



# Melbourne

## Affordable & Liveable Property Guide

1<sup>st</sup> Half 2019



# MELBOURNE AFFORDABLE & LIVEABLE PROPERTY GUIDE

1<sup>st</sup> HALF 2019

## METHODOLOGY

This affordable and liveable property guide for Melbourne analyses all suburbs in Greater Melbourne, within a 20km radius of the Melbourne CBD. The following criteria were considered:

- **Property trends criteria** – all suburbs considered have a minimum of 20 transactions for statistical reliability purposes, with positive price growth between 2017 to 2018/19\*.
- **Investment criteria** – as of December 2018, all suburbs considered will have an on-par or higher rental yield than Melbourne Metro, and an on-par or lower vacancy rate.
- **Affordability criteria** – all identified suburbs required a median price below a set threshold. This was determined by adding percentage premiums to the Victoria (VIC) average home loan, which was \$409,151\*\* as of Q4 2018. Premiums of 147% for houses and 42% for units were added, which were below those required to reach Melbourne Metro's median prices (186% for houses and 43% for units). This places the suburbs below Melbourne's median prices, meaning that the affordable and liveable suburbs identified within this report are more affordable for buyers.
- **Development criteria** – all suburbs reviewed have a high total estimated value of future project developments for the 1<sup>st</sup> half of 2019, as well as a higher proportion of commercial and infrastructure projects. This ensures suburbs chosen show signs of sustainable economic growth, which in turn has a positive effect on the property market.
- **Liveability criteria** – this included ensuring all suburbs assessed have low crime rates, availability of amenities within a 5km radius (i.e. schools, green spaces, public transport, shopping centres and health care facilities), and an unemployment rate on-par or lower in comparison to the state average (as determined by the Department of Jobs and Small Business, December Quarter 2018 release).

## RECENT TOP PERFORMERS

Area	Suburb	Type	Median Price 2017	Median Price 2018/19*	Price Growth	Projects 2019***
Inner	Cremorne	House	\$1,230,000	\$1,386,500	12.7%	\$219.3M
	Docklands	Unit	\$597,000	\$618,000	3.5%	\$548.6M
North	Essendon	House	\$1,400,000	\$1,500,000	7.1%	\$70.2M
	Reservoir	Unit	\$520,000	\$545,000	4.8%	\$349.5M
South	Elwood	House	\$1,900,000	\$2,050,000	7.9%	\$40.4M
	Oakleigh	Unit	\$420,000	\$515,000	22.6%	\$119.8M
East	Glen Waverley	House	\$1,370,000	\$1,468,000	7.2%	\$44.0M
	Camberwell	Unit	\$835,000	\$851,000	1.9%	\$67.4M
West	Altona North	House	\$830,000	\$850,000	2.4%	\$148.6M
	Altona North	Unit	\$605,000	\$650,000	7.4%	\$148.6M

## OVERVIEW

Melbourne Metro's median house price slightly softened by -0.4% between 2017 and 2018/2019\*, whereas the median unit price remained resilient, growing by 1.7% over the same timeframe. Although a softening in the housing market was expected, further growth in the unit market was not. Affordable house and unit options can be found in the north, south and east of Melbourne Metro, which opens up the market to more first home buyers. This indicates a lean towards a healthier property market in Melbourne Metro, as affordable options are not limited to one area. Median rental prices for houses and units have strengthened, and when combined with declining vacancy rates, this indicates a resilient rental market. The 1<sup>st</sup> half of 2019 is set to see an estimated \$14.2B worth of project development invested in Melbourne Metro which will further stimulate the economy through increasing employment opportunities and commercial activity.

## KEY MARKET INDICATORS MELBOURNE METRO

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

## KEY COMMENTS

Over the past 12 months (to Q4 2018), affordability in VIC has increased. This is in contrast to many other states, in particular Queensland and New South Wales, where the housing affordability has declined. In VIC, the proportion of family income to meet loan repayments decreased by 33.1%. Further, the number of first home buyer loans increased by 2.7% during this time frame.

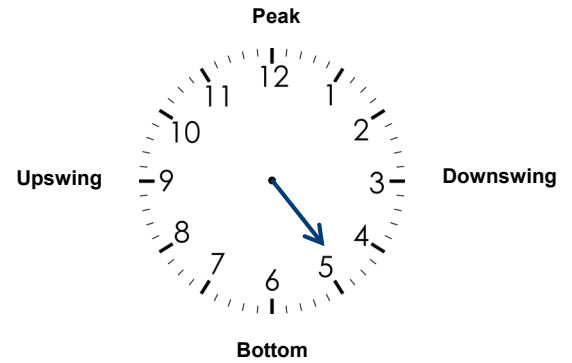
Affordable house suburbs (those with a maximum property sale price of the VIC average state loan, plus a 40% premium as per the *2<sup>nd</sup> Half 2018<sup>†</sup>* report) still exist. This includes suburbs such as: Delahey, Broadmeadows, Campbellfield, Albanvale, Kings Park, Jacana, and Coolaroo.

Although affordable, many of these suburbs fail to meet the liveability criteria. Premiums of 147% for houses and 42% for units needed to be added to the VIC state average home loan in order to satisfy liveability factors. Caulfield North and Mill Park were identified as affordable and liveable suburbs in the *2<sup>nd</sup> Half 2018<sup>†</sup>* report, however because they have experienced high price growth over the past 6 months, they are no longer considered to be affordable suburbs.

\*Median price quoted captures transactions from 1<sup>st</sup> January 2018 to 31<sup>st</sup> March 2019, or Q1 2018 – Q1 2019. \*\*Average home loan figure is derived from December quarter 2018 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 1<sup>st</sup> half 2019 as stated by the relevant data authority. <sup>†</sup>Key market indicators for sales are reflective of median price change over the past 15 months between 2017 and 2018/19 (2018/19 data being up to end of Q1 2019). Median rent is reflective of median price change between Q3 2017 and Q4 2018. <sup>‡</sup>PRD Nationwide Affordable and Liveable Property Guide Melbourne 2<sup>nd</sup> Half 2018 report. Source: APM Pricerfinder, Real Estate Institute of Australia, SQM Research, Cordell Connect, Department of Jobs and Small Business. © Copyright PRD Nationwide 2019.

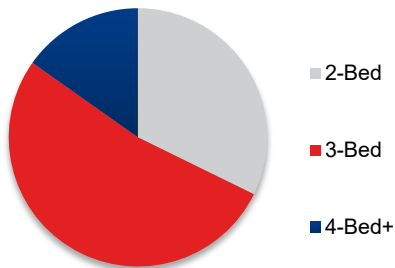


**PROPERTY CLOCK – HOUSES**



**AFFORDABLE & LIVEABLE HOUSE SUBURBS**

**YARRAVILLE 3013**

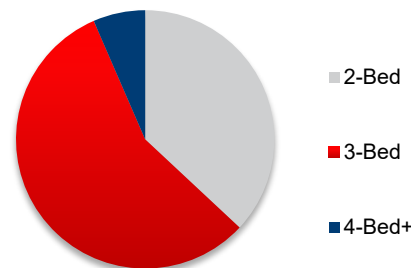


Located in an approximate radius of **8.0km** from the Melbourne CBD.

- House Median Price **\$1,010,000**
- 2-Bed Median Price **\$925,000**
  - 3-Bed Median Price **\$988,000**
  - 4-Bed+ Median Price **\$1,340,000**

Yarraville is located within an easy commute for young professionals, west of the CBD. The suburb recorded median price growth of 1.0% from 2017 to 2018/19\*\*. Yarraville ticks all the liveability boxes, with schools nearby, plenty of public transport, and a low unemployment rate of 3.2%. Investors currently benefit from a 3.1% rental yield, and a low vacancy rate of 1.3% reveals there is high rental demand in Yarraville. The suburb is expected to see approximately \$29.9M<sup>^</sup> of project developments in the 1<sup>st</sup> half of 2019, which will create employment opportunities, and is also expected to have a positive spill-over effect into the property market.

**SOUTH KINGSVILLE 3015**

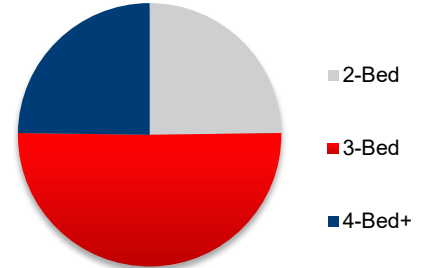


Located in an approximate radius of **8.0km** from the Melbourne CBD.

- House Median Price **\$1,000,000**
- 2-Bed Median Price **\$722,000<sup>\*</sup>**
  - 3-Bed Median Price **\$987,000**
  - 4-Bed+ Median Price **\$1,030,000<sup>\*</sup>**

South Kingsville is positioned west of Melbourne's CBD, showing resilient price growth of 2.0% to \$1,000,000 in 2018/19\*\*. South Kingsville offers great liveability, attracting owner occupiers and investors to the area. Furthermore, the suburb's vacancy rate was recorded at a low trend of 1.5%, while its rental yield was 3.0% in December 2018, putting it on-par with Melbourne Metro. This is great for investors, as demand is increasing and properties are being occupied relatively quickly. The 1<sup>st</sup> half of 2019 will see an estimated \$24.6M<sup>^</sup> of development commence, which indicates strong fundamentals for sustainable growth in the area.

**MONTMORENCY 3094**



Located in an approximate radius of **18.0km** from the Melbourne CBD.

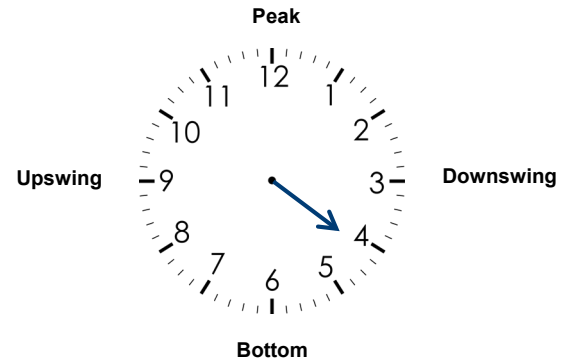
- House Median Price **\$908,500**
- 2-Bed Median Price **\$1,010,000**
  - 3-Bed Median Price **\$860,000**
  - 4-Bed+ Median Price **\$1,175,000**

Montmorency is the most affordable suburb in this report, and is located north-east of the CBD. Its median house price grew +2.1% to \$840,000 in 2018/19\*\*. Investors are currently benefiting from solid house rental yields of 3.0%, which is on-par with Melbourne Metro. Vacancy rates were recorded at a low 1.5%, which is well below that of Melbourne Metro (2.2%). The suburb will see \$5.5M<sup>^</sup> worth of development commence construction in the 1<sup>st</sup> half of 2019. 89.2% of total development value is allocated to residential projects. This level of new residential stock will cater to the high demand and population growth of Montmorency.

<sup>^</sup>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. <sup>\*</sup>Median price is quoted as an indication only due to having less than 20 sales transactions. <sup>\*\*</sup>Median price growth quoted captures sale transactions from 1<sup>st</sup> January 2018 to 31<sup>st</sup> March 2019, or Q1 2018 – Q1 2019. Source: APM Pricefinder, SQM Research, Cordell Connect, Department of Jobs and Small Business, Google Maps. © Copyright PRDnationwide 2019.

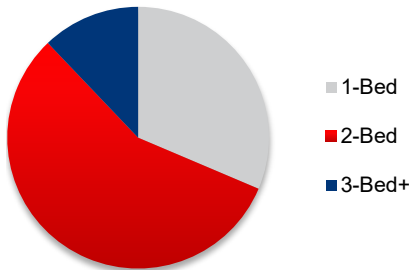


**PROPERTY CLOCK – UNITS**



**AFFORDABLE & LIVEABLE UNIT SUBURBS**

**RICHMOND 3121**



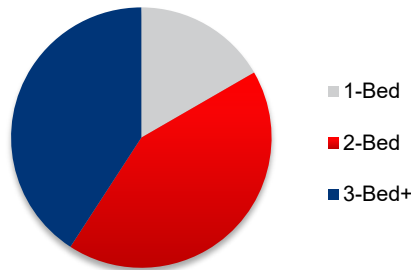
Located in an approximate radius of **3.0km** from the Melbourne CBD.

Unit Median Price **\$580,000**

- 1-Bed Median Price **\$390,000**
- 2-Bed Median Price **\$635,000**
- 3-Bed+ Median Price **\$1,050,000**

The popular suburb of Richmond has stable median unit price growth. It is an ideal suburb for liveability, with close proximity to a medical centre, school, shops, public transport and green parklands. Its vacancy rate was recorded at a low 1.2% in December 2018, placing it well below Melbourne Metro's 2.2%. Astute investors also benefit from a strong rental yield of 4.5%, which is well above that of Melbourne Metro at 4.0%. The 1<sup>st</sup> half of 2019 is expected to see a total of \$125.0M<sup>^</sup> of projects commence in the area. These projects will assist in making a more vibrant local economy which will help sustain property growth.

**OAKLEIGH 3166**



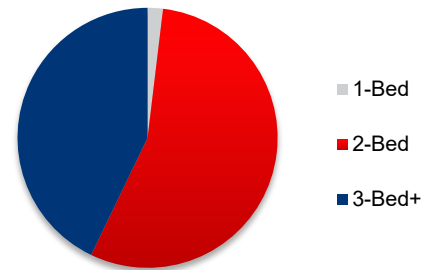
Located in an approximate radius of **14.0km** from the Melbourne CBD.

Unit Median Price **\$515,000**

- 1-Bed Median Price **\$378,000**
- 2-Bed Median Price **\$566,000**
- 3-Bed+ Median Price **\$840,000**

Oakleigh is an ideal suburb located south-east of the CBD, with an affordable median price point. Oakleigh experienced an excellent annual unit median price growth of 22.6%. Investors are benefiting from a low vacancy rate of 1.3%, which is below Melbourne Metro's 2.2%. Its 4.2% rental yield was above Melbourne Metro's 4.0%. Oakleigh will see \$119.8M<sup>^</sup> of new projects start in the 1<sup>st</sup> half 2019, with 95.9% allocated to mixed-use projects. This is an ideal strategy for Oakleigh as such developments add property stock to the area, while creating commercial activity and local jobs, which can positively impact property prices.

**GREENSBOROUGH 3088**



Located in an approximate radius of **19.0km** from the Melbourne CBD.

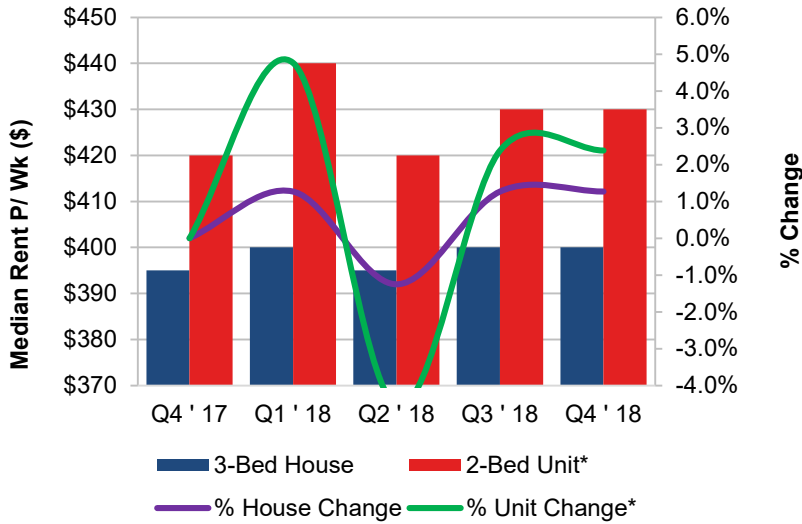
Unit Median Price **\$467,000**

- 1-Bed Median Price **\$398,000\***
- 2-Bed Median Price **\$547,000**
- 3-Bed+ Median Price **\$729,000**

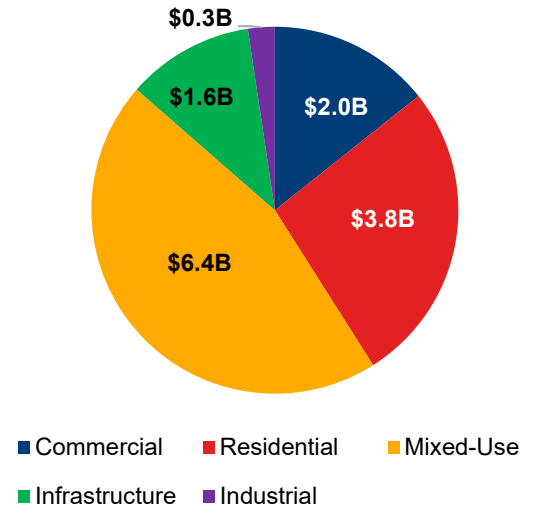
Greensborough provides affordable and liveable opportunities to the north-east of the CBD, and has shown median unit price growth of 5.8% in 2018/19<sup>\*\*</sup>. It is very liveable due to its close proximity to amenities such as schools, shops, medical centres, public transport and green space. Astute investors are benefiting from rental yields of 4.0%, along with a low vacancy rate of 1.5% in December 2018. The 1<sup>st</sup> half of 2019 will see \$18.0M<sup>^</sup> of new projects which are expected to have a positive impact on the local economy. First home buyers need to consider the suburb, given it is the most affordable option for units from the top three identified suburbs.

<sup>^</sup>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. <sup>\*</sup>Median price is quoted as an indication only due to having less than 20 sales transactions. <sup>\*\*</sup>Median price growth quoted captures sale transactions from 1<sup>st</sup> January 2018 to 31<sup>st</sup> March 2019, or Q1 2018 – Q1 2019. Source: APM Pricefinder, SQM Research, Cordell Connect, Google Maps. © Copyright PRDnationwide 2019.

## RENTAL MARKET ANALYSIS



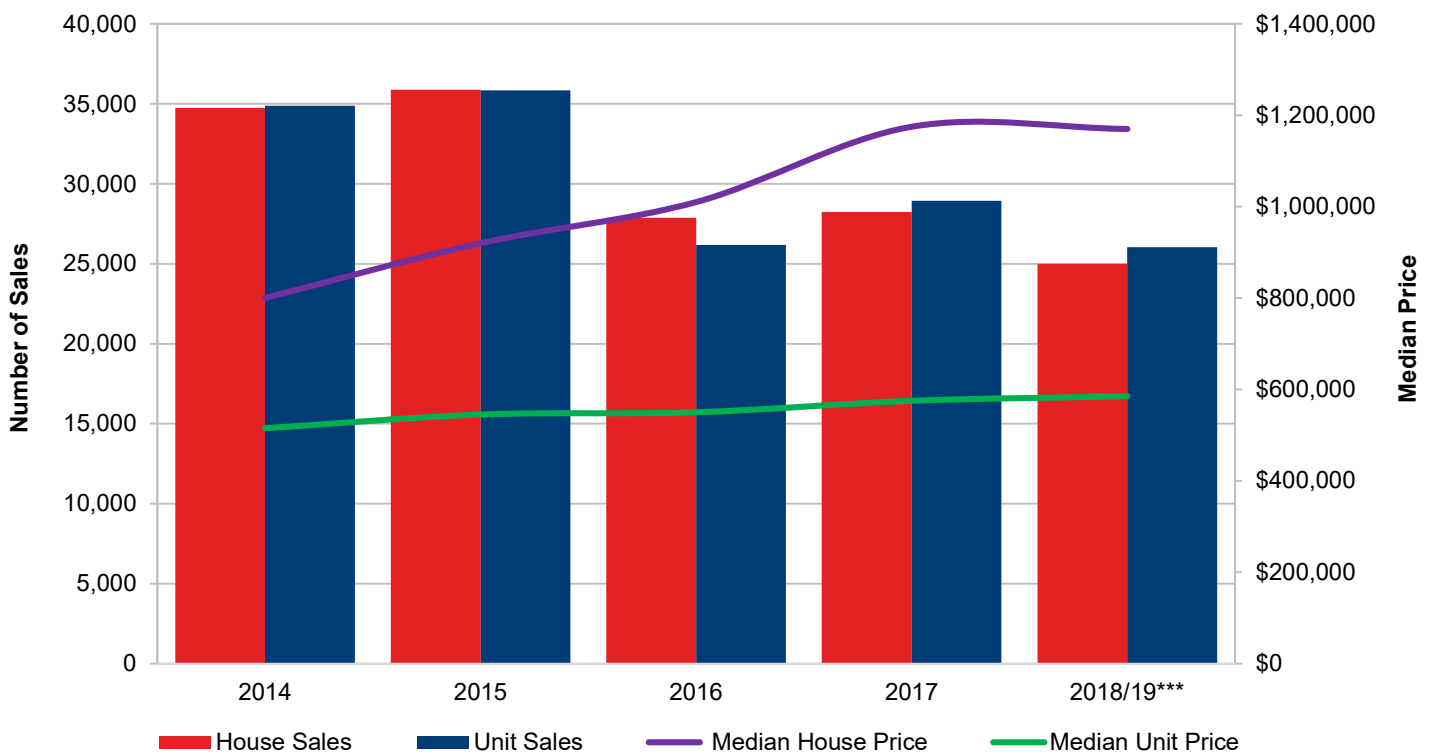
## 1<sup>st</sup> HALF 2019 PROJECTS\*\*



Over the past 12 months (to Q4 2018) Melbourne's rental market for houses and units recorded a median rental price growth of 1.3% (to \$400) and 2.4% (to \$430) respectively. This is unique as other capital cities have either experienced stable or declining growth levels. Investors are benefiting from great rental returns, at 2.9% for houses and 3.9% for units. As of December 2018, Melbourne Metro vacancy rates were at a healthy 2.1%. This is below the combined average capital city vacancy rate of 2.6%, indicating healthier rental market demand. This provides investors assurance that their rental properties can be occupied relatively quickly in this market.

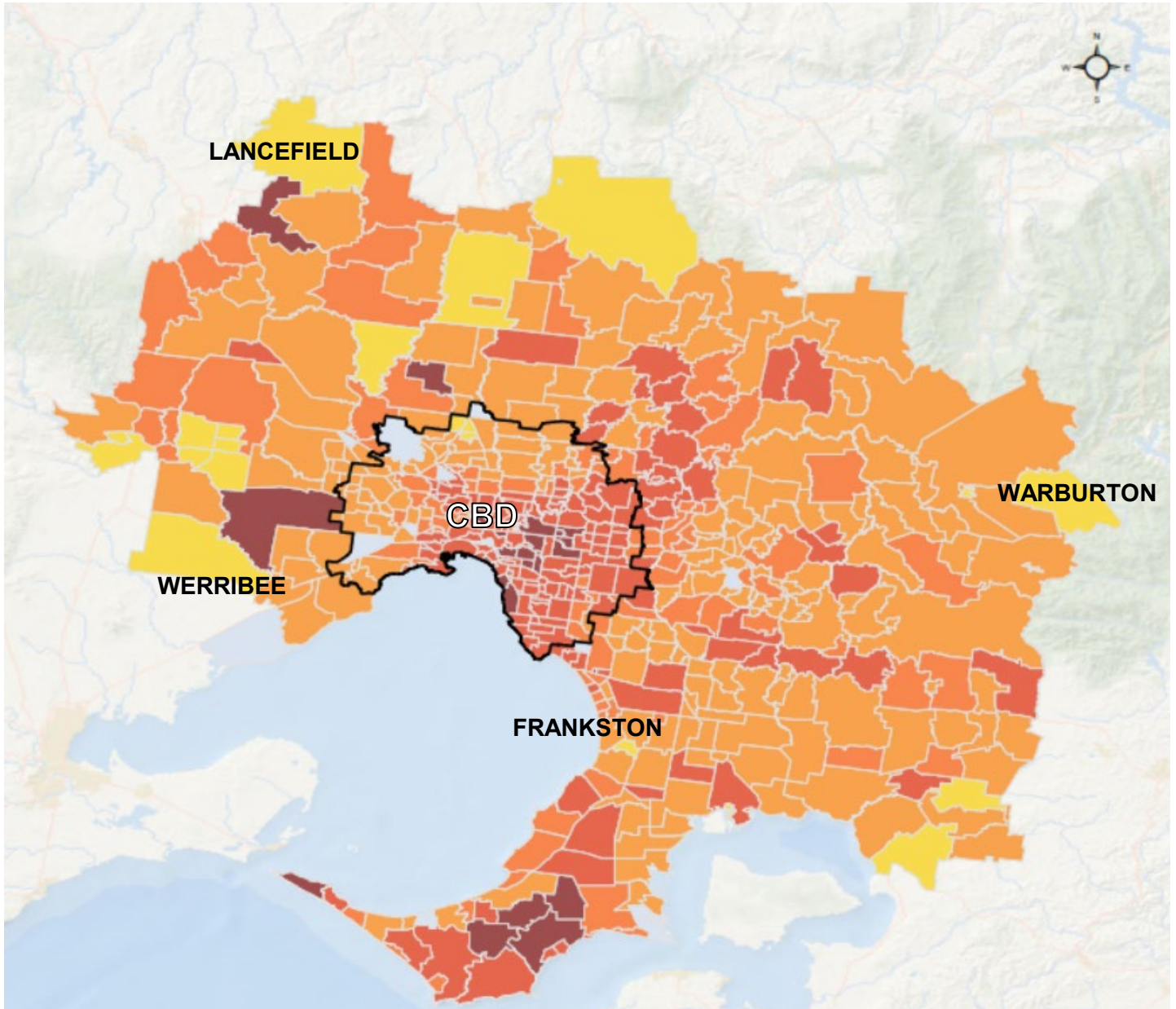
The 1<sup>st</sup> half of 2019 is set to see approximately \$14.2B\*\* worth of projects, with mixed-use (\$6.4B or 45.4%) being a focus. Moonee Valley Racecourse redevelopment (\$1.2B) is a major mixed-use project, adding 2,000 dwellings, a grandstand, racecourse park, and community facilities. Winged Foot Dr Dwellings (\$200.0M, 84 dwellings) and Cremorne Malt Precinct (\$100.0M, 209 units) are two significant residential projects that will cater to ever-increasing demand from Melbourne Metro's population growth.

## MELBOURNE METRO SALES AND MEDIAN PRICE GROWTH



\*Data is based on '2 Bedroom Other Dwellings' figures as per REIA's Real Estate Market Facts December quarter 2018 report and are assumed to be predominantly units.  
 \*\*Quoted project development spending reflects aggregate of estimated values for projects commencing in the 1<sup>st</sup> half of 2019. Quoted estimated value of projects are based on reported land/construction value as stated by the relevant data authority and do not signify commercial/resale value. \*\*\*Median price for 2018/19 captures sale transactions from 1<sup>st</sup> January 2018 to 31<sup>st</sup> March 2019.  
 Source: APM Pricefinder, Real Estate Institute of Australia, SQM Research, Cordell Connect. © Copyright PRDnationwide 2019.

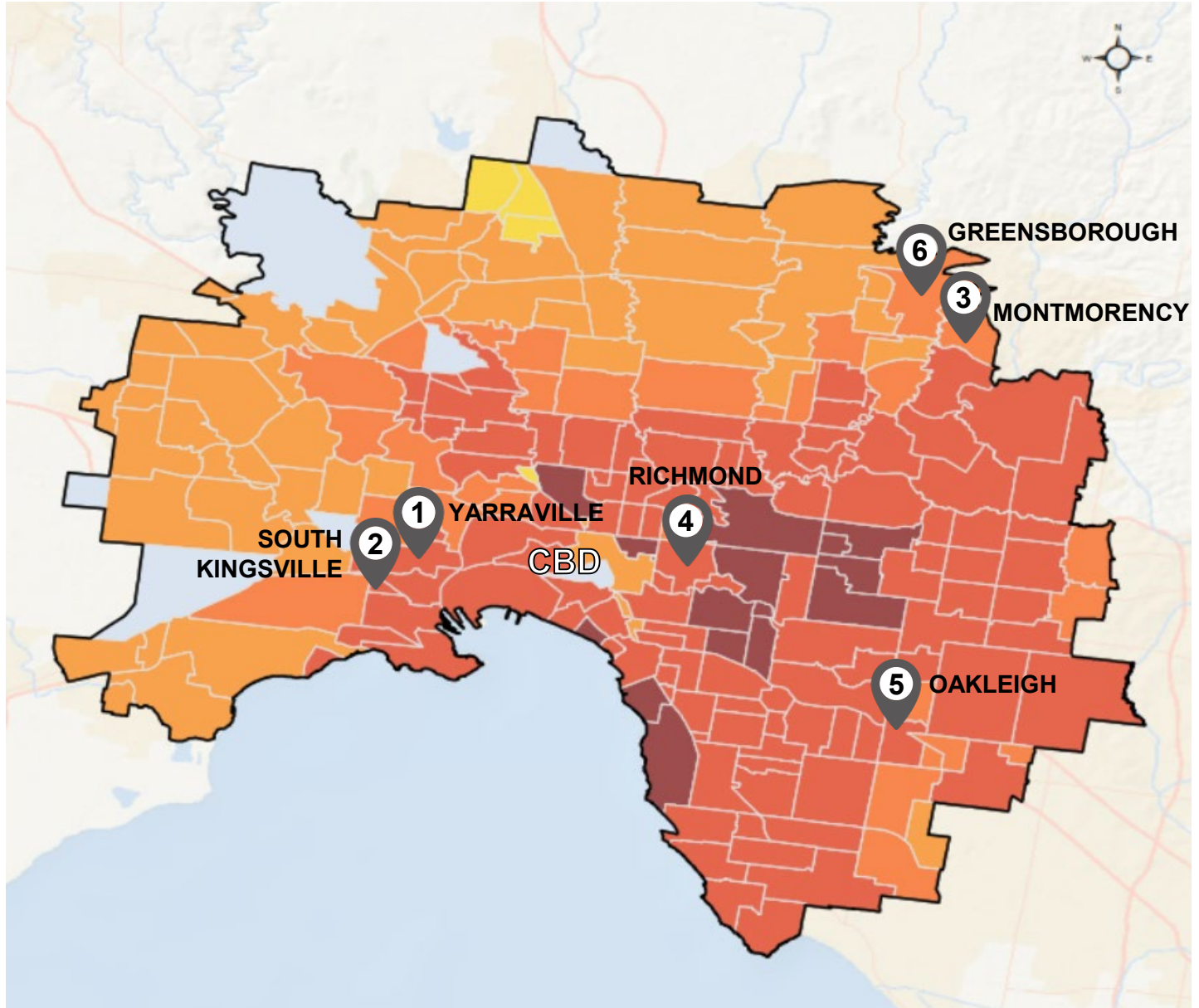
## GREATER MELBOURNE MEDIAN HOUSE PRICES 2018/19\*



LEGEND	Top 3 Lowest Priced Suburbs**		Median Price 2018**	Project Development***	Median Rent 2018/19**	Rental Yield
	Data not available	Coolaroo	\$480,000	n/a	\$350	4.1%
\$0 - \$500,000	Kings Park	\$540,000	\$1.1M	\$355	3.4%	
\$500,000 - \$800,000	Albanvale	\$545,000	\$41.1M	\$350	3.4%	
\$800,000 - \$1,000,000	Top 3 Highest Priced Suburbs**		Median Price 2017/2018**	Project Development***	Median Rent 2018/19**	Rental Yield
\$1,000,000 - \$2,000,000	Toorak	\$2,800,000	\$60.5M	\$890	2.2%	
\$2,000,000+	Deepdene	\$2,606,500	\$8.9M	\$935	1.9%	
20km from CBD	Malvern	\$2,587,500	\$70.4M	\$792	2.9%	

\*Median house price reflected in the heat-map captures sale transactions from 1st January 2018 to 31st March 2019. 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 20km from the Sydney CBD; suburb median price and median rent figures capture data from 1st January 2018 to 31st March 2019. \*\*\*Project development value is an aggregate of estimated construction value for residential, commercial, industrial, mixed use, and infrastructure projects commencing in the 1st half of 2019; it does not reflect commercial/re-sale value.  
 Source: APM PriceFinder, Cordell Connect, ESRI ArcGIS, SQM Research. © PRDnationwide 2019.

## MELBOURNE MEDIAN HOUSE PRICES 2018/19\* 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 SUBURBS

#### RENTAL YIELD

	Suburb	House		Suburb	Unit
1	Yarraville	3.1%	4	Richmond	4.5%
2	South Kingsville	3.0%	5	Oakleigh	4.2%
3	Montmorency	3.0%	6	Greensborough	4.0%

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