

Bendigo Property Market Update 2017



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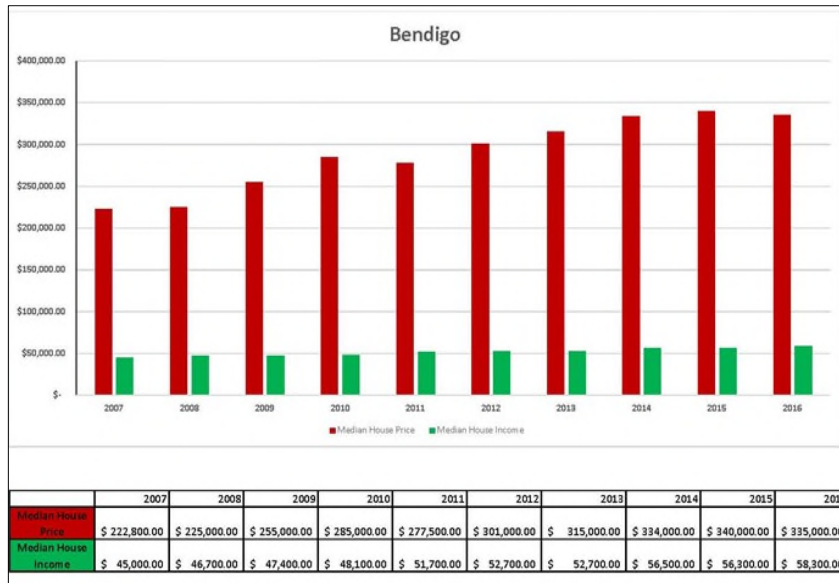
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Residential Dwellings 2007-2016



- ▶ 2016 saw a slow down in demand and turnover and an increase in 'time on market'
- ▶ Price expectations have had to be managed by agents
- ▶ Rental vacancy rates are reasonably low at 1-2% but there has been no significant increase in rental due to new stock coming onto the market filling the void.

- ▶ 2017 has seen an increase in activity - particularly over the winter months.
- ▶ Most activity is in the sub \$400,000 range.
- ▶ Melbourne buyers both owner occupier and investors along with low interest rates are key drivers in the Bendigo Market.



Development Sites



111 Mitchell Street

- ▶ 7 Apartments in total
- ▶ Typically sold between \$520,000-\$920,000
- ▶ New product to Bendigo
- ▶ Will likely see more CBD apartments like this one soon

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Market Outlook

- ▶ 2017 through to 2018 will be steady as she goes
- ▶ Anticipated increase in interest rates in 2018 may result in slow down in non local investors
- ▶ Demand for accommodation (local and new to town) will continue to rise steadily.
- ▶ Suburbs to watch include Bendigo Central, Flora Hill, Kennington and Golden Square.



RETAIL



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Hargreaves Mall



38 Shops 6 Vacancies 16% vacancy rate

- ▶ Rents have contracted significantly and now sit around \$350 per square meter (per annum).
- ▶ Why?
 - ▶ Nationwide Trend?
 - ▶ Bendigo Marketplace?

Marketplace Shopping Centre



- ▶ 119 tenancies
- ▶ Average rent range \$800 - \$1200 per square metres per annum
- ▶ Plans to expand being considered

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Investment Sales



306 Hargreaves Mall

- ▶ Sold for \$1.3m
- ▶ 6.15% yield.



35-37 Mitchell Street

- ▶ Sold for \$980,000
- ▶ 5.62% yield



9 Mitchell Street

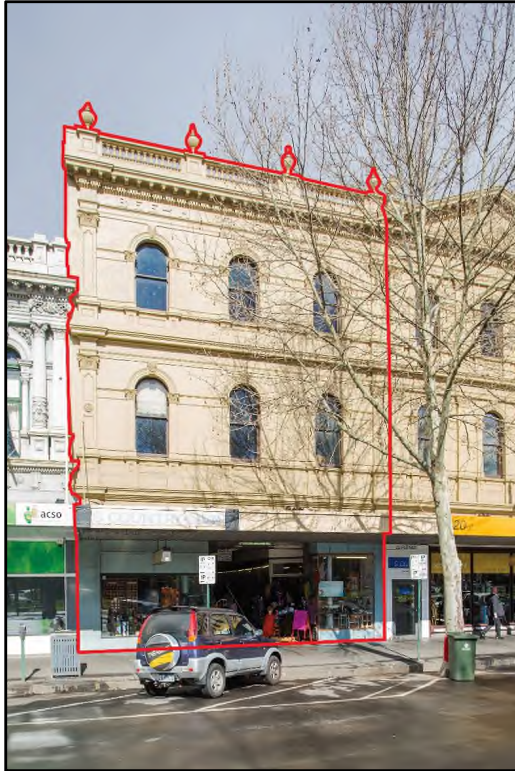
- ▶ Sold for \$830,000
- ▶ Yield 7.47%

Market Outlook

- ▶ Interest rate rises anticipated in 2018 will have a cooling effect on the demand for investment property stock.
- ▶ Anticipated growth in the Marketplace Shopping Centre may draw more businesses and consumers from the CBD.
- ▶ Not likely to see an increase in net rents in the foreseeable future in the CBD.



Beehive building



26-28 Pall Mall, Bendigo

- ▶ Soon to be restored with walk way through.
- ▶ Currently the heritage permit is being altered slightly for a lift to be installed to service the upper floors.
- ▶ Ground floor to be a open plan food venue - Allans Walk will remain through the venue.
- ▶ Upper floors to be office suites and function centre.

OFFICE



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Office rental rates



- ▶ Office rents in CBD typically around \$230 - \$300 per square meter (per annum)
- ▶ CBD Office car parks typically worth vicinity \$1,500 per space (per annum)

Lease Deals



NDIS - Ground Floor, 58-60 King Street Bendigo

- ▶ 588m2
- ▶ \$241 per square meter per annum



Mind Australia - Ground Floor, 58-60 King Street Bendigo

- ▶ 350m2
- ▶ \$240 per square meter p.a.



Department of Justice - Undisclosed CBD location.

- ▶ 804m2.
- ▶ \$300 per square meter per annum.

Notable Sales



7-15 McLaren Street Bendigo.

- ▶ Leased to Department of Education
- ▶ Leased to 2024.
- ▶ Rent \$680,083.
- ▶ Sold \$10,100,000.
- ▶ Yield 6.73%



49-53 Mitchell Street Bendigo.

- ▶ Leased to Westpac Bank.
- ▶ New 5 year lease.
- ▶ Rent \$193,138 p.a.
- ▶ Sold \$4,575,000.
- ▶ Yield 4.21%



113-133 Mollison Street Bendigo.

- ▶ Land 8,156m² Buildings 4,168m² sold subject to due diligence \$7,950,000.

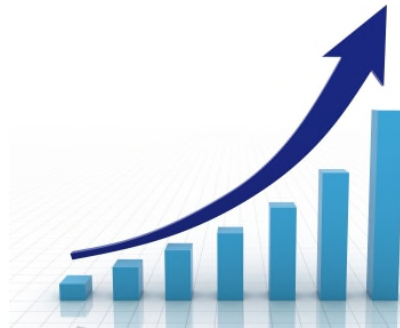
Market Outlook



23 Wills Street Bendigo.

- ▶ 5 ground floor retail shops 66m² - 445 m²
- ▶ 4 x 1st floor offices 175 m² - 253 m²
- ▶ 18 x 2-3 Bedroom Apartments on Levels 2-4

- ▶ Flight to Quality.
- ▶ Lack of supply of office space >500m²
- ▶ Likely to see a steady increase of 5-15% in the coming 5 years.



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INDUSTRIAL



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Industrial Estates



- ▶ **Brickworks** - 29 Lots in total 16 sold. Lot sizes vary significantly but mostly the smaller lots sold.



- ▶ **Strickland Park Industrial Estate** - Total of 23 allotments with 11 already sold.



- ▶ **Trantara Court** - Recent new release of smaller lots at around \$120-125 p/m2

Sale prices for all industrial land typically between 100-120 p/m2

Industrial Sales



23 Wellsford Drive, East Bendigo

- ▶ Sold for \$368,000
- ▶ Attached concrete panel factory unit of 305 m2
- ▶ On market for 3 months
- ▶ Overall rate of \$1,207/m2 of Gross Building Area



12 Ramsay Court, Kangaroo Flat

- ▶ Sold for \$585,000
- ▶ 600 m2
- ▶ 2,000 m2 allotment
- ▶ On market for 3 months
- ▶ Overall rate of \$975/m2 of Gross Building Area



12 Piper Road, East Bendigo

- ▶ Sold for \$320,000
- ▶ \$961/m2 of Gross Building Area
- ▶ On market for 1.5 months

Market Opportunities



- ▶ Price point is Key!
- ▶ Development of smaller allotments
- ▶ Development of smaller built form industrial stock
- ▶ Mindful of SMFS's which have been a driver of the take up of new stock as compared to low interest rates.