

Ballarat LGA Market Overview

IN BRIEF

- Despite a significant softening in the level of sales, the Ballarat LGA house market recorded a median sale price of \$265,000 throughout the December 2010 six month period, representing an annual growth of 8.2%.
- While sales activity throughout Ballarat's vacant land and unit markets have also softened substantially, the median sale price of both markets experienced strong growth to close \$130,000 and \$225,000 respectively throughout the second half of 2010.

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

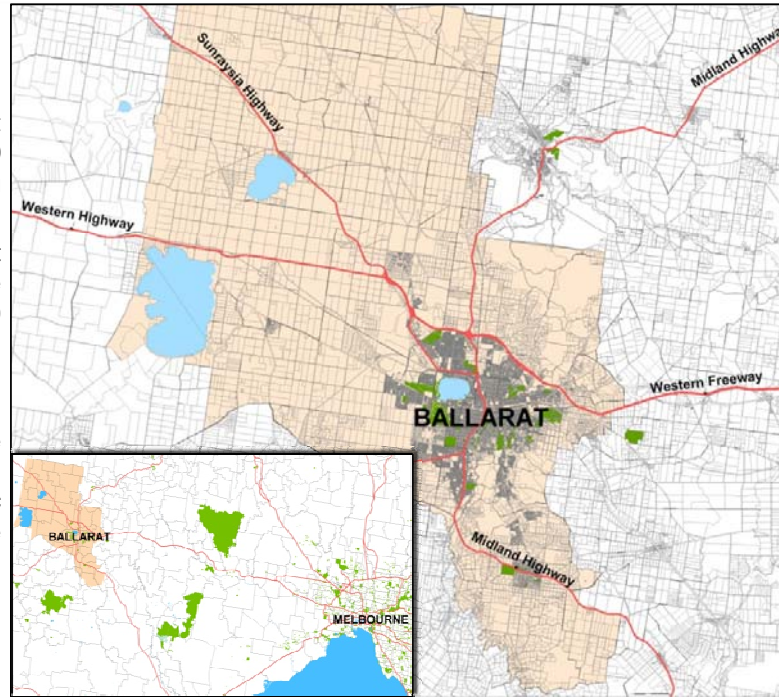
Situated approximately 105 kilometres north-west of Melbourne, the township of Ballarat exists as Victoria's primary inland regional hub. The Midland Highway runs through Ballarat Central, providing direct access to the Western Freeway and the Melbourne CBD. The region is also well serviced by the Ballarat Rail Line, which offers a regional fast rail named the Vline, which provides an express service into Melbourne.

Ballarat LGA House Market

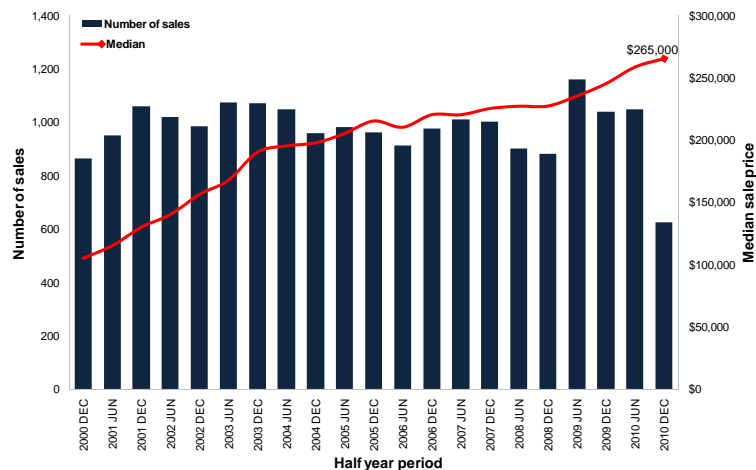
In alignment with a strong nationwide trend, sales activity throughout the Ballarat LGA house market declined dramatically throughout the second half of 2010. A total of 625 house transactions were recorded throughout the December 2010 six months, representing a staggering 44% decline on the regions five year average of 955 sales per six month period.

With this being said, the region's median house sale price reflected no signs of turbulence, continuing on a sturdy upward trend to a market high of \$265,000 for the six months ending December 2010. This strong median sale price accounted for a 12 month growth of 8.2%, while maintaining a longer long-term growth rate of 9.7% per annum over the past decade. This continued growth portrays the confidence held in this market by remaining buyers. While the market is quiet, buyers with the foresight to understand that the market will rebound in coming years are happy to pay a little more to secure quality product now while there is little competition in the market.

The House Price Points graph to the right highlights the notable shift in buying trends toward the higher price points within the Ballarat LGA. The portion of house transactions achieving sale prices greater than \$300,000 has increased 14% since the December period of 2008, to account for a 36% share of the present market. Similarly, the portion of sales transacting for less than \$200,000 has diminished 22% throughout the same period to account for just 13% of the market activity. This shift toward the higher price points can largely be attributed to the type of product that is being purchased, however it also signifies quality capital appreciation in the Ballarat LGA house market.

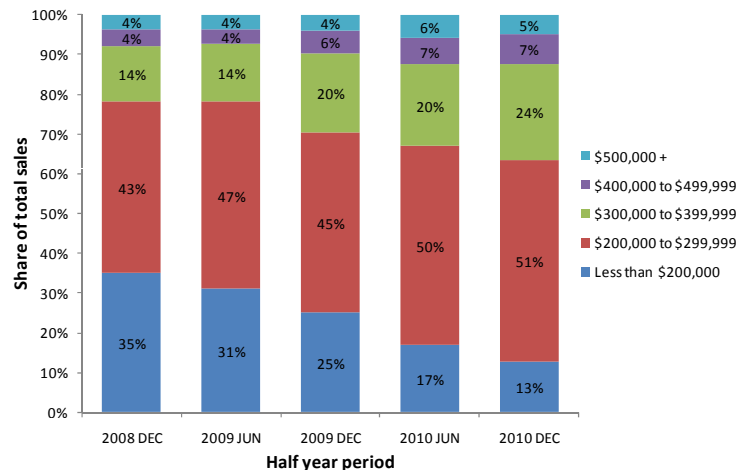


Ballarat LGA House Sales Cycle



Prepared by PRDnationwide Research. Source: PDS Live

Ballarat LGA House Price Points December 2008 to December 2010



Prepared by PRDnationwide Research. Source: PDS Live

Ballarat LGA Vacant Land Market

Similar to the house market, the level of sales activity within the Ballarat LGA vacant land market has also softened significantly throughout the second half of 2010. Recording a total of 187 land transactions throughout the December 2010 six month period, sales activity declined 47% on the regions five year average of 351 sales per six months.

Despite a quieter market, the median sale price for vacant land in the Ballarat LGA has soared a staggering 30% throughout the 2010 calendar year, to close the period at \$130,000. This outstanding growth represented an appreciation of \$30,000 over the 12 month period, and assisted in recording a ten year growth rate of 9.9% per annum.

Highlighted in the Vacant Land Price Points graph to the right, the surge in median sale price can largely be attributed to a shift in buyer trends toward the higher price points of the market. Since December 2008, the portion of vacant land sales transacting for less than \$100,000 has retracted 26% to account for just 29% of the Ballarat market throughout the December 2010 half year. In contrast, toward the higher end of the market, the share of land transactions achieving sales figures above \$150,000 has increased 21%, accounting for 35% of Ballarat's current vacant land market.

From the 187 vacant land sales recorded, Sebastopol accounted for the largest portion of sales, attracting 16% of total sales. This was followed by Alfredton and Brown Hill, which recorded a further 13% and 12% of total sales respectively. The remaining 59% of sales were well dispersed throughout a further 27 neighbouring suburbs in the region.

Ballarat LGA Unit Market

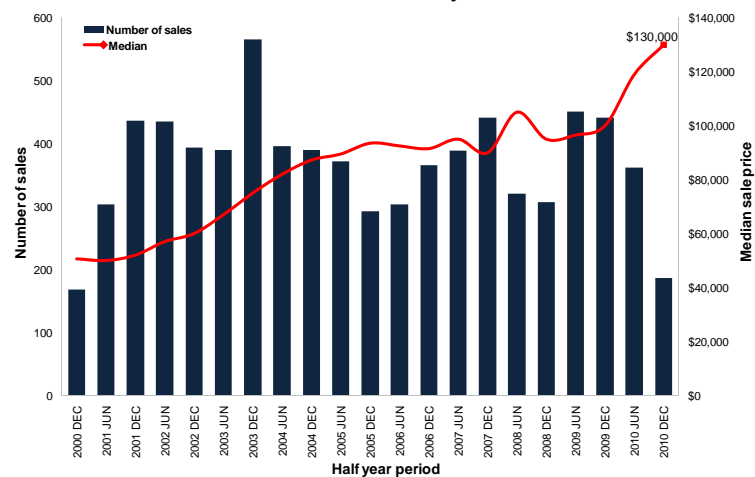
The Ballarat LGA unit market has followed the common trend to the house and vacant land markets. The median unit sale price has continued to record strong growth despite a significant softening in the level of sales, closing the December 2010 six month period at \$225,000. This figure equated to a sturdy annual increase of 8.7%, while maintaining a strong longer term growth rate of 9.5% per annum over the past decade.

An Opportunistic Market

The hesitance that currently exists in Ballarat's property market, has resulted in a large portion of potential buyers sitting on their hands waiting for incentive to re-enter the property market. With this being said, the current softening in buyer competition should be considered incentive enough to take advantage of an exceptional buying climate.

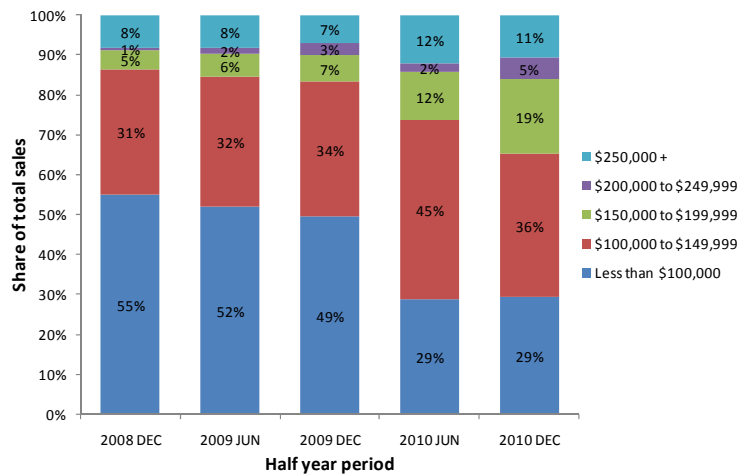
Highlighted as one of Victoria's key regional hubs, Ballarat is assured strong population growth in years to come. Growing employment opportunities, improving amenity and an emerging economy, suggests a strong demand for residency in the Ballarat LGA. While buyer competition is low, now is the ideal time to purchase Ballarat real estate.

Ballarat LGA Vacant Land Sales Cycle



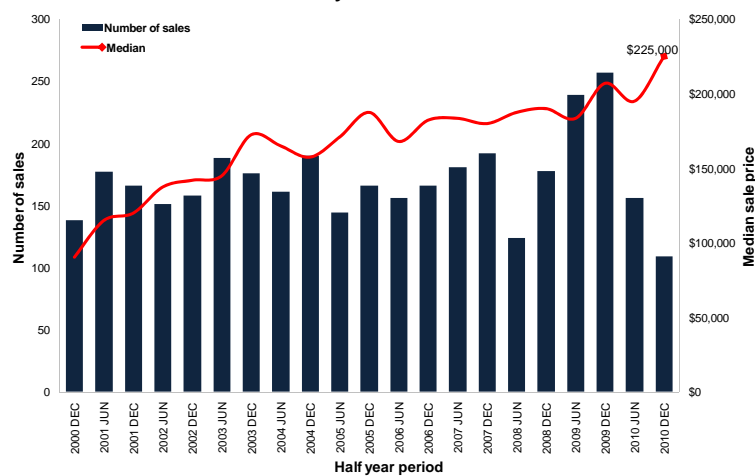
Prepared by PRDnationwide Research. Source: PDS Live

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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