



Melbourne

Affordable & Liveable Property Guide

1st Half 2018



MELBOURNE AFFORDABLE & LIVEABLE PROPERTY GUIDE

1st HALF 2018

METHODOLOGY

This guide analyses all suburbs within the greater Melbourne area. The suburbs chosen as the most affordable and liveable hotspots are within a 20km radius of the CBD. In selecting hotspots, the below factors and methodology were considered:

- Property trends** - suburbs will have a minimum of 20 transactions for statistical reliability purposes, with positive price growth over the past 15 months (2016 to Q1 2018*).
- Investment** - suburbs will have on-par or higher rental yield than Melbourne Metro, as well as on-par or lower vacancy rates (as of December 2017).
- Affordability and liveability** - suburbs will have a median price below the maximum affordable property sale price, based on the average state loan. In this report 60% for houses and 30% for units were added to the average Victorian home loan, which was \$410,580** as at December 2017. Key liveability factors included ensuring the suburbs have a low crime rate, availability of amenities were within a 5km radius (i.e. schools, parks, shopping centres, and health care facilities), and an unemployment rate that is on par or lower in comparison to the state average (as determined by the ABS Census 2016).
- Project development** – the suburb has a high total estimated value of future project development for the 1st half of 2018. This ensures sustainable economic growth, having a positive effect on to the property market.

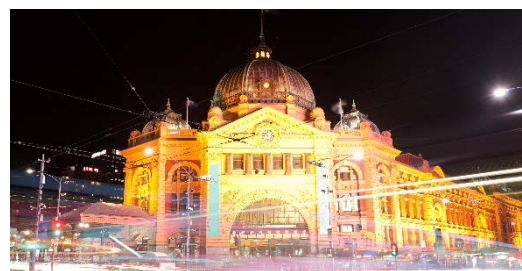
RECENT TOP PERFORMERS

Area	Suburb	Type	Median Price 2016	Median Price 2017/2018**	Price Growth	Projects 2018***
Inner	Carlton	House	\$1,083,500	\$1,470,000	35.7%	\$67.7M
	Carlton	Unit	\$274,000	\$355,000	29.6%	\$67.7M
North	North Melbourne	House	\$1,058,000	\$1,360,000	28.5%	\$10.2B
	Strathmore	Unit	\$547,000	\$740,000	35.3%	\$13.9M
South	Bentleigh East	House	\$1,115,000	\$1,245,000	11.7%	\$21.4M
	McKinnon	Unit	\$637,500	\$810,000	27.1%	\$7.3M
East	Box Hill	House	\$1,350,000	\$1,730,000	28.1%	\$81.2M
	Burwood East	Unit	\$602,500	\$775,000	28.6%	\$60.3M
West	West Melbourne	House	\$900,000	\$1,323,000	47.0%	\$124.7M
	Ardeer	Unit	\$347,500	\$480,000	38.1%	\$45.2M

OVERVIEW

The Melbourne City Local Government Area (LGA) median house price experienced a 1.3% growth and median unit prices grew by 7.9% from 2016 to Q1 2018. The majority (79.5%) of suburbs in Greater Melbourne experienced double digit price growth, whereas 16.8% experienced single digit growth and only 3.7% had negative growth. This points to the wide scale decline in affordability across Greater Melbourne. That said, property buyers will be pleased by the existence of affordable options in the midst of continued price growth, across suburbs in the north-west for houses and south for units. At the same time, rental prices in the LGA have trended upwards for houses whilst remaining stable for units.

*Median price quoted captures sale transactions from 1st January 2017 to 31st March 2018, or Q1 2018. **Average home loan figure is derived from December quarter 2017 Housing Affordability Report by Real Estate Institute of Australia and Adelaide Bank. ***Project development is based on aggregate of estimated construction value for residential, commercial, industrial, mixed use and infrastructure projects scheduled to commence in the 1st half 2018. *Key market indicators for sales are reflective of median price change over the past 15 months between 2016 and 2017/2018, with 2018 data being up to end of Q1 2018. Median rent is reflective of median price change between Q1 2017 and Q1 2018. © PRDnationwide 2018.



KEY MARKET INDICATORS MELBOURNE CITY COUNCIL

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

KEY COMMENTS

Housing affordability in Victoria has declined over the past 12 months (to December 2017). The proportion of income to meet home loan repayments increased by 33.4% and although the number of first home buyers increased by 12.6%, this was a decrease when compared to September 2017's growth (32.2%).

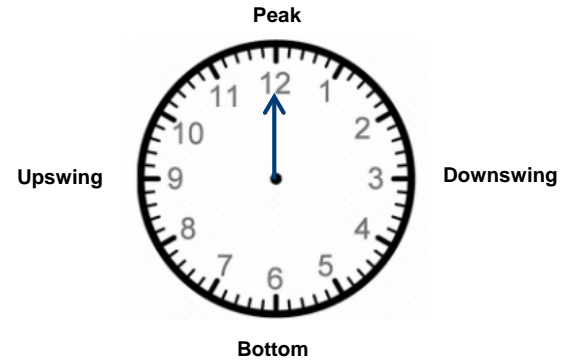
Affordable suburbs (those with a maximum affordable property sale price of average state loan, plus a 40% deposit) exist. There are 3 suburbs that meet our affordable criteria: Dallas, Meadow Heights, and Coolaroo.

Although affordable, these suburbs fail to meet our liveability criteria set. To meet affordability and liveability criteria, 60% for houses and 40% for units needed to be added to the average state loan. Thus, the average cost of liveability, based on average percentage difference of premiums added to average state loan, in Melbourne is 10%. This is lower than the cost of liveability in Sydney (18%) and surprisingly Hobart (16%).

MELBOURNE HOUSE HOTSPOTS

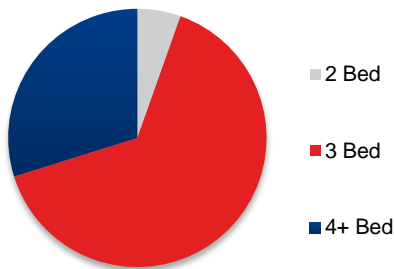


PROPERTY CLOCK – HOUSES



AFFORDABLE & LIVEABLE HOUSE HOTSPOTS

WESTMEADOWS 3049



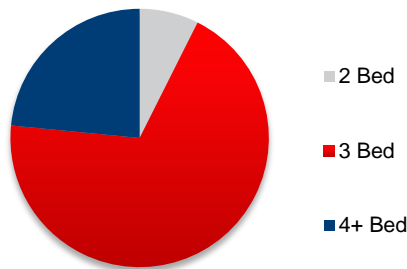
Located in an approximate radius of **16.6km** from the CBD.

Median house price **\$570,000**

- 2 bed median price **\$560,000***
- 3 bed median price **\$575,000**
- 4+ bed median price **\$696,000**

Located to the north-west of Melbourne's CBD, Westmeadows offers affordability for both houses and units; without compromising on liveability. Since 2016, Westmeadows has recorded an annual house price growth of 18.5%. Savvy investors are enjoying 3.4% rental yields, which when combined with low vacancy rates of 1.4% signifies the suburb's high rental demand. The 1st half of 2018 will see approximately \$4.9M[^] worth of projects begin construction, which will add 20 new dwellings, enhance connectivity and improve liveability for current and future residents.

TULLAMARINE 3043



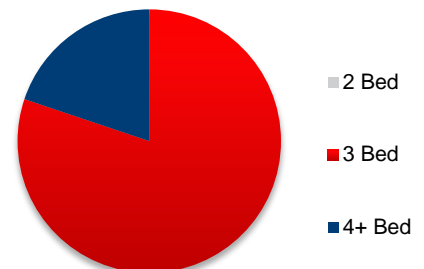
Located in an approximate radius of **14.7km** from the CBD.

Median house price **\$650,000**

- 2 bed median price **\$493,000***
- 3 bed median price **\$638,500**
- 4+ bed median price **\$718,000***

Positioned to the north-west of Melbourne's CBD and near to major transport arterials including the State Route 39 and the M80. Tullamarine offers great affordability and has recorded a 23.8% annual price growth since 2016. Solid rental yields (3.6%) sit well above that of Melbourne Metro's (2.8%). This, combined with a very low vacancy rate of 1.1% and high liveability factors, has made Tullamarine an investment hotbed. The 1st half of 2018 will see \$4.9M[^] worth of developments commence, which will add 6 additional dwellings to the area.

GLADSTONE PARK 3043



Located in an approximate radius of **15.3km** from the CBD.

Median house price **\$645,000**

- 3 bed median price **\$640,000**
- 4+ bed median price **\$650,000**

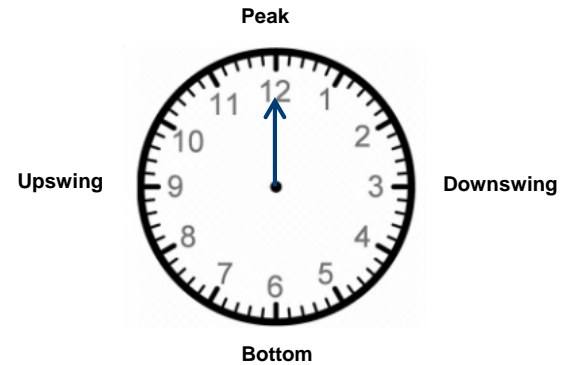
Gladstone Park is located north-west of Melbourne's CBD and since 2016 has recorded a median price growth of 22.9%. Astute investors are currently benefiting from solid house rental yields (3.6%), which is well above Melbourne Metro's 2.8%. Gladstone Park is earmarked for approximately \$3.3M[^] worth of projects set to begin construction in the 1st half of 2018, with 54.5% allocated to commercial projects and 45.5% to residential. This will further answer demand by delivering 6 dwellings, improve local economic conditions, and boost job opportunities.

*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. © PRDnationwide 2018.

MELBOURNE UNIT HOTSPOTS

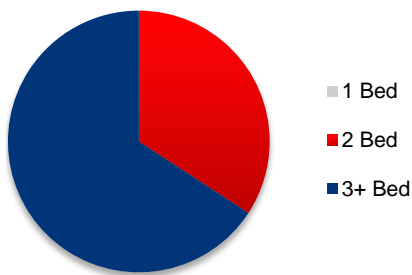


PROPERTY CLOCK – UNITS



AFFORDABLE & LIVEABLE UNIT HOTSPOTS

WESTMEADOWS 3049



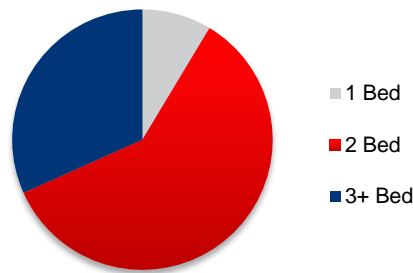
Located in an approximate radius of **16.6km** from the CBD.

Median unit price **\$490,000**

- 2 bed median price **\$450,000***
- 3+ bed median price **\$523,000**

Westmeadows is located to the north west of Melbourne's CBD and offers a fantastic entry point into the property market without sacrificing growth (of 24.1% since 2016) and liveability aspects. Owner-occupiers capitalise on increasing affordability in the unit market, while investors are currently enjoying solid rental yields of 3.6%. The 1st half of 2018 is earmarked for \$4.9M[^] worth of developments, with 75.8% allocated to residential projects and 17.6% to infrastructure. This will answer increasing demand in the area and improve liveability for residents.

PASCOE VALE 4044



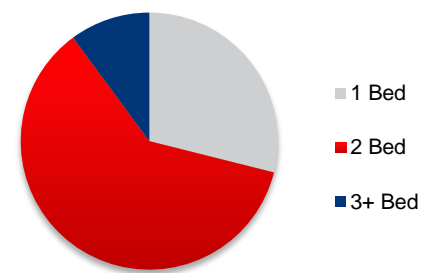
Located in an approximate radius of **9.9km** from the CBD.

Median unit price **\$565,000**

- 1 bed median price **\$292,000**
- 2 bed median price **\$516,500**
- 3+ bed median price **\$691,000**

Located to the north of Melbourne's CBD, Pascoe Vale offers great affordability whilst recording an annual price growth of 13.2% since 2016. Very low vacancy rates (0.9%), well below that of Melbourne's 2.2%, combined with solid rental yields of 3.7%; provide astute investors with great confidence in buying in the area. Pascoe Vale will see \$32.9M[^] worth of projects, of which residential projects (98.6%), are set to begin in the 1st half of 2018. A total of 149 dwellings will be added to the area. Buyers need to act fast and secure great opportunities in Pascoe Vale.

ST KILDA EAST 3183



Located in an approximate radius of **6.0km** from the CBD.

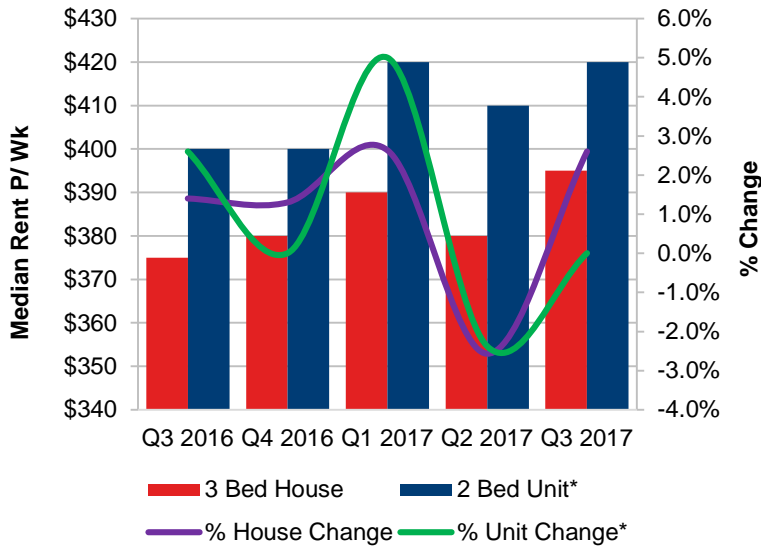
Median unit price **\$558,250**

- 1 bed median price **\$376,250**
- 2 bed median price **\$587,500**
- 3+ bed median price **\$777,000**

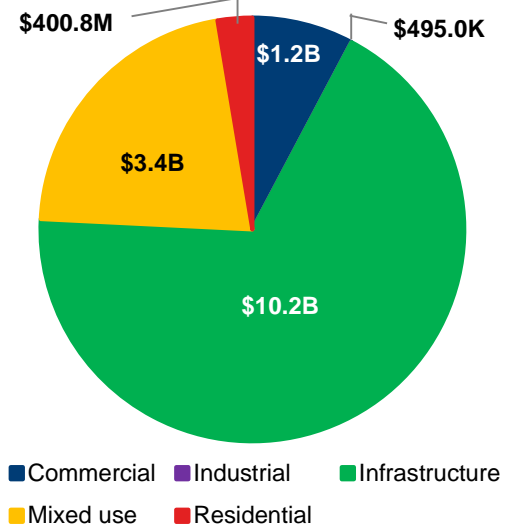
St Kilda East offers affordable and liveable opportunities to the south of Melbourne's CBD and has boasted a solid price growth of 5.8% during 2016. The suburb is served by several forms of public transport, and is close to major shopping centres. Investors are currently enjoying attractive rental yields of 4.0% and low vacancy rates of 0.7%. The 1st half of 2018 is expected to see \$5.0M[^] worth of infrastructure projects, which will improve connectivity to the CBD and liveability for residents. It's time to secure property this highly sought-after area before it's all gone.

[^]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. © PRDnationwide 2018.

RENTAL MARKET ANALYSIS



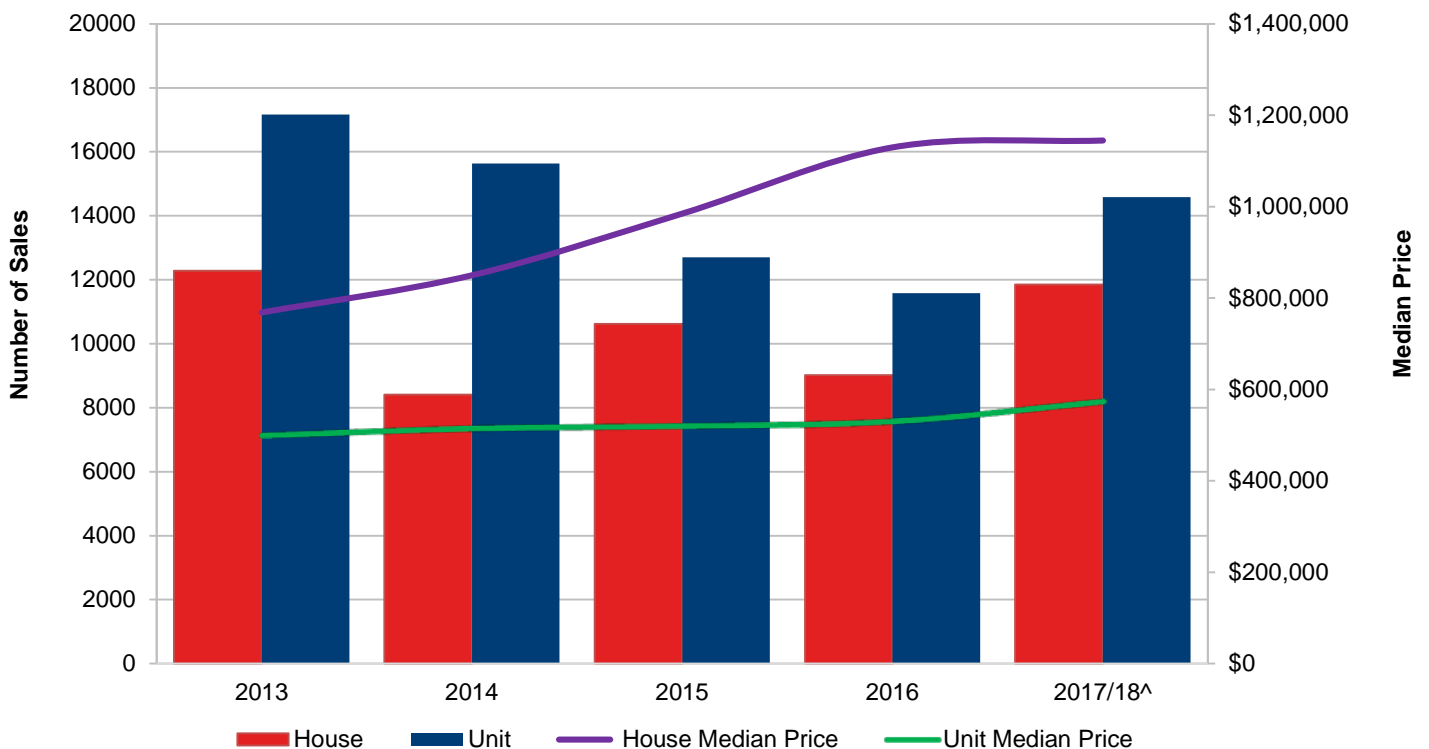
1st HALF 2018 PROJECTS**



The Melbourne rental market has shown positive growth in house and unit median rental prices over the past 12 months leading up to December 2017. In the first half of 2018, 3 bedroom houses recorded annual rental price changes of 2.6%, while rental prices for 2 bedroom units have remained stable. This combined with overall declining and low vacancy rates of 2.2%, reflects very strong demand for rental properties in the Melbourne market. These conditions suggest that the Melbourne market is still absorbing the supply of residential accommodation. This is great news for existing owners, and signals that now is the time for new home buyers and investors to enter the market.

The 1st half of 2018 is set to see \$15.2B** worth of projects: infrastructure, mixed-use, residential and commercial projects. Queens Place is a mixed-use development project (\$750.0M) and is set to deliver 1,700 units over two 80-level towers. The Paragon Apartments project (\$200.0M) is the first of its kind and involves 48-storeys, housing 227 luxury units and a 3-storey high urban forest. In total 6,806 units, 24 townhouses and 47 houses will be added in the 1st half of 2018, and over 147 hectares residential land redeveloped.

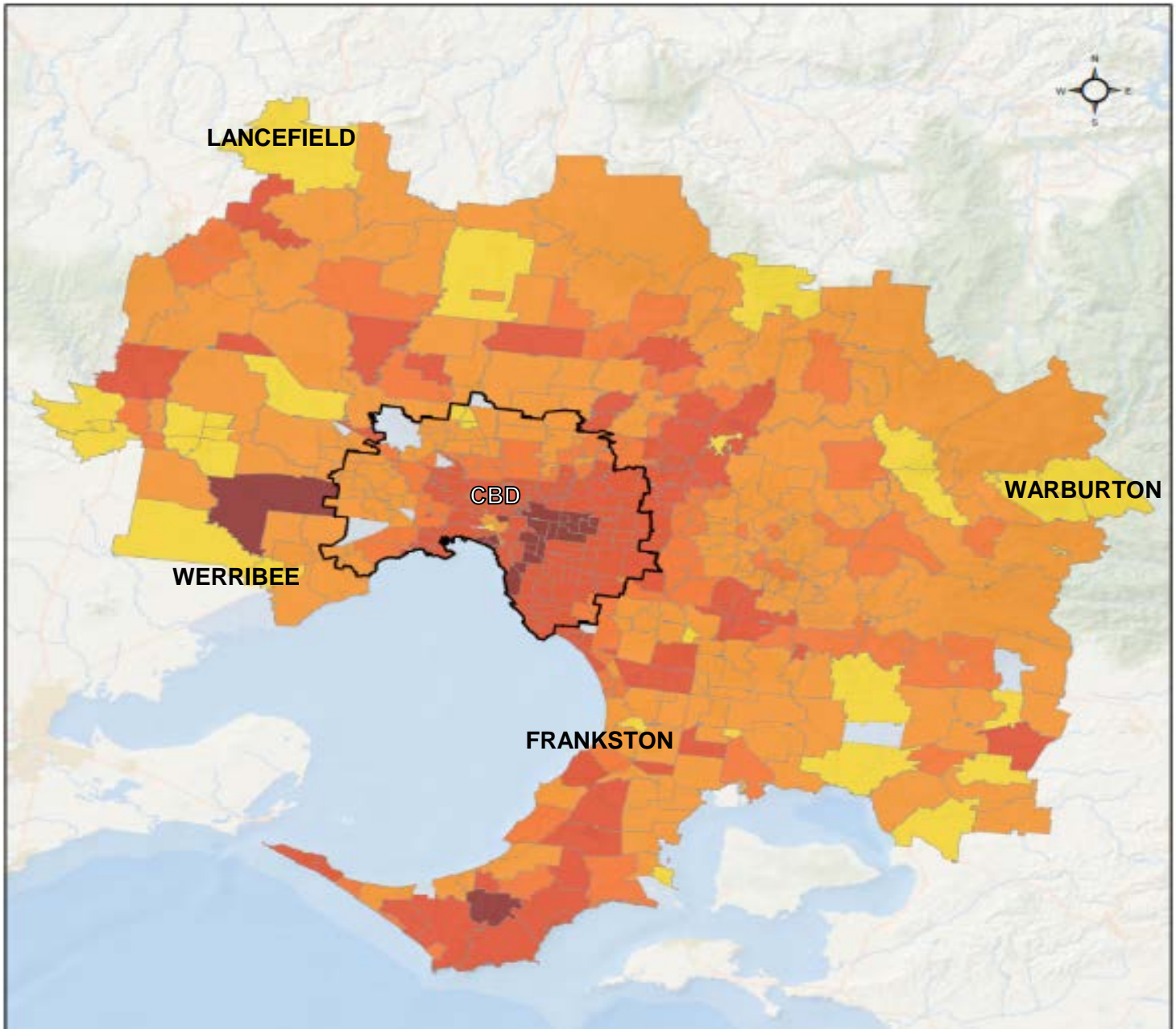
MELBOURNE CITY COUNCIL SALES AND MEDIAN PRICE GROWTH



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

Quoted project development spending reflects aggregate of estimated values for projects commencing in 1st half 2018. 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 2017/2018 captures sale transactions from 1st January 2017 to 31st March 2018. © PRDnationwide 2018.

GREATER MELBOURNE MEDIAN HOUSE PRICES 2017/2018*



LEGEND

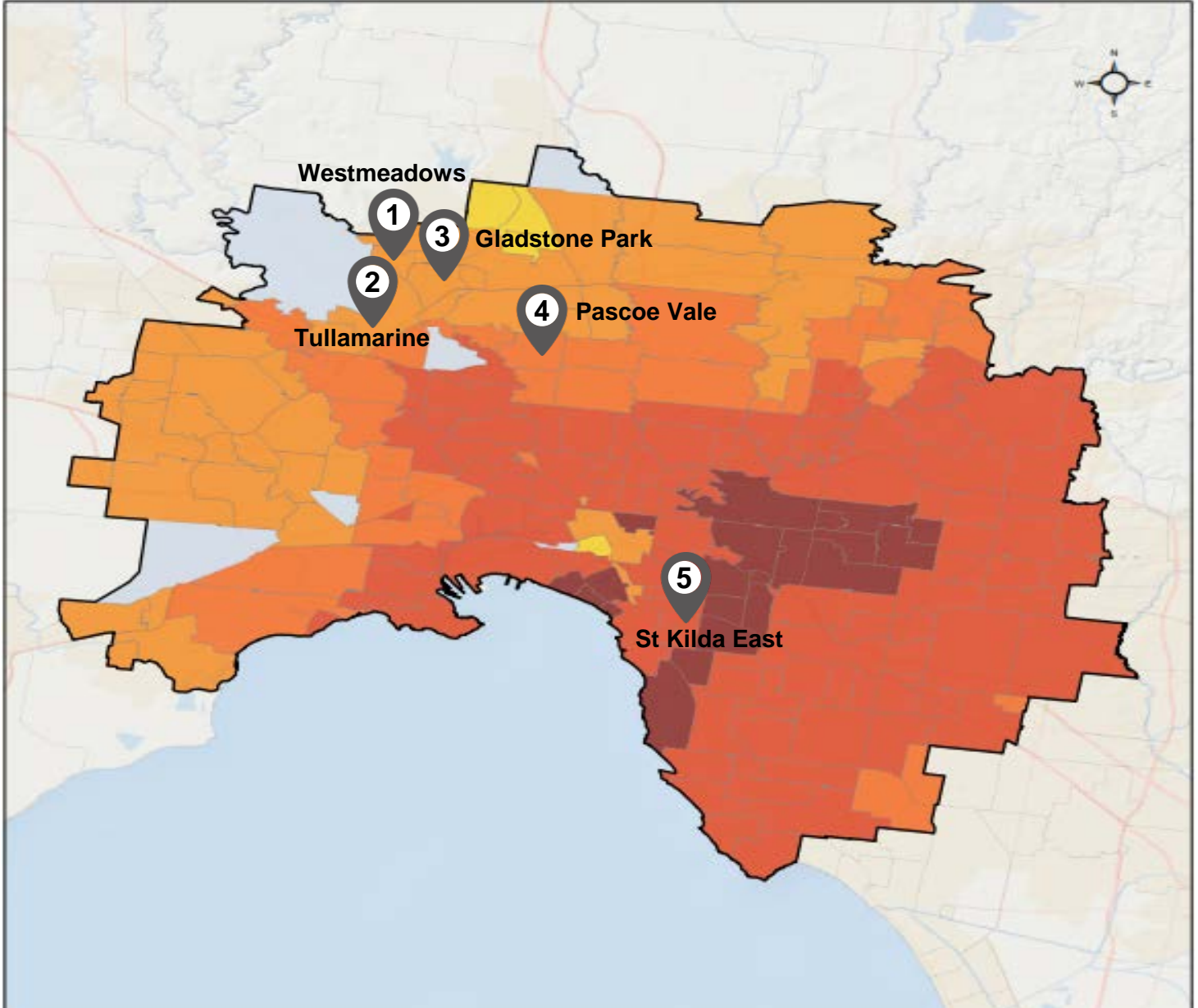
	Data not available
	\$0 - \$500,000
	\$500,000 - \$800,000
	\$800,000 - \$1,000,000
	\$1,000,000 - \$2,000,000
	\$2,000,000+
	20km from CBD

Top 3 Lowest Priced Suburbs**	Median Price 2017/2018**	Project Development***	Median Rent 2017/2018**	Rental Yield
Dallas	\$440,000	\$2.3M	\$345	3.0%
Coolaroo	\$451,250	\$12.4M	\$358	3.3%
Meadow Heights	\$457,000	\$4.1M	\$358	3.3%
Top 3 Highest Priced Suburbs**	Median Price 2017/2018**	Project Development***	Median Rent 2017/2018**	Rental Yield
Toorak	\$4,500,000	\$109.3M	\$1,295	3.0%
East Melbourne	\$3,500,000	\$18.0M	\$971	2.1%
Canterbury	\$2,900,000	\$3.9M	\$1,014	2.0%

*Median house price reflected in the heat-map captures sale transactions from 1st January 2017 to 31st March 2018. Grey areas represent areas where no recorded sales data could be accessed or due to having less than 20 sales transactions.
 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 31st March 2018. *Project development value is an aggregate of estimated construction value for residential, commercial, industrial, mixed use, and infrastructure projects commencing in 1st half 2018; and does not reflect commercial/re-sale value. © PRDnationwide 2018.

MELBOURNE MEDIAN HOUSE PRICES 2017/2018*

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+
	20km from CBD

MELBOURNE AFFORDABLE & LIVEABLE HOTSPOTS RENTAL YIELD

	Suburb	House	Suburb	Unit	
1	Westmeadows	3.4%	1	Westmeadows	3.6%
2	Tullamarine	3.6%	4	Pascoe Vale	3.7%
3	Gladstone park	3.6%	5	St Kilda East	4.0%

*House median price reflected in the heat-map captures sale transactions from 1st January 2017 to 31st March 2018. Source: APM PriceFinder, ESRI ArcGIS, SQM Research, REIA and Adelaide Bank. © PRDnationwide 2018.

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Contact us:

PRDnationwide Corporate Head Office

P +61 7 3229 3344

E info@prd.com.au

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