

## PROPERTY WATCH®

Third Quarter 2011

## Ararat LGA Market Overview

## IN BRIEF

- The median sale price for houses closed the March 2011 six month period at \$170,000 culminated from a total of 59 transactions.
- The emerging unit market closed the six months to March 2011 with a median price of \$140,000 culminated from a total of 15 transactions

## Scope

This report analyses the current trends and performance of the Ararat Local Government Area (LGA) house and vacant 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.

## Area Characteristics

While the central township of Ararat is located approximately 205 kilometres north-west of Melbourne, the Ararat LGA expands over an approximate 4,230 square kilometres in the south-west of Victoria. Like many of central Victoria's older townships, Ararat settled in the early 1800's with the official discovery of gold in the area in 1857. Today however, the region is driven by a range of primary industries including wool, beef and the Grampians Wine region, while maintaining much of its charming character from years gone by.

## Ararat LGA House Market

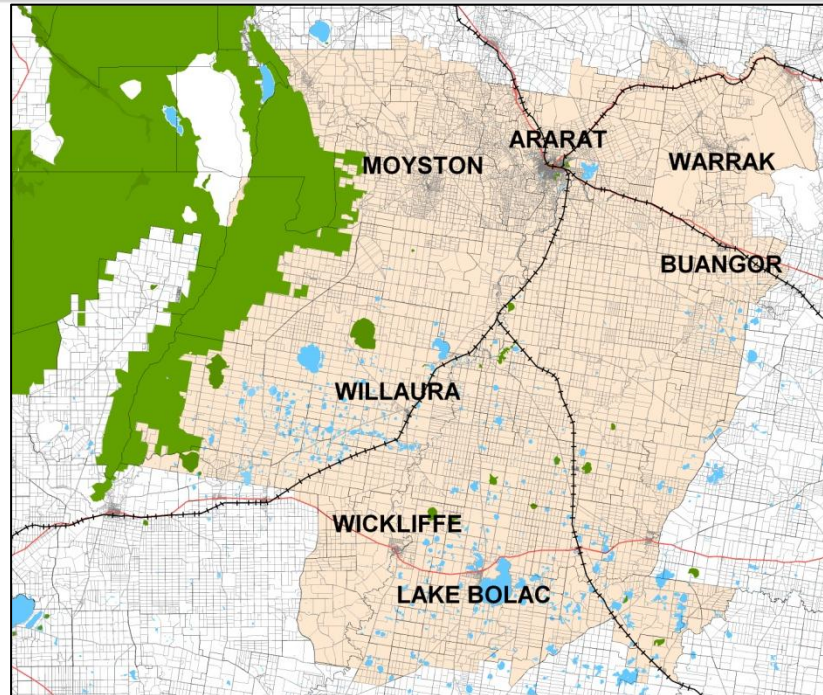
Having reached a peak of \$180,000 in the previous six month period to September 2010, the median price closed the six months to March 2011 at \$170,000. Whilst significantly down on the previous median, the March median still showed 4.6% growth on an annual basis. The graph at right shows a similar dip in the median price in March 2008, after which the market recovered strongly. The longer term view sees the ten year average annual growth rate stands at a very healthy 11.3%.

An analysis of properties that have been purchased and resold in the last ten years, shows an average annual capital gain of 15.2%. Not surprisingly, given the reduction in recent growth, those who have sold in the twelve months to March 2011 saw a reduced gain of 7.0%.

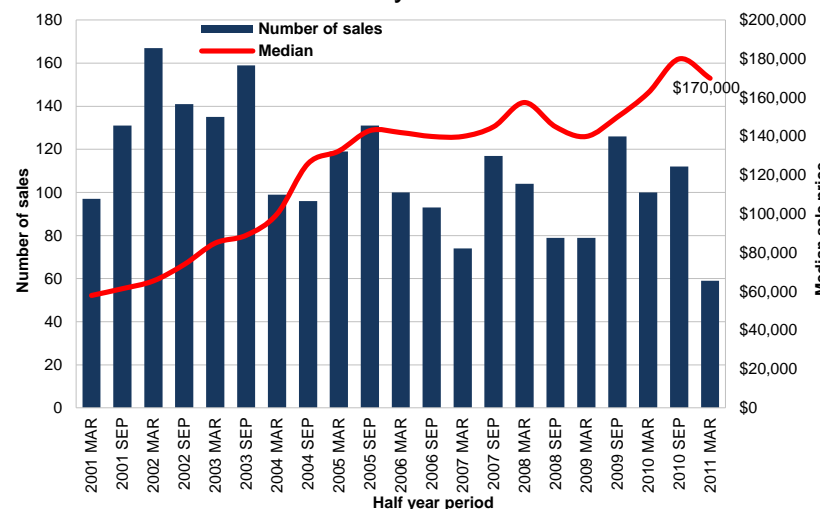
The price points graph at right shows a significant movement away from the less than \$100,000 bracket. Having previously represented as much as 21% of sales, in the last three periods this has reduced to a relatively insignificant 8%. At the other end of the market the above \$300,000 bracket has emerged from levels under 3% to represent 10% or over in the last two periods. Over half of all sales occur between the price points of \$100,000 to \$200,000.

Sales volumes for the six months to March 2011 were 40% down on the five year average, with only 59 sales recorded for the period. This is a typical result across the Victorian market for the period. All but 5 of the sales were in the regional centre of Ararat.

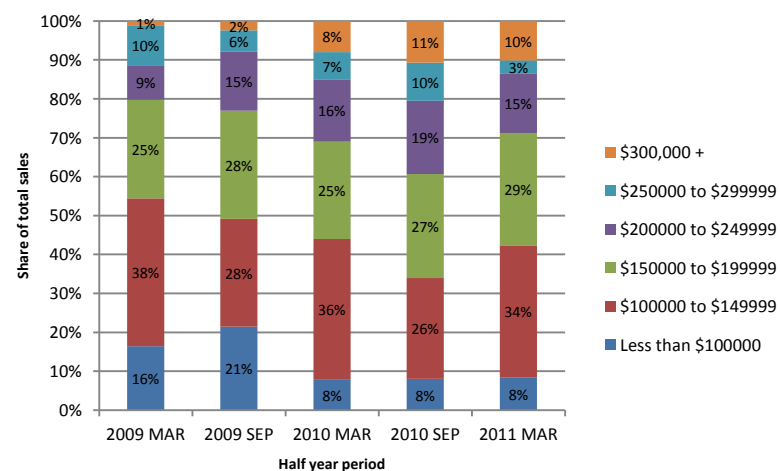
The peak of the market was achieved for a property in Lobellia Drive, Ararat which sold for just under \$300,000 in January 2011.



## Ararat LGA House Sales Cycle



Graphs Prepared by PRDNationwide Research .Source: PDS

Ararat LGA House Price Points  
December 2008 to December 2010

Graphs Prepared by PRDNationwide Research .Source: PDS

### Ararat LGA Vacant Land Market

Continuing volatility has seen in the median price for the Ararat vacant land market close the six months to March 2011 at \$70,000. On no less than seven occasions over the previous ten years, the median price has dropped below its previous level. Despite this volatility the longer term median price growth has been very strong, with the ten year average growth in the median price at 12% per annum. Growth for the twelve months to March 2011 was 16.7% despite the significant decrease in the second half of this period.

The Ararat LGA median was achieved from a total of only 11 vacant land transactions throughout the six months ending March 2011. This represents the equal lowest number of transactions for a six month period, in the last ten years and a 62% decrease on the five year average. Whilst much of Victoria has seen significantly lower sales volumes in the six months to March 2011, the Ararat result might be seen as part of a longer term trend. In the first five years from March 2001, the area averaged 42 transactions for a six month period, in the last five years that average has dropped to 24 transactions. Some areas have been affected more than others, Pomonal for instance had seven transactions in the six months to March 2002, whereas it has only had two transactions in the last two years for vacant residential land.

The price points table at right shows reasonable stability in the under \$30,000 price points bracket, but all other brackets have seen considerable change over the period. The last two six month periods have seen the top two price brackets increase their share from as low as 7% previously to as much as 40% of the market.

Displaying the range of pricing available across the LGA, a 3,027sqm<sup>2</sup> block in Graham Road, Lake Bolac sold for \$21,000 in December 2010. The peak of the market for the six months to March 2011 was achieved for a 2,352sqm<sup>2</sup> block in Campbell Street, Streatham when it sold for \$160,000 in January 2011.

Vacant land supply is currently limited, the Evans Park development having not yet been released due to GWM water approval delays.

### Ararat LGA Unit Market

Whereas both the house and land markets have seen sales volumes trending downwards in recent years, the Ararat LGA unit market is emerging. The six months to March 2011 saw the second highest number of transactions in the last decade with 15 transactions.

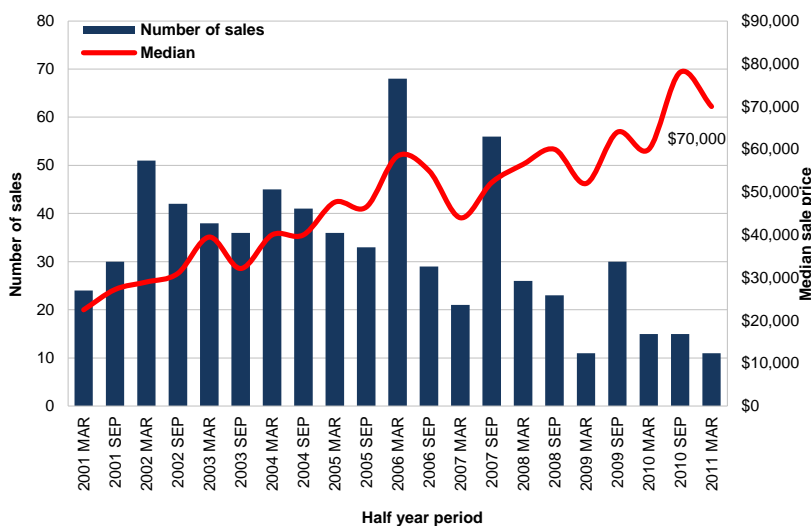
The low sales base produces extreme volatility in the median price, and not too much can be read into movements between periods. The long term analysis shows a market that is acting quite predictably however, with the ten year growth rate at 7.2% per annum.

All but one of the sales in the last ten years has occurred with the regional centre of Ararat itself. In the six months to March 2011 the majority of the sales occurred in the price bracket from \$100,000 to \$150,000. There were three sales in excess of \$300,000, the peak of these was for a 5 unit block in Vincent Street which sold for \$380,000 in January 2011.

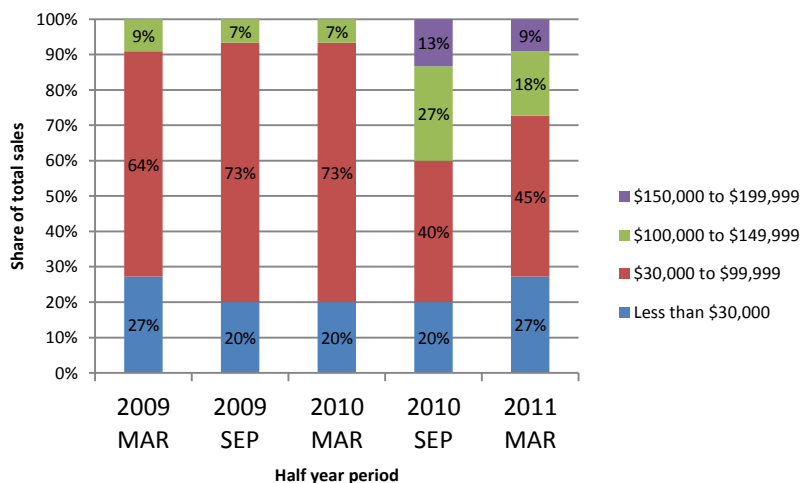
Prepared by PRDnationwide Research. Source: PDS & ABS. For further details contact: Mark Corboy (0400) 520 717 or Email: markcs4u@gmail.com, PRDnationwide Ararat on (03) 5352 2555, or visit our website at [www.prdnationwide.com.au/research](http://www.prdnationwide.com.au/research).

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### Ararat LGA Vacant Land Sales Cycle



### Ararat LGA Vacant Land Price Points March 2009 to March 2011



### Ararat LGA Unit Sales Cycle

