

## PROPERTY WATCH®

Fourth Quarter 2011

## Warrnambool Market Overview

## IN BRIEF

- The median price for Warrnambool's House market closes down at \$312,500, a 1.4% decrease on the previous year
- Warrnambool's Vacant Land market closes at \$262,000 culminated from a decade low 51 transactions for the six months to June 2011

## Scope

This report analyses the current trends and performance of the Warrnambool Area's house and unit 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 Warrnambool Area comprises the suburb of Warrnambool and the direct neighbouring suburbs of Dennington, Woodford, Bushfield and Allansford.

## Area Characteristics

Situated to the western corner of Victoria's Great Ocean Road, Warrnambool is approximately 265 kilometres south-west of the Melbourne CBD. Despite its regional location, Warrnambool is well serviced with the Hopkins and Princes Highways and the express 'V-Line' rail service running directly through the region. Today, Warrnambool's picturesque landscape and patrolled beaches have resulted in a diverse economy, with an increasing focus on tourism generated business. However, a strong alliance with the more traditional dairy industry remains well ingrained within the community.

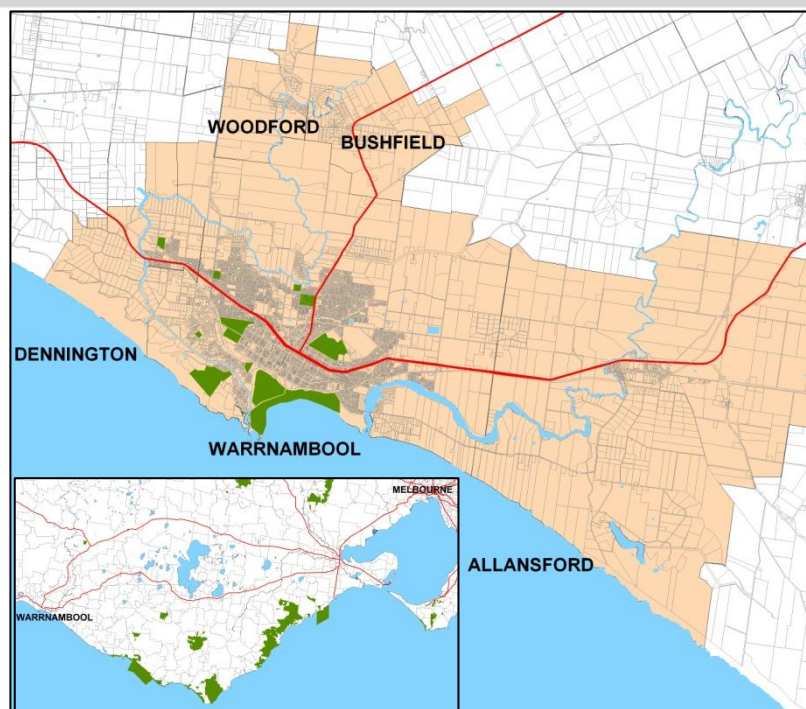
## Warrnambool House Market

The Warrnambool house market recorded only its second negative annual movement in median price in the last ten years, when the six months to June 2011 closed at \$312,500, down -1.4% on the previous June. The ten year growth rate remains at a healthy 8.5% per annum. However the five year growth rate is at 3.3%, which includes both the above mentioned periods of negative annual growth. The growth rate for the last three years averages 2.6%, clearly there is a downwards trend in price growth in the Warrnambool house market.

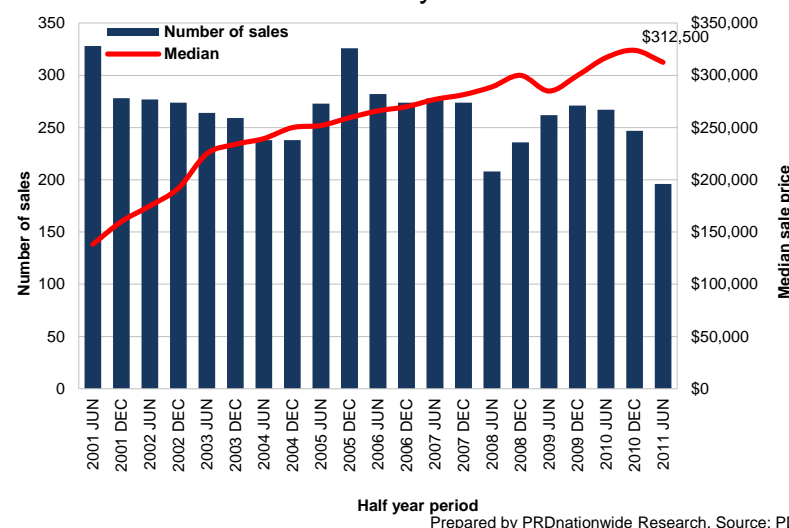
As a comparison it is interesting to note that Warrnambool's median (\$312,500) at June 2011, is stronger than many nearby regional counterparts – Ballarat (\$274,000), Horsham (\$211,000) and Bendigo (\$270,000) are examples. Comparing population growth for these same centres since 2006 puts Warrnambool (7%) towards the middle of the group with Horsham (6%) the lowest growth and Ballarat (9%) the highest growth, Bendigo is at 8% growth.

The price points table at right shows very little movement in the less than \$200,000 and over \$400,000 brackets in the period shown. Sales in the \$300,000's have replaced sales in the \$200,000's as the most common, although having reduced sharply sales in the \$200,000's have grown their share of total sales in the last two periods.

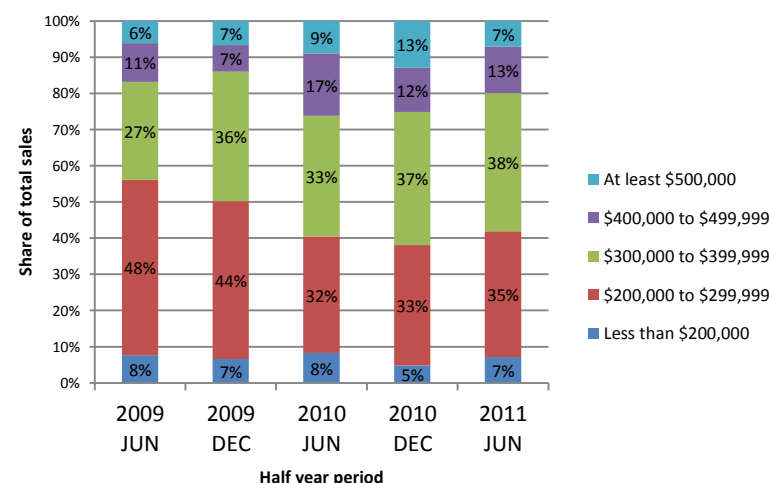
The peak of the market was paid for a house in Merri Street when it transacted for \$902,500 in January 2011. Given the nature of the property (small home, large block) and the nature of the area (multi storey developments), the property may well be developed.



## Warrnambool House Sales Cycle



Half year period  
Prepared by PRDnationwide Research. Source: PDS

Warrnambool House Price Points  
March 2009 to March 2011

Prepared by PRDnationwide Research. Source: PDS Live

## Warrnambool Unit Market

The Warrnambool unit market median price closed the six months to June 2011 at \$262,000. This represented a 2.5% increase on the previous June, however the price softened against the December 2010 median of \$266,500. The five year growth figure of 3.9% reflects the increased volatility of more recent years, particularly since June 2007. The ten year growth figure of 9.5% is a reflection of the strength of the market earlier in the decade, when the median price increased by \$100,000 in only three years between 2001 and 2004.

Sales volumes reached their lowest levels for a six month period since the turn of the century, with only 51 transactions recorded for the June 2011 six months. This compares to a five year average figure of 68 transactions for a six month period, representing a 25% decrease.

There were no transactions in the under \$100,000 price bracket for the six months to June 2011, the lowest price paid was for a townhouse in Keith Street, Warrnambool which transacted for \$119,000 in January 2011. The most active price bracket was the \$200,000 to \$300,000 bracket, which saw 49% of all transactions. The peak of the market was achieved in March 2011 for a townhouse on Merri Street overlooking Lake Pertobe and the Lady Bay.

## Warrnambool Vacant Land Market

The Warrnambool vacant land market has seen very little median price growth since December 2007. The median closed the six months to June 2011 at \$140,000, up only \$3,750 from the median of December 2007, which equates to an average annual growth of just .8%. To put this in perspective the first seven years of the decade saw annual average growth of 17.9%. The ten year growth rate remains at a strong 12.7% per annum, however as we have seen, most of the return was in the earlier years.

The price points table shows a remarkably dominant 90% of the market for vacant land falling into the price bracket of \$100,000 to \$199,999. The top end of the market has seen virtually no movement over the period shown, whilst land under \$100,000 has more than halved to be only 4% of all sales for the six months to June 2011.

Of the three sales below \$100,000, two were in Galleywood Court, near the Brierly Equestrian School, the other was in McPherson Crescent in Warrnambool West. The peak of the market was achieved in April 2011, when a 1,247m<sup>2</sup> block sold in Heazlewood Road, near the Merri River for \$215,000.

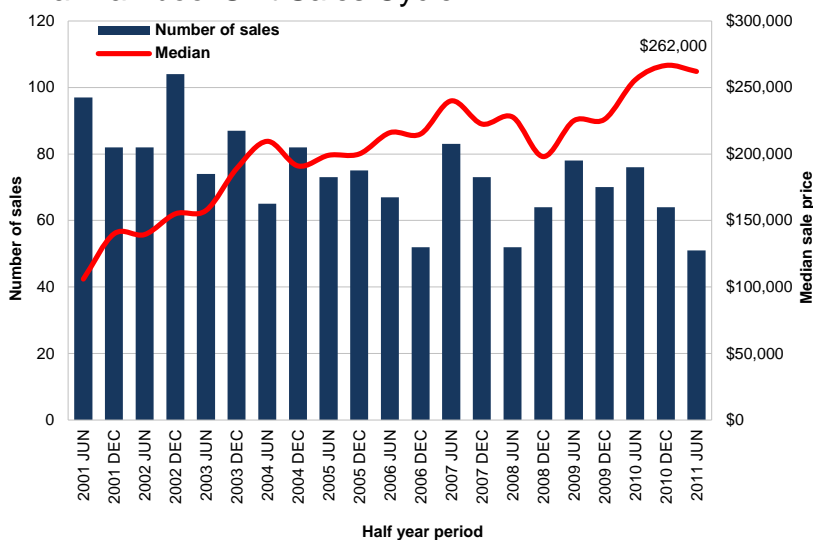
## Low Growth Period

Each of the three markets we have examined in Warrnambool show a similar trend, very strong growth to around 2007/2008, and very subdued growth since. Unlike softening sales volumes which have been seen broadly across Victoria in the last few periods, this pricing trend is Warrnambool specific. It would appear that the Warrnambool region is on the wrong side of the "two speed economy", and conservative consumer sentiment has effected pricing here more so than in some other markets. Strong prices are being seen for properties with good access to or views of the water.

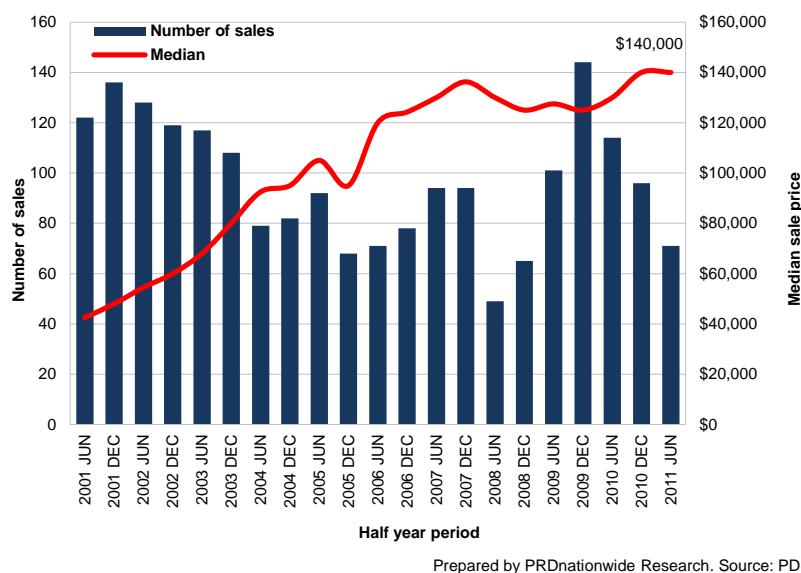
Prepared by PRDNationwide Research. Source: PDS. For further details contact: Mark Corboy, Systems for You: (0400) 520 717 or Email: markcs4u@gmail.com, PRD Jens Gaunt Warrnambool on (03) 5562 2444, or visit our website at [www.prdnationwide.com.au/research](http://www.prdnationwide.com.au/research).

PRDNationwide does not give any warranty in relation to the accuracy of the information contained in this report. If you intend to rely upon the information contained herein, you must take note that the information, figures and projections have been provided by various sources and have not been verified by us. We have no belief one way or the other in relation to the accuracy of such information, figures and projections. PRDNationwide will not be liable for any loss or damage resulting from any statement, figure, calculation or any other information that you rely upon that is contained in the material. Prepared by PRDNationwide Research © All medians and volumes are calculated by PRDNationwide Research. Use with written permission only. All other responsibilities disclaimed. © 2011

## Warrnambool Unit Sales Cycle



## Warrnambool Vacant Land Sales Cycle



## Warrnambool Unit Price Points March 2009 to March 2011

