



**Melbourne**  
Property Hotspots  
1st Half 2017





# MELBOURNE HOTSPOTS

1<sup>ST</sup> HALF 2017



## HOTSPOTS METHODOLOGY

This Melbourne hotspot report analyses all suburbs within the Greater Melbourne region, providing valuable insights and highlights of the property market in 2017. This report focuses on suburbs within a 20km radius of the CBD, taking into consideration the following factors:

- Sales indicators - the number of sales transactions (suburbs with less than 20 sales are excluded in affordable hotspots and top performer selection) and median price growth between 2015 and 2016/17\*.
- Rental indicators - median rental price, rental yield, and vacancy rates.
- Affordability - the average Victorian home loan, which indicates the amount banks are comfortable with lending to home buyers. To determine the maximum property price, 40% is added to the average Victorian home loan, which was \$394,677\*\* as at December 2016, having increased by 3.7% from the previous quarter.
- Projects value - developments scheduled to commence in the 1<sup>st</sup> half of 2017, which include mixed use, infrastructure, industrial, and residential projects. This is key to maintaining growth as it indicates a potential increase in economic and commercial activity; as well as interconnectivity to key transport routes, the CBD, and other major urban business hubs.

## RECENT TOP PERFORMERS

Area	Suburb	Type	Median Price 2015	Median Price 2016/17**	Price Growth	Projects 2017***
Inner	East Melbourne	House	\$2,050,000	\$3,505,000	71.0%	\$105.3M
	Clifton Hill	Unit	\$594,000	\$692,500	16.6%	\$55.5M
North	Brunswick	House	\$815,000	\$990,000	21.5%	\$110.1M
	Alphington	Unit	\$580,000	\$650,000	12.1%	\$102.4M
South	Highett	House	\$965,000	\$1,160,000	20.2%	\$94.8M
	Moorabbin	Unit	\$492,000	\$570,000	15.9%	\$71.5M
East	Hawthorn	House	\$1,750,000	\$1,943,000	11.0%	\$203.9M
	Hawthorn East	Unit	\$555,000	\$626,950	13.0%	\$369.4M
West	Altona	House	\$710,000	\$825,000	16.2%	\$71.7M
	Footscray	Unit	\$365,000	\$405,000	11.0%	\$325.0M

## MELBOURNE OVERVIEW

In 2016/17 the Melbourne property market saw unit prices begin to level out after a period of steady growth, while houses continue to benefit from an increasing Victorian population, unchanged cash rate, and sustained demand. Infrastructure has emerged as a key area with a focus on public transport and upgrading facilities, to support one of the fastest growing Australian populations. Property buyers will be buoyed by the presence of affordable options in the midst of continued overall development and price growth, found especially to the north and west of the inner CBD.

\*Median price quoted captures sale transactions from 1<sup>st</sup> January 2016 to 31<sup>st</sup> March 2017.

\*\*Average home loan figure is derived from December quarter 2016 Housing Affordability Report by Real Estate Institute of Australia and Adelaide Bank.

\*\*\*Project development spending is based on aggregate of estimated construction value for residential, commercial, industrial, mixed use and infrastructure projects scheduled to commence construction in the 1<sup>st</sup> half of 2017.

\*Key market indicators for sales and median prices are reflective of median price change over 15 months between 2015 and 2016/Q1 2017. Median rent is reflective of median price change between Q4 2015 and Q4 2016.



### KEY MARKET INDICATORS INNER MELBOURNE

Indicator	Market Variation <sup>^</sup>
House Sales	↑
House Median Price	↑
House Median Rent	↑
Unit Sales	↑
Unit Median Price	↔
Unit Median Rent	↑

**“Melbourne’s property market is rising inline with the strong population growth seen in the state of Victoria. Affordable options can be found in the north and west of the inner city, whilst infrastructure projects in 2017 will underpin future growth in outer Melbourne suburbs.”**

**Tony Brasier**

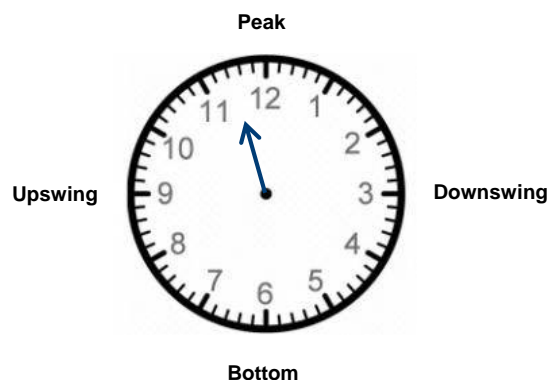
PRDnationwide Chairman & Managing Director



## MELBOURNE HOUSE HOTSPOTS

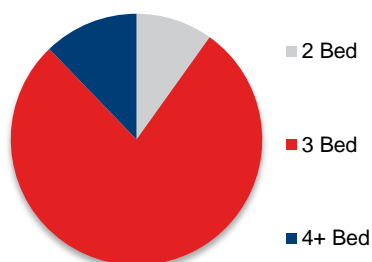


## PROPERTY CLOCK – HOUSE



## AFFORDABLE HOUSE HOTSPOTS

### BROADMEADOWS 3047



#### OVERVIEW

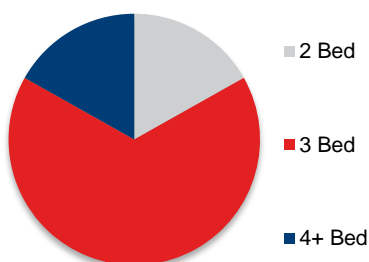
Approx. radius from CBD **16km**

House median price **\$417,000**

- 2 Bed Median Price **\$433,750\*\***
- 3 Bed Median Price **\$410,000**
- 4+ Bed Median Price **\$450,000**

Positioned to the north of Melbourne's CBD, Broadmeadows has proven itself as a hotspot with three continuous years of strong price growth while maintaining an affordable price. Investors in this prime suburb will find themselves profiting from strong rental returns of 4.0% while the low vacancy rate, currently at 1.2%, has been improving since early 2016. The local government has allocated over \$30.0M\* to infrastructure investment for the 1<sup>st</sup> half of 2017, which brings total future development to \$63.5M.

### THOMASTOWN 3074



#### OVERVIEW

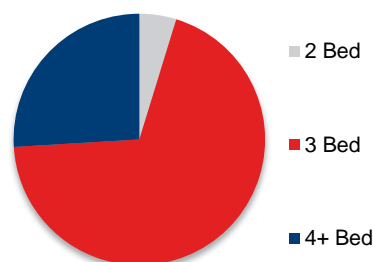
Approx. radius from CBD **17km**

House median price **\$492,000**

- 2 Bed Median Price **\$491,500**
- 3 Bed Median Price **\$485,000**
- 4+ Bed Median Price **\$595,000**

Thomastown, a suburb located in Melbourne's north, presents itself as the up and coming hotspot of 2017. It uniquely offers price affordability, diverse demographics, and family friendly surrounds; with the area catering to all types of investors. Vacancy rates are currently at a low 0.8%, which has continued to trend downwards, signifying the suburb's increasing popularity. Strategically positioned close to the airport and easily accessible by all forms of public transport, soaring demand is expected for this prominent suburb.

### DEER PARK 3023



#### OVERVIEW

Approx. radius from CBD **17km**

House median price **\$443,000**

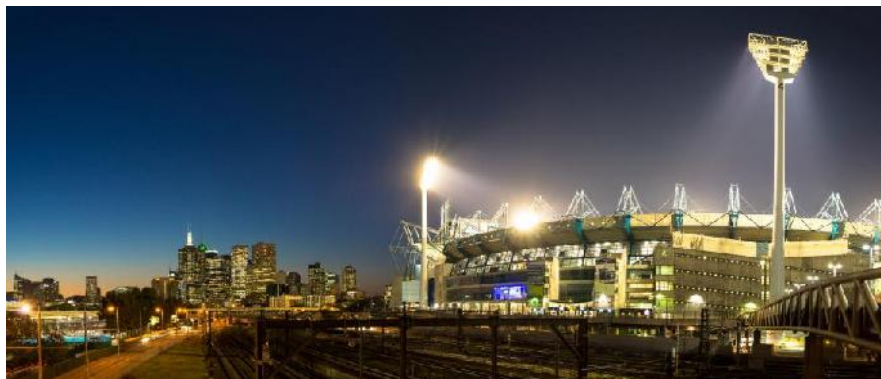
- 2 Bed Median Price **\$430,000**
- 3 Bed Median Price **\$431,000**
- 4+ Bed Median Price **\$505,000**

Deer Park has continued its hotspot reign in the 1<sup>st</sup> half of 2017, awarded as offering both house and unit affordability. Located to the west of Melbourne's CBD, three years of continued strong price growth has been a determining factor driving the high demand for houses in the area. The 1<sup>st</sup> half of 2017 is set to see approx. \$15.8M\* worth of developments invested into the area, which should guarantee sustainable economic growth and a prosperous future for Deer Park and its investors.

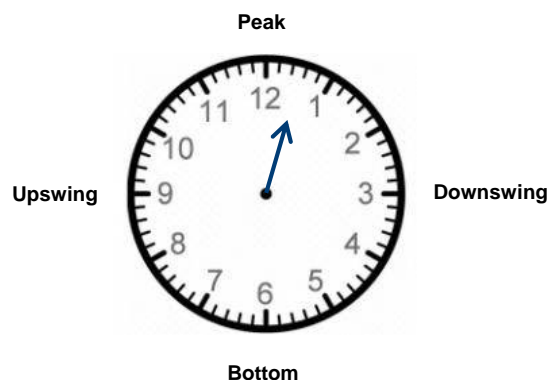
\*Quoted estimated values of projects are based on reported land construction values as stated by the relevant data authority and do not signify their commercial/resale value.

\*\*Median price quoted for suburbs with less than 20 sales transactions is indicative only.

## MELBOURNE UNIT HOTSPOTS

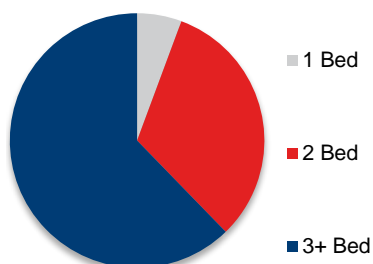


## PROPERTY CLOCK – UNIT



## AFFORDABLE UNIT HOTSPOTS

### DEER PARK 3023



#### OVERVIEW

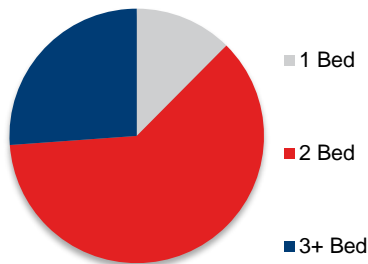
Approx. radius from CBD **17km**

Unit median price **\$350,000**

- 1 Bed Median Price **\$175,000\*\***
- 2 Bed Median Price **\$340,000\*\***
- 3+ Bed Median Price **\$366,250**

Located approx. 17km west of the CBD, Deer Park solidifies its affordable reputation with an appearance as both a unit and house hotspot. Consistent median price growth and exciting rental yields of 4.8% are what investors can look forward to. In the 1<sup>st</sup> half of 2017 \$15.8M\* of new developments consisting of residential, commercial and infrastructure projects are scheduled, leading to sustainable future growth. Access to shopping facilities and public transport is a drawcard for future residents.

### RESERVOIR 3073



#### OVERVIEW

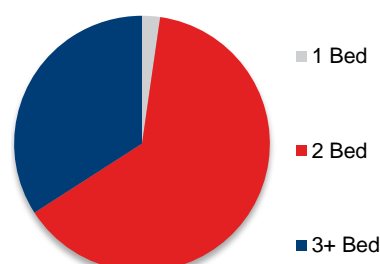
Approx. radius from CBD **13km**

Unit median price **\$430,000**

- 1 Bed Median Price **\$310,000**
- 2 Bed Median Price **\$421,500**
- 3+ Bed Median Price **\$560,000**

Retaining its affordable hotspot from the 2<sup>nd</sup> half of 2016, Reservoir continues its strong median price growth while representing as an affordable option in Melbourne's north. With an attractive rental yield of 4.1%, and a vacancy rate which has reached a four year low at 1.3%, the suburb is a desirable investment option. Reservoir has a substantial amount of new projects scheduled for the 1<sup>st</sup> half of 2017, with approx. \$127.1M\* set to be invested. This will further support future growth within the area.

### HADFIELD 3046



#### OVERVIEW

Approx. radius from CBD **13km**

Unit median price **\$432,000**

- 1 Bed Median Price **\$291,250\*\***
- 2 Bed Median Price **\$402,500**
- 3+ Bed Median Price **\$515,000\*\***

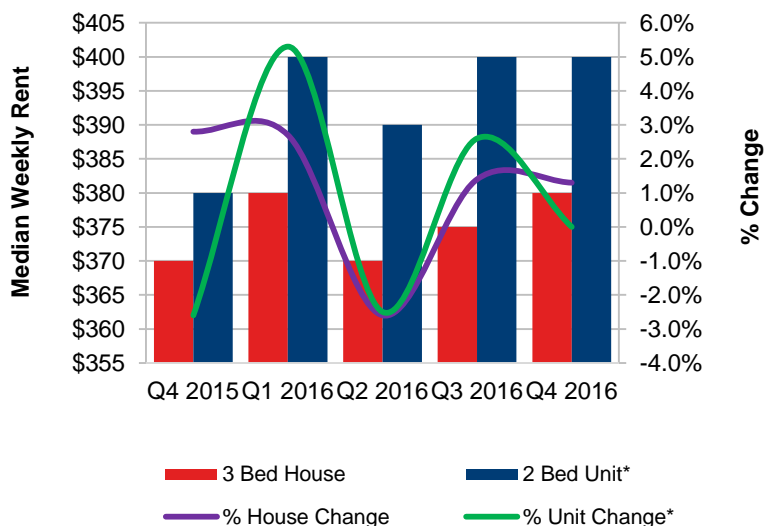
With its proximity to the CBD, the growing popularity of neighbouring suburbs such as fellow hotspot Broadmeadows, and easy access to public transport; Hadfield is quickly attracting attention in Melbourne's property market. With a unit market that has impressive growth figures of 20.0% over the last 15 months to March 2017, and a strong rental yield of 4.1%, it is not surprising that investors are taking notice. In the 1<sup>st</sup> half of 2017 a total of \$10.5M\* is scheduled to be spent on residential projects to cater for rising demand.

\*Quoted estimated values of projects are based on reported land construction values as stated by the relevant data authority and do not signify their commercial/resale value.

\*\*Median price quoted for suburbs with less than 20 sales transactions is indicative only.

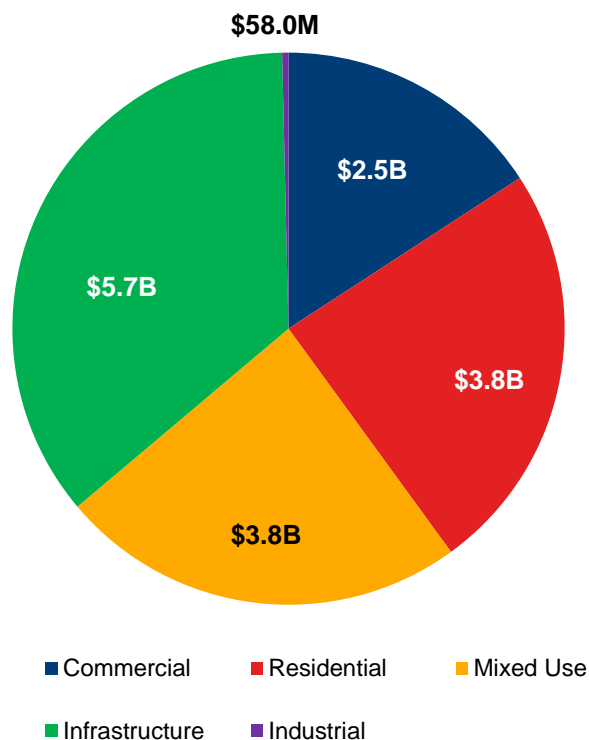


## RENTAL MARKET ANALYSIS

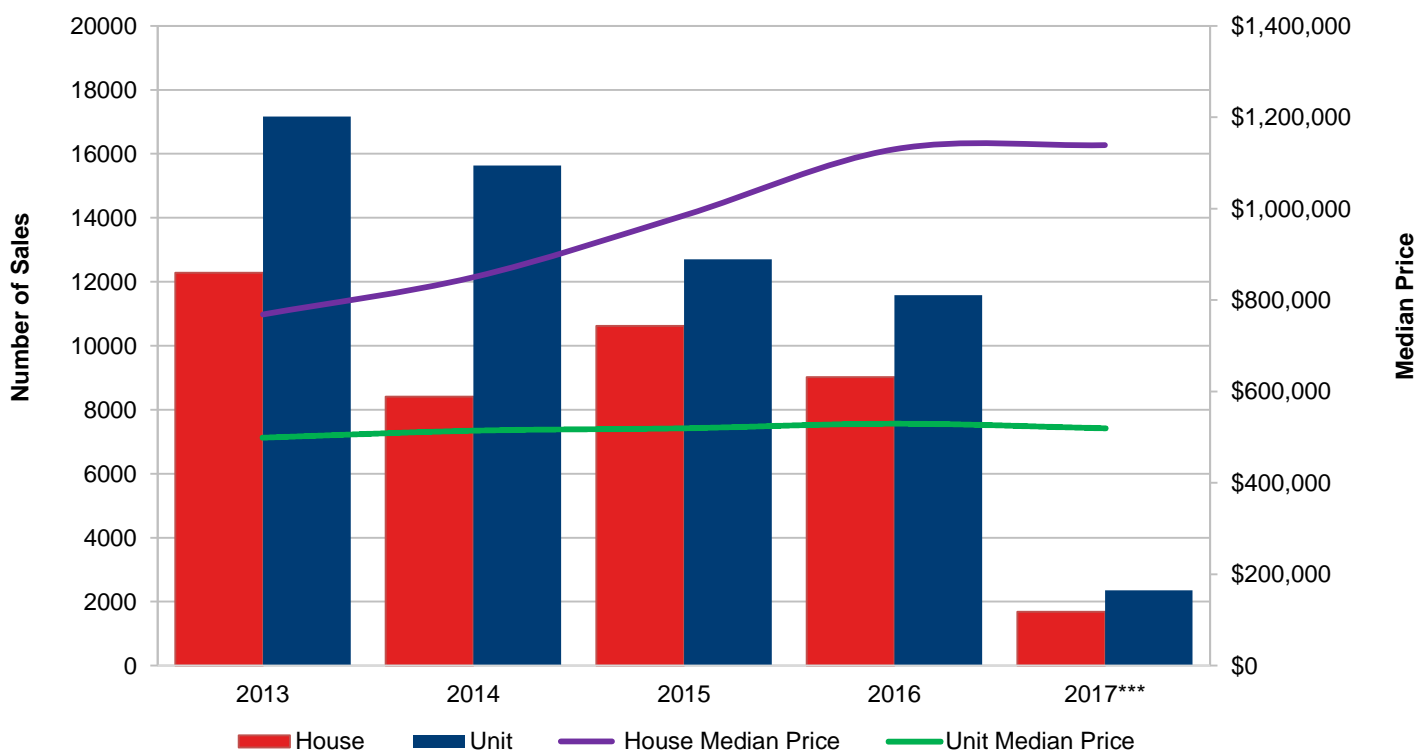


The Melbourne rental market has shown positive growth in house and unit median rental prices over the 12 months leading up to December 2016. In the final quarter of 2016, 3 bedroom houses and 2 bedroom units recorded an annual median price change of +2.7% and +5.3% respectively. This reflects a solid level of demand for rental properties in the Melbourne market.

## 1<sup>ST</sup> HALF 2017 PROJECTS\*\*



## INNER MELBOURNE SALES AND MEDIAN PRICE GROWTH

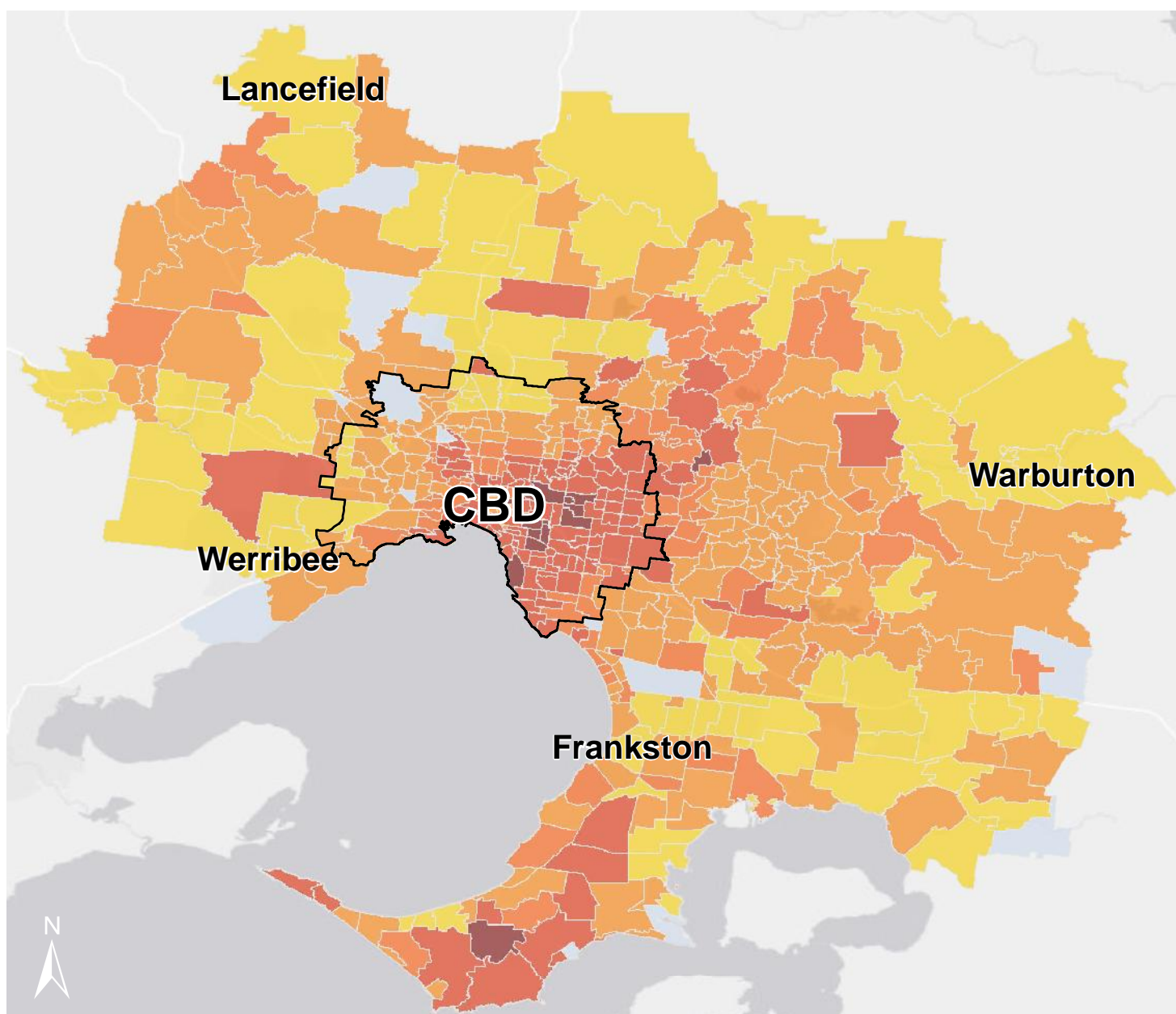


\*Data is based on '2 Bedroom Other Dwellings' figures as per REIA's Real Estate Market Facts December quarter 2016 report and are assumed to be predominantly units.

\*\*Quoted project development spending reflects aggregate of estimated values for projects commencing in 1<sup>st</sup> half 2017. Quoted estimated value of projects is based on reported land construction value as stated by the relevant data authority and does not signify its commercial/resale value.

\*\*\*Median price for 2017 captures sale transactions from 1<sup>st</sup> January 2017 to 31<sup>st</sup> March 2017, or Q1 2017.

## GREATER MELBOURNE HOUSE MEDIAN PRICE 2016/17\*



### LEGEND

	DATA NOT AVAILABLE
	\$0 - \$500,000
	\$500,000 - \$800,000
	\$800,000 - \$1,000,000
	\$1,000,000 - \$2,000,000
	\$2,000,000+
	20 KM from CBD

Top 3 Lowest Priced Suburbs**	Median Price 2016/17**	Project Development***	Median Rent 2016/17**	Rental Yield
Coolaroo	\$340,000	\$10.2M	\$320	4.9%
Dallas	\$347,500	\$675K	\$320	4.8%
Meadow Heights	\$375,000	\$2.3M	\$338	4.7%
Top 3 Highest Priced Suburbs**	Median Price 2016/17**	Project Development***	Median Rent 2016/17**	Rental Yield
Toorak	\$4,055,000	\$45.9M	\$1000	1.3%
East Melbourne	\$3,505,000	\$105.3M	\$850	1.3%
Kooyong	\$2,699,835	N/A	\$1215	2.3%

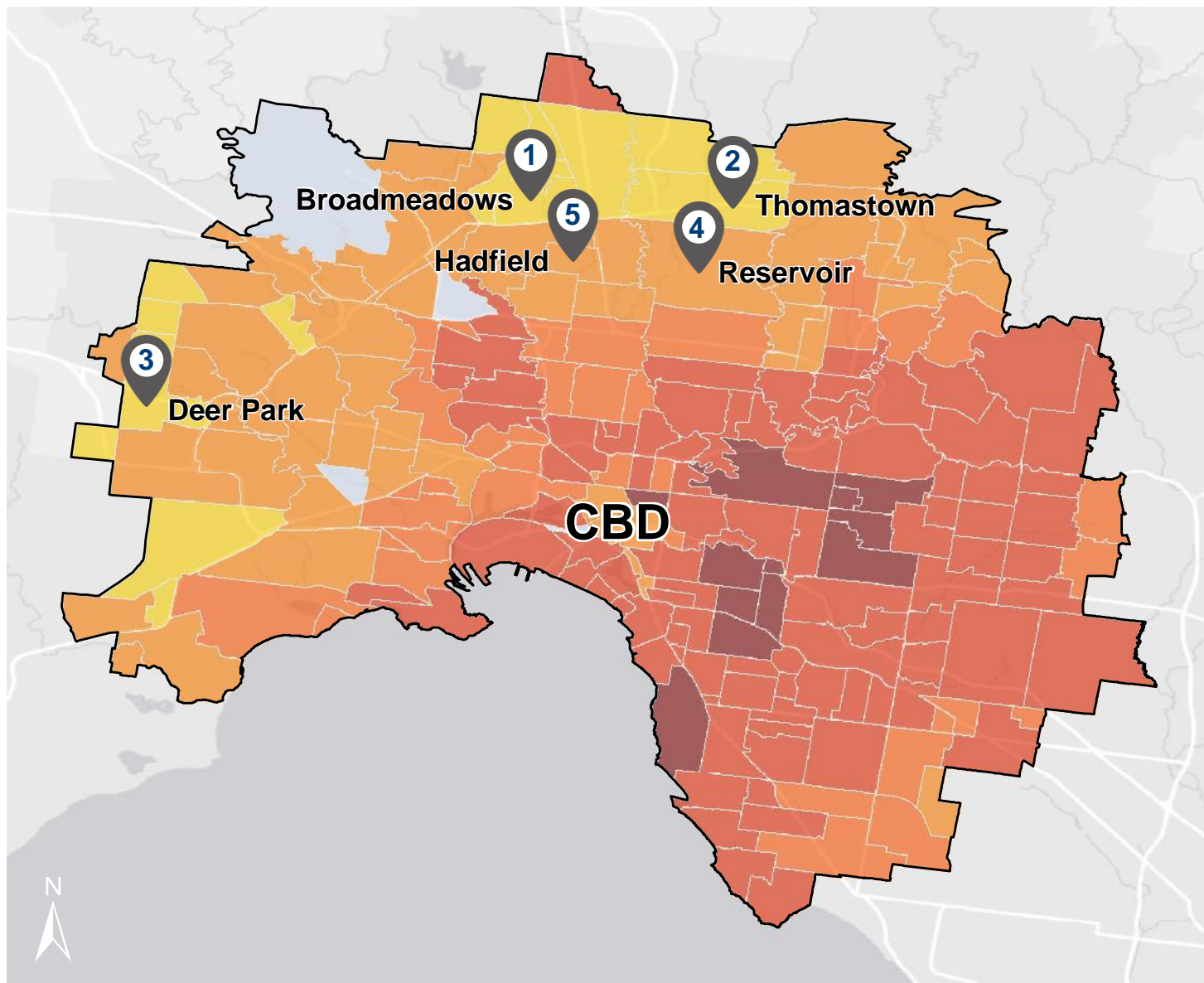
\*Median house price reflected in the heat-map captures sale transactions from 1<sup>st</sup> January 2016 to 31<sup>st</sup> March 2017.

\*\*Top 3 suburbs identified are located within 20 km from Melbourne CBD; suburb median price and median rent figures capture data from 1<sup>st</sup> January 2016 to 31<sup>st</sup> March 2017.

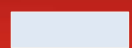





\*\*\*Project development value is an aggregate of estimated construction value for residential, commercial, industrial, mixed use, and infrastructure projects commencing in 1<sup>st</sup> half 2017; and does not reflect commercial/re-sale value.

## MELBOURNE HOUSE MEDIAN PRICE 2016/17\*

### 20KM FROM CBD



#### LEGEND

	DATA NOT AVAILABLE
	\$0 - \$500,000
	\$500,000 - \$800,000
	\$800,000 - \$1,000,000
	\$1,000,000 - \$2,000,000
	\$2,000,000+

#### MELBOURNE HOTSPOTS RENTAL YIELD

Suburb		House	Suburb		Unit
1	Broadmeadows	4.0%	3	Deer Park	4.8%
2	Thomastown	3.7%	4	Reservoir	4.1%
3	Deer Park	4.1%	5	Hadfield	4.1%

\*Median house price reflected in the heat-map captures sale transactions from 1<sup>st</sup> January 2016 to 31<sup>st</sup> March 2017.

Source: Adelaide Bank, APM Pricefinder, Cordell Database, ESRI ArcGIS, Melbourne City Council, Real Estate Institute of Australia, Real Estate Institute of Victoria, Vicroads, Victoria Department of State Development, Business and Innovation.



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