

PROPERTY WATCH®

Third Quarter 2011

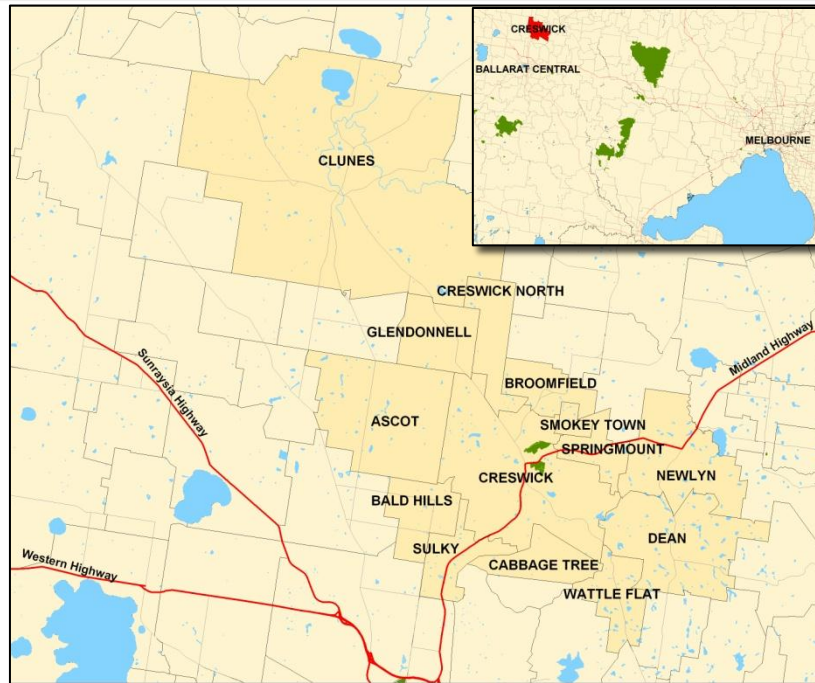
Creswick Region Market Overview

IN BRIEF

- The median sale price for houses surged to a new high of \$237,000 for the six months to March 2011, representing a 24.7% annual growth rate. This phenomenal growth was achieved despite falling sales volumes.
- Land sales fell to just under the five year average, with 14 sales recorded for the six months to March 2011. The median price shows a modest 6.3% average annual growth over the last ten years.

Scope

This report analyses the current trends and performance of the Creswick Region's house and land 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. For the purposes of this report the Creswick Region comprises the 14 suburbs of Creswick, Creswick North, Clunes, Glendonell, Broomfield, Smokey Town, Springmount, Newlyn, Dean, Wattle Flatt, Cabbage Tree, Sulky, Bald Hills and Ascot.



Area Characteristics

Creswick is situated approximately 130 kilometres north west of Melbourne's CBD and only 18 kilometres north from the regional hub of Ballarat. Well serviced by the Midlands Highway Ballarat is only a fifteen minute drive, however this self sufficient precinct is bustling with natural beauty, art and culture. The area has taken advantage of the trend towards a relaxed café and bookshop culture, and has perhaps taken advantage of its proximity to Daylesford and the spa areas general ambience.

Demographics Snapshot

According to the Australian Bureau of Statistics (ABS), the most recent estimated residential population (ERP) figures suggests Creswick is home to 3,306 residents as of June 2010. This reflects a population growth rate of 0.73% on the June 2009 figure, a significantly lower growth rate than the previous year of 1.6%.

Creswick Region Demographics

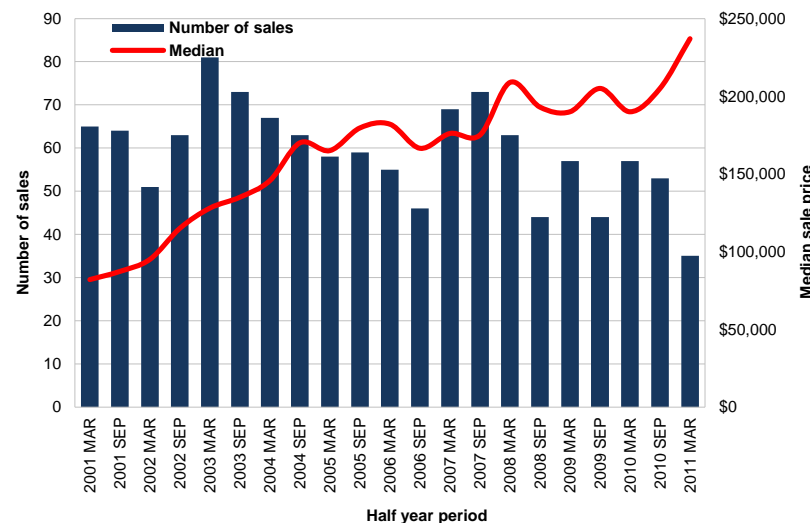
	Creswick	Ballarat LGA
Population 2010	3,306	96,097
Population 2009	3,282	94,088
Population growth rate 2009 to 2010	0.7%	2.1%
Portion of residents aged 15yrs and under	19.4%	20%
Portion of residents aged 65yrs and over	19.5%	15%
Average age	42	36
Average weekly individual income	\$361	\$404
Average weekly household income	\$722	\$839
Average number of people per household	2.4	3.0

Prepared by PRDnationwide Research. Source: ABS

Creswick Region House Market

Following a trend seen throughout Victoria, sales volumes in the Creswick region have dropped significantly from their average levels. The six months to March 2011 saw only 35 sales recorded in the Creswick region which is a 38% decrease on the five year average sales numbers for a six month period. It should be noted that several other regions have experienced falls in excess of 50%, so in relative terms the Creswick region result is moderate.

Creswick Region House Sales Cycle



Prepared by PRDnationwide Research. Source: PDS

The median price movement in Creswick is anything but moderate however, surging upwards by \$47,000 to close the six months to March 2011 at \$237,000. This represents the single largest annual increase in the median price in the last ten years which is quite surprising given the falling sales volumes during this period. The annual increase represents a phenomenal 24.7% growth, something unprecedented in the experience of this writer. This result is more than double the average annual growth rate which stands at a healthy 11.2%. Given the relatively low sales volumes it would be prudent to wait for the next set of results before drawing any firm conclusions about the longer term direction the market is taking.

A review of all properties that have sold in the last ten years that were originally purchased within this same period shows an average holding period of 3.4 years with an average capital growth of 12.7%. Sales made in the six months to March 2011, that had been purchased within the last ten years show an average holding period of 4.3 years with an average annual growth of 17.2%. It would seem from this analysis that there has been a genuine improvement in the capital growth experienced for sellers in the March 2011 period.

The price points table at right shows a significant change in the above \$300,000 price brackets. In the six months to March 2011 these brackets represented 23% of all sales compared to only 6% of sales in the previous six months, an almost fourfold increase. The share of sales below \$200,000 has diminished from 58% of all sales in the six months to March 2009 to represent only 34% in March 2011, a decrease of 41%.

Creswick Region Unit Market

The Creswick region unit market is heavily characterised with fluctuating medians due to the extremely low numbers of sales. The six months to March 2011 recorded no sales whatsoever.

The ten year average sales for a six month period is only six, one a month. The vast majority of these sales occur within the township of Creswick with a small number coming from Clunes. The spike in sales in 2007 can be explained by the Forest Resort development at the Creswick Golf Course.

An analysis of re-sales shows a 15% annual capital growth for units that have been purchased and resold within the last ten years.

Creswick Land Market

Sales volumes within the Creswick land market are also at relatively low levels, the ten year average for a six month period being just 26 transactions. The six months to March 2011 saw only 14 transactions recorded, a 46% decrease in activity levels on the ten year average. Sales levels have been in decline since a peak in 2004, the five year average transaction level standing at 16 transactions for a six month period.

The vast majority of the land transactions were recorded in Clunes, which had a 79% share of total sales numbers, well up on its ten year average sales share of 58%. The balance of the sales for the period were in Creswick and Broomfield.

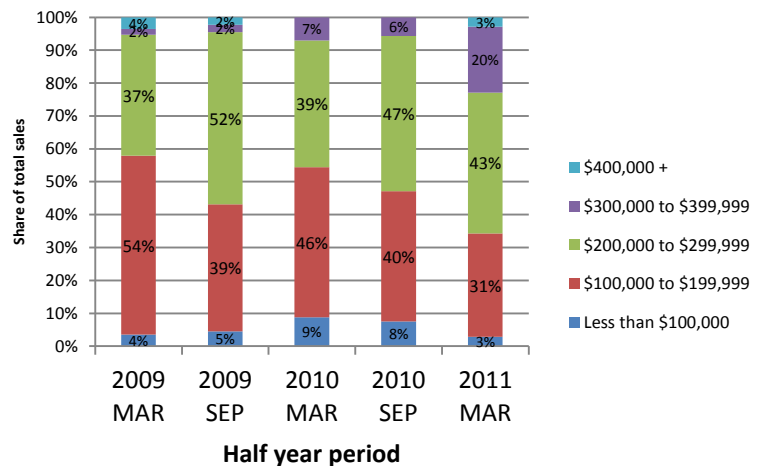
The availability of vacant land under \$100,000 is a strong feature of the Creswick region market. All of the sales that occurred in the region for blocks less than 3,000m² transacted below \$60,000. The larger sale prices in the area are often for lifestyle type properties with acreage.

The median price for land fluctuates heavily due to the relatively low sales volumes, and the mix in any given period of sales of typical residential sized blocks, and the much larger lifestyle type blocks. The median for the six months to March 2011 closed at \$55,000. The ten year annual median price growth stands at a modest 6.3%.

Prepared by PRD Jens Gaunt Research. Source: PBS and ABS. For further details contact: Mark Corboy (0400) 520 717 or PRD Jens Gaunt Creswick on (03) 53 452 326, or visit our website at www.prdnationwide.com.au/research.

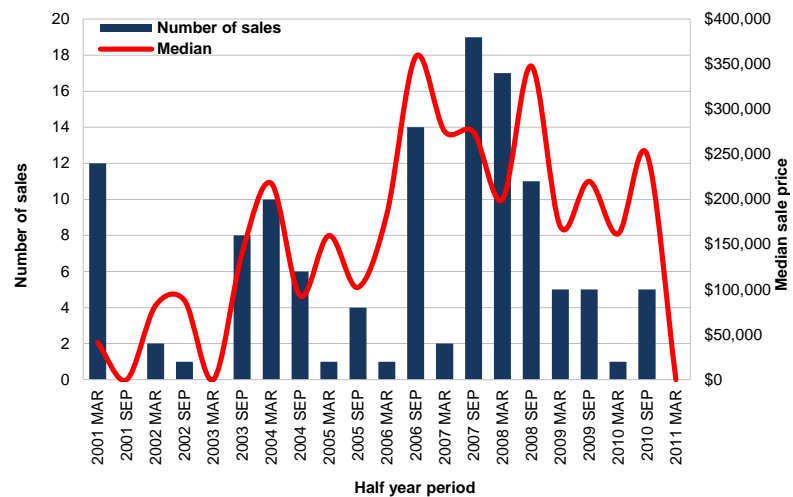
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Creswick Region House Price Points
For the twelve months to 31 December 2010



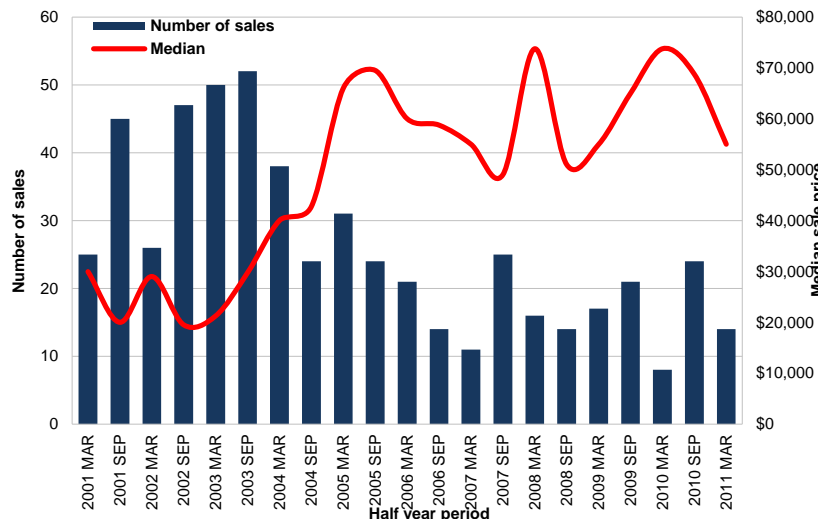
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Creswick Region Unit Sales Cycle



Prepared by PRDnationwide Research. Source: PDS

Creswick Region Land Sales Cycle



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