



Melbourne

Property Hotspots
2nd Half 2017



MELBOURNE HOTSPOTS

2ND 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 2016 and 2017*.
- 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 \$399,055** as at June 2017, having increased by 2.9% from the previous quarter.
- Projects value - developments scheduled to commence in the 2nd half of 2017, include infrastructure, mixed use, commercial, 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 2016	Median Price 2017*	Price Growth	Projects 2017***
Inner	Collingwood	House	\$855,000	\$1,150,000	34.5%	\$145.8M
	Fitzroy North	Unit	\$525,000	\$600,000	14.3%	\$37.1M
North	Brunswick East	House	\$935,000	\$1,210,000	29.4%	\$58.6M
	Heidelberg Heights	Unit	\$486,000	\$607,000	24.9%	\$35.4M
South	Baxter	House	\$407,500	\$535,000	31.3%	\$8.6M
	McKinnon	Unit	\$650,000	\$880,000	35.4%	\$43.3M
East	Box Hill	House	\$1,351,000	\$1,720,000	27.3%	\$187.0M
	Nunawading	Unit	\$576,000	\$725,000	25.9%	\$19.8M
West	Rockbank	House	\$242,500	\$454,000	87.2%	\$125.4M
	Sunshine West	Unit	\$375,000	\$450,000	20.0%	\$10.7M

MELBOURNE OVERVIEW

In 2017 house and unit prices in the Melbourne property market continue to grow; by 9.3% and 3.9% respectively. The market continues to benefit from an increasing population growth, unchanged historically low 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 pleasantly surprised by the presence of affordable options in the midst of continued price growth, found across the suburbs in the east, west, north and south of the inner CBD.

*Median price quoted captures sale transactions from 1st January 2017 to 30th September 2017, or end of Q3 2017.

**Average home loan figure is derived from June quarter 2017 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 2nd half of 2017.

*Key market indicators for sales and median prices are reflective of median price change between 2016 and 2017, with 2017 data being up to end of Q3 2017. Median rent is reflective of median price change between Q2 2016 and Q2 2017.



KEY MARKET INDICATORS[^] INNER MELBOURNE

Indicator	Market Variation [^]
House Sales	↓
House Median Price	↑
House Median Rent	↓
Unit Sales	↓
Unit Median Price	↑
Unit Median Rent	↓

“Melbourne has continued to perform in 2017, due to increasing demand from a growing population and being a more affordable investment option to Sydney. First home buyers will need to be eagle-eyed to secure their properties as there are bargains to be had within 20km from the CBD.”

Tony Brasier

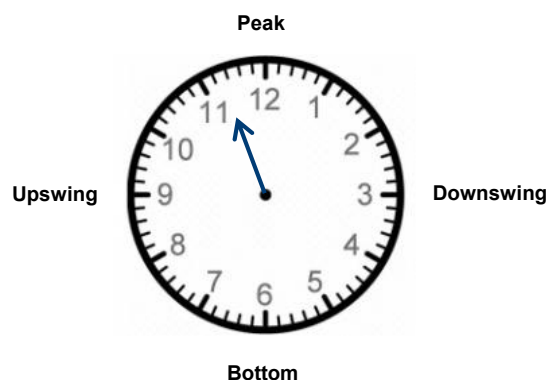
PRDnationwide Chairman & Managing Director



MELBOURNE HOUSE HOTSPOTS

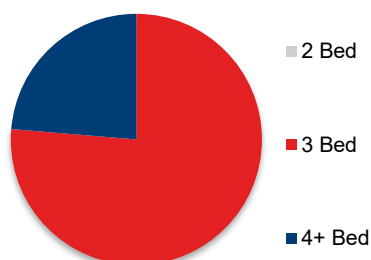


PROPERTY CLOCK – HOUSE



AFFORDABLE HOUSE HOTSPOTS

CAMPBELLFIELD 3061



OVERVIEW

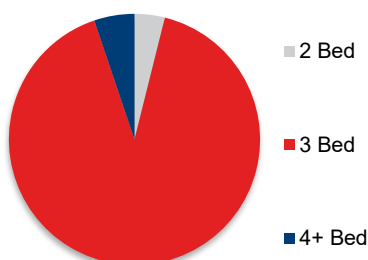
Approx. radius from CBD **16km**

Median house price **\$478,000**

- 2 Bed median price **N/A****
- 3 Bed median price **\$475,000**
- 4+ Bed median price **\$557,000**

Located to the north of Melbourne's CBD, Campbellfield has earned itself the title of an affordable hotspot due to its impressive 13.8% annual price growth, combined with an affordable price point. Investors are currently benefiting from high rental returns of 3.7% which, when combined with significantly low vacancy rates of 0.7%, makes it an investment hotbed. Good news for residents as Campbellfield is well positioned for sustainable economic growth with total investments of over \$225.8M* set for the 2nd half 2017.

LAVERTON 3028



OVERVIEW

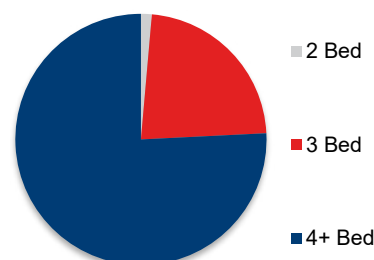
Approx. radius from CBD **17km**

Median house price **\$520,000**

- 2 Bed median price **\$420,000**
- 3 Bed median price **\$530,500**
- 4+ Bed median price **\$563,000****

Laverton is located south-west of Melbourne's CBD and boasts strong annual growth of 21.8% over 2016, while maintaining an affordable price. Savvy investors are enjoying 3.8% rental yields, which when combined with a low vacancy rate of 1.7%, signifies the suburb's high rental demand. The suburb is easily accessible by all forms of public transport. Future investments for the 2nd half of 2017 will see a total of \$140.6M, with \$100.4M* allocated to infrastructure. This is good news, as it increases liveability for residents.

ROXBURGH PARK 3064



OVERVIEW

Approx. radius from CBD **20km**

Median house price **\$466,000**

- 2 Bed median price **\$346,500**
- 3 Bed median price **\$450,000**
- 4+ Bed median price **\$570,000**

Positioned to the north of Melbourne's CBD, Roxburgh Park offers great affordability and has recorded 7.1% annual price growth since 2016. Investors are assured of good returns with 4.0% rental yields combined with low vacancy rates of 1.5%. The 2nd half of 2017 is set to see approx. \$15.1M* worth of developments, with 97.7% allocated to residential projects and 2.3% to infrastructure. This sets Roxburgh Park on a good path of sustainable economic growth and a bright future for residents and investors alike.

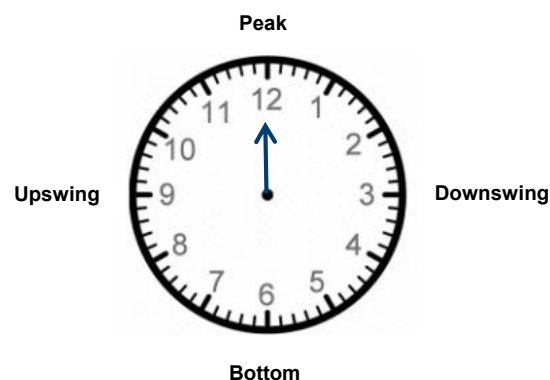
*Quoted estimated values of projects are based on reported land construction values as stated by the relevant data authority and do not signify their commercial/resale value.

**Median price is either N/A due to no recorded sales data or quoted as an indication only due to having less than 20 sales transactions.

MELBOURNE UNIT HOTSPOTS

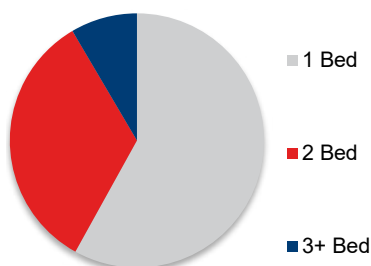


PROPERTY CLOCK – UNIT



AFFORDABLE UNIT HOTSPOTS

CARLTON 3053



OVERVIEW

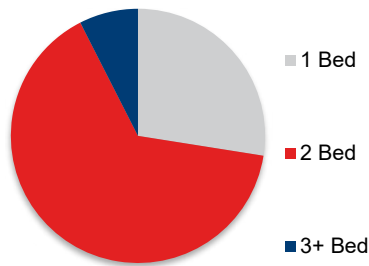
Approx. radius from CBD **2km**

Median unit price **\$295,000**

- 1 Bed median price **\$210,000**
- 2 Bed median price **\$585,000**
- 3+ Bed median price **\$620,000**

Immediately adjoining Melbourne's CBD, Carlton solidifies its affordable reputation as a unit hotspot. It uniquely caters to one of the highest concentrations of university students in Australia. Consistent annual price growth (9.3%) and exciting rental yields of 4.7% are what astute investors can look forward to. Future developments set to start in the 2nd half of 2017 will see investments of \$662.9M*; comprising infrastructure, commercial, mixed-use projects and residential developments, which will assure sustainable future growth.

BRUNSWICK 3056



OVERVIEW

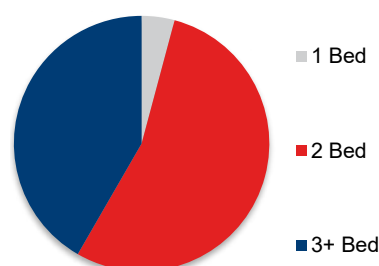
Approx. radius from CBD **4km**

Median unit price **\$498,000**

- 1 Bed median price **\$391,250**
- 2 Bed median price **\$421,500**
- 3+ Bed median price **\$870,000****

Brunswick presents itself as an affordable option in Melbourne's inner suburbs in the 2nd half of 2017, holding a positive annual price growth whilst providing an affordable entry price point. With an attractive rental yield of 3.0%, and a low vacancy rate of 1.4%, the suburb is a highly desirable investment option. Future growth is assured in the area due to the variety of new projects scheduled for the 2nd half of 2017, totaling over \$249.3M*; including over \$190.4M* of mixed use and \$52.3M* of residential projects.

BROOKLYN 3012



OVERVIEW

Approx. radius from CBD **10km**

Median unit price **\$530,000**

- 1 Bed median price **\$370,000****
- 2 Bed median price **\$500,000****
- 3+ Bed median price **\$578,000****

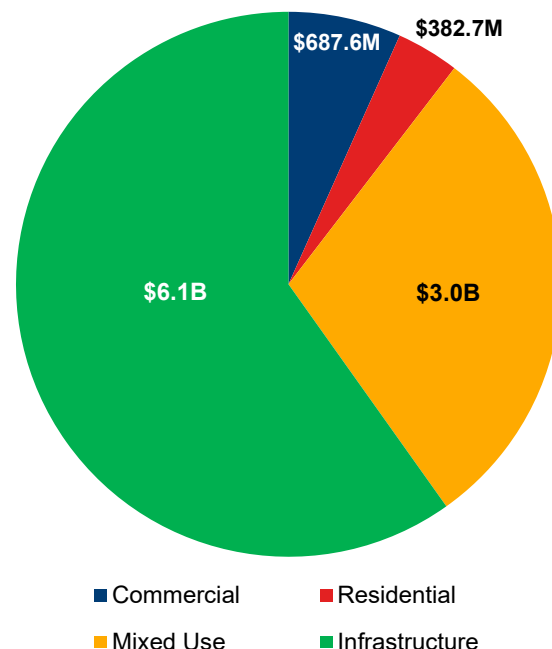
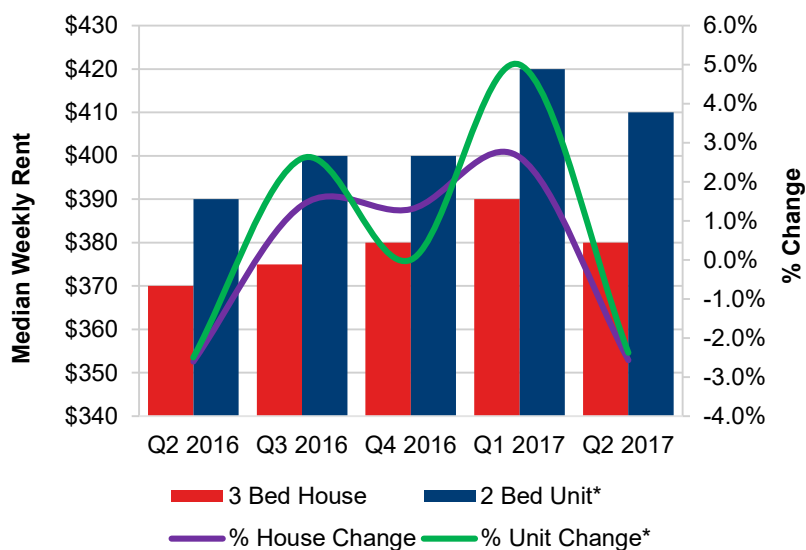
Located to the west of Melbourne's CBD, Brooklyn allows easy access to the city and coastline. Brooklyn deservedly earns itself the title of an affordable hotspots with strong annual price growth of 11.6%, whilst maintaining an affordable entry price point. With low vacancy rates of 1.7%, and a strong rental yield of 3.7%, it is no surprise that investors are taking notice. In the 2nd half of 2017 a total of \$36.3M* is scheduled to be spent on a variety of projects, including residential developments 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.

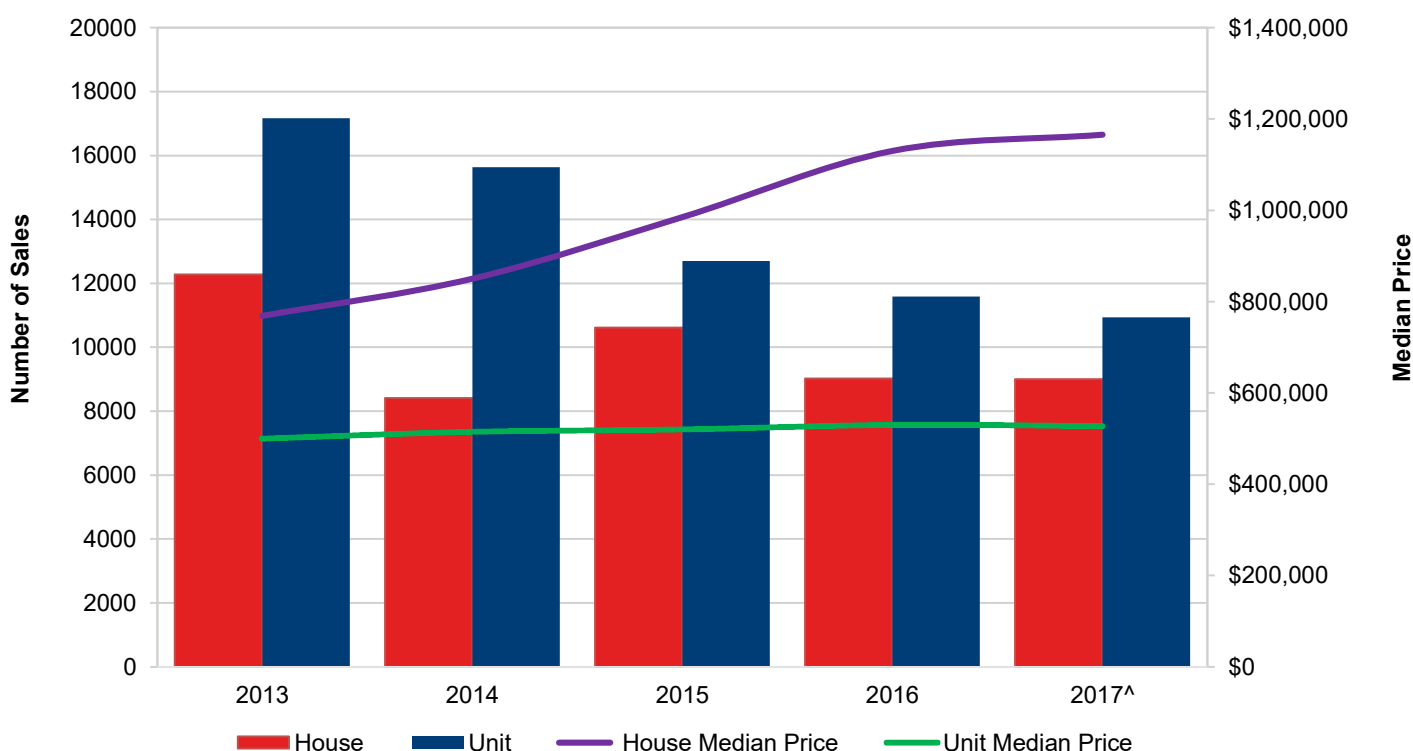
RENTAL MARKET ANALYSIS

2ND HALF 2017 PROJECTS**



The Melbourne rental market has shown positive growth in house and unit median rental prices over the past 12 months leading up to June 2017. In the second half of 2017, 3 bedroom houses and 2 bedroom units recorded annual rental price changes of 2.7% and 5.1% respectively. Combined with overall declining and low vacancy rates of 2.4%, this reflects continued strong demand for rental properties in the Melbourne market.

INNER MELBOURNE SALES AND MEDIAN PRICE GROWTH

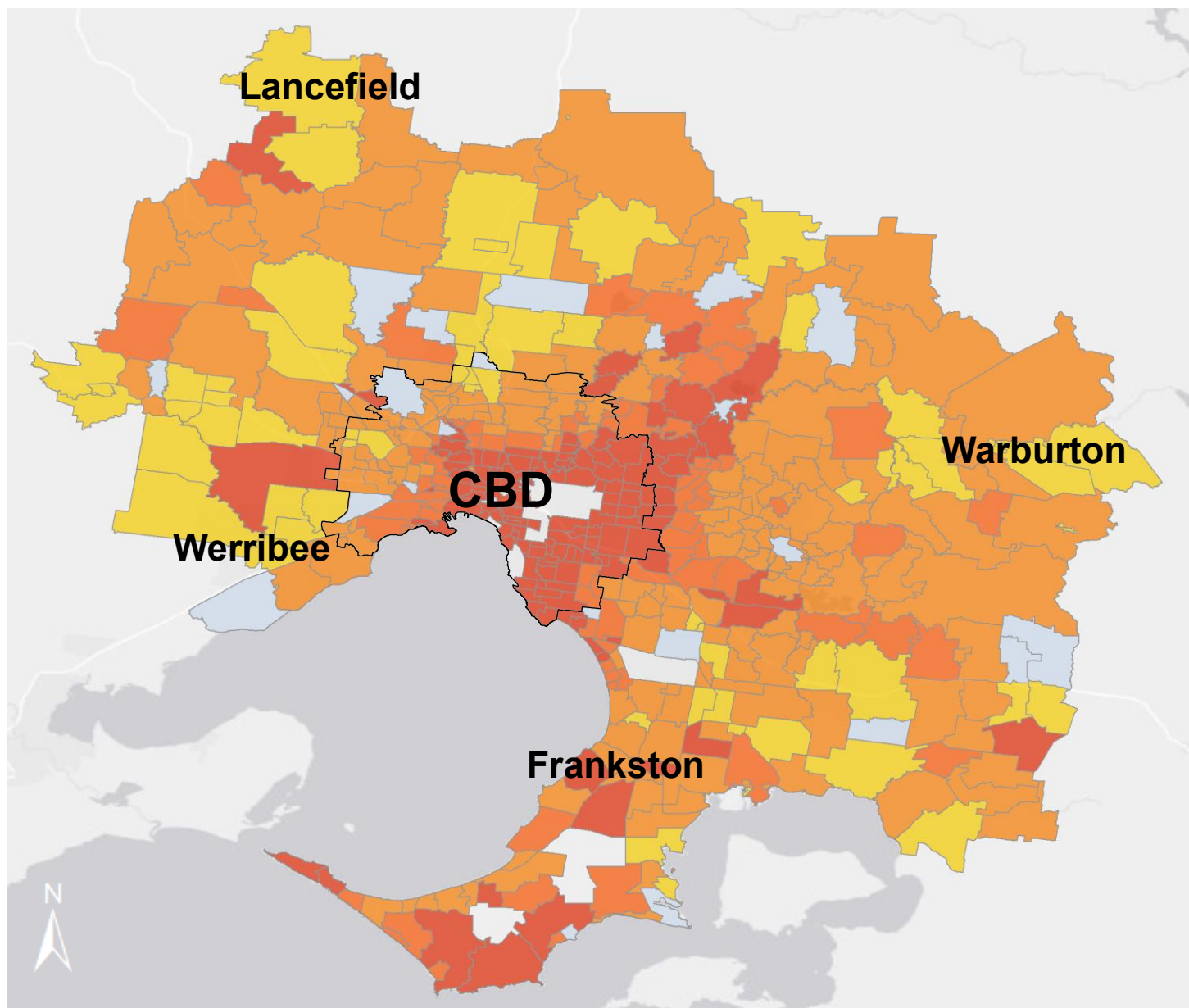


*Data is based on '2 Bedroom Other Dwellings' figures as per REIA's Real Estate Market Facts June quarter 2017 report and are assumed to be predominantly units.

**Quoted project development spending reflects aggregate of estimated values for projects commencing in 2nd 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 1st January 2017 to 30th September 2017, or Q3 2017.

GREATER MELBOURNE MEDIAN HOUSE PRICE 2017*



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 2017**	Project Development***	Median Rent 2017**	Rental Yield
Roxburgh Park	\$466,000	\$15.1M	\$391	4.0%
Deer Park	\$514,000	\$116.3M	\$397	3.4%
Broadmeadows	\$515,000	\$84.3M	\$345	3.2%
Top 3 Highest Priced Suburbs**	Median Price 2017**	Project Development***	Median Rent 2017**	Rental Yield
Toorak	\$4,750,000	\$54.9M	\$1,348	3.8%
Canterbury	\$3,000,000	\$4.5M	\$896	2.0%
Brighton	\$2,840,000	\$65.0M	\$1,112	3.2%

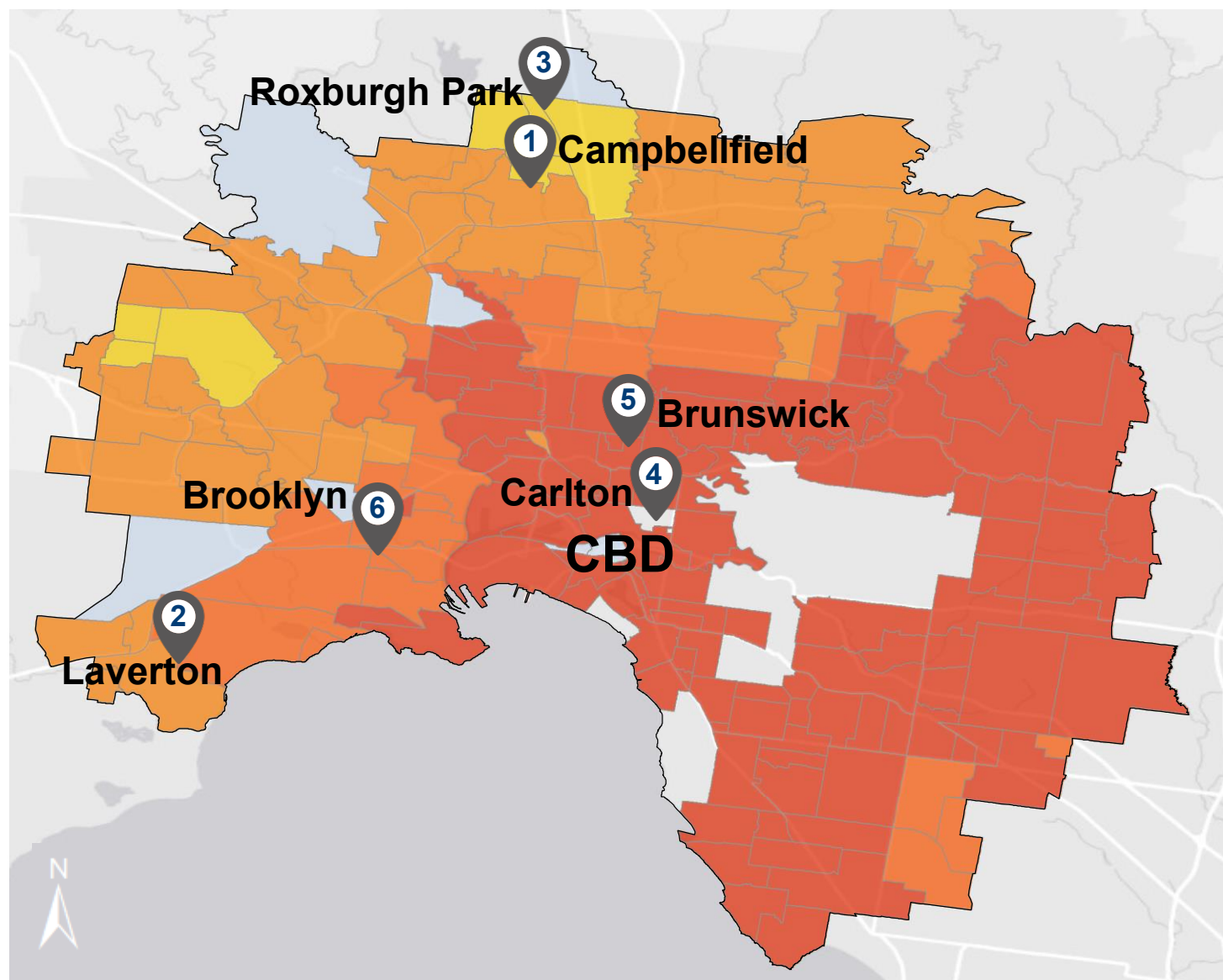
*Median house price reflected in the heat-map captures sale transactions from 1st January 2017 to 30th September 2017.

**Top 3 suburbs identified are located within 20 km from Melbourne CBD; suburb median price and median rent figures capture data from 1st January 2017 to 30th September 2017.

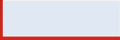





***Project development value is an aggregate of estimated construction value for residential, commercial, industrial, mixed use, and infrastructure projects commencing in 2nd half 2017; and does not reflect commercial/re-sale value.

MELBOURNE MEDIAN HOUSE PRICE 2017*

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

House			Unit		
	Suburb	House		Suburb	Unit
1	Campbellfield	3.7%	4	Carlton	4.7%
2	Laverton	3.8%	5	Brunswick	3.0%
3	Roxburgh Park	4.0%	6	Brooklyn	3.7%

*Median house price reflected in the heat-map captures sale transactions from 1st January 2017 to 30th September 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.

Sell Smarter!

Over 40 Years of Leading
Property Industry Research

Contact us:

PRDnationwide Corporate Head Office

P +61 7 3229 3344

E info@prd.com.au

Address:

GPO Box 2750

Brisbane QLD 4001

PRD.com.au



PRDnationwide is a
Colliers International company.