

PROPERTY WATCH®

First Quarter 2011

Ballarat LGA Market Overview

IN BRIEF

- The median sale price for Ballarat houses closed the September 2010 six month period at \$260,000, culminated from a total of 973 transactions.
- The Ballarat vacant land market recorded a median sale price of \$119,000, achieved from a total of 243 transactions throughout the September 2010 six month period.
- The median sale price for Ballarat units closed the September 2010 six months at \$206,000, resulting from a total of 159 sales.

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 township 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 a regional fast rail named the Vline, which provides a 64 minute express service into Melbourne.

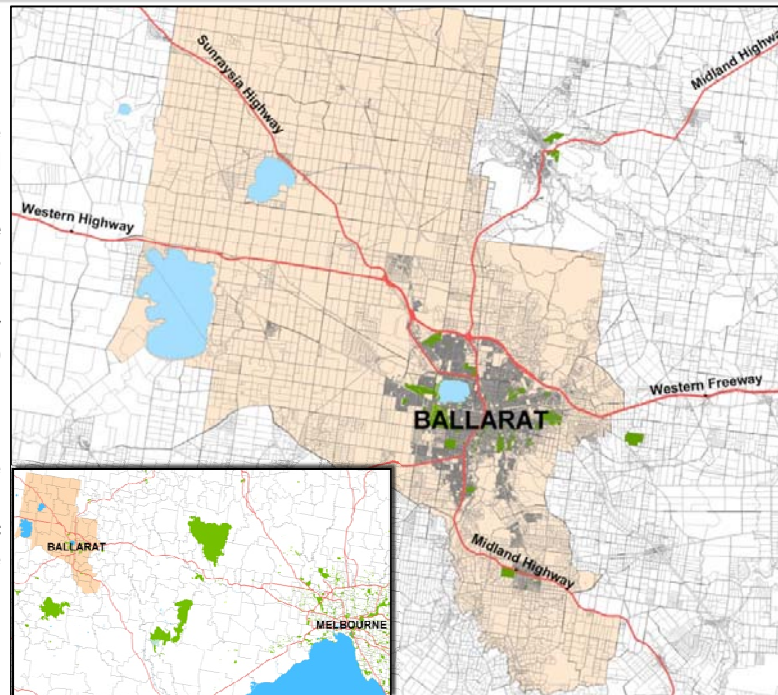
Ballarat LGA House Market

The Ballarat LGA house market performed particularly well throughout the twelve months ending September 2010. The median sale price achieved an annual growth of 10.6%, closing the period at a market peak of \$260,000. This strong surge saw the September period outperform the regions long term growth rate, which stands at 9.9% per annum for the past decade.

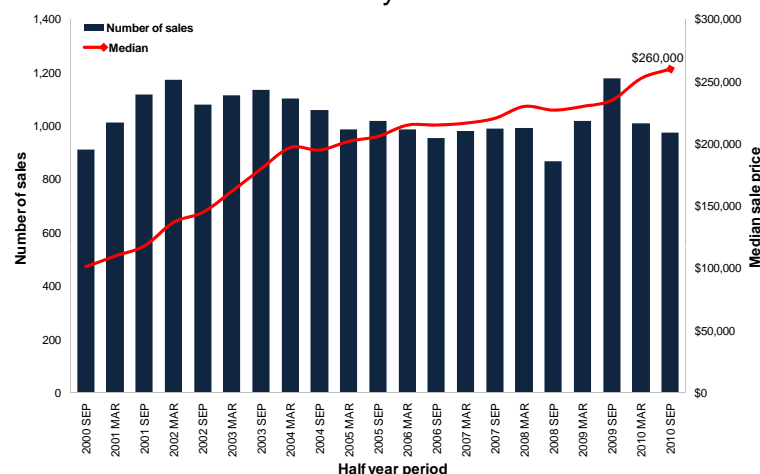
The median sale price was achieved from a total of 973 house sales throughout the September 2010 six month period. This level of sales remained well aligned with the LGA's five year average of 997 transactions per six month period. As highlighted in the Sales Cycle graph to the right, Ballarat's house market has maintained an extremely robust level of sales activity. This constant movement of product, coupled with a continually appreciating median sale price, makes for a strong and secure investment option.

The 973 house transactions recorded within the September 2010 six months were well dispersed throughout the LGA, covering a total of 34 suburbs. Wendouree and Central Ballarat attracted 11% and 10% of total sales respectively, while Ballarat East and Sebastopol recorded a further 9% of sales each.

The Ballarat LGA House Price Points graph to the right highlights a slowly emerging trend toward the higher price brackets in recent years. This can primarily be attributed to house product in the region continuing to appreciate in value. The portion of house sales transacting for less than \$200,000 has diminished 19% since September 2008, while higher priced product transacting for \$200,000 plus has increased 11% throughout this period.

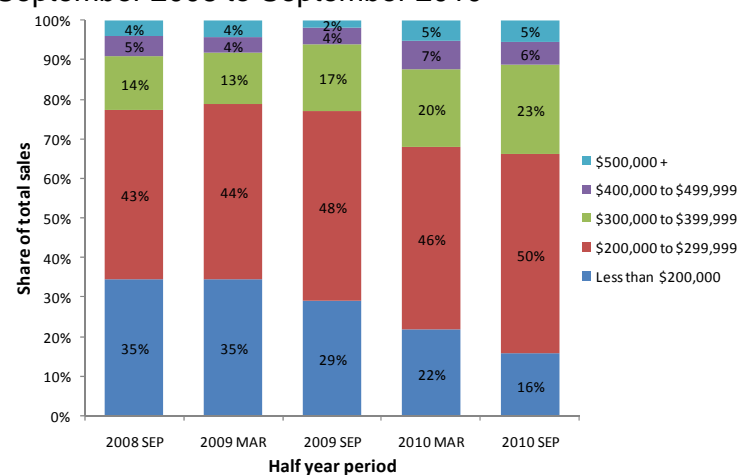


Ballarat LGA House Sales Cycle



Prepared by PRDnationwide Research. Source: PDS Live

Ballarat LGA House Price Points September 2008 to September 2010



Prepared by PRDnationwide Research. Source: PDS Live

Ballarat LGA Vacant Land Market

The median sale price of vacant land in the Ballarat LGA has continued on a strong upward trend spanning the past 24 months. Closing the September 2010 six months at \$119,000, the median price recorded an exceptional 12 month growth of 21.4%. This exceptional growth has further assisted the market, recording a long-term average growth rate of 9.7% per annum over the last decade.

The median sale price was culminated from a total of 243 vacant land sales throughout the September 2010 six month period. This level of sales represents a 25% softening on the regions five year average of 324 sales per six month period and resulted in the quietest period on record since March 2001.

From the transactions recorded within the Ballarat LGA, Sebastopol, Alfredton and Brown Hill attracted the majority of transactions accounting for 17.3%, 15.6% and 11.1% respectively. The remaining sales were dispersed across a further 23 neighbouring suburbs, with Central Ballarat accounting for 5.8%.

Similar to the house market, the Ballarat LGA Vacant Land Price Points graph to the right highlights the shift in sales activity toward the higher price brackets in recent years. The potential to buy vacant land in the Ballarat LGA for less than \$50,000 has all but vanished, while the share of sales transacting for less than \$100,000 has declined 15% since September 2008. Toward the higher end of the market however, vacant land transacting for \$150,000 plus has increased 16% over the same duration.

The decline sales activity in Ballarat's vacant land market, coupled with the soaring median sale price hints to a growing scarcity of well located vacant land product in this market. As Ballarat continues to densify, this scarce commodity of suburban vacant land will become increasingly valuable.

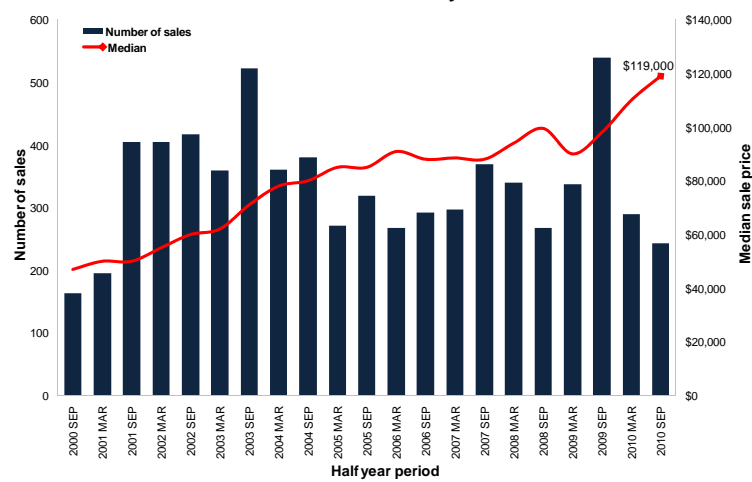
Ballarat LGA Unit Market

After surging to a new market milestone, breaking the \$200,000 mark only twelve months prior, the Ballarat median sale price for units has remained strong. Closing the September 2010 six month period at \$206,000, the median price recorded only a minor 12 month growth of 0.5%. The longer ten year growth rate of 8.7% per annum better reflects the overall performance of this emerging market.

The median sale price resulted from a total of 159 house sales throughout the September 2010 six month period. This level of activity represented a further softening from the market high of 283 sales just 12 months prior and also represented a 13% decline on the regions five year average of 182 sales per six month period.

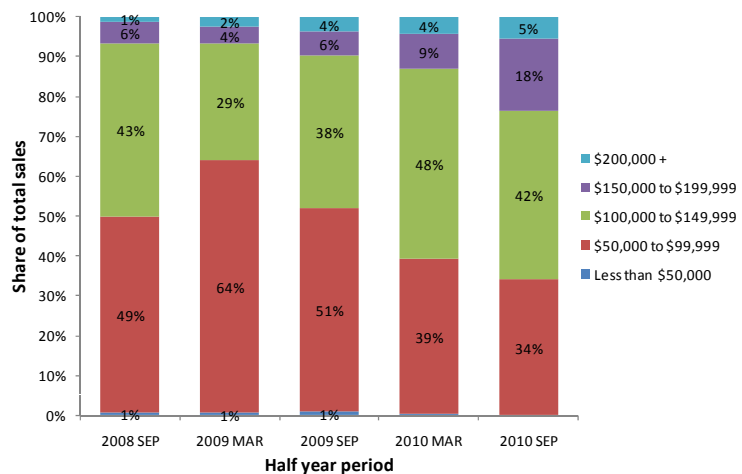
From the sales recorded, a 31% share transacted within the \$200,000 to \$249,999 price bracket, while impressively, a further 24% achieved sale figures above \$250,000. This significant portion of higher end sales highlights the potential growth and expected demand for well located, low maintenance residency in Ballarat in coming years.

Ballarat LGA Vacant Land Sales Cycle



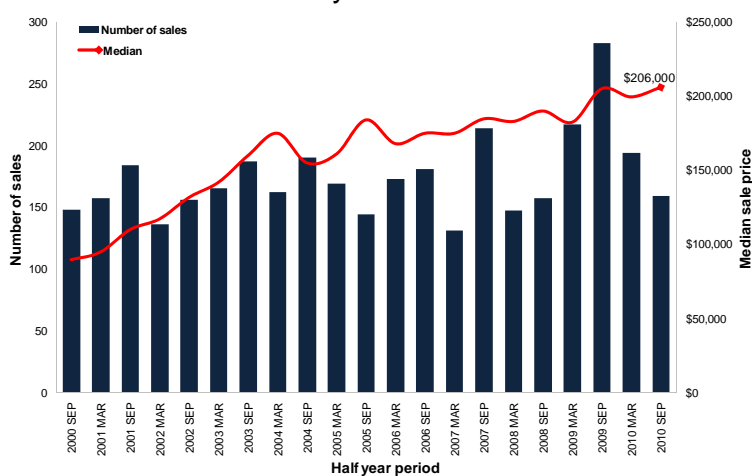
Prepared by PRDnationwide Research. Source: PDS Live

Ballarat LGA Vacant Land Price Points September 2008 to September 2010



Prepared by PRDnationwide Research. Source: PDS Live

Ballarat LGA Unit Sales Cycle



Prepared by PRDnationwide Research. Source: PDS Live

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