

PROPERTY WATCH®

First Quarter 2012

Mildura Region Market Overview

IN BRIEF

- The median sale price for the Mildura Region house market closed the December 2011 six months at \$215,000 culminated from 317 transactions.
- The median sale price for the Mildura Region vacant land market closed the December 2011 six months at \$81,000 culminated from 149 transactions

Scope

This report analyses the current trends and performance of the Mildura Region house, unit and land markets. It further highlights this region's characteristics to provide an understanding of potential future trends and the type of product in demand by the local market. For the purposes of this report the Mildura region comprises the neighbouring suburbs highlighted in the map to the right.

Area Characteristics

Positioned alongside the banks of the Murray River, Mildura is located in the far north-west corner of Victoria, with many of its neighbouring suburbs crossing the river boarder into New South Wales. Located approximately 475 kilometres north-west of Melbourne, Mildura is more easily accessed from Adelaide City in South Australia, which is only 330 kilometres south-west. The Sturt and Calder Highways provide access to both capital cities, however Mildura stands as a self-efficient and sustainable community in its own right. Understood to be the centre of Victoria's food bowl, the region's economy is heavily reliant on agriculture, with a focus on citrus fruits.

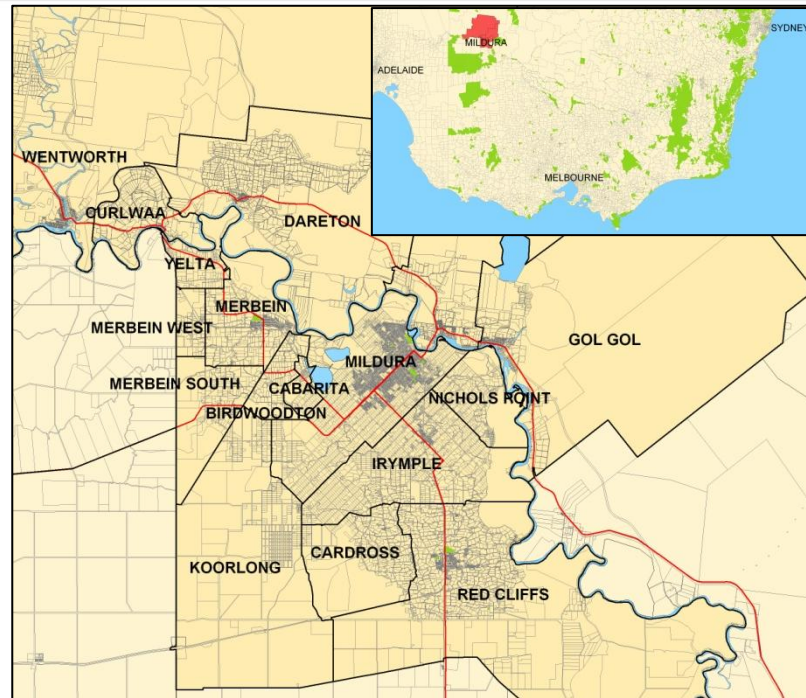
Mildura Region House Market

The Mildura region house market median price closed the six months to December 2011 at \$215,000 representing a modest annual increase of 2.1%. This growth is in line with the lower growth seen over the last five years of 1.5%. The ten year growth rate (4.8%) reflects the stronger growth seen from the start of 2002 to the end of 2006.

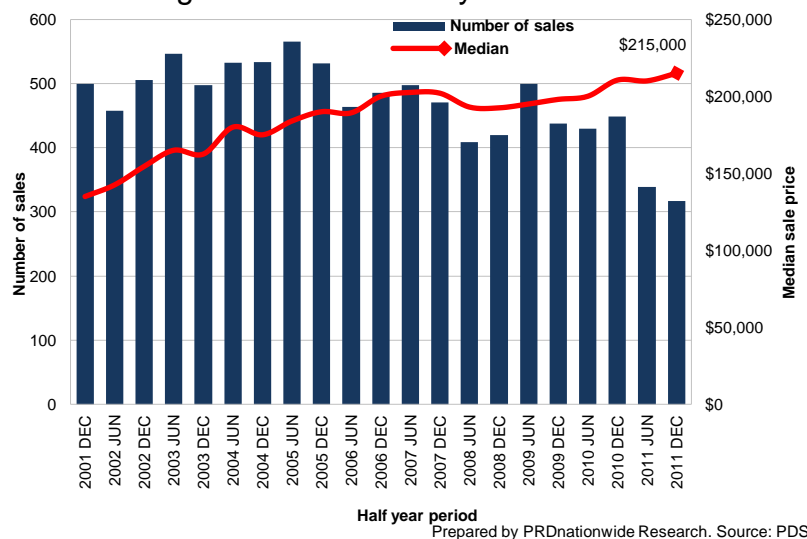
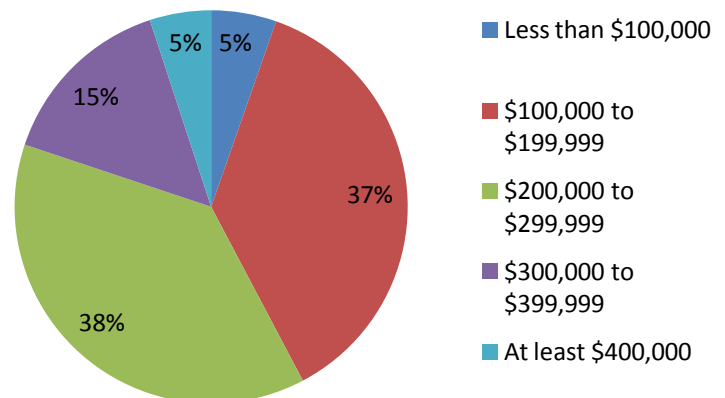
Sales volumes may well have contributed to the lower price growth in recent years, as they have trended downwards. The average number of sales for a six month period in the last five years stands at 427, which is 16.4% down on the five years prior. Volumes for the six months to December 2011 were the lowest in ten years, with only 317 sales recorded.

The market is dominated by sales between \$100,000 and \$300,000 with 75% of all sales occurring in this range. Recent movements in the brackets would indicate that the percentage of sales above \$300,000 are likely to increase, and those under \$100,000 decrease. Of the 17 sales below \$100,000 all but one occurred outside of Mildura.

Sales occurred across 18 localities, with Red Cliffs (26) and Irymple (25) contributing the most after Mildura itself (219). Prices ranged from a low of \$43,000 for a home in Williams Street, Ouyen to \$592,000 for a double storey property off Koorlong Avenue, Irymple in July 2011.



Mildura Region House Sales Cycle

Mildura Region House Price Points
Six months to December 2011

Prepared by PRDnationwide Research. Source: PDS

Mildura Region Unit Market

Having been at \$170,000 for the December 2010 six months, the median price for units returned to 2005 price levels when it closed the December 2011 six months at \$150,000. Based on the December 2011 figure, the ten year growth rate is a relatively soft 3.6% per annum, reflecting the zero growth seen since 2005.

Sales numbers fell to their lowest levels in ten years when they closed the six months to December 2011 at 39. This represents a 51.3% fall against the five year average sale level for a six month period.

Softening prices and volumes in the latter half of 2011 have been seen broadly across the Victorian market, but the extent of the softening in the Mildura unit market is more pronounced than most others. Whilst the lower level of sales (39) makes prices more volatile it does seem that there has been a change in supply and demand factors in the Mildura unit market over the last five years in particular.

Demand has been effected by the lower level of agricultural activity in the area, due to lower water supply levels, drought and in the Viticulture segment, oversupply. Supply would appear to have been slow in adjusting to these changed conditions placing downwards pressure on prices in the short term. Local agents also report some buyers are having difficulties raising finance for properties outside of Mildura as much of it is zoned rural, and lending practices have tightened for this category of lending.

The price points table shows the high level of volatility that might be expected from a relatively low transaction base. The majority of properties sell between \$100,000 and \$200,000. The six months to December 2011 however saw a higher proportion of sales than usual in the below \$100,000 bracket, this reflects lower transaction numbers in other brackets, the actual number of sales below \$100,000 was typical for a six month period.

Of the 39 sales for the December 2011 six months, 33 were within Mildura itself with Irymple, Red Cliffs and Merbein sharing two sales each. The peak of the market was seen in November 2011 when a unit in Ninth Street, Mildura transacted for \$260,000.

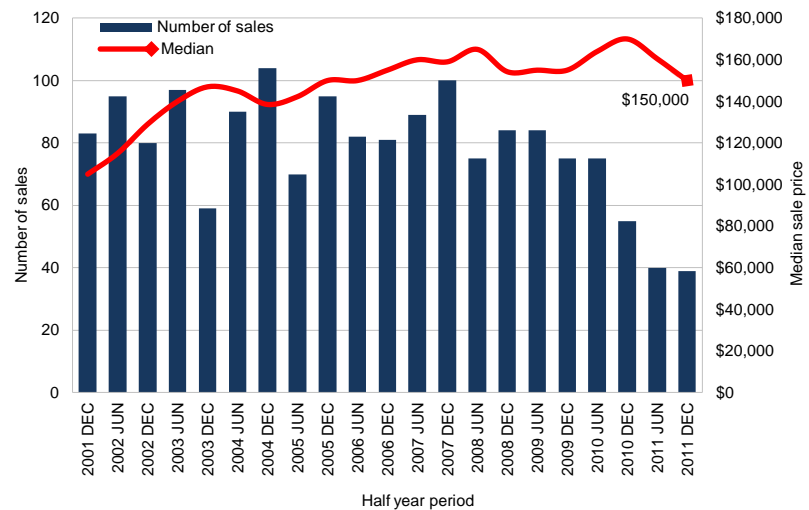
Mildura Region Vacant Land Market

The Mildura Region's vacant land market median price closed the six months to December 2011 at \$81,000. This was a 4.7% decrease on the median from twelve months earlier and results in a negative five year growth rate of -0.5%. The ten year growth rate remains modestly positive at 4.7% largely due to growth in the earlier half of the ten year cycle.

There were 149 transactions for the December 2011 six months, which is in line with sales volumes over the last four years outside of a spike in the six months to December 2009. Sales numbers remained strong in the \$50,000 to \$100,000 price bracket, whilst numbers in higher price brackets were lower.

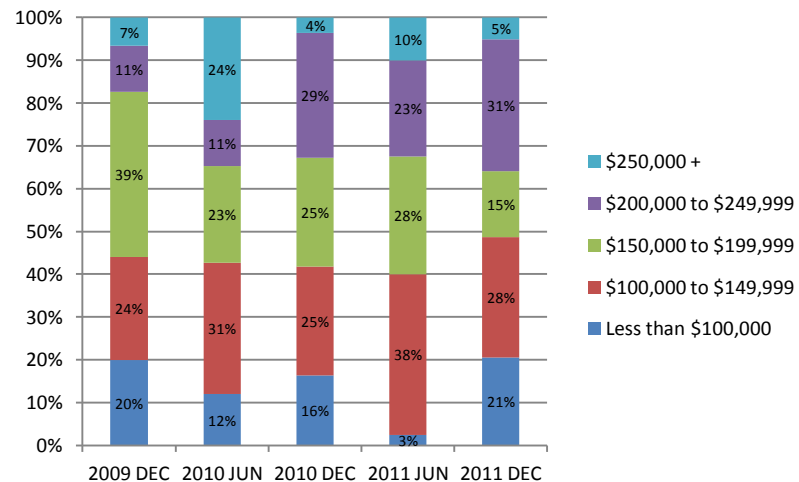
The peak of the market was seen when \$230,000 was paid for a 401m² block close to the Murray River in Mildura. A block in Cardross represented the lowest end of the market when it sold for \$28,000 in July 2011.

Mildura Region Unit Sales Cycle



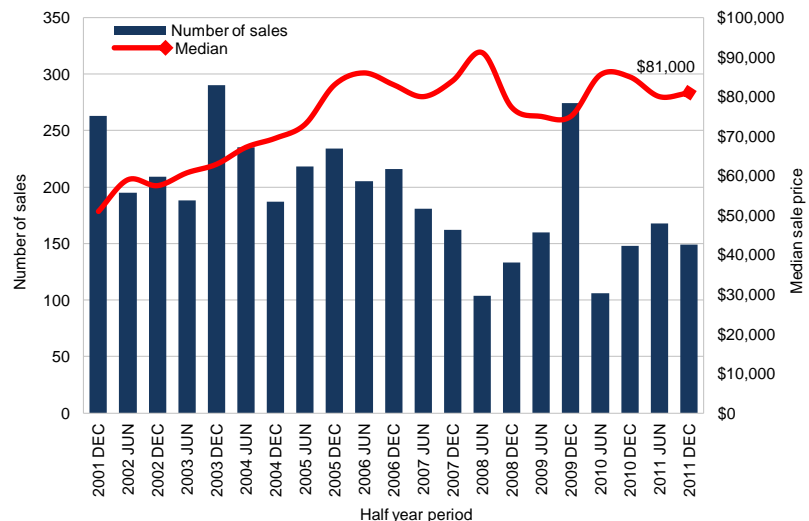
Prepared by PRDNationwide Research. Source: PDS

Mildura Region Unit Price Points December 2009 to December 2011



Prepared by PRDNationwide Research. Source: PDS

Mildura Region Vacant land Sales Cycle



Prepared by PRDNationwide Research. Source: PDS

Prepared by PRD Research. Source: PDS & ABS. For further details contact: Mark Corboy: (0400) 520 717 or Email: markcs4u@gmail.com, PRDNationwide Mildura on (03) 5022 7750, or visit our website at www.prdnationwide.com.au/research.

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