

MILDURA AREA

Property Watch®

PRD nationwide



PS Melbourne, Murray River, Mildura

MARKET INDICATORS

Change from Last	Year	Half Year
HOUSE SALES	↓	↓
HOUSE MEDIAN	-	↑
UNIT SALES	↓	↓
UNIT MEDIAN	↓	↓
LAND SALES	↓	↓
LAND MEDIAN	↑	↓

The indicators depicted above are based on the twelve months ending February 2012.

KEY HIGHLIGHTS

- House and Vacant Land prices remain relatively flat, whilst units see a significant reduction in median price
- Volumes are lower across all property types

MILDURA AREA MARKET OVERVIEW

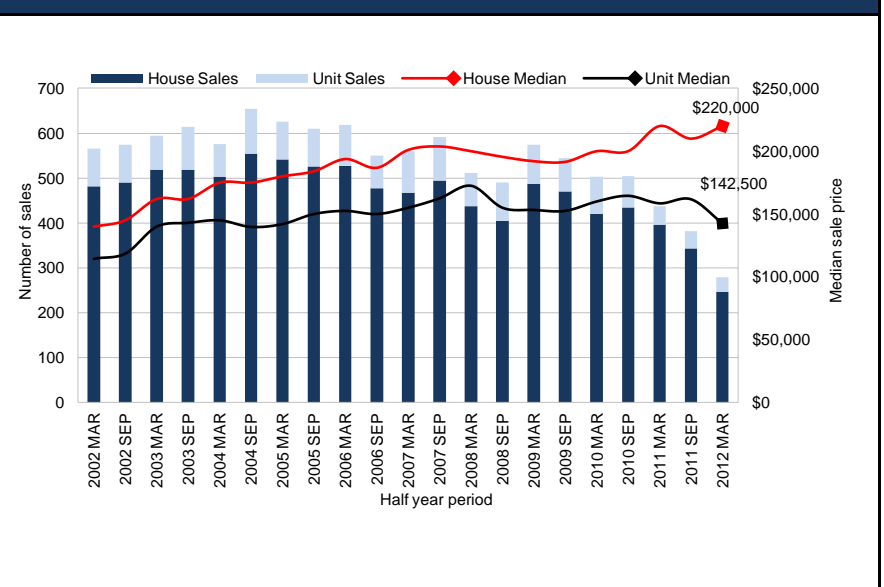
The following Property Watch report is the result of an investigation into the historic and current market trends of the Mildura Local Government Area. Positioned in the North West corner of Victoria on the banks of the Murray River, approximately 540 kilometres from Melbourne, and 393 kilometres from Adelaide, Mildura is heavily reliant on agricultural production, with an emphasis on citrus fruits and viticulture.

Transaction volumes for houses in the Mildura region have been trending downwards since 2006. The average number of transactions for a six month period for the five years to March 2006 was 512, this has fallen to 424 for the five years to March 2012. The six months to March 2012 saw only 247 houses transact, this decrease is in line with other markets throughout Victoria for this period.

Unit sales between March 2002 and September 2010 ranged from 70 to 100 transactions for a six month period. The six months to March 2012 saw only 32 sales recorded, a 61.9% decrease on the average for the period from 2002 to 2010.

Whilst the downturn in the six months to March 2012 has been broadly seen across Victoria due to economic uncertainty, the duration and extent of the downturn in the Mildura market suggests other factors are contributing. The sustained reduction in agricultural production and the flow on to other segments of the local economy, would seem to be the most likely cause. PRDnationwide Mildura principal Richard Wyatt notes that buyers have generally responded to the tighter financing requirements from the banks, and whilst enquiry levels are at similar levels, recent months have seen buyers better placed and more willing to make offers and secure properties.

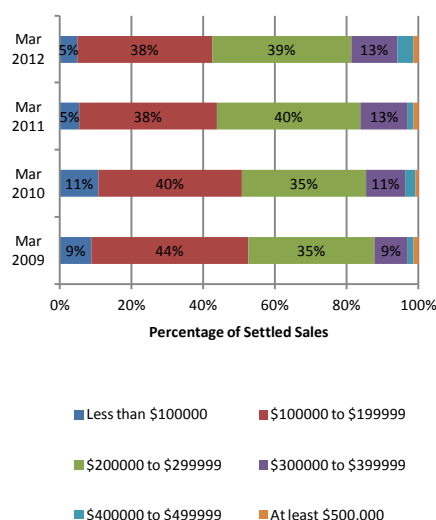
MILDURA AREA HOUSE & UNIT SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

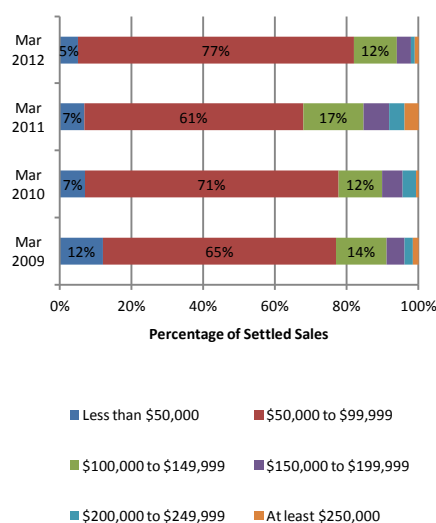
The availability of affordable house and land packages places downward pressure on prices

HOUSE PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

VACANT LAND PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

The Mildura LGA house market has the median price for the March 2012 six months close at \$220,000 exactly the same figure as twelve months before. Mr Wyatt notes that significant downward pressure has been placed on house prices by the availability of new homes at relatively low cost. The redevelopment of the Centro complex in Mildura, coupled with the sale of agricultural land on the nearby fringe for affordable residential land, has seen an attractive offer, especially to first home buyers, who can buy a three bedroom, two bathroom home with garage for under \$260,000 with the grant reducing this further. This type of property has placed pressure on the more traditional brick veneer that is twenty or thirty years old, selling in a similar price bracket. Mr Wyatt expects that these properties may attract interest from investors with exceptional rental returns currently available, and the prospect of good capital growth when the competition from newer properties abates. Mr Wyatt added that homes in the higher price brackets are selling strongly, as there is less competition at these levels.

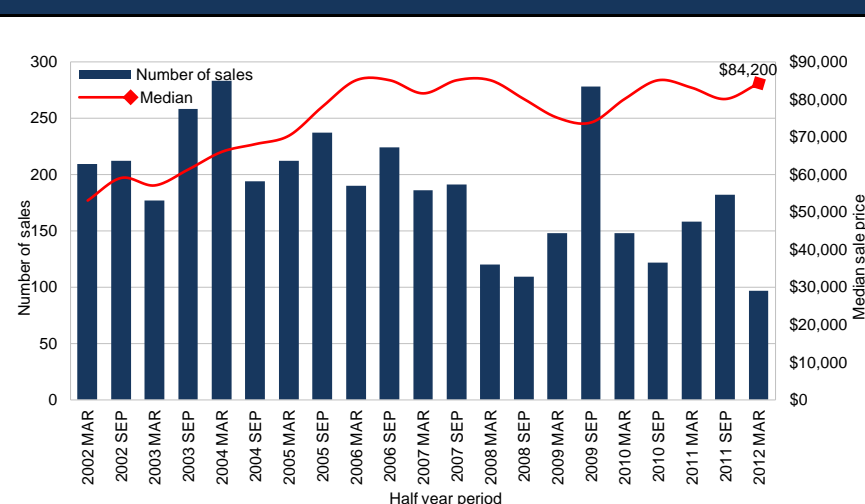
The median price for units closed the March 2012 six months down 10.1% on the previous year at \$142,500. It would appear that unit sales and prices have suffered from the availability of affordable new homes as well, with buyers opting to take this option instead of a unit. The longer term issues in the Mildura market can be seen in the ten year growth rates with houses (4.6%) and units (2.2%) below the growth rates many other regional areas have experienced.

Vacant Land sales have averaged 336 transactions per annum over the previous five years. The twelve months to March 2012 saw 279 properties transact, a 17% decrease on the average. The six months to March 2012 saw only 97 properties transact, suggesting that the new home owner market has been well serviced by recent development activity such as mentioned above.

The median price for vacant land closed the six months to March 2012 at \$84,200, marginally up on the close of twelve months earlier to record a 1.4% growth for the year. Prices for vacant land have seen fluctuations since early 2006, but remain at similar levels, the March 2006 six month median was \$85,000. Given the difficulties seen in the agricultural sector, and the conversion of some of this land for residential use, there seems to be limited prospects for price growth in the short term.

The price points tables for both houses and vacant land demonstrate the limited growth in price seen in the period from 2009. In the case of houses, sales over \$200,000 have steadily increased their total share of sales, but the movement is very gradual. Vacant land has seen sales under \$100,000 increase their total share of sales since 2009 from 77% to 82%.

MILDURA AREA VACANT LAND SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

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