

PROPERTY WATCH®

First Quarter 2012

Creswick Region Market Overview

IN BRIEF

- The median price for houses for the September 2011 six months closed at \$220,000 leaving the ten year average annual growth rate at 9.6%
- The median price for Vacant Land reached a new high of \$80,122 for the September 2011 six months culminated from 19 transactions
- Unit capital growth averaged a remarkable 19.3% for all properties purchased and resold within 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.

Creswick Region House Market

Given the moderate sales levels (no more than 100 in any six month period on record) the Creswick region house market has proven to be surprisingly consistent in terms of median price growth. The ten year average median price growth currently stands at 9.6% per annum. This means a house purchased for \$88,000 in September 2001 would on average be expected to sell for \$220,000 as at September 2011.

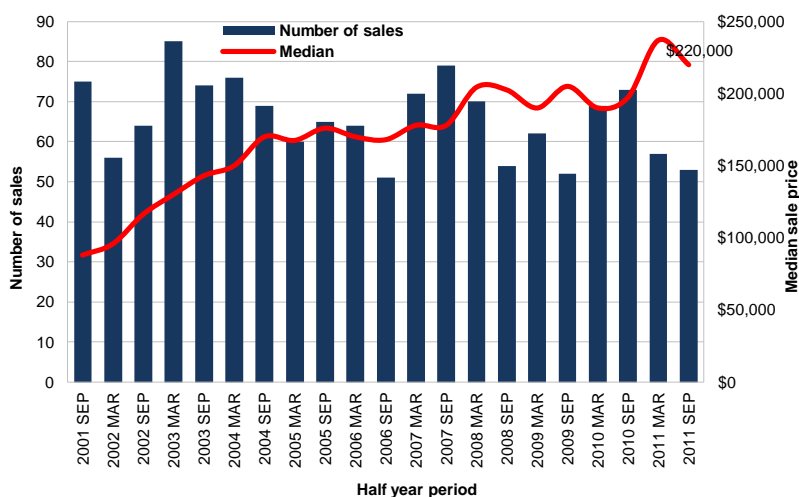
Following an unprecedented surge in median price growth since March 2010, the median price for the six months to September 2011 closed at \$220,000. Whilst lower than the median at March 2011, this figure still represents an 11.4% annual growth.

The six months to September 2011 saw 53 properties transact. This figure is only slightly down on the ten year average sales number for a six month period, which stands at 65.

The price points table shows a trend towards sales over \$300,000. This bracket represented only 10% of all sales as at September 2009, but in the last two six month periods has averaged in excess of 20%. The \$200,000 to \$299,000 bracket has typically been the dominant price bracket, and remained so for the six months to September 2011 at 42% of all sales.

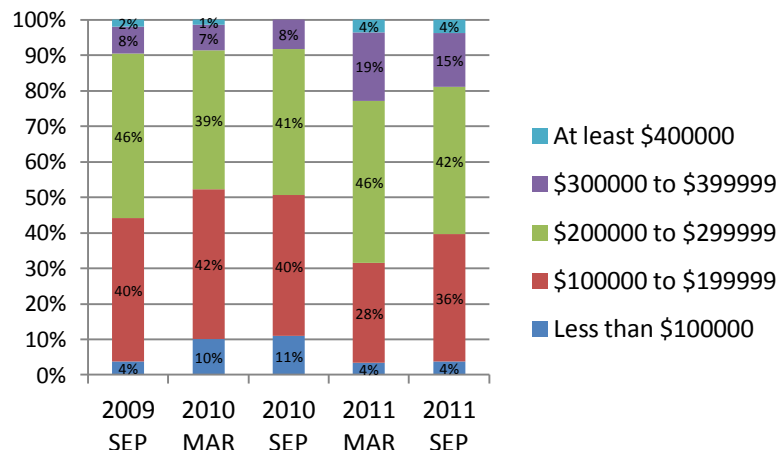
Between them Clunes (15) and Creswick (28) accounted for just over 81% of sales in the region for the six months to September 2011. A house in the Forest Resort represented the peak of the market when it sold for \$500,000 in May 2011. A property in Bailey Street, Clunes was the lowest priced sale at \$37,500.

Creswick Region House Sales Cycle



Prepared by PRDNationwide Research. Source: ABS

**Creswick Region Price Points Table
September 2009 to September 2011**



Prepared by PRDNationwide Research. Source: PDS

Creswick Region Vacant Land Market

Sales volumes have fluctuated widely in the Creswick region vacant land market, with no clear trend visible. Transaction levels for a six month period have averaged 29 over the last ten years, the September 2011 six months saw 19 transactions.

This relatively low sales base has led to a widely fluctuating median price, the longer term view is probably the most informative under these circumstances. The ten year average median price growth stands at a remarkably high 12.4%. This equates to a block purchased at the median price at September 2001 of \$25,000 being valued at 3.2 times as much, based on the median price of \$80,122 at September 2011. In addition to the exceptionally strong growth, the market provides a very low entry point for potential buyers.

The low price point is highlighted by the \$50,000 to \$99,999 price bracket representing the majority of sales at 53% of all sales for the September 2011 six months. The less than \$50,000 price bracket is trending sharply downwards, from 38% of all sales for the September 2009 six months it has dropped to 16% for the corresponding period at September 2011. The top end of the market has shown fluctuations but sales above \$200,000 have remained either just below or just above 10% of all sales.

An analysis of all sales that had previously been purchased since September 2001, showed a remarkably high average capital growth of 22% per annum. This figure which is much stronger than the ten year median price growth, might suggest that established blocks have provided better returns than new product to the market. Of the 11 re-sales which showed a capital growth rate in excess of 30%, all but 2 of them were in Clunes.

Creswick Region Unit Market

Characterised by widely fluctuating sales volumes and median prices the Creswick region unit market is clearly at an immature stage. The median price for the six months to September 2011 closed at \$227,500 culminated from only two transactions. A review of the median price based on the last four years of data to provide a reasonable sample size, remarkably produces the same figure. It is worth noting that this median exceeds that for housing, possibly due to the concentration of the stock in desirable areas, and the more recent build times for the majority of the unit stock.

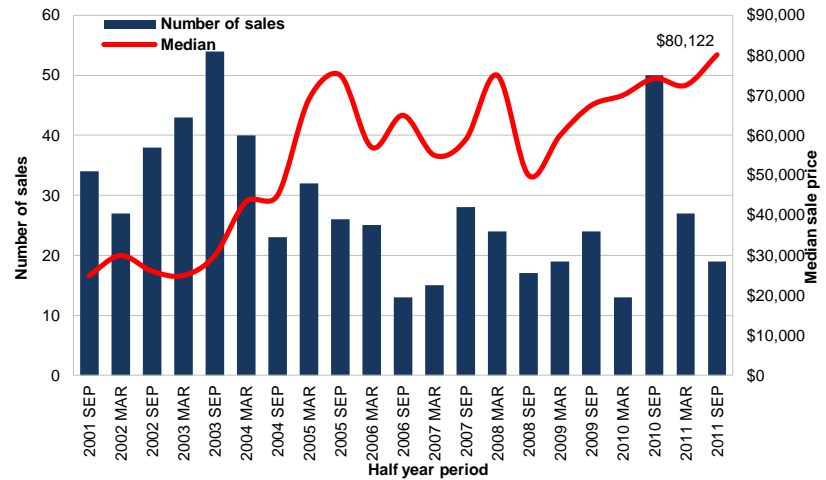
The ten year growth rate is unavailable due to no sales occurring in the September 2001 six months, the eleven year average growth rate stands at a very healthy 11.2% per annum.

All of the 31 sales in the last four years have occurred within the central township of Creswick itself. Prices varied between \$112,000 for a unit in Ayres Street to \$430,000 in Penny Lane, part of the Forest Resort development, where several other sales occurred.

An analysis of all sales that had previously been purchased since September 2001, shows an average capital growth of 19.3% per annum, with an average holding period of 3.8 years. The six best capital growth rates were achieved for properties in Ayres Street, Creswick.

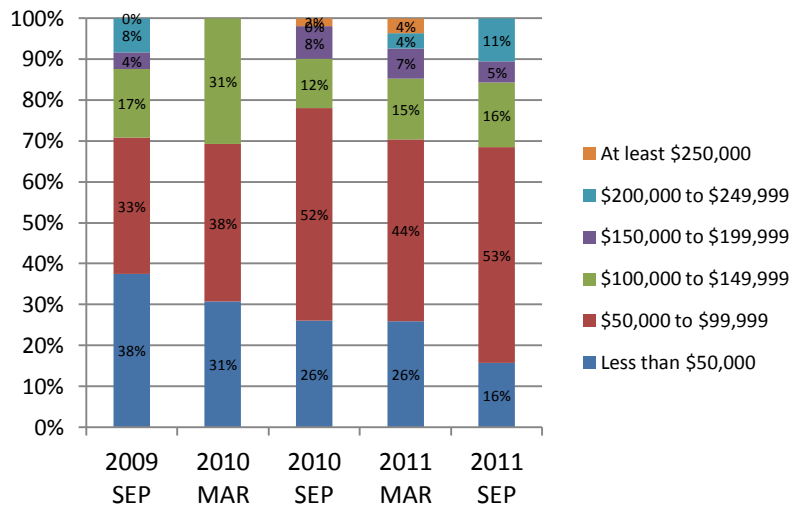
Prepared by PRD Jens Gaunt Research. Source: PBS and ABS. For further details contact: Mark Corboy (0400) 520 717 or PRD Jens Gaunt Creswick on (03) 53 452 326, or visit our website at www.prdnationwide.com.au/research.

Creswick Region Land Sales Cycle



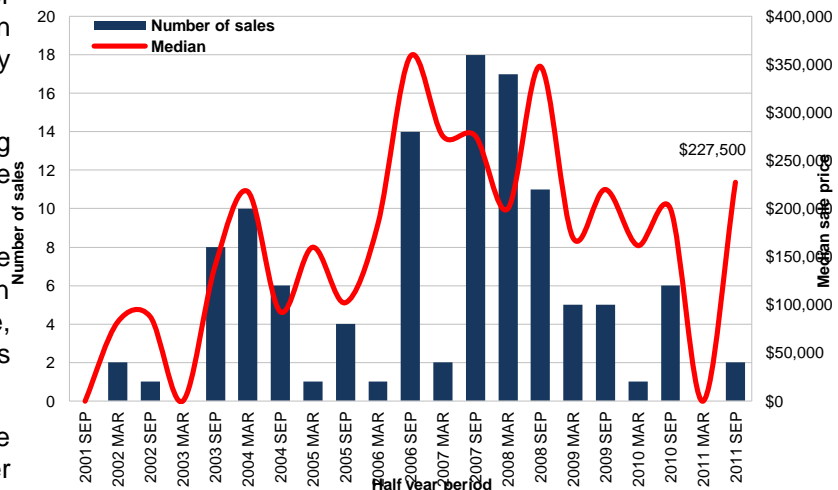
Prepared by PRDnationwide Research. Source: PDS

Creswick Region Vacant Land Price Points September 2009 to September 2011



Prepared by PRDnationwide Research. Source: PDS

Creswick Region Unit Sales Cycle



Prepared by PRDnationwide Research. Source: PDS

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