



> Affordable & Liveable Property Guide

Melbourne 1st Half 2020

METHODOLOGY

This affordable and liveable property guide for Melbourne Metro 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 sales transactions for statistical reliability purposes. Based on market conditions suburbs have either positive, or as close as possible to neutral price growth from 2018 to 2019/20*.
- **Investment criteria** – as of April 2020, 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 \$515,741** as of Q1 2020. Premiums of 79% for houses and 2% for units were added, which were below those required to reach Melbourne Metro's median prices (111% for houses and 16% for units). This places the suburbs below Melbourne Metro's median prices, meaning that the suburbs identified within this report are more affordable for buyers.
- **Development criteria** – suburbs identified within this report have a high total estimated value of future project development for the 1st half of 2020, as well as a higher proportion of commercial and infrastructure projects. This ensures the suburbs show signs of sustainable economic growth, in turn having 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 2019 release).

RECENT TOP PERFORMERS

Area	Suburb	Type	Median Price 2018	Median Price 2019/20*	Price Growth	Projects 2020***
Inner	East Melbourne	House	\$2,850,000	\$3,513,500	23.3%	\$6.6M
	Brunswick	Unit	\$500,000	\$552,000	10.0%	\$801.2M
North	North Melbourne	House	\$1,150,000	\$1,280,000	11.3%	\$39.4M
	Epping	Unit	\$370,000	\$395,000	6.8%	\$158.5M
South	Caulfield North	House	\$1,960,000	\$2,089,000	6.6%	\$17.6M
	Malvern	Unit	\$686,000	\$720,000	4.9%	\$128.9M
East	Canterbury	House	\$2,500,000	\$2,800,000	12.0%	\$17.9M
	Cremorne	Unit	\$662,000	\$850,000	28.3%	\$229.9M
West	Derrimut	House	\$610,000	\$645,000	5.7%	\$16.2M
	Maribyrnong	Unit	\$471,000	\$505,000	7.1%	\$86.9M

OVERVIEW

From 2018 to 2019/20* the number of houses sold in Melbourne Metro increased by 19.1%. However, during this time frame median house prices declined by -11.1% to \$1,091,000. Similarly, demand for units increased by 12.9% and median unit price softened by -1.8% to \$600,000. There is still a healthy demand for properties in Melbourne Metro, while affordability has increased. This puts Melbourne Metro in a unique position, as first home buyers can benefit from lower prices yet sellers can be confident of market demand. Melbourne Metro is a city conducive for investment as vacancy rates were recorded at a healthy 2.8% in April 2020, indicative of rental properties being occupied relatively quickly. In the 1st half of 2020 a well-diversified project development expenditure worth approximately \$17.8B in Greater Melbourne is set to commence, which will have a positive snowball effect on local economies and the real estate market in Melbourne Metro.

*Median price quoted captures sale transactions from 1st January 2019 to 31st March 2020, or Q1 2019 – Q1 2020. **Average home loan figure is derived from March Quarter 2020 Housing Affordability Report by the Real Estate Institute of Australia (REIA) 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 of 2020 as stated by the relevant data authority. *Market movement is reflective of median price change from 2018 to 2019/20. Median rent is reflective of median price change from Q1 2019 to Q1 2020. ^μPRD Affordable and Liveable Property Guide Melbourne 2nd Half 2019 report. Source: APM Pricerfinder, Real Estate Institute of Australia, SQM Research, Cordell Connect, Department of Jobs and Small Business. © PRD Real Estate 2020.

MARKET MOVEMENT

Market Indicator	Market Variation
House Sales	↑
House Median Price	↓
House Median Rent	↔
Unit Sales	↑
Unit Median Price	↓
Unit Median Rent	↑

KEY COMMENTS

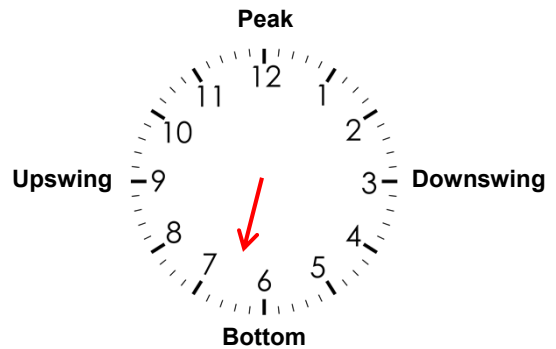
Housing affordability in VIC declined in the 12 months to Q1 2020, with the proportion of income to meet home loan repayments increasing by 8.4%. On the other hand, the level of first home buyer loan activity increased by 24.4% in the same period. A substantial increase in demand is potentially due to government first home buyer incentives.

Affordable and liveable house suburbs (those with a maximum property sale price of the VIC average home loan plus a 90% premium), as per the *2nd Half 2019^μ* report, exist. Example suburbs include Preston, Greensborough, Greenvale, Oak Park, and Forest Hill. In the 1st half of 2020, 103 suburbs fell within this price range, a slight improvement compared to the 100 suburbs previously found in the *2nd Half 2019^μ* report. Further, these suburbs still meet the set liveability criteria.

The percentage premium needed to be added to the VIC average home loan in this report is 79%, lower than the 90% added in *2nd Half 2019^μ* report. Further, it is lower than the 111% premium that is needed to reach the Melbourne Metro median house price, whilst still being able to satisfy all other methodology criteria set. A similar pattern can be seen in the unit market, which suggests that the cost of liveability has declined in Melbourne Metro. Now is an ideal opportunity for those looking to enter the market.

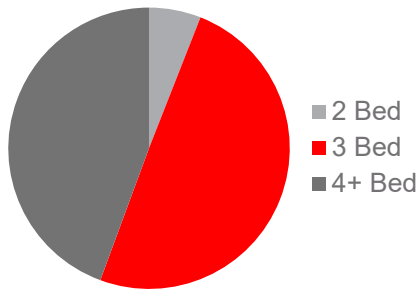


PROPERTY CLOCK - HOUSES



AFFORDABLE & LIVEABLE HOUSE SUBURBS

GREENSBOROUGH 3088

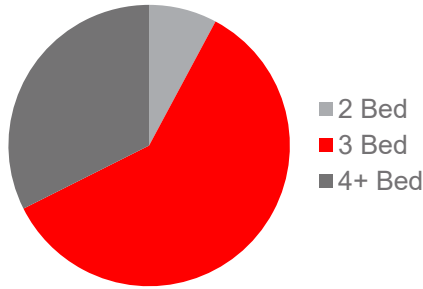


Located in an approximate radius of **20.0km** from the Melbourne CBD.

- Median House Price **\$803,000**
- 1 Bed Median Price **\$602,625***
- 2 Bed Median Price **\$760,000**
- 3 Bed+ Median Price **\$876,250***

Greensborough is north-east of Melbourne's CBD, and has the lowest entry price between the chosen affordable and liveable suburbs. Further, the suburb recorded a -1.5% median house price change from 2018 to 2019/20***, which makes it the most resilient suburb. Greensborough is in close proximity (within 5km) to schools, parks, public transport, and a large shopping centre, which makes it highly liveable for residents. Investors benefit from attractive rental yields of 2.9%, above the Melbourne Metro average of 2.7%. Combined with a low vacancy rate of 1.5%, which is lower than Melbourne Metro's average of 2.8%, this indicates a higher rental remand and establishes the area as an ideal place for investment. Now is the time to enter the market.

ALTONA 3018

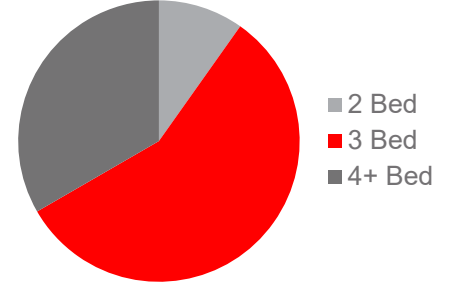


Located in an approximate radius of **19.5km** from the Melbourne CBD.

- Median House Price **\$885,000**
- 1 Bed Median Price **\$763,250***
- 2 Bed Median Price **\$842,500**
- 3 Bed+ Median Price **\$1,030,000**

Altona is a suburb west of the Melbourne CBD, which from 2018 to 2019/20** saw a median house price reduction of -10.8%. This is the most significant reduction out of the three chosen suburbs, which makes it highly affordable for first home buyers. \$78.2M[^] of projects are set to commence in the 1st half of 2020, with a large focus on infrastructure projects. This will improve liveability for residents and stimulate new commercial activity. This can result in higher economic growth in the near future, which will potentially push for a property market recovery. Altona recorded a vacancy rate of 2.1%, lower than Melbourne Metro's average of 2.8%. This is good news for those looking for their first investment.

OAKLEIGH SOUTH 3167



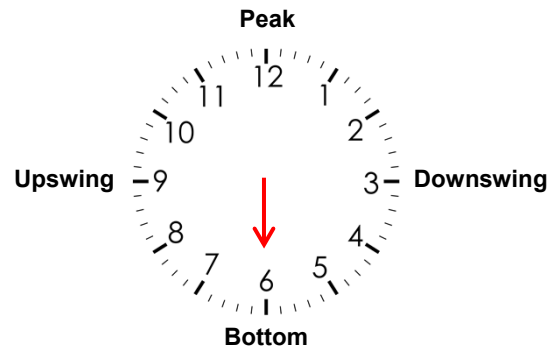
Located in an approximate radius of **20.0km** from the Melbourne CBD.

- Median House Price **\$923,000**
- 1 Bed Median Price **\$880,000***
- 2 Bed Median Price **\$890,500**
- 3 Bed+ Median Price **\$1,028,000**

Oakleigh South is south of the Melbourne CBD, advantageously in close proximity to Chadstone shopping centre, Moorabbin Airport, and Monash University. Investors are currently benefiting from solid rental yields of 2.8%, slightly above the Melbourne Metro average of 2.7%. The vacancy rate in Oakleigh South was 2.4% in April 2020, below Melbourne Metro's average of 2.8%. Combined, these two factors set Oakleigh South as an ideal investment suburb. The 1st half of 2020 will see \$253.4M[^] of project development, with a large focus on residential and infrastructure projects. This will have a multiplier effect of improving liveability for residents, creating employment opportunities, and adding innovative housing stock.

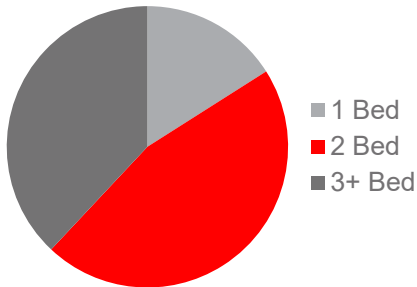


PROPERTY CLOCK - UNITS



AFFORDABLE & LIVEABLE UNIT SUBURBS

KINGSVILLE 3012



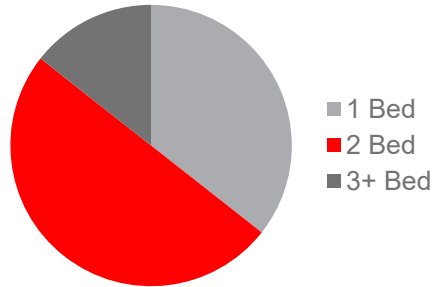
Located in an approximate radius of **9.3km** from the Melbourne CBD.

Median Unit Price **\$447,000**

- 1 Bed Median Price **\$285,000***
- 2 Bed Median Price **\$415,000**
- 3 Bed+ Median Price **\$747,500**

Kingsville is a suburb west of the CBD, which from 2018 to 2019/20** saw a median unit price growth of 2.5%. This is the highest median price growth of the chosen affordable and liveable suburbs, which indicates the suburb's resilience and potential for higher future growth. Kingsville recorded a low vacancy rate of 2.1% in April 2020, below Melbourne Metro's average of 2.8%. This signals higher rental demand and has attracted many investors into the area. Kingsville ticks many boxes as it is close to medical centres, schools, shops, public transport and parks. \$4.2M[^] of projects are set to commence in the 1st half of 2020, with a focus on residential projects. This will answer current housing demand and keep price growth at a sustainable level.

MOONEE PONDS 3039



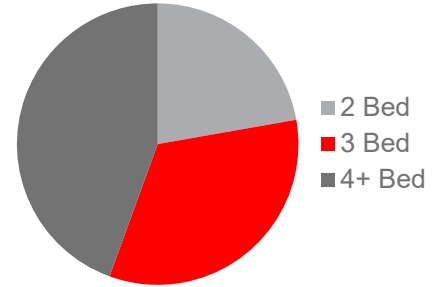
Located in an approximate radius of **7.0km** from the Melbourne CBD.

Median Unit Price **\$470,000**

- 1 Bed Median Price **\$400,000**
- 2 Bed Median Price **\$524,000**
- 3 Bed+ Median Price **\$761,000**

Moonee Ponds is north of the CBD. It offers buyers an ever more affordable entry price, as from 2018 to 2019/20** there was a median price reduction of -1.0%. \$97.1M[^] of projects are due in the 1st half of 2020, with commercial projects being the focal point. This will stimulate the local economy and have a positive spill-over effect on the property market in the near future. The unit rental yield in Moonee Ponds was 4.1% in April 2020, above Melbourne Metro's 3.9%. With the current lower entry price, Moonee Ponds is an ideal place for investment. Liveability factors in Moonee Ponds include proximity to schools, medical, shops and green space. Now is the time to enter the market.

BRUNSWICK EAST 3057



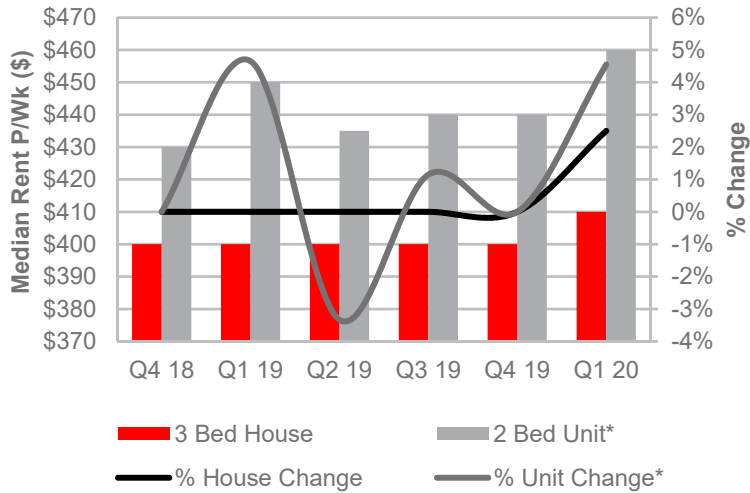
Located in an approximate radius of **6.0km** from the Melbourne CBD.

Median Unit Price **\$525,000**

- 1 Bed Median Price **\$386,000**
- 2 Bed Median Price **\$560,000**
- 3 Bed+ Median Price **\$821,500**

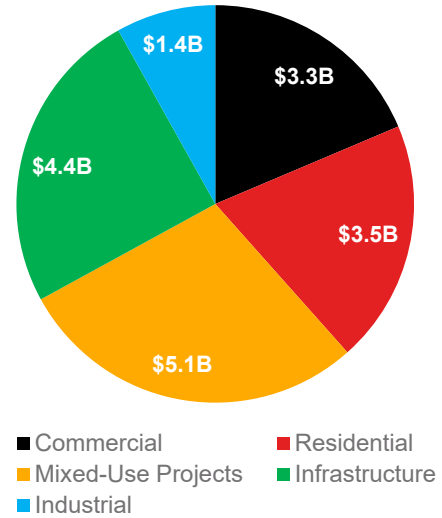
Brunswick East is north of Melbourne's CBD, within proximity of Melbourne Zoo and University of Melbourne. Brunswick East saw a median unit price growth of 1.0% from 2018 to 2019/20**, indicating market resilience. Investors are benefiting from extraordinary rental yields of 4.7%, the highest of all affordable and liveable suburbs. Along with a vacancy rate of 2.7%, (below Melbourne Metro's 2.8%), investors can enjoy quicker uptake of rental units. Brunswick East is well-served by shopping centres, schools, public transport and is only a few minutes away from the CBD. The 1st half of 2020 will see \$14.8M[^] of projects, with residential development being a key focus, to ensure there is new housing stock to satisfy demand.

RENTAL MARKET ANALYSIS



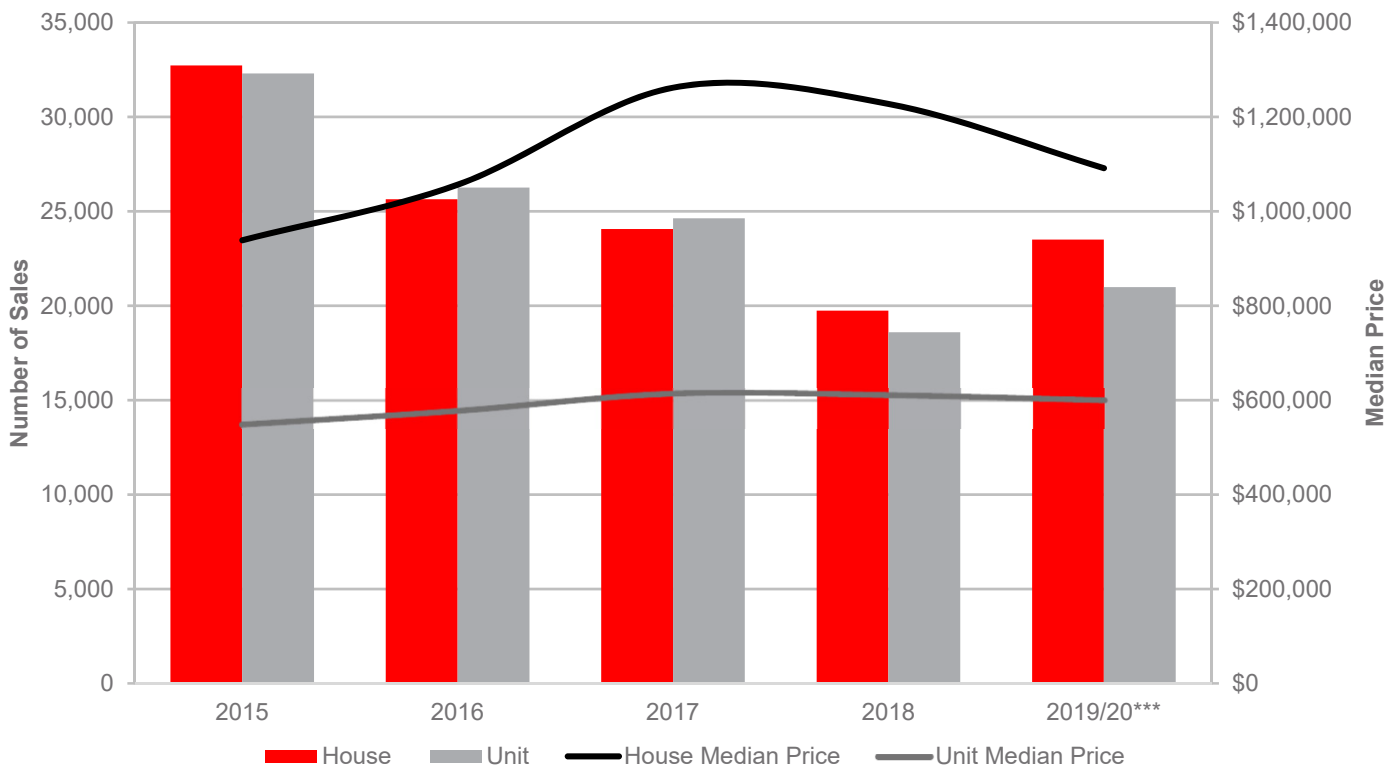
Over Q1 2020, the Melbourne Metro rental market recorded a median rental price of \$410 per week for houses and \$460 per week for units, representing quarterly median price growth of 2.5% for houses and 4.5% for units. Melbourne Metro's vacancy rate of 2.8% (as of April 2020), sits below the Real Estate Institute of Australia's healthy benchmark of 3.0%. During this time, Melbourne Metro's rental yields were recorded at 2.7% (houses) and 3.9% (units), sitting above Sydney Metro (houses 2.5%; units 3.5%). With a lower entry price, Melbourne Metro presents itself as a more affordable attractive investment alternative.

1ST HALF 2020 PROJECTS



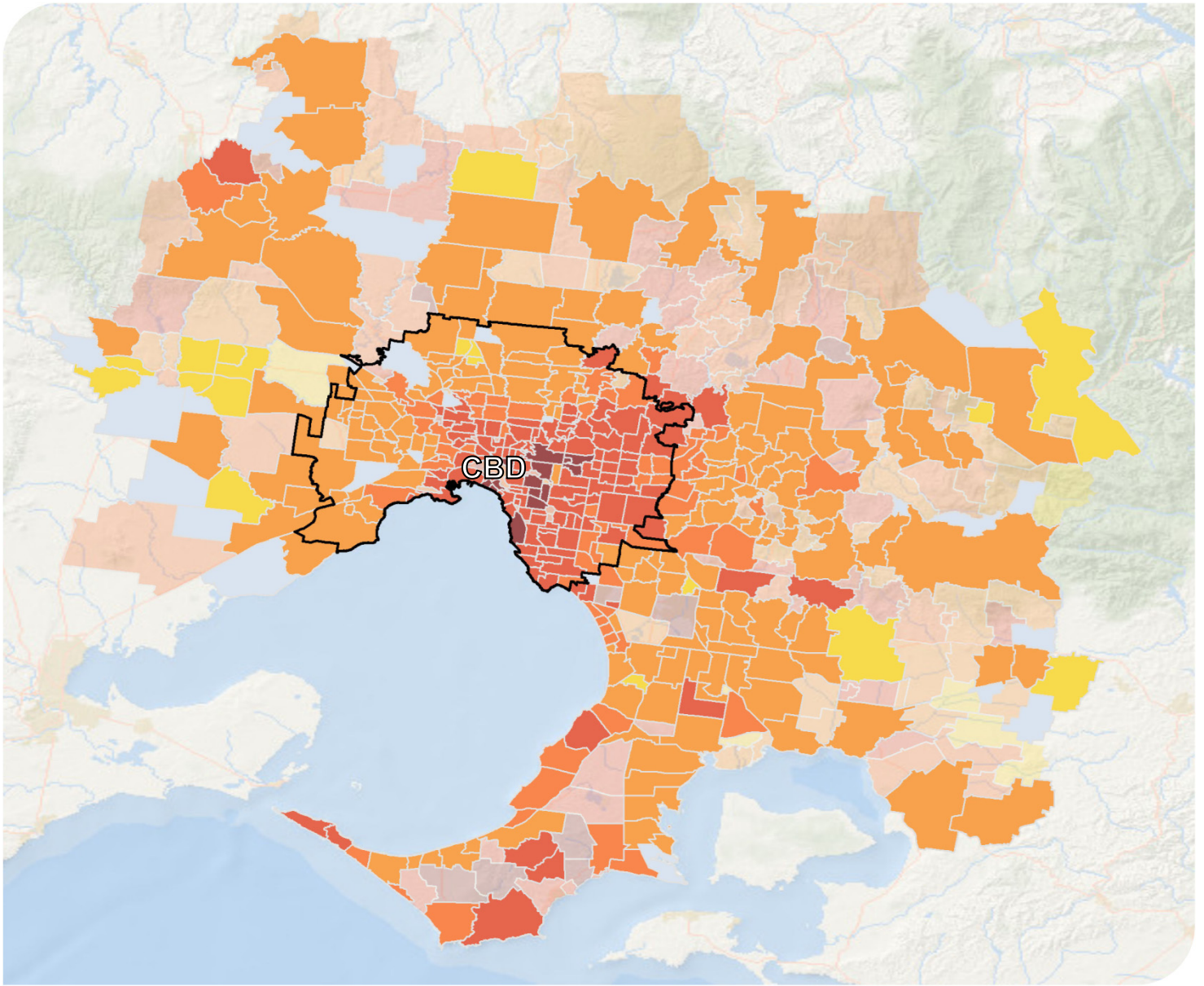
A total of approximately \$17.7B** of new projects will be invested in Greater Melbourne throughout the 1st half of 2020. A key mixed use project is the Fisherman's Bend Urban Renewal Project (\$1.0B). This project will construct residential, commercial and retail precincts. The area is to be transformed into 4 new CBD style mini-suburbs and an employment precinct, with housing for up to 80,000 people. A key commercial project is University of Melbourne Student Precinct (\$229.0M), and a key infrastructure project is Sunbury to Cranbourne Pakenham Corridor Rail Project (\$571.5M).

MELBOURNE METRO SALES & MEDIAN PRICE GROWTH



*Data is based on '2 Bedroom Other Dwellings' figures as per REIA's Real Estate Market Facts March Quarter 2020 report and are assumed to be predominantly units. **Quoted project development spending reflects aggregate of estimated values for projects commencing in the 1st half of 2020. 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 2019/20 captures sale transactions from 1st January 2019 to 31st March 2020. Source: APM Pricerfinder, Real Estate Institute of Australia, SQM Research, Cordell Connect. © PRD Real Estate 2020.

GREATER MELBOURNE MEDIAN HOUSE PRICE 2019/20**



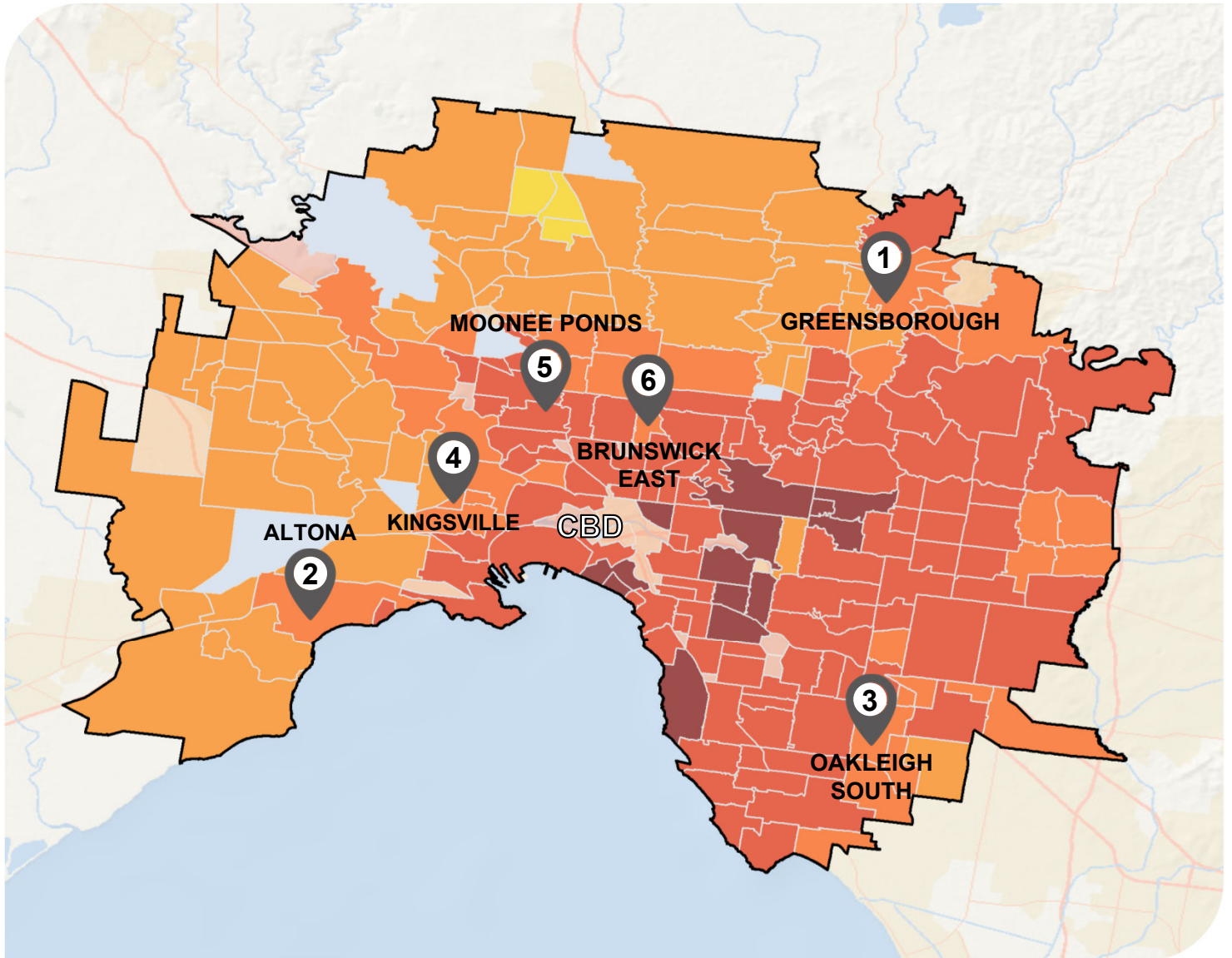
LEGEND

- 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 2019/20**	Project Development***	Median Rent 2019/20**	Rental Yield
	Dallas	\$455,000	\$3.0M	\$350	3.3%
	Meadow Heights	\$480,000	\$3.2M	\$370	4.2%
	Albanvale	\$514,500	\$1.8M	\$350	3.1%
	Top 3 Highest Priced Suburbs**	Median Price 2019/20**	Project Development***	Median Rent 2019/20**	Rental Yield
	Toorak	\$3,912,500	\$35.2M	\$900	2.4%
	East Melbourne	\$3,513,500	\$6.6M	\$910	4.1%
	Canterbury	\$2,800,000	\$17.9M	\$850	2.0%

*Median house price reflected in the heat-map captures sale transactions from 1st January 2019 to 31st March 2020. 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 CBD; suburb median price and median rent figures capture data from 1st January 2019 to 31st March 2020. ***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 2020; it does not reflect commercial/re-sale value. Source: APM Pricerfinder, Cordell Connect. ESRI ArcGIS, SQM Research. © PRD Real Estate 2020.

MELBOURNE METRO MEDIAN HOUSE PRICE 2019/20* 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

MELBOURNE METRO AFFORDABLE & LIVEABLE SUBURBS RENTAL YIELD

	Suburb	House		Suburb	Unit
1	Greensborough	2.9%	4	Kingsville	3.9%
2	Altona	2.7%	5	Moonee Ponds	4.1%
3	Oakleigh South	2.8%	6	Brunswick East	4.7%

*House median price reflected in the heat-map captures sale transactions from 1st January 2019 to 31st March 2020.
Source: APM Pricerfinder, ESRI ArcGIS, SQM Research. © PRD Real Estate 2020.

ABOUT PRD RESEARCH

PRD Research Division provides reliable, unbiased, and authoritative property research and consultancy to clients in metro and regional locations across Australia

Our extensive research capability and specialised approach ensures our clients can make the most informed and financially sound decisions about residential and commercial properties.

OUR KNOWLEDGE

Access to accurate and objective research is the foundation of all good property decisions.

As the first and only truly knowledge based property services company,

PRD shares experience and knowledge to deliver innovative and effective solutions to our clients.

We have a unique approach that integrates people, experience, systems and technology to create meaningful business connections. We focus on understanding new issues impacting the property industry; such as the environment and sustainability, the economy, demographic and psychographic shifts, commercial and residential design; and forecast future implications around such issues based on historical data and fact.

OUR PEOPLE

Our research team is made up of highly qualified researchers who focus solely on property analysis.

Skilled in deriving macro and micro quantitative information from multiple credible sources, we partner with clients to provide strategic advice and direction regarding property and market performance. We have the added advantage of sourcing valuable and factual qualitative market research in order to ensure our solutions are the most well considered and financially viable.

Our experts are highly sought after consultants for both corporate and government bodies and their advice has helped steer the direction of a number of property developments and secured successful outcomes for our clients.

OUR SERVICES

Our research services span over every suburb, LGA, and state within Australia; captured in a variety of standard and customized products.

We have the ability and systems to monitor market movements, demographic changes and property trends. We use our knowledge of market sizes, price structure and buyer profiles to identify opportunities for clients and provide market knowledge that is unbiased, thorough and reliable.

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