

PROPERTY WATCH®

Fourth Quarter 2011

Ballarat LGA Market Overview

IN BRIEF

- The median sale price for Ballarat houses closed the June 2011 six month period at \$274,000, culminated from a total of 923 transactions.
- The Ballarat unit market records a 10.3% annual growth to see the median close the June 2011 six months at \$215,000
- The median sale price for Ballarat vacant land continues to grow strongly, closing the six months to June 2011 at a new peak of \$132,000

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 City 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 commuters a service to Melbourne CBD in a little over one hour travel time.

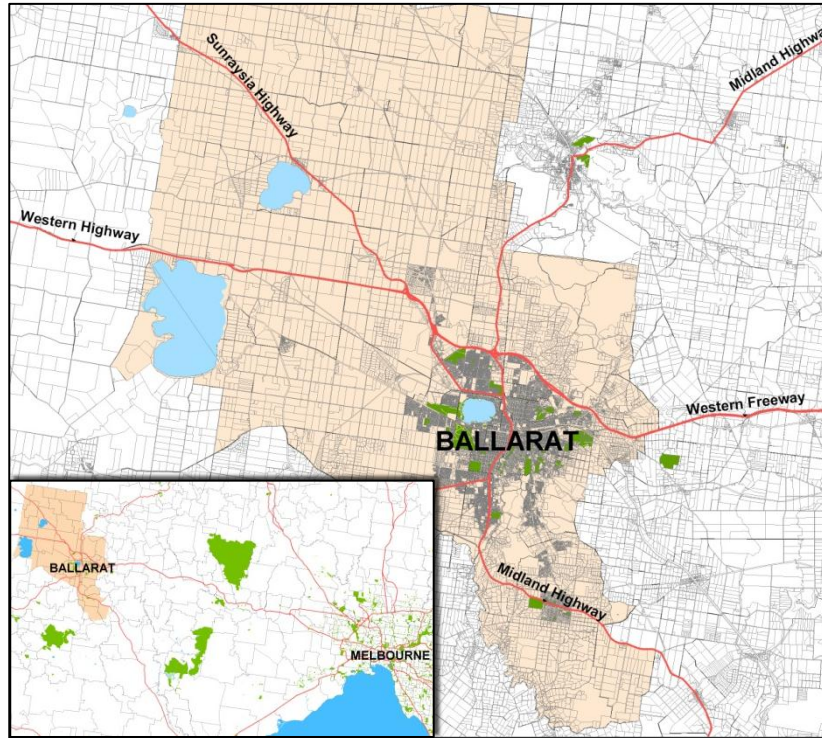
Ballarat LGA House Market

The Ballarat House market continues its trend of solid, steady growth. The median price for the six months to June 2011 closed at \$274,000 representing a 6.4% increase on the previous year. This is consistent with the five year growth of 5.5%. The ten year growth rate stands at 9.2% due to the strong growth in the three years to the end of 2003.

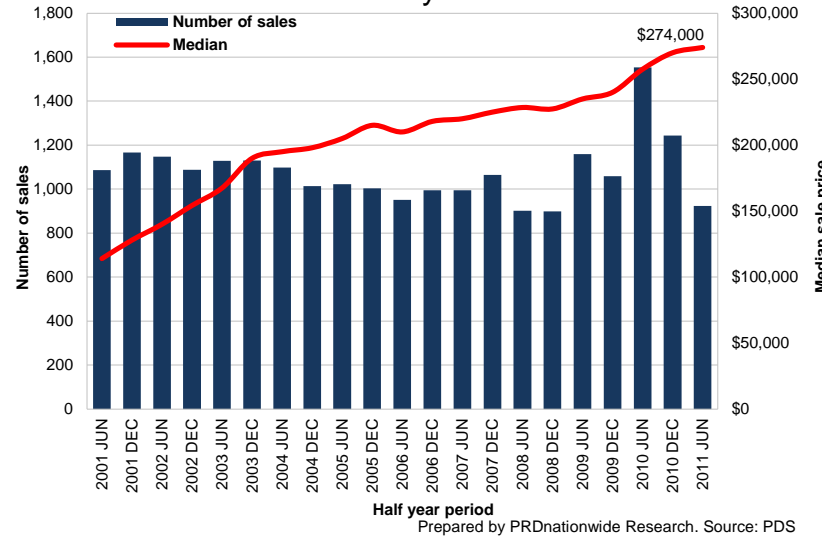
Sales volumes have decreased to 923 for the six months to June 2011 compared to a five year average figure for a six month period of 1,082. This 15% decrease in activity levels compares very favourably to most other Victorian markets where decreases in excess of 40% have been the norm. It is interesting to note that after the downturn of 2008 sales levels rebounded strongly, sales levels are currently very close to those 2008 levels.

The price points table at right reflects the consistent increases in prices over time in the Ballarat house market. The most significant trend is the decrease in properties selling under \$200,000 which has more than halved from 31% in June 2009 to represent only 13% of all sales in June 2011. The \$200,000 to \$299,999 bracket retains the largest share of sales holding steady at or around 50% of all sales over the five periods shown. All of the brackets above \$300,000 have grown strongly to collectively move from 21% of the market to 39% of the market in June 2011.

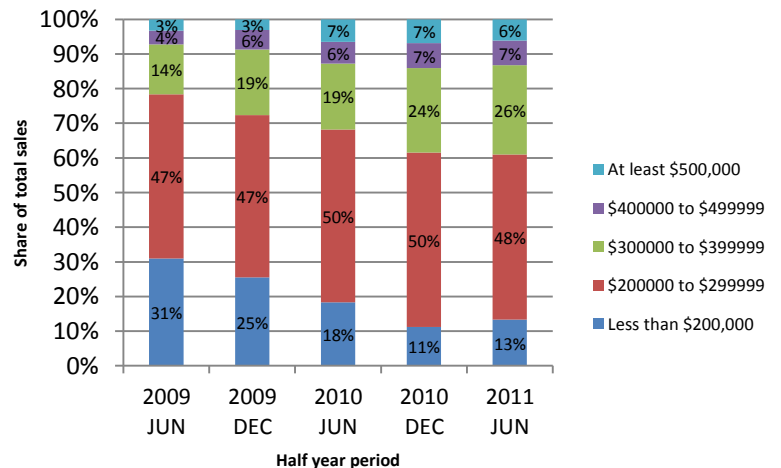
The suburbs with the most sales for the six months to June 2011 were Ballarat Central and Wendouree with 106 each and Sebastopol (105). Lake Wendouree saw the highest average sale price of \$547,160 from 28 sales between \$305,000 and \$955,000. The highest sale price for the six months was \$1,030,000 paid for a Sturt Street property near the college precinct, in January 2011.



Ballarat LGA House Sales Cycle



Ballarat LGA House Price Points June 2009 to June 2011



Prepared by PRDnationwide Research. Source: PDS

Ballarat LGA Unit Market

The Ballarat unit market median price closed the six months to June 2011 at \$215,000. Whilst \$10,000 down on the previous six month median, the June close sees annual growth of 10.3%. The unit market is clearly more volatile than the house market, demonstrating several peaks and troughs as opposed to the relatively smooth upward movement of the house median. Despite the relative volatility the unit market has delivered a solid ten year annual average growth in median price of 7.7%.

An analysis of properties that were sold in the six months to June 2011 that had been purchased in the last ten years showed an average holding period of 4.4 years for an average annual return of 7.7% (the same figure as the ten year average growth in the median price).

Sales volumes for units have reached a ten year low, recording 115 transactions for the six months to June 2011. This represents a 45% decrease on the average number of transactions for a six month period (210), and is typical of other Victorian markets.

An analysis of the six months to June 2011 transactions (lowest levels in ten years) versus December 2009 (highest transaction levels in ten years), showed some subtle movements towards lower priced suburbs in the 2011 period. Looking at the top three suburbs by volume, the two at the lower end of the market in terms of price (Sebastopol and Wendouree) both increased their share of total sales, whilst the suburb at the higher end of the price brackets (Ballarat Central) reduced its share of total sales from 14% in 2009 to 11% in 2011.

The price points table at right shows the less than \$100,000 price bracket has reduced from 6% of all sales in June 2009 to recording no sales in the six months to June 2011. The most significant movement has been towards the \$200,000 to \$299,000 bracket, which now holds the dominant share of the market at 52% of all sales recorded.

Ballarat LGA Vacant Land Market

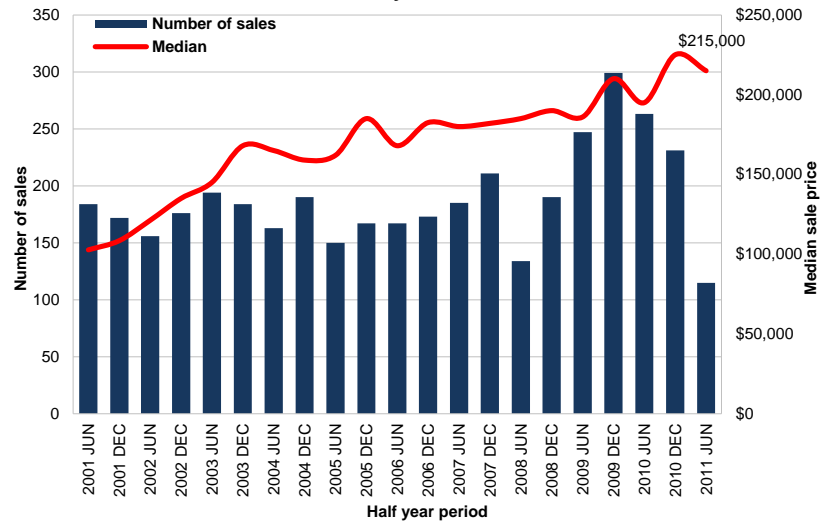
The Ballarat vacant land market median price continues to spike sharply up, closing the six months to June 2011 up 12.3% in comparison to the previous June close of \$117,500. This continues a trend seen since the economic shock at the end of 2008, that has seen average annual growth of a remarkable 16.6% in the vacant land market.

Sales volumes have softened from a peak of 585 for the six months to June 2010 to record only 280 transactions for the same period to June 2011. Compared to the five year average, transaction numbers are down 28%.

The Chase development in Alfredton sees that suburb lead total sales numbers with 49 for the six months to June 2011. Miners Rest (32), Sebastopol (26) and Delacombe (24) are the other major contributors to sales numbers.

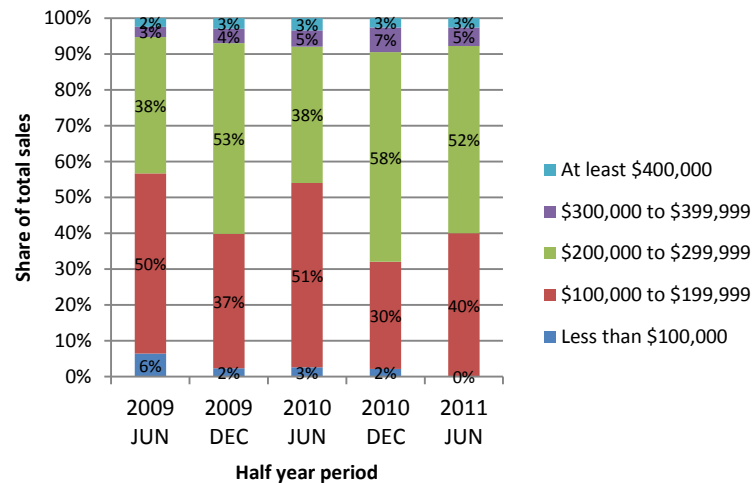
The Ballarat market has a wide variety of price points for vacant land, with Miners Rest selling at an average of \$124m², Alfredton at \$243m², whilst Ballarat Central with limited land available has an average price of \$458m²

Ballarat LGA Unit Sales Cycle



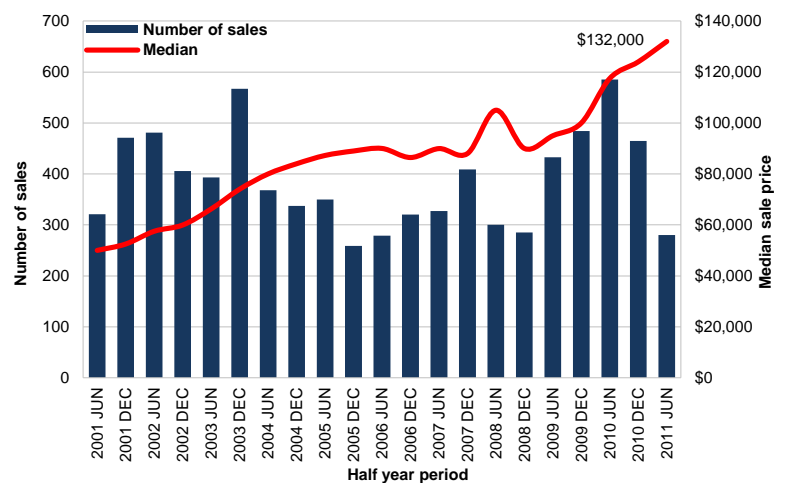
Prepared by PRDnationwide Research. Source: PDS

**Ballarat LGA Unit Price Points
June 2009 to June 2011**



Prepared by PRDnationwide Research. Source: PDS

Ballarat LGA Vacant Land Sales Cycle



Prepared by PRDnationwide Research. Source: PDS

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