

> Affordable & Liveable Property Guide
Melbourne Metro 2nd Half 2020

METHODOLOGY

This affordable and liveable property guide for Melbourne Metro analyses all suburbs 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 between 2019 to 2020*.
- **Investment criteria** – as of September 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 hotspots 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 \$515,567** as of Q2 2020. Premiums of 51% for houses and 1% for units were added, which were below those required to reach Melbourne Metro’s median prices (92% for houses and 18% 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** – suburbs identified must have a high total estimated value of future project development for the 2nd 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 positively affecting the property market.
- **Liveability criteria** – all identified suburbs 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 VIC average (as determined by the Department of Jobs and Small Business, June Quarter 2020 release).

RECENT TOP PERFORMERS

Area	Suburb	Type	Median Price 2019	Median Price 2020*	Price Growth	Projects 2020***
Inner	Port Melbourne	House	\$1,375,000	\$1,595,000	16.0%	\$198.4M
	Melbourne	Unit	\$485,000	\$495,000	2.1%	\$2.8B
North	Brunswick	House	\$1,030,000	\$1,100,000	6.8%	\$649.8M
	Epping	Unit	\$397,500	\$410,000	3.1%	\$486.4M
South	Caulfield South	House	\$1,497,337	\$1,668,000	11.4%	\$105.5M
	Caulfield South	Unit	\$719,000	\$772,500	7.4%	\$105.5M
East	Bulleen	House	\$1,102,500	\$1,215,000	10.2%	\$216.2M
	Bulleen	Unit	\$550,000	\$771,000	40.2%	\$216.2M
West	Footscray	House	\$812,000	\$880,000	8.4%	\$470.5M
	Truganina	Unit	\$416,500	\$430,000	3.2%	\$1.9B

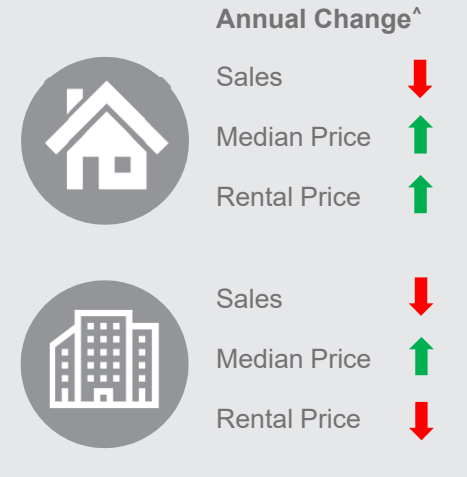
OVERVIEW

Median property prices in Melbourne Metro increased by 1.5% for houses to \$990,000 from 2019 to 2020* and increased by 2.2% for units to \$610,000. Although this level of growth may be deemed to be subdued under normal circumstances, it represents a resilient market throughout COVID-19 lockdowns. There is a unique opportunity in Melbourne Metro, as the current house market is more affordable than in 2018 (which saw a median price of \$1,010,000), which benefits first home buyers. However owners can be confident in their asset’s ongoing value, as there has been positive price growth over the past five years. An estimated \$16.4B of development is planned in the 2nd half of 2020 for Melbourne Metro, with a large focus on commercial and mixed projects. This will generate more commercial activity and innovative housing stock, and create jobs in the construction phase. This will have a positive impact on the real estate market.

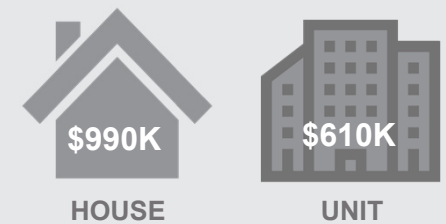
*Median price quoted captures sale transactions from 1st January 2020 to 30th September 2020, or Q1 2020 – Q3 2020. **Average home loan figure is derived from June Quarter 2020 Housing Affordability Report by the Real Estate Institute of Australia (REIA) and Adelaide Bank. ***Project development is based on aggregate of estimated construction value for residential, commercial, industrial, mixed-use and infrastructure projects scheduled to commence in the 2nd half of 2020 as stated by the relevant data authority. ^Annual Change is reflective of median price change from Q3 2019 to Q3 2020. Figures displayed in infographics are for the period Q3 2020, except for median sale price, which is reflective of 1st January 2020 to 30th September 2020, or Q1 2020 – Q3 2020.

Source: APM Pricerfinder, REIA, SQM Research, Cordell Connect, Department of Jobs and Small Business. © PRD Real Estate 2020.

MELBOURNE METRO



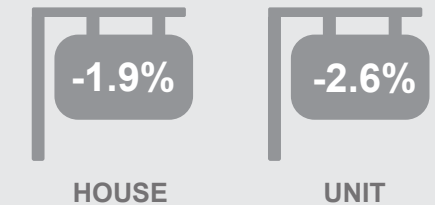
MEDIAN SALE PRICE



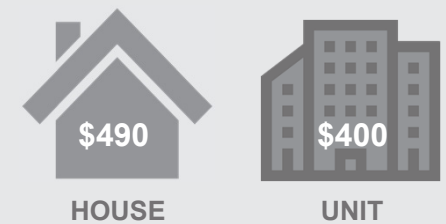
AVERAGE DAYS TO SELL



AVERAGE VENDOR DISC.



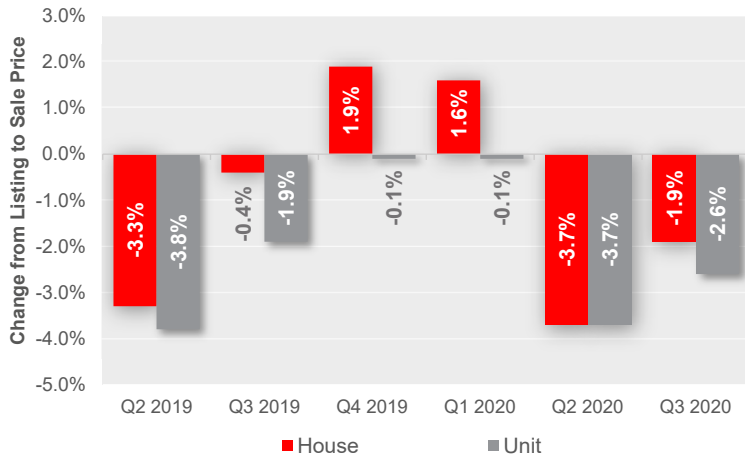
MEDIAN RENTAL PRICE



AVERAGE DAYS TO LET



AVERAGE VENDOR DISCOUNT

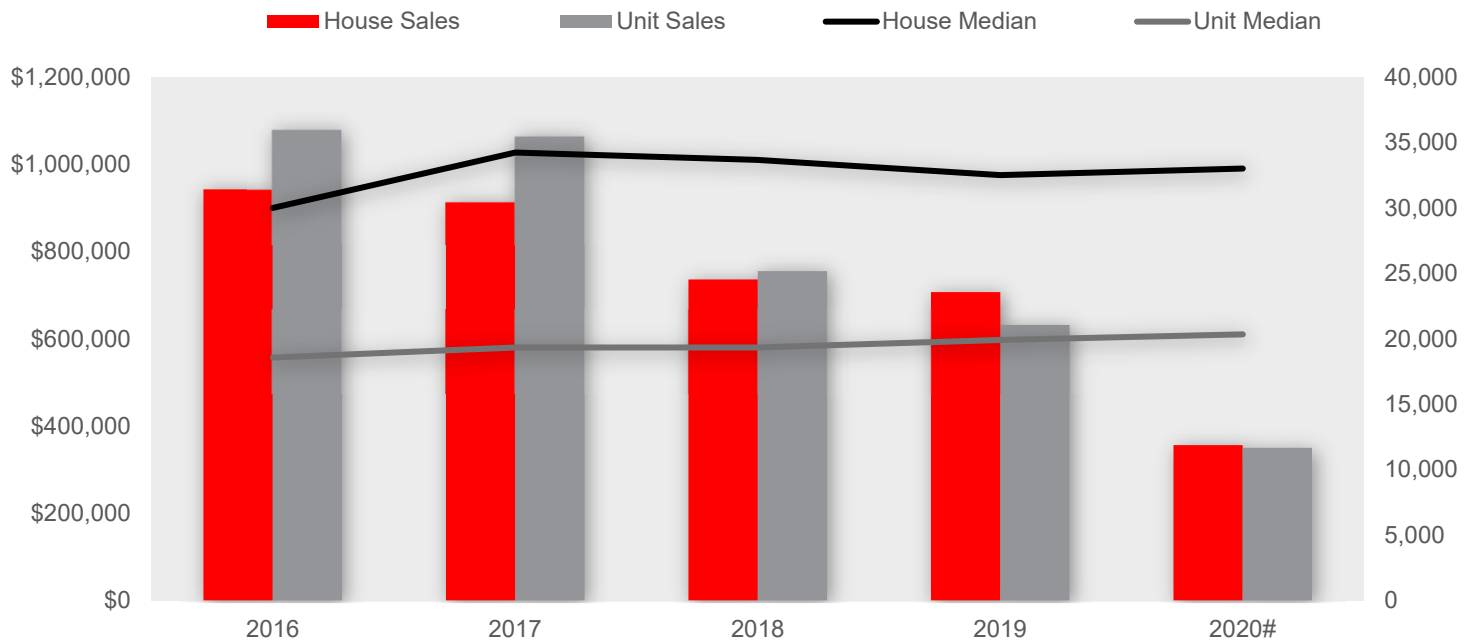


KEY COMMENTS

Average vendor discounts between Q3 2019 and Q3 2020 have widened for both property types, to -1.9% for houses and -2.6% for units. This is reflective of COVID-19 restrictions, whereby sellers are willing to offer a higher discount. That said Q3 2020 vendor discount is an improvement compared with Q2 2020, suggesting a market recovery is potentially in the horizon.

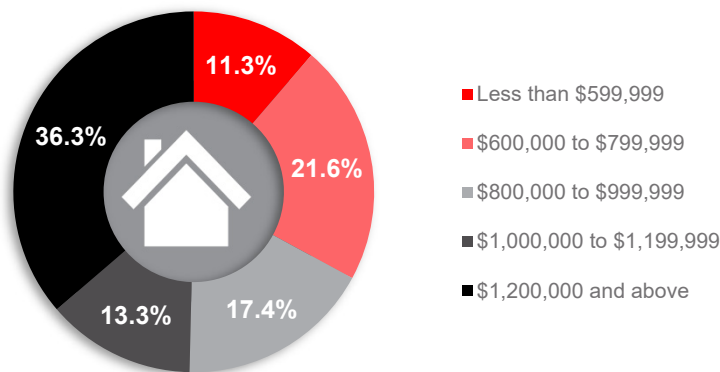
The dominant proportion of houses sold in Melbourne Metro across 2020# were in the premium price bracket of \$1,200,000 and above (36.3%). Units also saw high activity within the premium price bracket of \$750,000 and above (29.4%). These figures reflect the market's resilience, which can also be attributed to record low interest rates and government stimulus.

MARKET PERFORMANCE

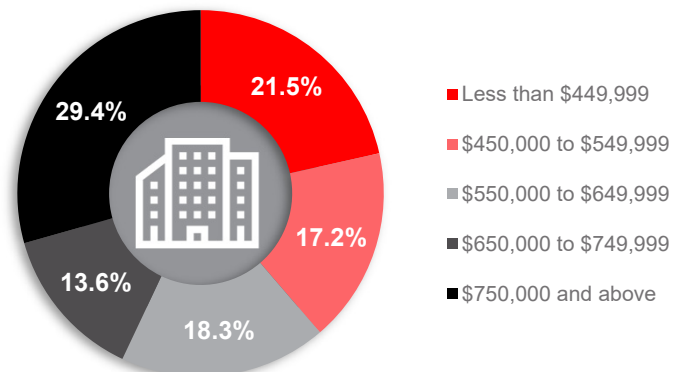


PRICE BREAKDOWN 2020#

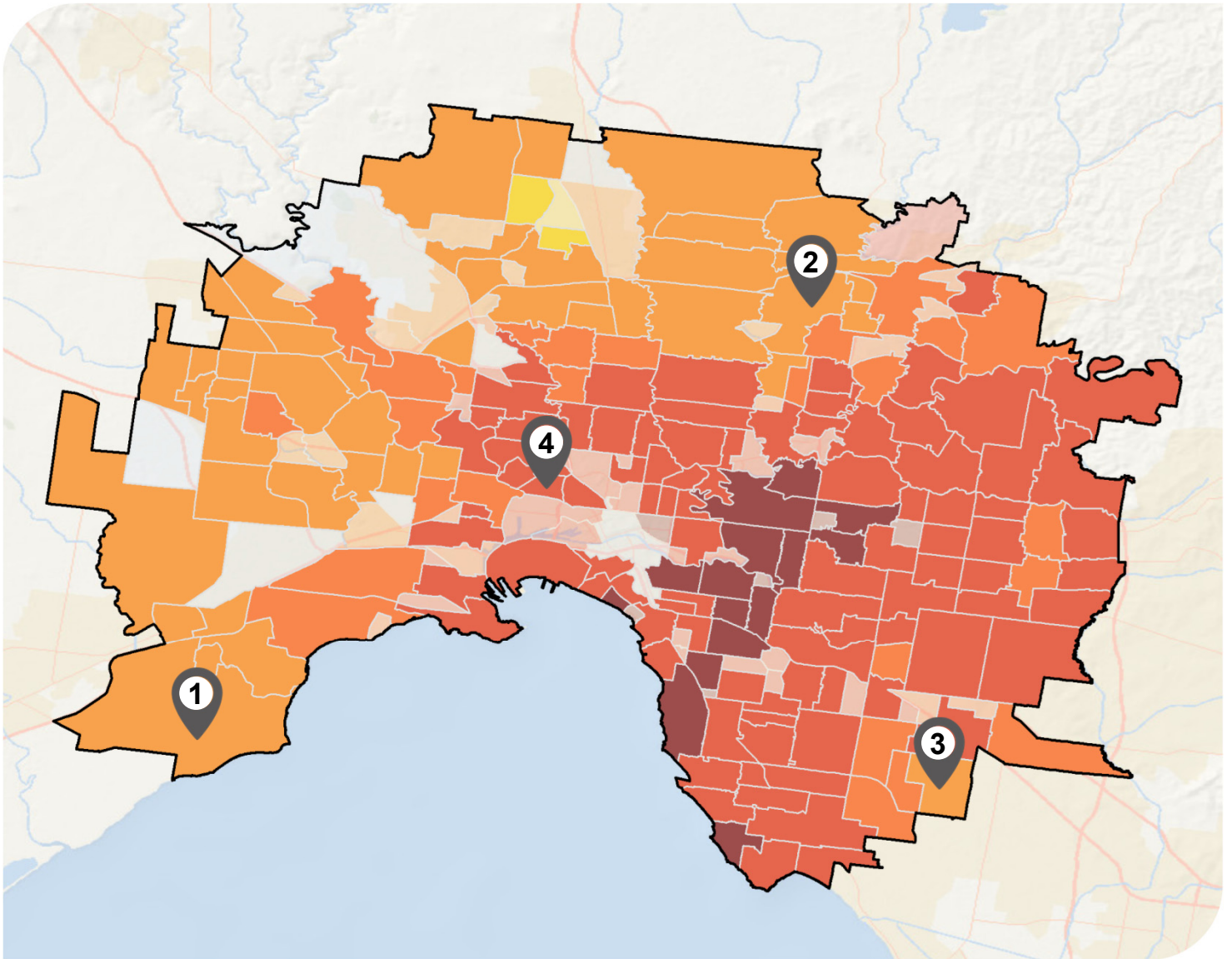
HOUSES SOLD



UNITS SOLD



MELBOURNE METRO MEDIAN HOUSE PRICE 2020* 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 AFFORDABLE & LIVEABLE SUBURBS RENTAL YIELD

	Suburb	House		Suburb	Unit
1	Point Cook	3.5%	1	Point Cook	4.6%
2	Bundoora	3.2%	2	Bundoora	5.0%
3	Clayton South	3.0%	4	Kensington	3.6%

*House median price reflected in the heat-map captures sale transactions from 1st January 2020 to 30th September 2020.
Source: APM Pricerfinder, ESRI ArcGIS, SQM Research. © PRD Real Estate 2020.

RENTAL GROWTH 2020€

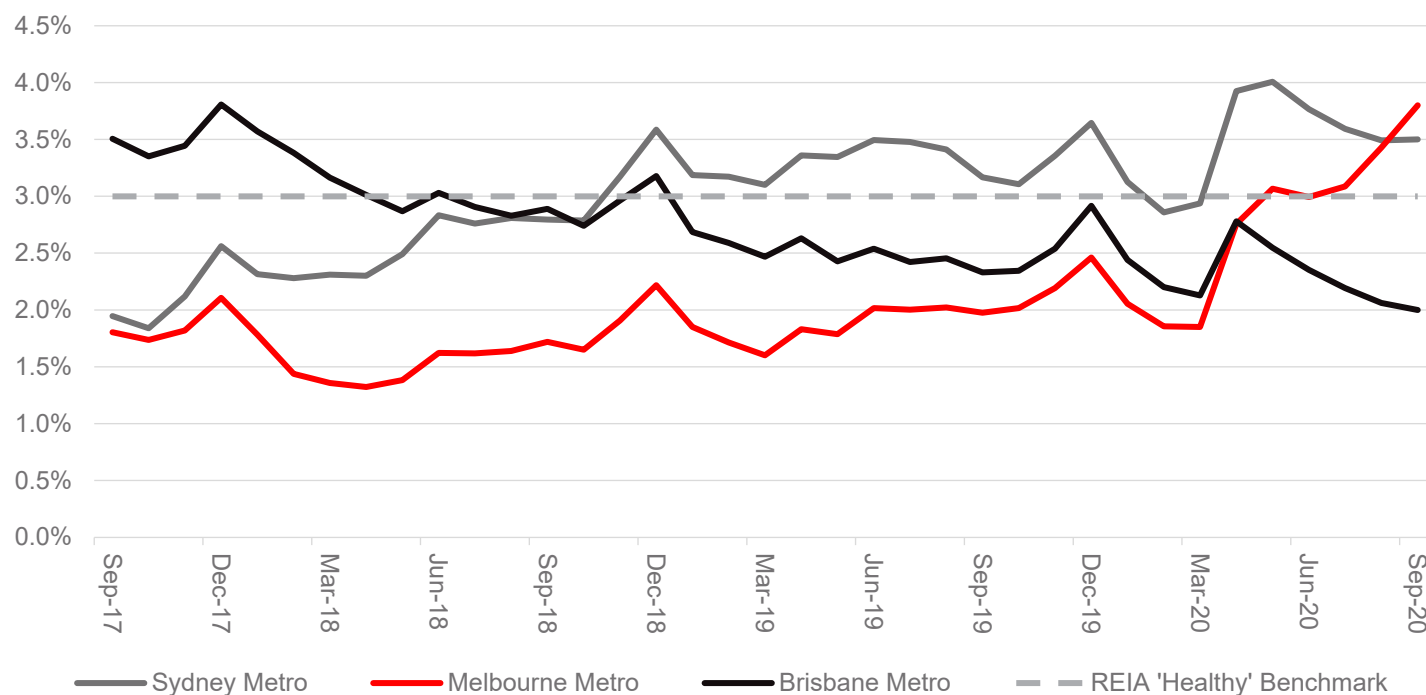
In September 2020, Melbourne Metro recorded house rental yield of 2.6%. In the 12 months to Q3 2020, the median house rental price grew by 2.1% to \$490 per week. This is in conjunction with average days on the market declining by 6.9% (to 27 days). Overall this represents a highly resilient rental market throughout COVID-19 lockdowns.

Three-bedroom houses provided the greatest annual rental growth (of +2.2%) to reach \$460 per week. A softening in the median rental price for 4+ bedroom houses (-1.8% to \$540 per week) is indicative of tightened household finances due to COVID-19 employment conditions.

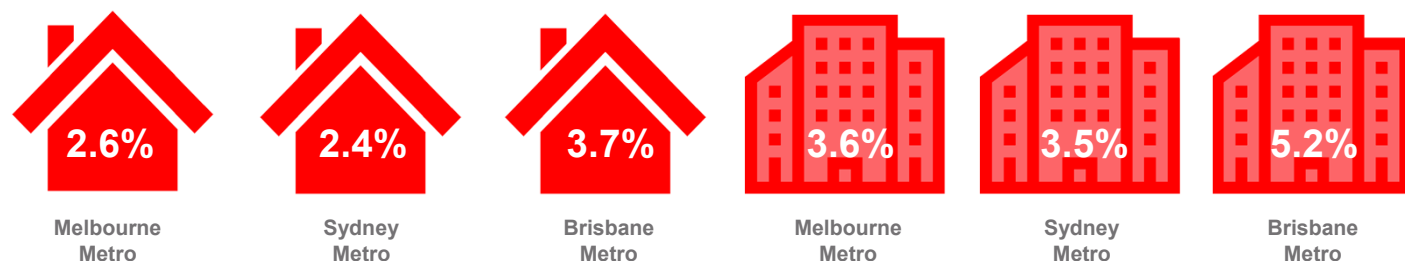
In September 2020, Melbourne Metro recorded a vacancy rate of 3.8%, a record high over the past 3 years and reflective of COVID-19 lockdowns and restrictions. On the other hand median unit prices in Melbourne Metro have become more affordable and restrictions are easing. This presents a unique opportunity for investors, as the vacancy rate in Melbourne Metro prior to COVID-19 was consistently under the Real Estate Institute of Australia's healthy benchmark of 3.0%.



RENTAL VACANCY RATES 2020



RENTAL YIELD 2020§



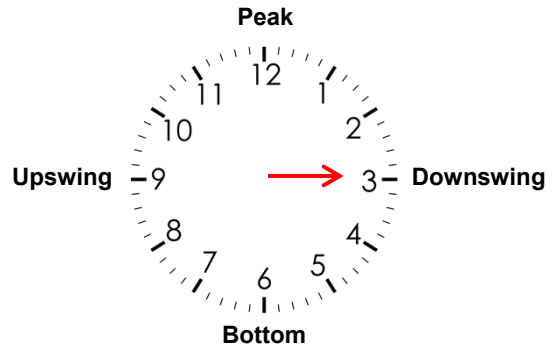
€ Annual rental growth is a comparison between 2019 and 2020 (01/01/2020 – 30/09/2020) house median rent figures.

§ Rental yields shown are as reported at September 2020.

Source: APM Pricerfinder, SQM Research. © Copyright PRD Real Estate 2020.

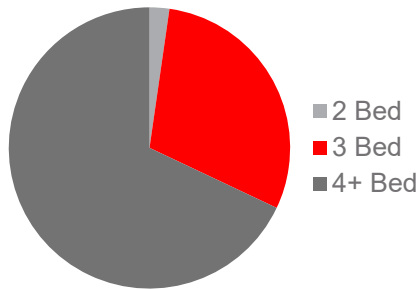


PROPERTY CLOCK - HOUSES



AFFORDABLE & LIVEABLE HOUSE SUBURBS

POINT COOK 3030

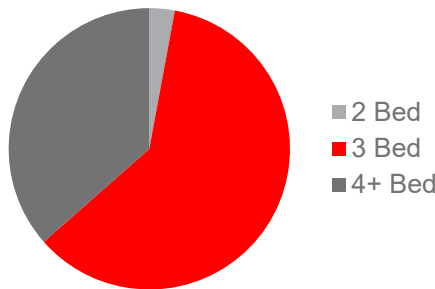


Located about **20.0km** from the Melbourne CBD.

- Median House Price **\$650,000**
- 2 Bed Median Price **\$553,000***
- 3 Bed Median Price **\$597,000**
- 4+ Bed Median Price **\$672,000**

Point Cook is south-west of the Melbourne CBD and is the most affordable of the three affordable and liveable suburbs chosen. From 2019 to 2020 median house prices grew by 2.4%** , suggesting market resilience throughout COVID-19. Point Cook recorded a vacancy rate of 3.2%, below Melbourne Metro's 3.8%. This indicates a healthier rental demand, thus highly conducive for investment. Point Cook ticks many liveability boxes as it is close to shops, medical centres, schools, public transport, parks and the M1 Highway – which connects to major cities such as Melbourne and Geelong. \$38.3M[^] of projects will commence in the 2nd half of 2020, with a focus on residential and commercial. This will stimulate economic growth in the area.

BUNDOORA 3083

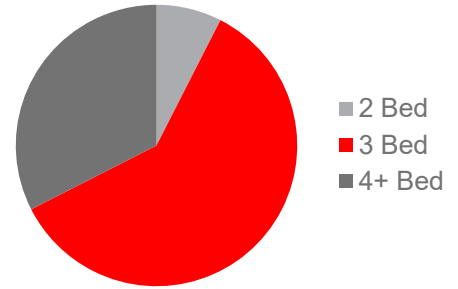


Located about **11.7km** from the Melbourne CBD.

- Median House Price **\$741,000**
- 2 Bed Median Price **\$625,000***
- 3 Bed Median Price **\$688,000**
- 4+ Bed Median Price **\$857,000**

Bundoora, north of the Melbourne CBD, recorded median price growth of 2.6%** from 2019 to 2020. This is the highest median price growth out of the three affordable and liveable suburbs chosen, which shows the area's resilience and strong potential. Those with an investment property benefit from rental yields of 3.2%, above Melbourne Metro's 2.6%. This is in conjunction with a lower vacancy rate of 3.5%, slightly below Melbourne Metro's 3.8%, which signals quicker occupancy of the rental properties. About \$13.8M[^] worth of project developments is planned in the 2nd half of 2020, with a main focus on residential. The Eclipse (\$4.0M, 24 townhouses) is a key project, which will construct a 2 and 3 storey townhouse complex.

CLAYTON SOUTH 3169



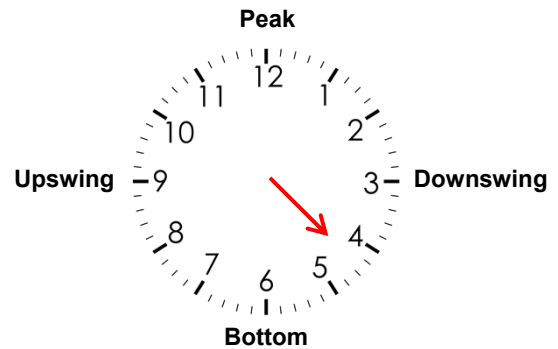
Located about **18.6km** from the Melbourne CBD.

- Median House Price **\$777,000**
- 2 Bed Median Price **\$757,000***
- 3 Bed Median Price **\$738,000**
- 4+ Bed Median Price **\$845,000***

Clayton South recorded moderate median house price growth of 1.0%** from 2019 to 2020, which meant the market held steady amidst COVID-19. Investors are currently benefitting from attractive rental yields of 3.0%. Clayton South also recorded a record vacancy rate of 3.7%, just below Melbourne Metro (3.8%), indicating a healthier rental demand. Clayton is highly liveable for residents as it is close to Clayton South State School, Chadstone Shopping Centre, and public transport. About \$10.0M[^] worth of development is planned for the 2nd half of 2020, with a main focus on residential projects. This will create innovative housing stock for the area as well as new local employment opportunities in the construction phase.

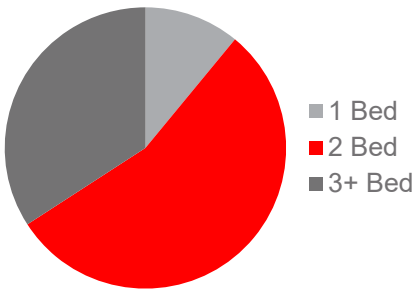


PROPERTY CLOCK - UNITS



AFFORDABLE & LIVEABLE UNIT SUBURBS

BUNDOORA 3083

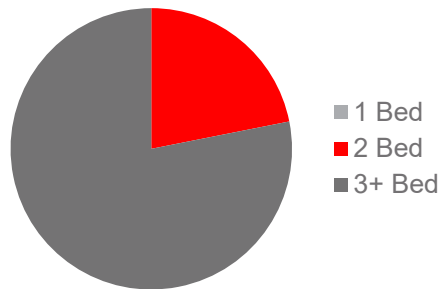


Located about **11.7km** from the Melbourne CBD.

- Median Unit Price **\$435,000**
- 1 Bed Median Price **\$318,000***
- 2 Bed Median Price **\$405,000**
- 3+ Bed Median Price **\$628,000**

Bundoora is featured twice in the 2nd half of 2020 guide as an affordable and liveable suburb, for houses and units. Bundoora records the most affordable median unit price out of the three chosen affordable and liveable suburbs, with an annual growth of 8.8%** from 2019 to 2020. Investors are benefiting from extraordinary unit rental yields of 5.0%, which is well above Melbourne Metro's 3.6%. This is combined with a vacancy rate of 3.5%, below Melbourne Metro's 3.8%, setting Bundoora as an investment hotspot. Bundoora is close to Epping Plaza shopping centre, La Trobe University and Austin Hospital. About \$13.8M[^] worth of development is planned to commence in the 2nd half of 2020, with a main focus on residential projects.

POINT COOK 3030

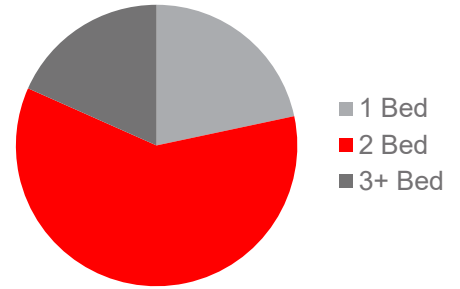


Located about **20.0km** from the Melbourne CBD.

- Median Unit Price **\$481,000**
- 1 Bed Median Price **N/A**
- 2 Bed Median Price **\$415,000***
- 3+ Bed Median Price **\$500,000**

Point Cook is also featured twice in the 2nd half of 2020 guide, recording a median unit price growth of 0.2%** from 2019 to 2020. Point Cook ticks all the liveability factors as it is close to medical centres, schools, public transport, shops, parks and the M1 Highway, connecting to major cities such as Melbourne and Geelong. In September 2020, investors benefited from attractive unit rental yields of 4.6%, well above the Melbourne Metro's 3.6%. This is combined with a vacancy rate of 3.2%, lower than Melbourne Metro's 3.8%. \$38.3M[^] of development is planned in the 2ND half of 2020, which will stimulate the local economy. Projects include Hacketts Road Townhouses (\$13.0M, 73 townhouses) and Steinway Street commercial development (\$4.8M).

KENSINGTON 3031

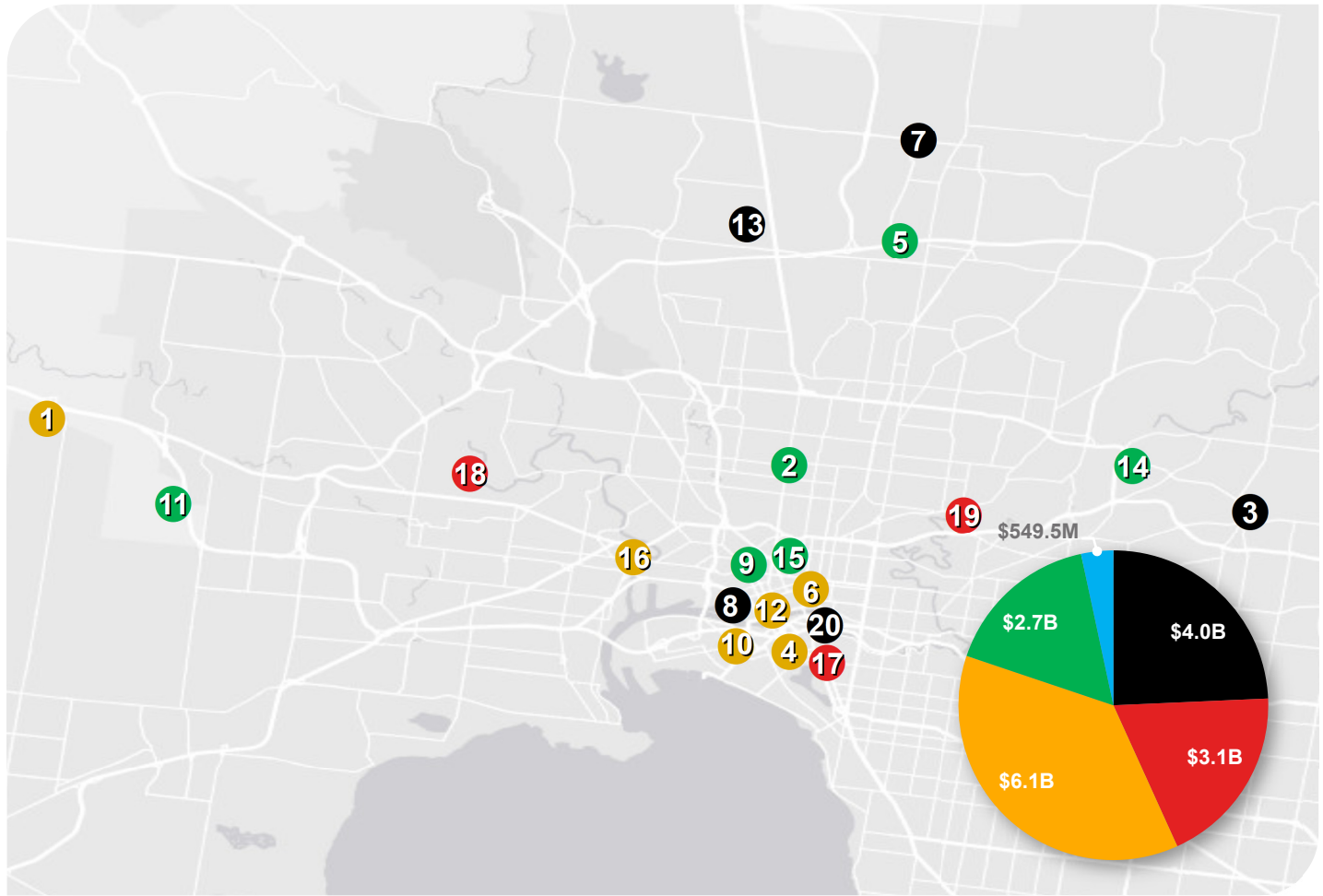


Located about **2.5km** from the Melbourne CBD.

- Median Unit Price **\$520,000**
- 1 Bed Median Price **\$382,000***
- 2 Bed Median Price **\$521,000**
- 3+ Bed Median Price **\$865,000***

Kensington is the closest affordable and liveable suburb to the Melbourne CBD. A unit rental yield of 3.6% (as of September 2020) has attracted many investors into the area. This is partly due to Kensington's vacancy rate, which at 2.9% is significantly lower than Melbourne Metro's 3.8%. This indicates a healthier rental demand, which is highly conducive for investment. The area ticks many liveability boxes as it is well positioned within the inner CBD and is served by medical centres, schools, shops, public transport and parks. A total of \$72.5M[^] of projects are set to commence in the 2nd half of 2020, with a key focus on mixed use, commercial and residential projects. This will improve liveability aspects and stimulate economic growth.

PROJECT DEVELOPMENT MAP 2ND HALF 2020*



Location	Project [£]	Type	Estimated Value ^µ	Suburb
1	Mount Atkinson Mixed Use Precinct Remaining Stages (7,341 Dwellings)	Mixed-Use	\$1,700,000,000	Truganina
2	Bell, Munro & Reynard Streets & Moreland Road Rail Level Crossing Removal - Upfield Line	Infrastructure	\$542,400,000	Brunswick
3	Westfield Doncaster	Commercial	\$500,000,000	Doncaster
4	Southbank By Beulah - Green Spine (789 Apartments)	Mixed-Use	\$395,000,000	Southbank
5	M80 Ring Road Upgrade Hume Freeway To Edgars Road	Infrastructure	\$300,000,000	Thomastown
6	Collins Street Mixed Use Development (420 Apartments)	Mixed-Use	\$300,000,000	Melbourne City
7	Epping Private Hospital Upgrade - Stages 2 & 3	Commercial	\$250,000,000	Epping
8	555 Collins Street Office	Commercial	\$250,000,000	Melbourne City
9	Queen Victoria Market Redevelopment	Infrastructure	\$250,000,000	Melbourne City
10	City Road Mixed Use Development (Hanover House) (464 Apartments)	Mixed-Use	\$250,000,000	Southbank
11	Dame Phyllis Frost Women's Prison (DPFC) 106 Bed Expansion	Infrastructure	\$237,000,000	Ravenhall
12	Bourke Street Mixed Use Development (857 Apartments)	Mixed-Use	\$234,000,000	Melbourne City
13	Northcorp Boulevard Logistics Hub	Commercial	\$230,000,000	Broadmeadows
14	North East Link Early Works	Infrastructure	\$200,000,000	Bulleen
15	So/ Hotel (Accor)	Infrastructure	\$200,000,000	Melbourne City
16	Liberty One Apartments (359 Apartments)	Mixed-Use	\$200,000,000	Footscray
17	The Muse Melbourne (42 Apartments)	Residential	\$200,000,000	Melbourne City
18	Winged Foot Drive Dwellings - River Valley Stage 5 (84 Dwellings)	Residential	\$200,000,000	Sunshine North
19	Home By Caydon (324 Apartments)	Residential	\$164,000,000	Alphington
20	Meriton Hotel	Commercial	\$150,000,000	Melbourne City

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

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

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