

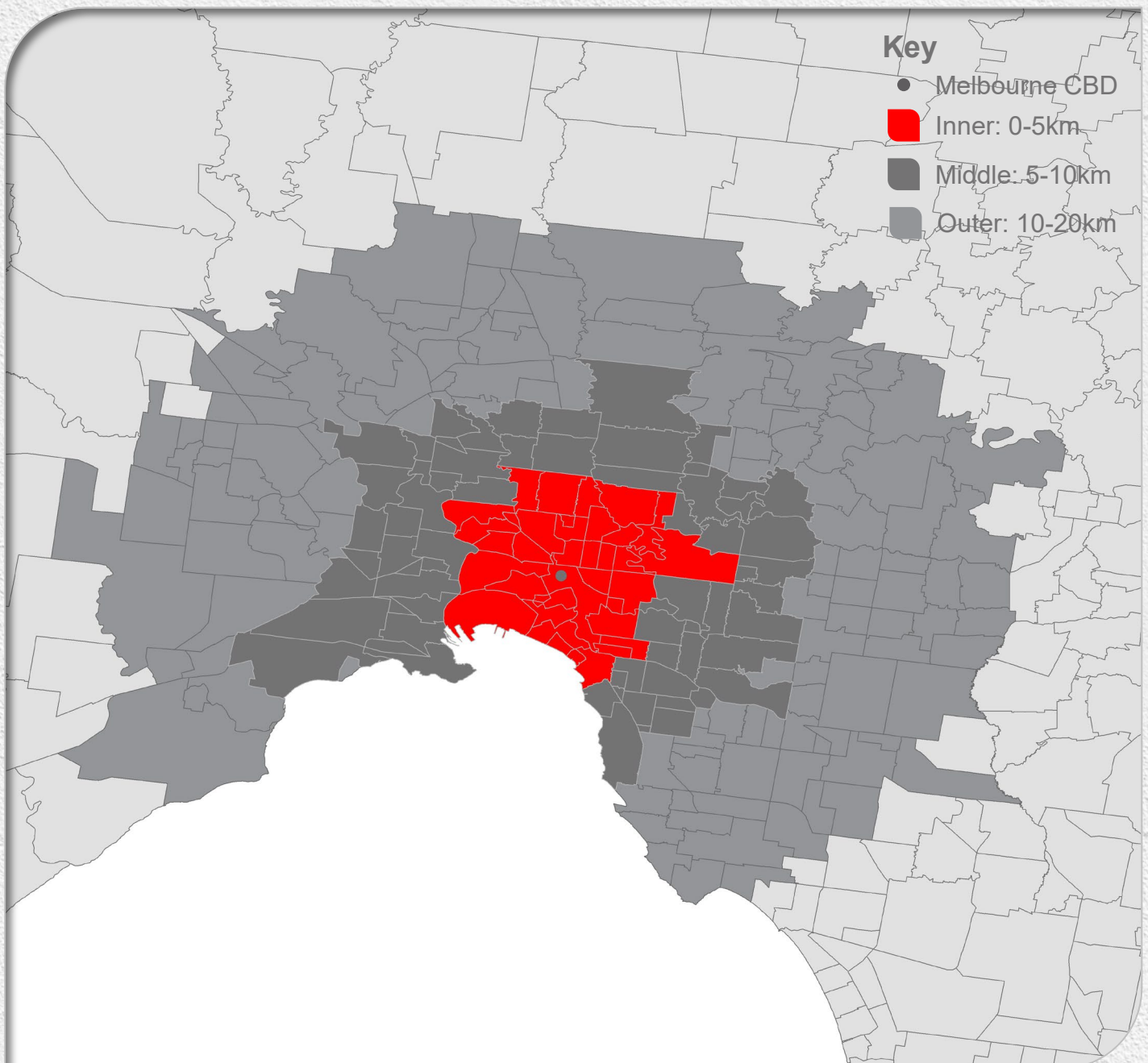
> Melbourne Market Update

1st Half 2022

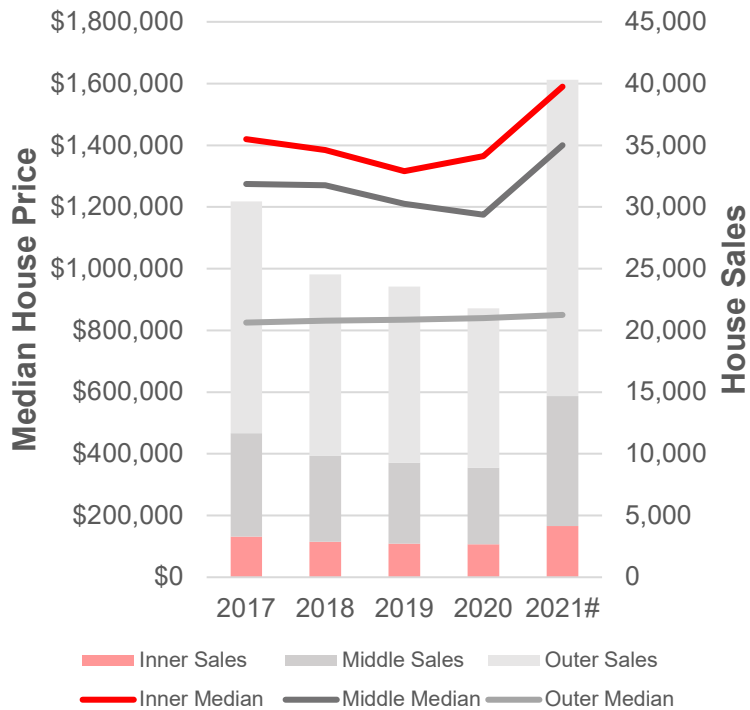
INTRODUCTION

This Melbourne market update report divides the city into the inner-ring (0-5km from the city), middle-ring (5-10km from the city) and outer-ring (10-20km from the city). It provides a comprehensive and in-depth analysis of each specified market and a holistic picture of property conditions in each area.

Melbourne's house market has seen exceptional growth between 2017-2021, particularly in the inner-ring, by 12.0%. The outer-ring market recorded the most modest growth and is the place to be for affordable stock, with 53.4% of sales under \$900K. There are signs of recovery in the unit inner-ring as a shift back to living in the city is becoming evident. Vacancy rates in all rings have declined towards the Real Estate Institute of Australia's healthy benchmark of 3.0%, with vacancy rates in the inner-ring declining sharply by -3.4%. Investor confidence will be restored as rental demand is starting to increase in the inner-ring, and will be further pushed up with the opening of international borders.



MELBOURNE HOUSE SALES 2017-2021#



2021# Median Sale Price

- Inner: \$1,590,000
- Middle: \$1,400,000
- Outer: \$850,000

2017-2021 Price Growth

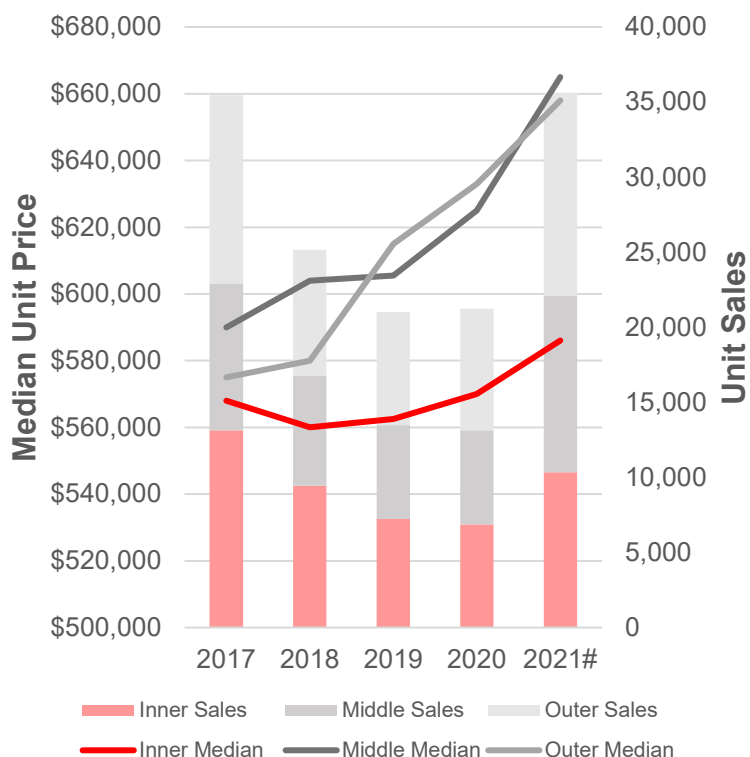
- Inner: +12.0% (+\$170,000)
- Middle: +9.8% (+\$125,000)
- Outer: +3.0% (+\$25,000)

Key Comments

- The inner-ring recorded the highest median house price growth in the past five years and remains the most expensive for buyers.
- The outer-ring remains the most affordable option which will benefit first home buyers looking for a tree change.

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MELBOURNE UNIT SALES 2017-2021#



2021# Median Sale Price

- Inner: \$586,000
- Middle: \$665,000
- Outer: \$658,000

2017-2021 Price Growth

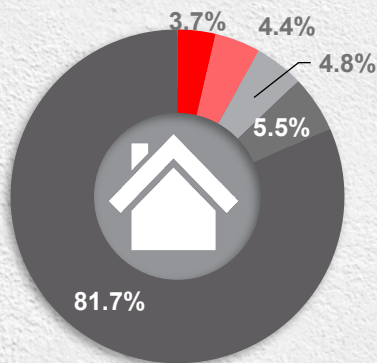
- Inner: +3.2% (+\$18,000)
- Middle: +12.7% (+\$75,000)
- Outer: +14.4% (+\$83,000)

Key Comments

- Middle and outer-ring unit prices continue to outpace that of the inner-ring, with the middle-ring now the most expensive.
- Inner-ring unit median prices are starting to see higher growth which is great news for vendors looking to sell in this current market.

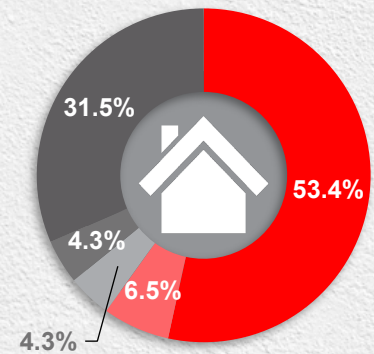
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MELBOURNE HOUSE PRICE BREAKDOWN 2021[#]

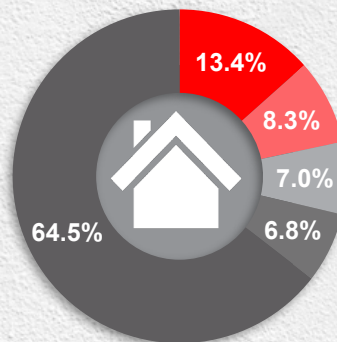


Inner-Ring

- Less than \$899,999
- \$900,000 to \$999,999
- \$1,000,000 to \$1,099,999
- \$1,100,000 to \$1,199,999
- \$1,200,000 and above

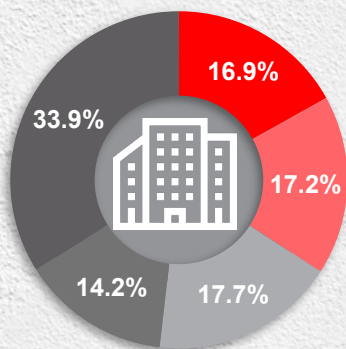


Outer-Ring



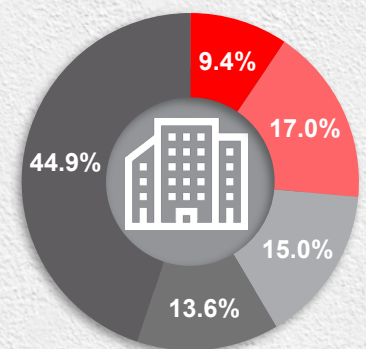
Middle-Ring

MELBOURNE UNIT PRICE BREAKDOWN 2021[#]

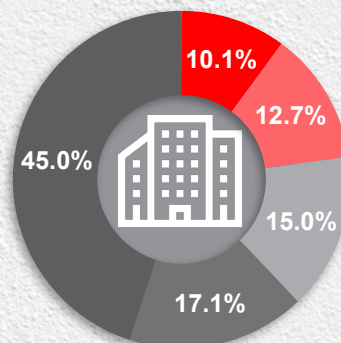


Inner-Ring

- Less than \$399,999
- \$400,000 to \$499,999
- \$500,000 to \$599,999
- \$600,000 to \$699,999
- \$700,000 and above

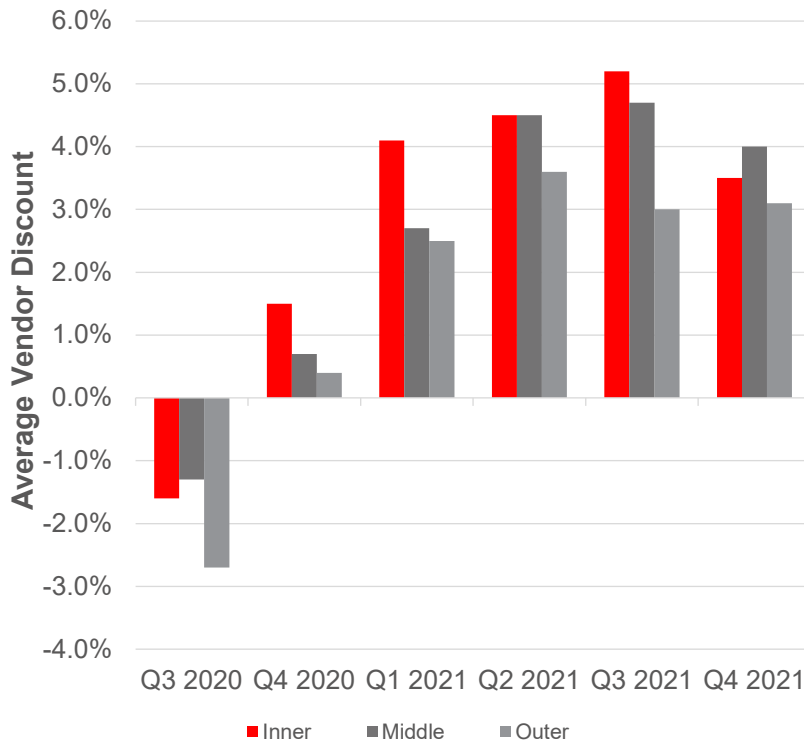


Outer-Ring



Middle-Ring

MELBOURNE HOUSE AVERAGE VENDOR DISCOUNT



Q4 2021 Overview

- Inner: +3.5%
- Middle: +4.0%
- Outer: +3.1%

What is Average Vendor Discount?

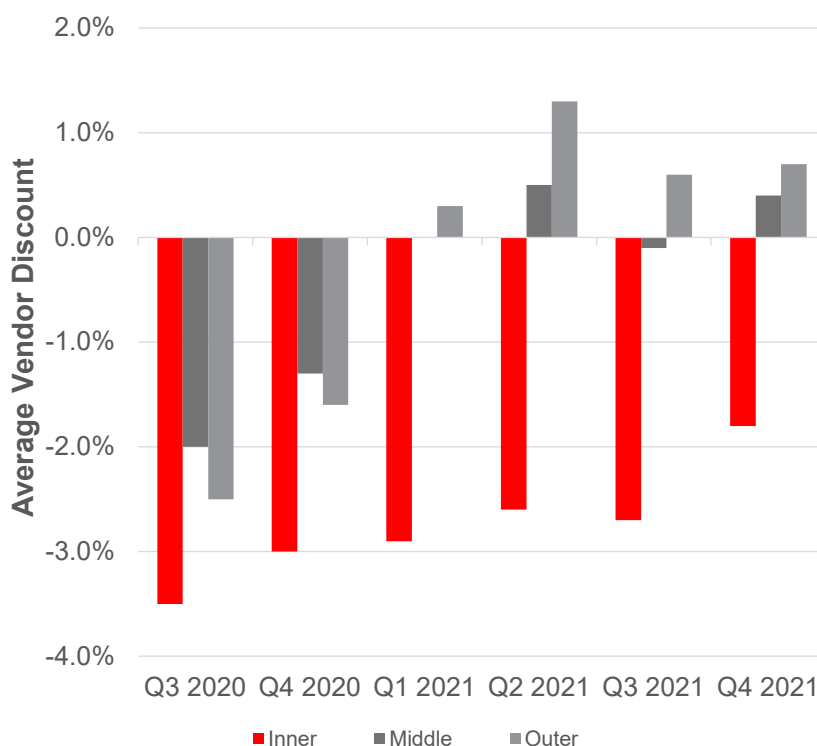
- The average percentage difference between the first list price and final sold price.

Key Comments

- Average vendor discounting has swung to premium levels for all rings, indicating high buyer confidence. Vendors looking to sell will achieve premium results above their expectations.
- Middle-ring houses saw the highest swing in average vendor discount to a premium of 4.0%

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MELBOURNE UNIT AVERAGE VENDOR DISCOUNT



Q4 2021 Overview

- Inner: -1.8%
- Middle: +0.4%
- Outer: +0.7%

What is Average Vendor Discount?

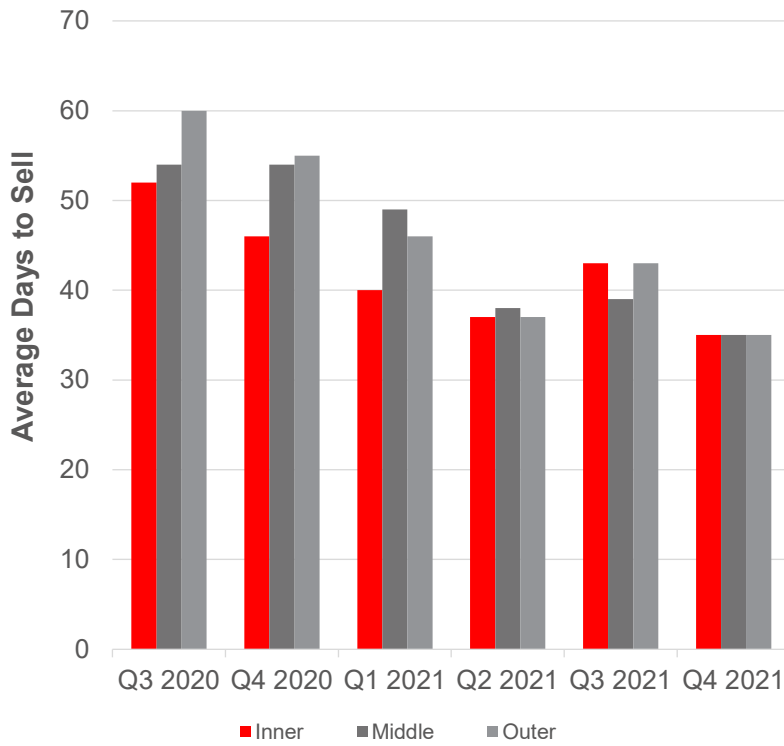
- A lower percentage difference (closer to 0.0%) suggests that buyers are willing to purchase closer to a property's initial asking price.

Key Comments

- Average vendor discount in the middle and outer rings have swung towards a premium, indicative of high demand.
- Inner-ring average vendor discount is continuing to tighten since the peak of COVID-19, showing signs of recovery.

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MELBOURNE HOUSE AVERAGE DAYS TO SELL



Q4 2021 Overview

- Inner: 35 days
- Middle: 35 days
- Outer: 35 days

Why Average Days to Sell?

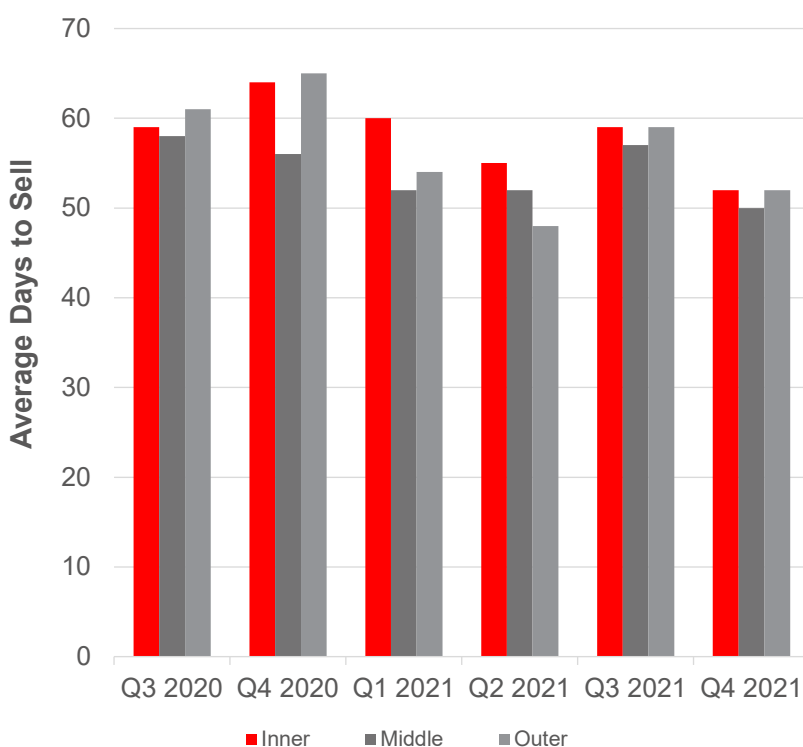
- The change in average days to sell a property is indicative of buyer demand.

Key Comments

- In the last 12 months, average days to sell a house declined across all rings.
- Average days to sell in all rings for Q4 2021 were the lowest in the past 18 months.
- This shows signs of market recovery as the average days to sell houses is now back to pre-COVID-19 levels.

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MELBOURNE UNIT AVERAGE DAYS TO SELL



Q4 2021 Overview

- Inner: 52 days
- Middle: 50 days
- Outer: 52 days

Why Average Days to Sell?

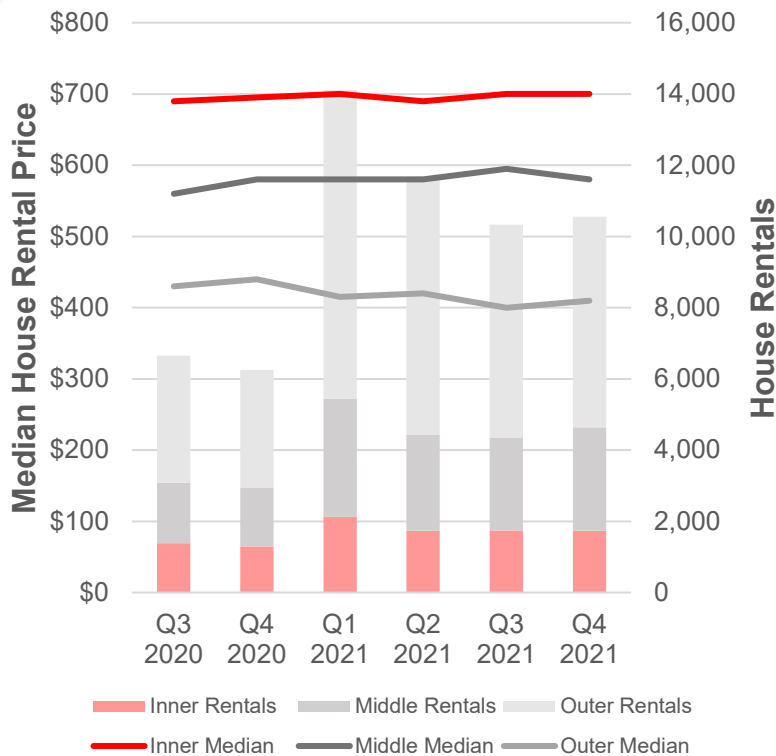
- A lower average number of days to sell a property reveals an increase in demand, as buyers are willing to purchase property more quickly.

Key Comments

- Average days to sell a unit in all rings has declined in the past 12 months which shows signs of recovery.
- The middle-ring saw the lowest days to sell as demand is increasing in this area.
- There is little difference in average days to sell between all rings.

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MELBOURNE HOUSE RENTALS



Q4 2021 Median Rental Price

- Inner: \$700 per week
- Middle: \$580 per week
- Outer: \$410 per week

Annual Price Growth*

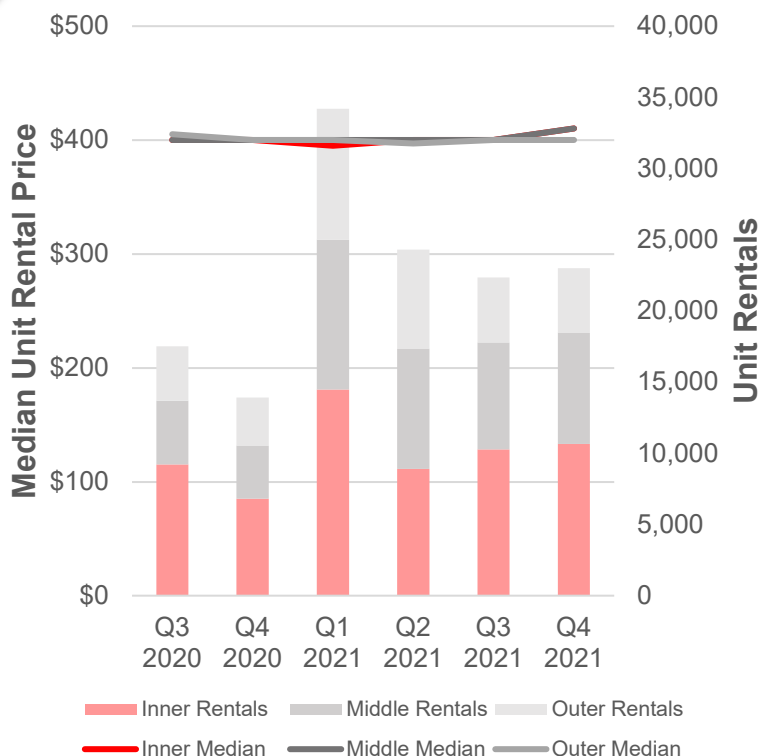
- Inner: +0.7% (+\$5 per week)
- Middle: 0.0% (+\$0 per week)
- Outer: -6.8% (-\$30 per week)

Key Comments

- Median house rental prices were stable annually, however the outer-ring has become more affordable.
- Inner-ring house median rental price growth outperformed that of the middle-ring as more people are starting to shift back to the city.

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MELBOURNE UNIT RENTALS



Q4 2021 Median Rental Price

- Inner: \$410 per week
- Middle: \$410 per week
- Outer: \$400 per week

Annual Price Growth*

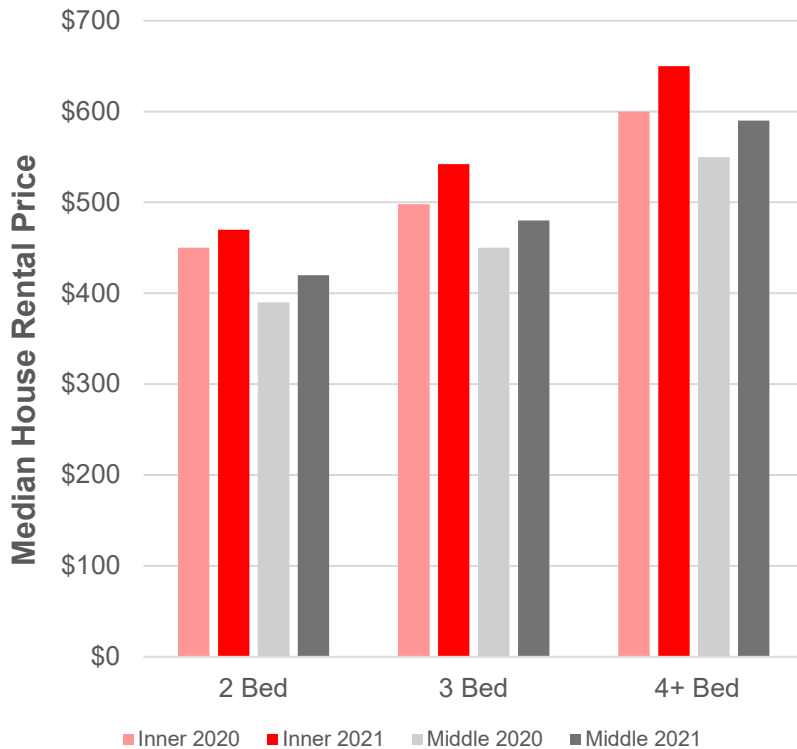
- Inner: +2.5% (+\$10 per week)
- Middle: +2.5% (+\$10 per week)
- Outer: 0.0% (\$0 per week)

Key Comments

- Inner-ring unit median rental prices have improved, recording annual growth of 2.5%.
- There are signs of a shift back to the city as inner and middle-ring rental prices are starting to grow and should continue due to international borders reopening.

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MELBOURNE HOUSE RENTAL PERFORMANCE 2020-2021



2021 Median Rental Prices

2 Bedroom

- Inner: \$470 per week
- Middle: \$420 per week

3 Bedroom

- Inner: \$542 per week
- Middle: \$480 per week

4+ Bedroom

- Inner: \$650 per week
- Middle: \$590 per week

Key Comments

- 4+ bedroom houses in the inner-ring are the most expensive rental stock, whereas 2 bedroom houses in the middle-ring are most affordable.

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MELBOURNE UNIT RENTAL PERFORMANCE 2020-2021



2021 Median Rental Prices

1 Bedroom

- Inner: \$340 per week
- Middle: \$320 per week
- Outer: \$320 per week

2 Bedroom

- Inner: \$450 per week
- Middle: \$410 per week
- Outer: \$390 per week

3+ Bedroom

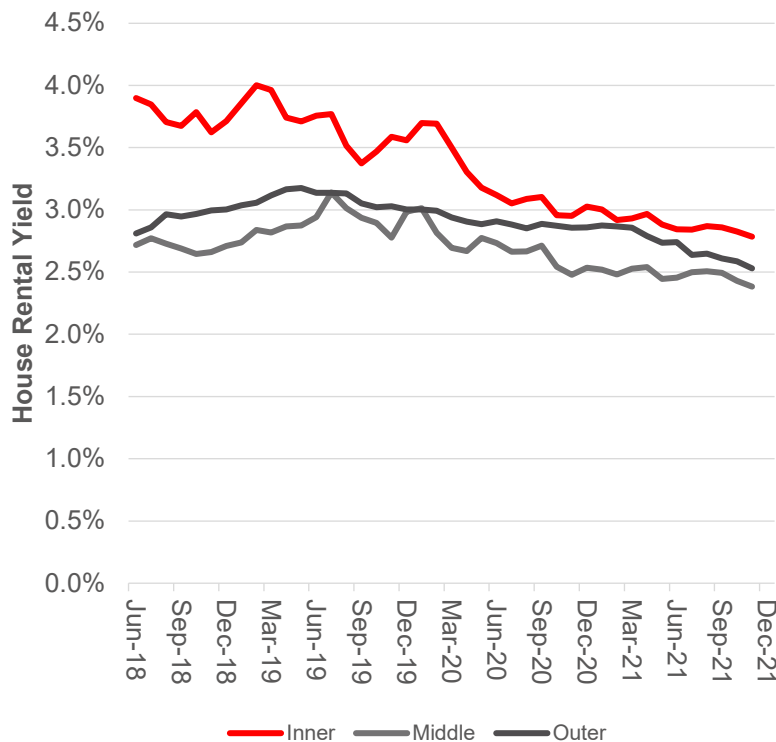
- Inner: \$695 per week
- Middle: \$580 per week
- Outer: \$495 per week

Key Comments

- Middle-ring 3+ bedroom unit median rental prices were the least affected, with a +0.9% annual median rent increase.
- 3+ bedroom units in the inner-ring fetched the highest rent while 1 bedroom units in the inner and middle rings are the most affordable.

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MELBOURNE HOUSE AVERAGE RENTAL YIELD



Dec-21 Overview

- Inner: 2.8%
- Middle: 2.4%
- Outer: 2.6%

Annual Change

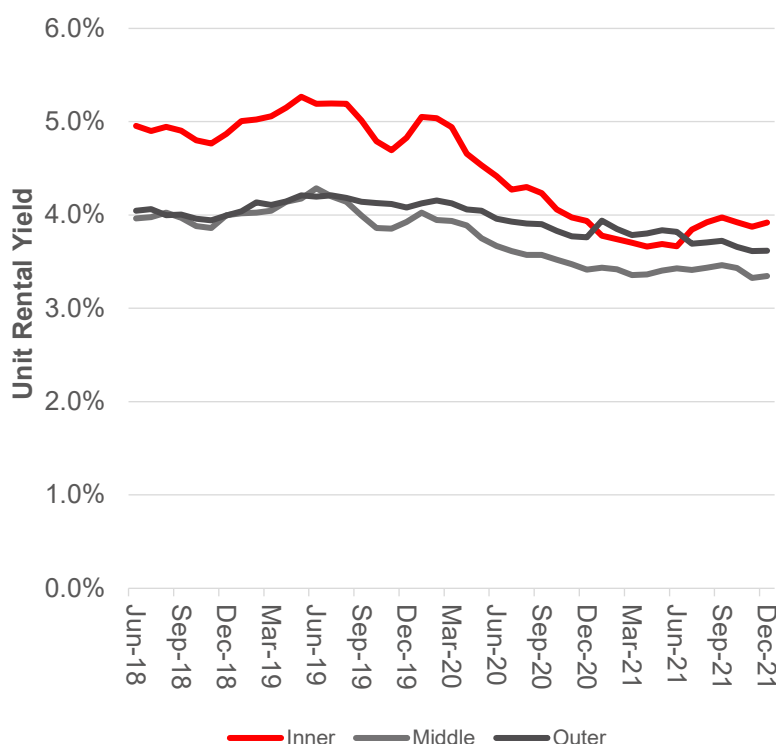
- Inner: -0.3%
- Middle: -0.2%
- Outer: -0.3%

Key Comments

- House rental yields have recorded slight softening due to median house sale price growing at a faster pace than median house rent. The middle-ring has proven to be the most resilient.
- House rental yields in Melbourne are the lowest in the past 3 years, with the inner-ring having the highest rental returns, just slightly above the outer-ring.

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MELBOURNE UNIT AVERAGE RENTAL YIELD



Dec-21 Overview

- Inner: 3.9%
- Middle: 3.3%
- Outer: 3.6%

Annual Change

- Inner: 0.0%
- Middle: -0.1%
- Outer: -0.1%

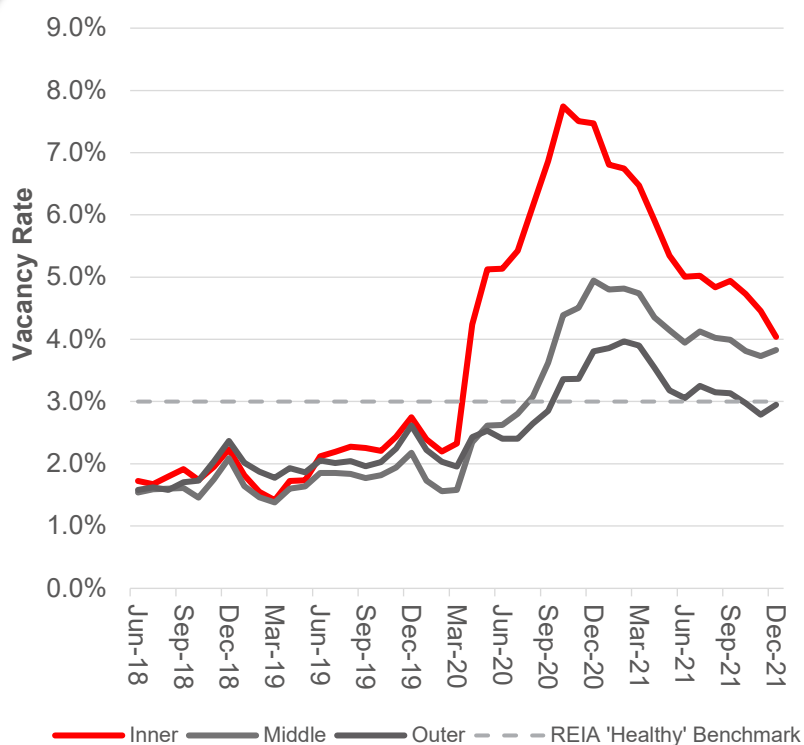
Key Comments

- Unit rental yields in Melbourne have remained relatively stable in the past 12 months and more stable than house rental yield.
- Melbourne's inner-ring is showing signs of recovery, providing the highest ongoing rental returns to investors.

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MELBOURNE VACANCY RATES



Dec-21 Overview

- Inner: 4.0%
- Middle: 3.8%
- Outer: 2.9%

Annual Change

- Inner: -3.4%
- Middle: -1.1%
- Outer: -0.9%

Key Comments

- Inner-ring vacancy rates are showing signs of improvement, declining by -3.4% annually. This is great news for investors.
- The outer-ring continues to record the lowest vacancy rate and the most affordable entry price, providing a platform for first time investors.

REFERENCES

Inner-ring market data encapsulates aggregate property conditions within the following suburbs:

Abbotsford, Albert Park, Ascot Vale, Brunswick, Brunswick East, Brunswick West, Carlton, Carlton North, Clifton Hill, Collingwood, Cremorne, Docklands, East Melbourne, Fairfield, Fitzroy, Fitzroy North, Flemington, Kensington, Kew, Melbourne, Middle Park, North Melbourne, Northcote, Parkville, Port Melbourne, Prahran, Princes Hill, Richmond, South Melbourne, South Wharf, South Yarra, Southbank, St Kilda, St Kilda West, Travancore, West Melbourne, Windsor.

Middle-ring market data encapsulates aggregate property conditions within the following suburbs:

Aberfeldie, Alphington, Altona, Altona North, Armadale, Avondale Heights, Balaclava, Balwyn, Balwyn North, Bellfield, Braybrook, Brighton, Brooklyn, Bulleen, Burnley, Camberwell, Canterbury, Caulfield, Caulfield East, Caulfield North, Caulfield South, Coburg, Coburg North, Deepdene, Eaglemont, Elsternwick, Elwood, Essendon, Essendon Fields, Essendon North, Essendon West, Footscray, Gardenvale, Glen Iris, Hawthorn, Hawthorn East, Heidelberg West, Ivanhoe, Ivanhoe East, Keilor East, Kew East, Kingsville, Kooyong, Maidstone, Malvern, Malvern East, Maribyrnong, Moonee Ponds, Newport, Niddrie, Pascoe Vale, Pascoe Vale South, Preston, Reservoir, Ripponlea, Seddon, South Kingsville, Spotswood, St Kilda East, Strathmore, Thornbury, Toorak, Tottenham, West Footscray, Williamstown, Williamstown North, Yarraville.

Outer-ring market data encapsulates aggregate property conditions within the following suburbs:

Airport West, Albanvale, Albion, Altona Meadows, Ardeer, Ashburton, Ashwood, Attwood, Beaumaris, Bentleigh, Bentleigh East, Black Rock, Blackburn, Blackburn North, Blackburn South, Box Hill, Box Hill North, Box Hill South, Briar Hill, Brighton East, Broadmeadows, Bundoora, Burnside, Burnside Heights, Burwood, Burwood East, Cairnlea, Campbellfield, Carnegie, Caroline Springs, Chadstone, Cheltenham, Clarinda, Clayton, Clayton South, Coolaroo, Dallas, Deer Park, Delahey, Derrimut, Doncaster, Doncaster East, Donvale, Eltham, Eltham North, Epping, Fawkner, Forest Hill, Gladstone Park, Glen Huntly, Glen Waverley, Glenroy, Gowanbrae, Greensborough, Greenvale, Hadfield, Hampton, Hampton East, Heatherton, Heidelberg, Heidelberg Heights, Highett, Hughesdale, Huntingdale, Jacana, Kealba, Keilor, Keilor Downs, Keilor Lodge, Keilor North, Keilor Park, Kings Park, Kingsbury, Lalor, Laverton, Laverton North, Lower Plenty, Macleod, McKinnon, Meadow Heights, Melbourne Airport, Mentone, Mill Park, Mitcham, Mont Albert, Mont Albert North, Montmorency, Moorabbin, Mount Waverley, Mulgrave, Murrumbeena, Notting Hill, Nunawading, Oak Park, Oakleigh, Oakleigh East, Oakleigh South, Ormond, Plenty, Point Cook, Ravenhall, Rosanna, Roxburgh Park, Sandringham, Seabrook, Seaholme, Somerton, St Albans, St Helena, Strathmore Heights, Sunshine, Sunshine North, Sunshine West, Surrey Hills, Sydenham, Taylors Lakes, Templestowe, Templestowe Lower, Thomastown, Truganina, Tullamarine, Vermont, Vermont South, Viewbank, Warrandyte, Watsonia, Watsonia North, Westmeadows, Williams Landing, Yallambie.

Source: APM Pricefinder, SQM Research, ESRI ArcGIS.

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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 customised 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.



OUR SERVICES INCLUDE

- Advisory and consultancy
- Market Analysis including profiling and trends
- Primary qualitative and quantitative research
- Demographic and target market Analysis
- Geographic information mapping
- Project Analysis including product and pricing recommendations
- Rental and investment return analysis

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