



Melbourne

Affordable & Liveable
Property Guide
2nd Half 2019



METHODOLOGY

This report analyses all suburbs in the Greater Melbourne area, within a 20km radius of the Melbourne CBD. The following criteria were considered:

- **Property trends criteria** – all suburbs have a minimum of 20 transactions for statistical reliability purposes. Based on market conditions, suburbs have either positive, or as close as possible to neutral price growth, between 2018 to 2019*.
- **Investment criteria** – as of June 2019, 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** – identified suburbs have a median price below a set threshold. This was determined by adding percentage premiums to the Victoria (VIC) average home loan, which was \$412,049** as of June quarter 2019. Premiums of 90% for houses and 73% for units were added, which were below those required to reach Melbourne Metro's median prices (198% for houses and 165% for units). This places the suburbs below Melbourne's median prices, meaning that the suburbs identified within this report are more affordable for buyers.
- **Development criteria** – all suburbs identified within this report have a high total estimated value of future project developments for the 2nd 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, March Quarter 2019 release).

RECENT TOP PERFORMERS

Area	Suburb	Type	Median Price 2018	Median Price 2019*	Price Growth	Projects 2019***
Inner	Carlton North	House	\$1,445,000	\$1,503,000	4.1%	\$150.0K
	Brunswick	Unit	\$501,000	\$515,000	3.8%	\$723.8M
North	Ivanhoe	House	\$1,595,000	\$1,600,000	0.3%	\$66.2M
	Alphington	Unit	\$685,000	\$711,000	3.8%	\$723.0M
South	Balaclava	House	\$1,193,000	\$1,210,000	1.4%	\$9.7M
	Cheltenham	Unit	\$550,000	\$590,000	7.2%	\$176.9M
East	Canterbury	House	\$2,500,000	\$2,595,000	3.8%	\$5.1M
	Canterbury	Unit	\$975,000	\$1,205,000	23.6%	\$5.1M
West	Derrimut	House	\$610,000	\$625,000	2.5%	\$35.9M
	Avondale Heights	Unit	\$550,000	\$641,000	16.6%	\$3.1M

OVERVIEW

Between 2018 to 2019* Melbourne Metro median house prices experienced a softening of -11.1%. Melbourne Metro median unit prices also dropped, however at a softer rate of -1.9%. During this period the number of properties sold declined by -33.8% (houses) and -39.3% (units). Melbourne properties have become more affordable, with reduced competition in the market. On the other hand, median rent prices for houses and units have strengthened, which benefits investors. Together with low vacancy rates, this indicates a resilient rental market in Melbourne. \$28.1B worth of developments are planned for the 2nd half of 2019, which will lead to economic and employment growth, while residential development may lead to an oversupply and thus further softening in prices. This creates a conducive environment for first home buyers to enter the market.

KEY MARKET INDICATORS MELBOURNE METRO

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

KEY COMMENTS

Housing affordability in VIC has improved in the 12 months to Q2 2019, with the proportion of income to meet home loan repayments declining by -5.2%. The number of first home buyers declined by -5.7% during the same time frame, which suggests that first home buyer confidence is still recovering.

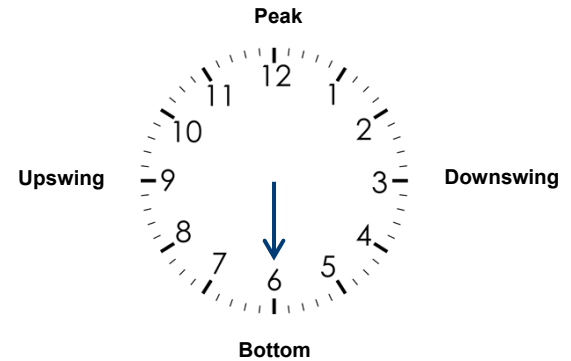
Affordable house suburbs (those with a maximum property sale price of the VIC average state loan, plus a 147% premium as per the *1st Half 2019^u* report), in VIC include: Yarraville, South Kingsville, Montmorency, Kingsville, Oakleigh East, Eltham and Mulgrave. In the 2nd half of 2019, 120 suburbs were within this price range; a large improvement compared with the 90 suburbs identified in the *1st Half 2019^u* report. This opens up opportunities for buyers to choose from a larger pool of suburbs.

A cooling in Melbourne property prices resulted in more suburbs becoming affordable in the *1st Half 2019^u* report. However, many of these suburbs had negative price growth and failed to meet investment and/or liveability criteria.

In line with the set methodology, suburbs with price growth as close as possible to neutral (i.e. zero) were chosen, and to meet other criteria, premiums of 90% for houses and 73% for units were added to the VIC average home loan. This is below the *1st Half 2019^u* report premium, thus, the recent cooling now sees improved access to liveable suburbs in Melbourne.

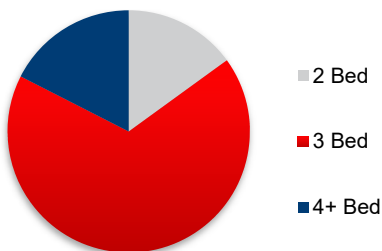


PROPERTY CLOCK – HOUSES



AFFORDABLE & LIVEABLE HOUSE SUBURBS

OAK PARK 3046



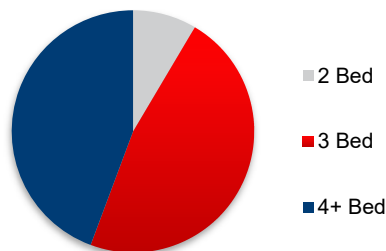
Located in an approximate radius of **11.0km** from the CBD.

Median House Price **\$780,000**

- 2 Bed Median Price **\$762,000**
- 3 Bed Median Price **\$770,000**
- 4+ Bed Median Price **\$1,000,000**

North of Melbourne's CBD, Oak Park ticks all the boxes for liveability with various schools, shops and a low unemployment rate of 2.8%. Oak Park recorded a median house price softening of -9.9% between 2018-2019**, which has made it more affordable for first home buyers. Investors continue to benefit from 3.4% rental yields, which when combined with a low vacancy rate of 2.2%, reflects the suburb's high rental demand. The 2nd half of 2019 will see an estimated \$9.2M[^] of development commence, focusing on commercial projects. This will deliver employment opportunities and sustainable economic growth.

GREENSBOROUGH 3088



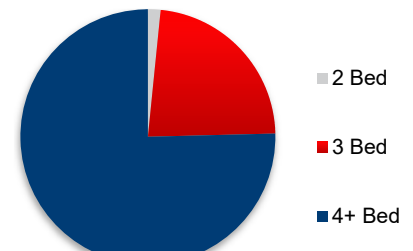
Located in an approximate radius of **20.0km** from the CBD.

Median House Price **\$755,000**

- 2 Bed Median Price **\$595,000**
- 3 Bed Median Price **\$727,000**
- 4+ Bed Median Price **\$865,000**

North-east of Melbourne CBD and well serviced by nearby shops and a train station, the suburb of Greensborough has high levels of liveability. It has experienced a median house price softening of -7.4% between 2018-2019**, which makes it an affordable option for first home buyers. Rental yields of 3.2% are above Melbourne Metro's average of 2.7%. This, combined with an on-par low vacancy rate of 2.2% and high liveability factors, has made Greensborough a highly attractive investment hotbed. The 2nd half of 2019 will see \$31.5M[^] worth of developments which will drive increased demand in the area.

GREENVALE 3059



Located in an approximate radius of **20.0km** from the CBD.

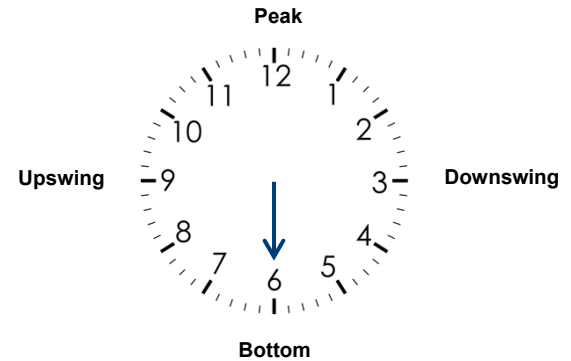
Median House Price **\$712,000**

- 2 Bed Median Price **\$402,000**
- 3 Bed Median Price **\$587,000**
- 4+ Bed Median Price **\$750,000**

Greenvale is north of the Melbourne CBD. The suburb has recorded a median price softening of -2.1% between 2018-2019**, creating an excellent opportunity for first home buyers to enter the market. Astute investors are currently benefiting from solid house rental yields of 3.8%, which is well above Melbourne Metro's average rental yield of 2.9%. Greenvale will see approximately \$5.2M[^] worth of developments commence in the 2nd half of 2019, including the Mickleham Road mixed-use development (\$5.2M) with eight dwellings, service stations, shops and restaurants.

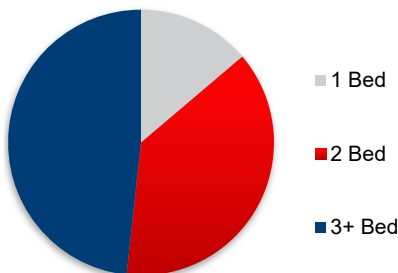


PROPERTY CLOCK – UNITS



AFFORDABLE & LIVEABLE UNIT SUBURBS

ALPHINGTON 3078



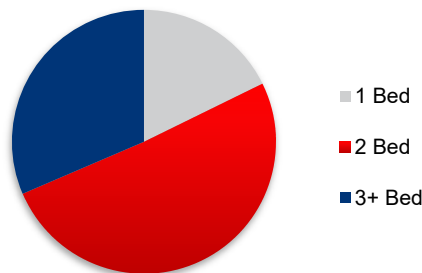
Located in an approximate radius of **10.0km** from the CBD.

Median Unit Price **\$711,000**

- 1 Bed Median Price **\$290,000**
- 2 Bed Median Price **\$680,000**
- 3+ Bed Median Price **\$947,000**

Alphington is north-east of the Melbourne CBD and ticks all liveability factors as well having a price growth of 3.8% between 2018-2019**. Being relatively close to the CBD, it provides investors with solid rental yields of 4.7% and quite low vacancies of 2.0%. Plans in the 2nd half of 2019 include adding approximately \$723.0M[^] towards future development projects, such as The Villa Alphington Mixed-Use Development (\$164.0M), with 281 dwellings, shops, cafes, supermarket, restaurants and a medical centre. This will meet future property demand and further enhance liveability for current residents.

CAULFIELD NORTH 3161



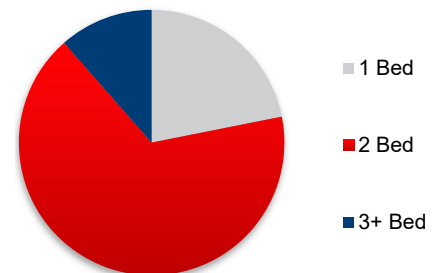
Located in an approximate radius of **12.0km** from the CBD.

Median Unit Price **\$535,000**

- 1 Bed Median Price **\$425,000**
- 2 Bed Median Price **\$608,000**
- 3+ Bed Median Price **\$902,000**

South-east of Melbourne's CBD, Caulfield North offers great opportunities for affordability with an annual price softening of -17.7% between 2018-2019**. This opens the door for first home buyers to enter the market. A low vacancy rate of 1.8% (well below Melbourne's 2.2%), combined with solid rental yield of 4.7%, provides astute investors with great confidence. Caulfield North will see \$61.1M[^] worth of new projects start in the 2nd half of 2019, with a focus on mixed-use projects. This will foster economic growth and create local jobs which will lead to a positive impact on the property market.

BRUNSWICK WEST 3055



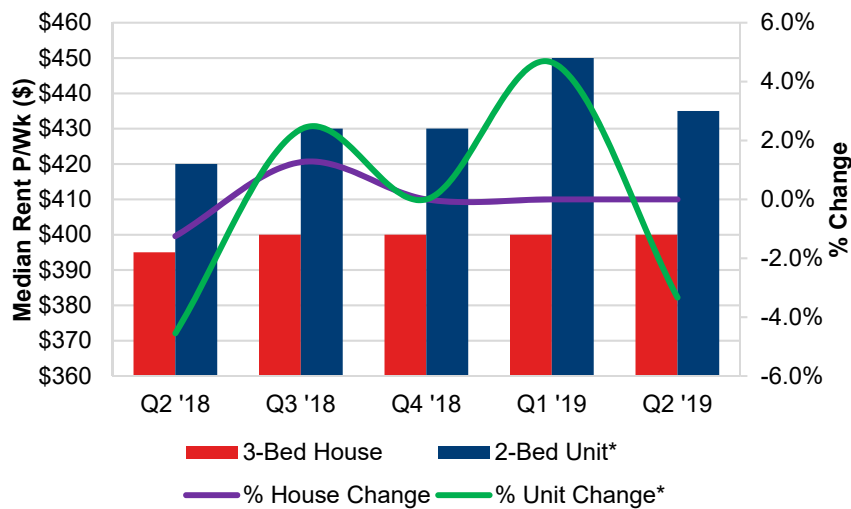
Located in an approximate radius of **10.0km** from the CBD.

Median Unit Price **\$463,000**

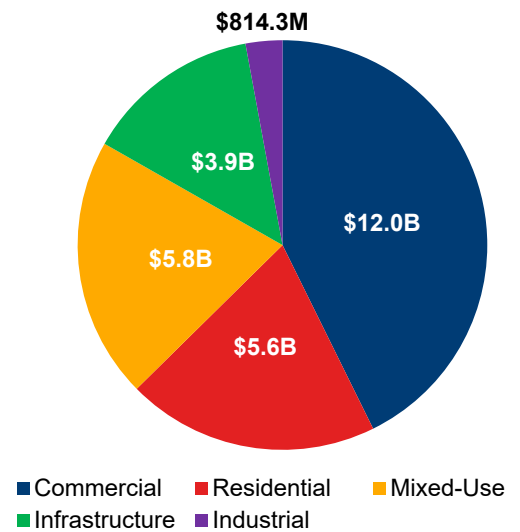
- 1 Bed Median Price **\$300,000**
- 2 Bed Median Price **\$503,000**
- 3+ Bed Median Price **\$765,000**

Brunswick West offers both affordable and liveable opportunities to the north of the Melbourne CBD. It has solid annual price growth of 4.0% between 2018-2019**. As one of the only two affordable and liveable suburbs with positive growth, now is the time for first home buyers to take advantage of units in Brunswick West. The suburb is served by several forms of public transport, as well as a number of major shopping centres. Investors now enjoy attractive rental yields of 4.5% and low vacancy rates of 1.6%. The 2nd half of 2019 will see \$12.7M[^] worth of new projects, including the Melville Road Mixed Use development (\$4.0M).

RENTAL MARKET ANALYSIS



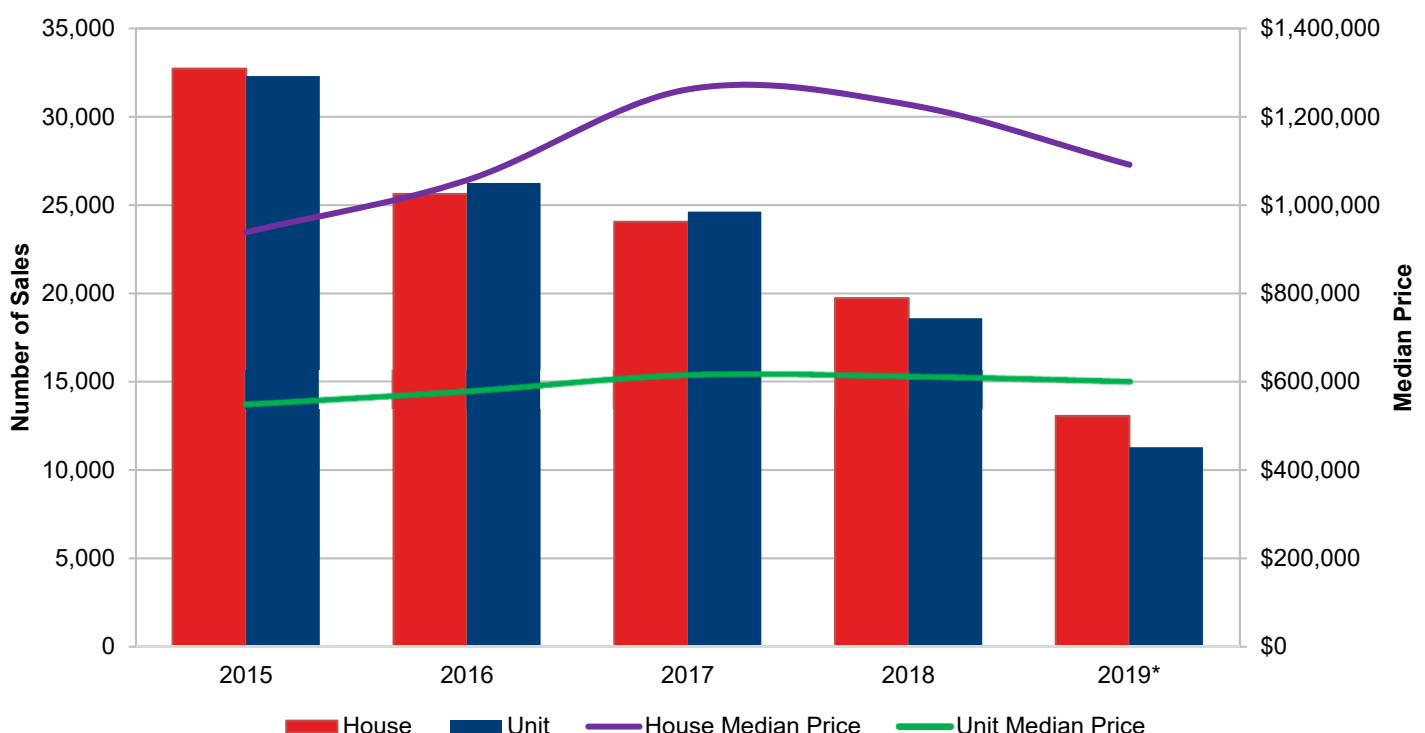
2nd HALF 2019 PROJECTS**



Over the 12 months to Q2 2019, median rental prices increased by +1.3% for houses and +3.6% for units. This correlates to softer median sales prices and transactions, whereby more people are choosing to rent. Vacancy rates continue to improve, in correlation with the increase in demand and employment opportunities in Melbourne. Vacancy rates were recorded at a resilient 2.0% in June 2019, which was well below the Real Estate Institute of Australia's healthy benchmark of 3.0%. This indicates that the Melbourne rental market is performing at a strong level, supported by high population growth. Melbourne recorded rental yields of 3.0% for houses and 4.1% for units, which was above Sydney Metro's 2.9% for houses and 3.8% for units. Now is the time for investors to enter the Melbourne market.

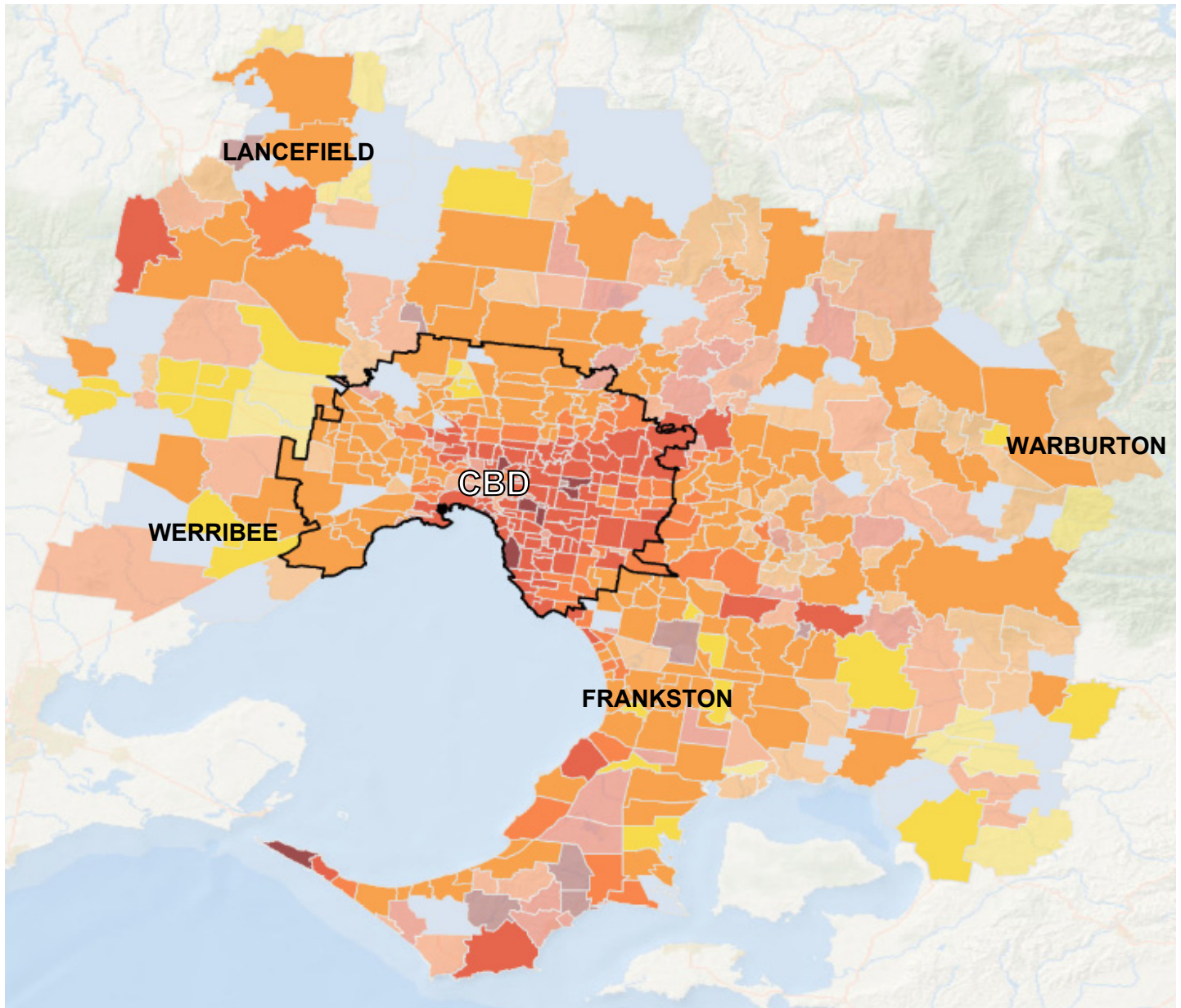
The 2nd half of 2019 is set to see \$28.1B** worth of projects, with commercial and mixed-use developments being the main focus. Melbourne South East International Airport is the main commercial project (\$7.0B), which will construct an additional airport runway which will increase productivity in the area. West Side Place Apartments/Ritz Carlton Hotel (\$500.0M) is a mixed-use project with 1,519 apartments including retail space. The combination of these projects will stimulate economic growth and create local employment opportunities in Melbourne, while adding new stock and housing design to the local property market.

MELBOURNE METRO SALES AND MEDIAN PRICE GROWTH



*Data is based on '2 Bedroom Other Dwellings' figures as per REIA's Real Estate Market Facts June quarter 2019 report and are assumed to be predominantly units. **Quoted project development spending reflects aggregate of estimated values for projects commencing in the 2nd 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 2019 captures sale transactions from 1st January 2019 to 30th September 2019. Source: APM Pricerfinder, Real Estate Institute of Australia, SQM Research, Cordell Connect. © PRDnationwide 2019.

GREATER MELBOURNE HOUSE MEDIAN PRICE 2019*



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

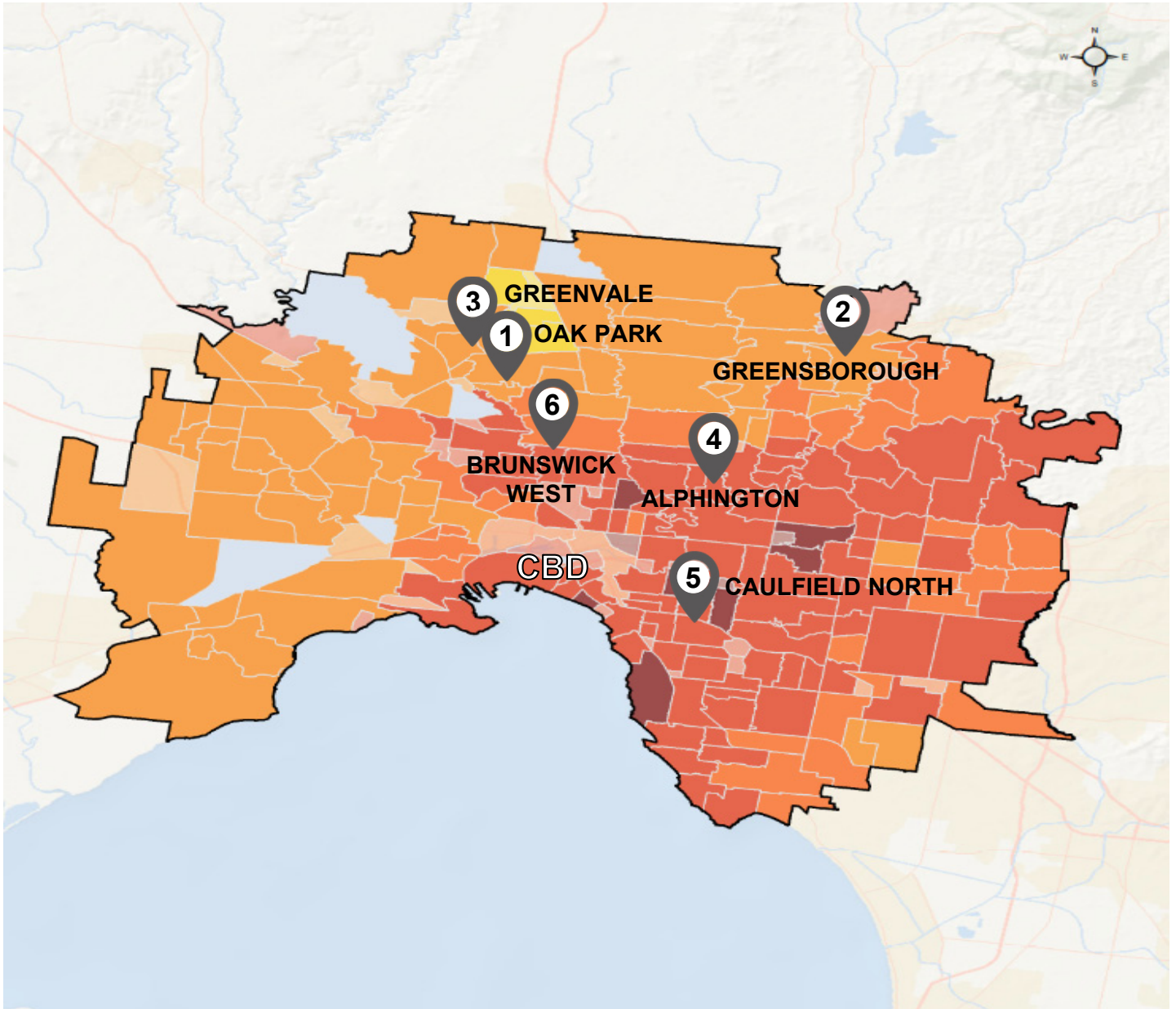
Translucent colours for <20 sales

Top 3 Lowest Priced Suburbs**	Median Price 2019**	Project Development***	Median Rent 2019**	Rental Yield
Dallas	\$450,000	\$2.4M	\$318	3.7%
Meadow Heights	\$455,000	\$2.3M	\$330	4.4%
Broadmeadows	\$500,000	\$57.3M	\$310	3.7%
Top 3 Highest Priced Suburbs**	Median Price 2017/2018**	Project Development***	Median Rent 2018**	Rental Yield
Toorak	\$3,205,000	\$18.9M	\$1000	2.4%
Deepdene	\$2,615,000	2.0M	\$860	2.1%
Canterbury	\$2,595,000	\$5.1M	\$880	2.0%

*Median house price reflected in the heat-map captures sale transactions from 1st January 2019 to 30th September 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 20 km from CBD; suburb median price and median rent figures capture data from 1st January 2019 to 30th September 2019. ***Project development value is an aggregate of estimated construction value for residential, commercial, industrial, mixed use, and infrastructure projects commencing in the 2nd half of 2019; it does not reflect commercial/re-sale value. Source: APM Pricerfinder, Cordell Connect, ESRI ArcGIS, SQM Research. © PRDnationwide 2019.

MELBOURNE MEDIAN HOUSE PRICES 2019*

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
Translucent colours for <20 sales	

ELBOURNE AFFORDABLE & LIVEABLE SUBURBS RENTAL YIELD

House			Unit		
Suburb		House	Suburb		Unit
1	Oak Park	3.4%	4	Alphington	4.7%
2	Greensborough	3.2%	5	Caulfield North	4.7%
3	Greenvale	3.8%	6	Brunswick West	4.5%

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