

PROPERTY WATCH®

Second Quarter 2012

Ballarat LGA Market Overview

IN BRIEF

- The median sale price for Ballarat houses closed the June 2011 six month period at \$278,000, culminated from a total of 782 transactions.
- The Ballarat unit market posts a median price of \$224,125 marginally down on last years figure
- The median sale price for Ballarat vacant land surges to close the December 2011 six months at \$143,000 to record an annual growth of an exceptional 18.2%

Scope

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

Area Characteristics

Situated approximately 105 kilometres north-west of Melbourne, the City of Ballarat exists as Victoria's primary inland regional hub. The Midland Highway runs through Ballarat Central, providing direct access to the Western Freeway and the Melbourne CBD. The region is also well serviced by the Ballarat Rail Line, which offers commuters a service to Melbourne CBD in a little over one hour travel time.

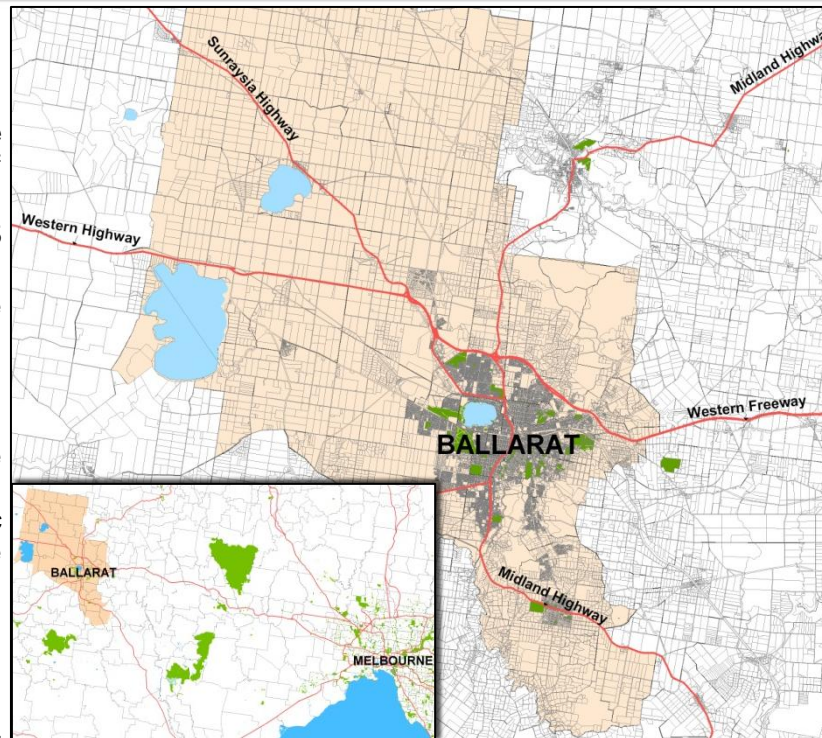
Ballarat LGA House Market

The underlying strength of the Ballarat house market has again been demonstrated with prices continuing to grow in the face of lower sales levels. Sales volumes dropped for the 3rd consecutive six month period, with the December 2011 six month period recording only 782 transactions, the lowest in the ten year period shown. Volumes in 2011 are 30.5% down on the previous year, which is consistent with the broader Victorian market.

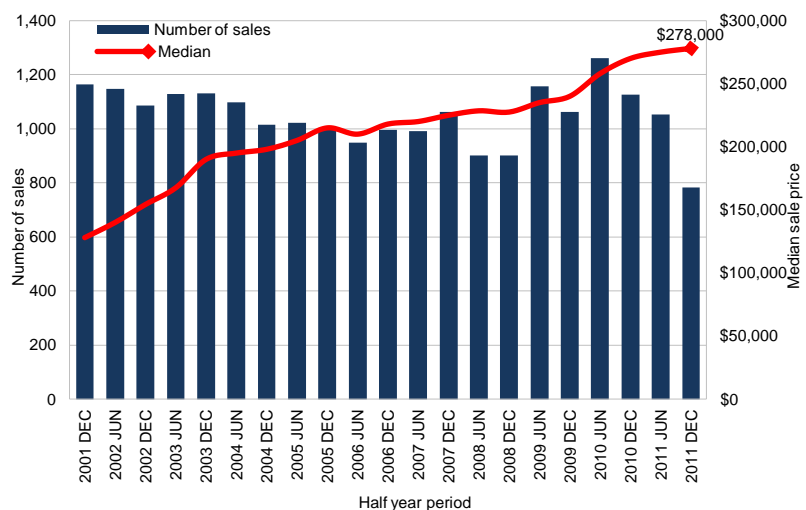
In spite of lower volumes the median price for the six months to December 2011 closed at \$278,000 a 3.0% increase on the previous years figure. This is in contrast to the majority of Victorian markets which have shown zero or negative price growth in the second half of 2011. The Ballarat house market is outperforming largely due to its growing population, proximity to Melbourne and appeal to investors with strong rental and capital returns.

As might be expected from such a steady market, the price points table shows no dramatic movements. The clearest trend is the diminishing level of sales below \$200,000, which have fallen from 25% of the market for the December 2009 six months to only 9% at December 2011, reflecting increasing prices in the area. The \$200,000 to \$299,000 price bracket remains dominant with almost half of all sales occurring in this range.

An analysis of properties that have been purchased and sold since 2000 reveals unsustainable levels of growth in the early part of the century of 20% per annum and greater. Since 2005 capital growth has ranged between 5.8% and 12.6% per annum, with 2011 capital growth on resales towards the middle of this range at 7.5%. These figures suggest that the Ballarat house market has matured in recent years and provides exceptionally reliable price growth.



Ballarat LGA House Sales Cycle

Ballarat LGA House Price Points
December 2009 to December 2011

Prepared by PRDNationwide Research. Source: PDS

Ballarat LGA Unit Market

The Ballarat unit market median price closed the six months to December 2011 at \$224,125, representing a 0.4% decrease on the previous year. Unlike the house market, the unit market has shown historically that it can have short term price corrections, and the current movement is on a similar scale to these. The 7.7% ten year growth rate indicates that the occasional downwards price movement has not effected long term price growth.

The December 2011 six months saw the second lowest level of transactions recorded since the turn of the century, when 136 transactions were recorded. Similarly to houses the volumes have been softening over several consecutive periods. The much larger volumes in 2009 are partly attributable to the first home owners grant being strongly taken up in this period, and the attraction to this type of buyer of units sold off the plan (hence avoiding some of the stamp duty payable on a fully completed property). The current market has seen far fewer of these buyers, and investor demand would also appear to have softened.

The price points table shows very little movement between the brackets since the December 2009 six months. Over 90% of all units are sold between \$100,000 and \$300,000. There were no sales recorded under \$100,000 for the December 2011 six months.

Sales were widely distributed with 19 suburbs recording transactions, Sebastopol(22) and Wendouree(19) recorded the highest levels of transactions. These two locations have lower than average sale prices at \$200,850 and \$214,500 respectively. The highest average price was seen for the suburb of Newington at \$301,000. Prices ranged from a low of \$117,500 for a unit in Talbot Street, Redan to \$360,000 in Durham Street, Newington. The prices above \$400,000 were for multi unit sites.

Ballarat LGA Vacant Land Market

The Ballarat vacant land market continues to see exceptional price growth since the low point of the 2008 financial crisis. Since 2008 the annual growth rate has averaged 16.7%. The December 2011 six months median price of \$143,000 represents an 18.2% increase on the previous twelve months figure. The long term growth rate of 10.5% is quite strong, but clearly recent growth is trending steeply upwards.

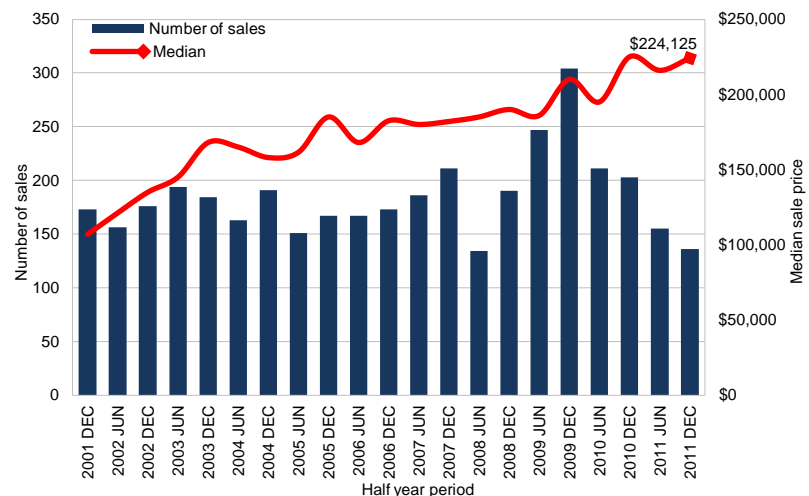
Sales volumes have also been exceptionally strong since 2008, with average sales of 454 for six month periods to the end of June 2011. The December 2011 six months saw a much lower sales level of only 201 transactions, less than half of the post 2008 average.

Sales under \$100,000 were the single largest bracket of sales as recently as June 2009, when they represented 55% of the total market. The December 2011 six months saw only 15% of sales occur in this range, with the \$100,000 to \$199,000 bracket now dominating sales with 73% of all transactions. Transactions occurred across a total of 29 localities with Alfredton(48) having the largest share of sales. Prices ranged from \$65,000 for 604m² (\$108 per m²) in Wendouree to \$245,000 for 1,566m² (\$156 per m²) in Havelock Street, North Ballarat.

Prepared by PRDnationwide Research. Source: PDS and ABS. For further details contact: Mark Corboy, (0400) 520 717 or Email: markcs4u@gmail.com, PRD Jens Gaunt Ballarat on (03) 5331 1111, or visit our website at www.prdnationwide.com.au/research.

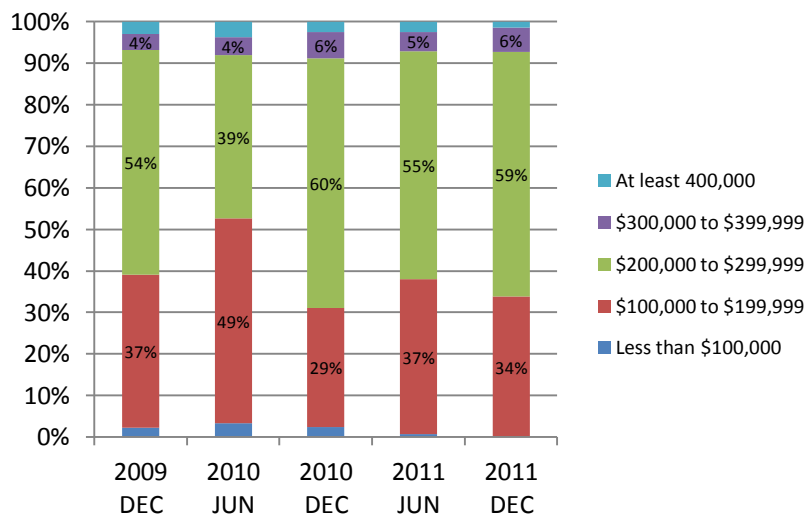
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Ballarat LGA Unit Sales Cycle



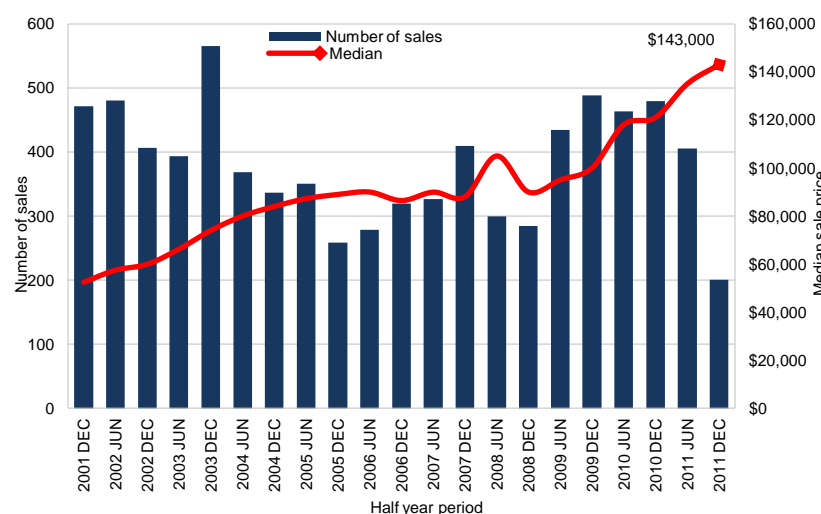
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Ballarat LGA Unit Price Points December 2009 to December 2011



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Ballarat LGA Vacant Land Sales Cycle



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