

PROPERTY WATCH®

First Quarter 2012

Greater Bendigo LGA Market Overview

IN BRIEF

- The median sale price for houses in the region closed the September 2011 six month period at \$274,000, culminated from a total of 747 transactions.
- The median sale price for both vacant land and units reached new highs when they closed the six months to September 2011 at \$113,000 and \$225,000 respectively.

Scope

This report analyses the current trends and performance of the Greater Bendigo Local Government Area's (LGA) house and unit markets. It further highlights the area's characteristics to provide an understanding of future market trends and the type of real estate product in demand by the local market.

Area Characteristics

The Greater Bendigo LGA covers approximately 3,048 square kilometres and is located in central Victoria, approximately 130 kilometres north of Melbourne's CBD. The area has a diverse economy that comprises mining, agriculture, manufacturing, tourism, health, and a strong financial presence with the only provincial stock exchange in Australia (the Bendigo Stock Exchange). Bendigo is well serviced with the Calder Highway offering direct access into Melbourne, along with the Bendigo railway line, both of which have been recently upgraded as part of a State Government initiative.

Greater Bendigo LGA House Market

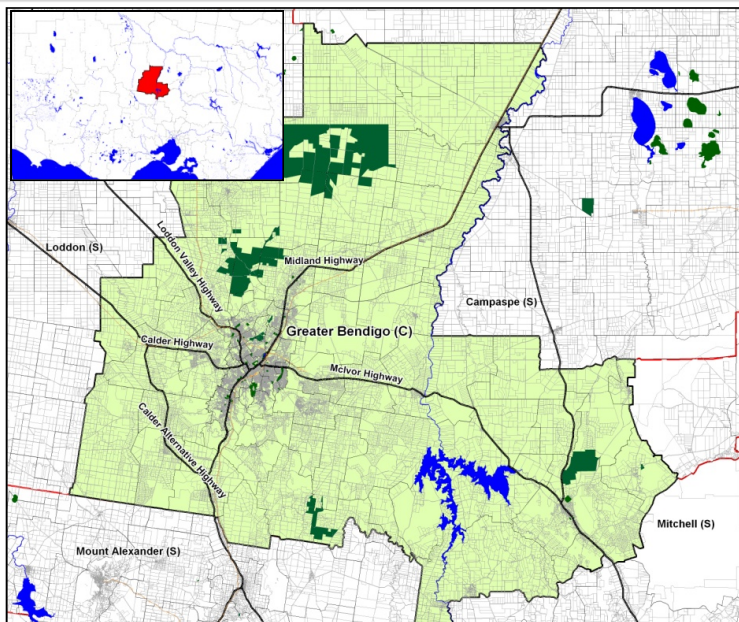
The median house price for the Bendigo LGA closed the six months to September 2011 at \$274,000. This represents a modest growth of 3.8% annually, and a slight decrease on the \$275,000 median price of six months prior.

Transaction volumes fell to the second lowest level since the start of the century, when 747 sales were recorded for the six months to September 2011. This compares to an average of 941 transactions for a six month period over the previous five years.

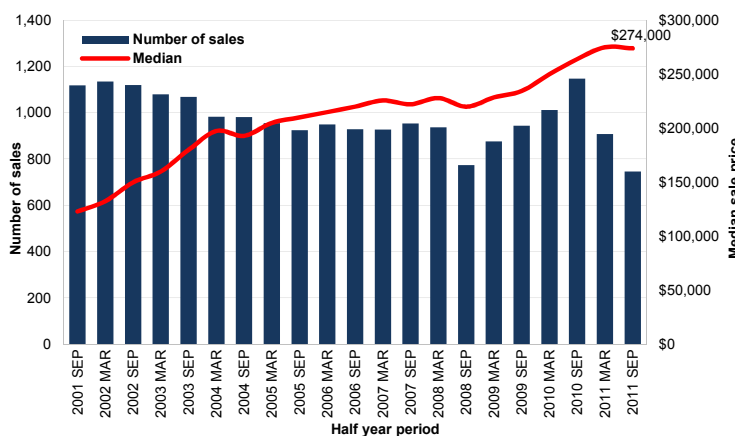
The Bendigo house market has proven to be a very steady performer over the longer term in regards to delivering price growth, with a ten year growth rate of 8.3% per annum. This means a typical house purchased for \$100,000 in September 2001, was worth \$221,965 in September 2011. There has been no significant downward movement in the median price over the last ten years in spite of the global financial crisis, although growth was more subdued from late 2004 to early 2009.

The price points table at right shows houses under \$200,000 have halved their share of total sales since September 2009. Whilst sales over \$300,000 have almost doubled from 20% in 2009 to represent 37% of all sales for the six months to September 2011.

The most recent statistics from the REIV indicate that the vacancy rate for Bendigo at no point in 2011 exceeded 1.0%. Given that the market generally accepts that a 3.0% vacancy rate is a "balanced" market, this exceptionally low rate places investors in a strong position for good returns. This is supported by the REIV's average rent price increase statistics for Bendigo varying from a 9.5% increase for 2 bedroom houses to an 11.7% increase for 4 bedroom houses.

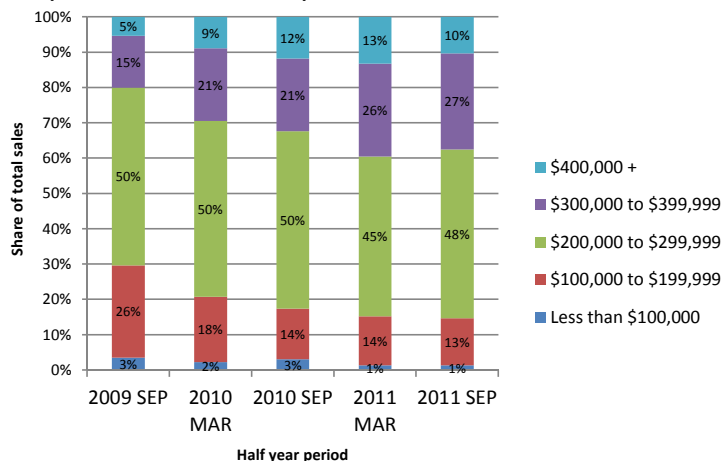


Greater Bendigo LGA House Sales Cycle



Prepared by PRDnationwide Research. Source: PDS

Greater Bendigo LGA House Price Points September 2009 to September 2011



Prepared by PRDnationwide Research. Source: PDS

Greater Bendigo LGA Unit Market

The median price for the six months to September 2011 closed at \$225,000 culminated from 94 transactions. The median represents a growth of 4.0% over the previous year, slightly softer than the five year growth rate of 4.8%. The ten year growth rate of 9.1% per annum indicates the longer term strength of the Bendigo unit market.

The unit market has shown greater variation in price compared to the house market, partly due to lower sales volumes which makes the median price more volatile. Transaction levels have averaged 148 in the past ten years for a six month period, the six months to September 2011 represents a 36% decrease on the average.

Similar to the housing market, investors in the Bendigo unit market have seen strong growth in the rents they are charging. The REIV reports rents for 1 bedroom units have increased 7.7%, 2 bedroom units 5.2% and 3 bedroom units 8.8%. Given the link between rents achieved and prices for investment properties, increases like these will support capital growth.

Recent capital growth trends are clear in the price points table at right. Sales for units under \$200,000 represented almost half of all sales (47%) as recently as the six months to September 2009, the corresponding period in 2011 sees this market segment drop to 31%. Most sales (60%) are now occurring in the \$200,000 to \$299,999 price bracket.

Properties are still available for less than \$100,000 in the Bendigo unit market, four of these occurring in the six months to September 2011, two at Spring Gully, and one each at East Bendigo and Flora Hill. Nine other properties transacted at below \$150,000 offering investors at the lower price points ample choice.

Greater Bendigo LGA Vacant Land Market

The median price for land in the Bendigo LGA closed at a new high of \$113,000 for the six months to September 2011. This continues what appears to be a correction after the significant downturn in prices during the global financial crisis. The ten year growth rate of 10.4% per annum demonstrates the market has suffered no long term effects from what was a major downturn in prices in late 2008.

The volume of sales in land has varied significantly over the past ten years, some of this driven by the variable supply provided by developers. The six months to September 2009 has seen 467 transactions, which unlike both the house and unit markets, exceeds the ten year average of 442.

The Bendigo LGA land market sees some exceptionally low price points. The six months to September 2011 saw six sales occur under \$50,000 all for parcels of land greater than 700m².

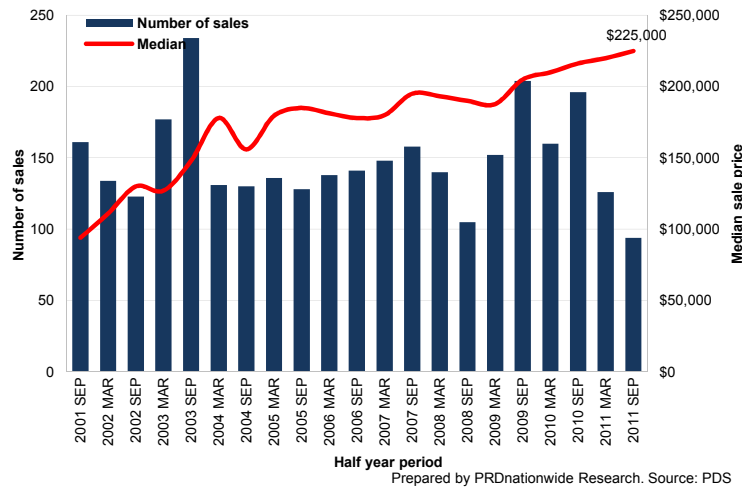
The suburb with the greatest number of transactions was Kangaroo Flat with 69 sales for the six months to September 2011, the average price per square metre (where available) was \$176. Golden Square had 53 transactions at \$132m² on average.

The much anticipated release of the first stage of the Integra developed Viewpoint Estate in Huntly in early 2012, will go some way to overcoming the current shortage of quality land available within the immediate Bendigo city area.

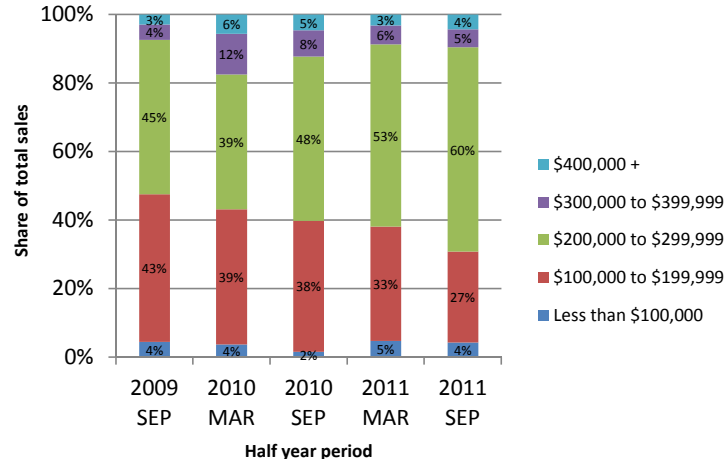
Prepared by PRDnationwide Research. Source: PDS, ABS and REIV. For further details contact: Mark Corboy, Systems for You (0400) 520 717 or Email: markcs4u@gmail.com, PRD Jens Gaunt Bendigo on (03) 5444 0344, or visit our website at www.prdnationwide.com.au/research.

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Greater Bendigo LGA Unit Sales Cycle



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Greater Bendigo LGA Vacant Land Sales Cycle

