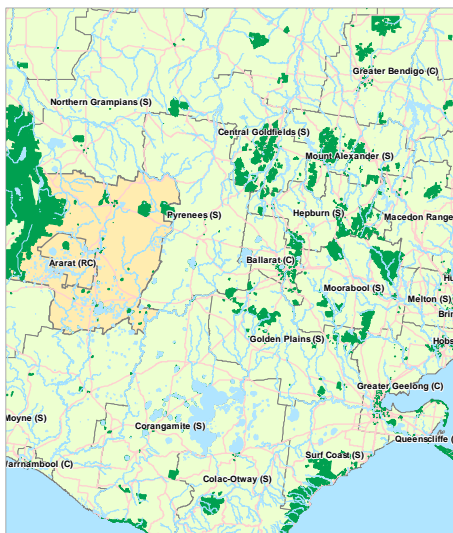
Like many locations around regional Victoria experiencing an inclement residential landscape, the Ararat Area housing market appears to be witnessing a similar drop in both sales numbers and median price. In the 12 months period to December 2012, the median house price decreased by three per cent, comparatively low with figures seen over the five (+0.6 per cent) and ten year (+6.5 per cent) periods prior. This being said, prior to settled transaction data being officially distributed for Q1 2013, it is worth noting an increase in house and land transactions as well as a positive shift in rental numbers and returns have led a change which may see the median price for land and house sales positively increase once more in 2013.

### HOUSE PRICE POINTS

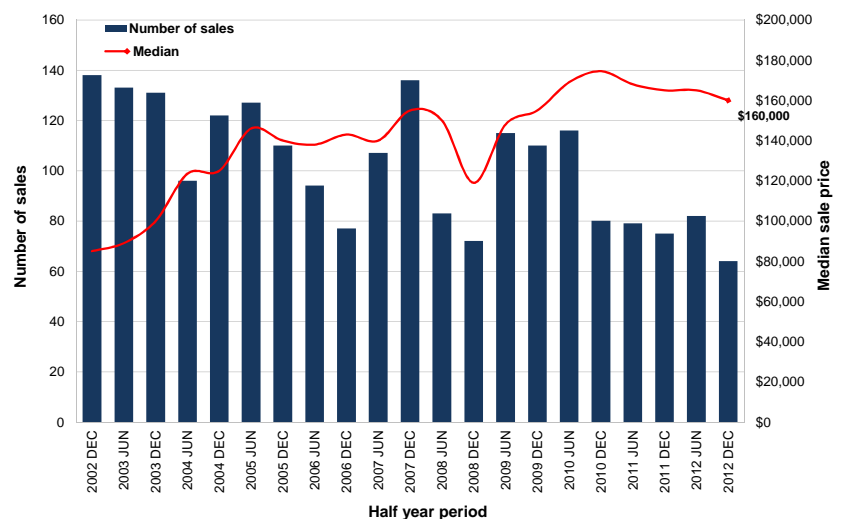


Prepared by PRDnationwide Research. Source: PDS

### ARARAT LGA LOCATION



### ARARAT AREA HOUSE SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

## KEY HIGHLIGHTS

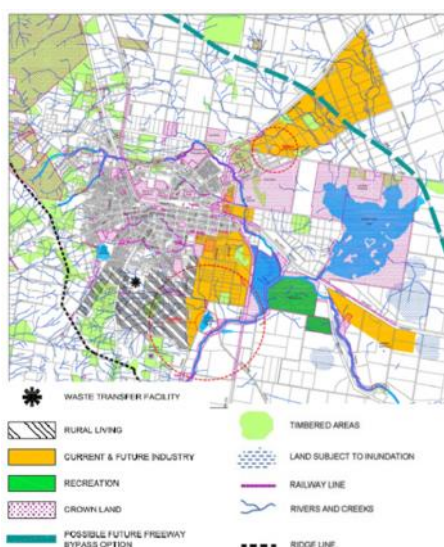
- Early 2013 residential sales evidence indicates the Ararat Area housing market is expected to rebound in 2013 after seeing its lowest number of transactions in ten years ending December 2012.
- The Ararat Area vacant land market has witnessed a respective 19.6 and 20.7 per cent increase in sales and median price over the past five years accommodating the immediate needs specified in the *Ararat Rural City Residential Land Use Strategy (2005)*.

## MARKET INDICATORS

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

The indicators depicted above are based on the year ending December 2012 and June 2012 for rental data.

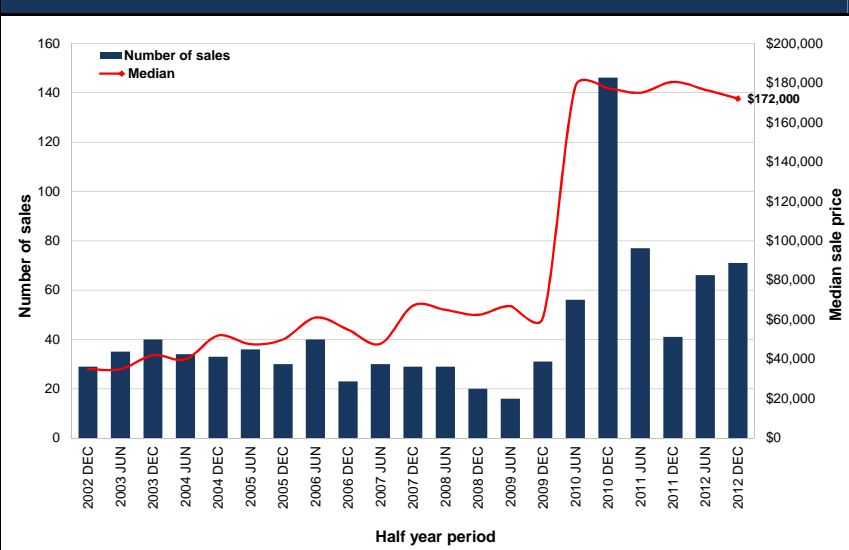
## DEVELOPMENT CONSTRAINTS



Prepared by PRDnationwide Research. Source: Ararat Rural City

At the closing of the six month period to December 2012 it seems investors had increased their appetite for more affordable house price point with 20 per cent of sales falling under the \$100,000 bracket. This shift in addition to total sales hitting a ten year low of 64 total sales resulted in a negative median price move, closing the 6 month period at \$160,000. This being said, early indications in Q1 2013 have shown that activity in the Ararat Area house market has increased therefore can expect a small median price correction based on increased sales numbers.

### ARARAT LGA VACANT LAND SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

The Ararat Area vacant land median sale price has seen a dramatic positive shift since the end of 2009 due to the implementation of the *Ararat Rural City Residential Land Use Strategy (2005)*. This strategy, in part, aims to source 188 hectares of vacant land before 2035 accommodating future growth within the Ararat Area. Since the strategy was published, the 26 hectares to immediately address short term growth has been noticeably adopted with increased sales in vacant land from the period ending June 2010 raising the vacant land median price closing the 2012 calendar year at \$172,000, 6.9 per cent higher than the house sales cycle median price.

The Ararat Area's residential market is currently seeing higher enquiry levels due to the increased economic capacity surrounding the introduction of large-scale local developments to begin as early as Q3 2013. The Ararat Prison redevelopment (Q4 2014 completion) expects to employ approximately six hundred workers at full capacity and a further 150-180 prison officers once completed. In the shorter term, continual development is set to commence in Q3 2013 to further enhance wind farm projects which will similarly provide 140 local jobs before 2014.

The economic flow on provided by these developments along with the sustained implementation of Ararat's Land Use Strategy will see a continued positive shift in both housing and vacant land sales for the immediate and long term future to facilitate the regions expected growth. As the Development Constraints map indicates, the Ararat Area currently boasts large portions of unconstrained vacant land (white) for Greenfield development suggesting there will be limited complications from a land planning and development perspective in meeting any future demand – promoting Greenfield development, master-planned residential and mixed-use communities as well as intensification of existing lots within the rural City of Ararat.

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