



> Affordable and Liveable Property Guide
Melbourne Metro 2nd Half 2022

OVERVIEW

Median property prices in Melbourne Metro softened by -6.0% for houses to \$1,090,000 from Q3 2021 to Q3 2022*, and by -1.9% for units to \$618,000. That said, on a quarter-by-quarter basis (Q2 2022 – Q3 2022), median price softened by -12.8% for houses and -4.6% for units. Market conditions in Melbourne reflect the successive interest rates hikes and lower consumer sentiment starting to fully translate in the market. Melbourne remains undersupplied, as between Q3 2021 – Q3 2022 total sales declined by -13.5% (to 4,780 sales) for houses and -13.2% (to 5,310 sales) for units. Approximately \$72.3B of projects are planned across the 2nd half of 2022, with a focus on mixed-use projects. Future supply will be delivered through mixed-use projects and in the form of ready-to-sell units, with 5,600 already known. The current market allows for a fairer environment for unit buyers. The ready-to-sell house market remains undersupplied, which suggests a temporary downturn.

RECENT TOP PERFORMERS

Area	Suburb	Type	Median Price 2021	Median Price 2022*	Price Growth	Projects 2022***
Inner	Kensington	House	\$710,000	\$1,219,500	71.8%	\$23.4M
	Abbotsford	Unit	\$445,000	\$545,000	19.7%	\$131.0M
North	Mill Park	House	\$687,000	\$905,000	14.8%	\$3.6M
	Mill Park	Unit	\$425,000	\$510,000	20.0%	\$3.6M
South	Clayton South	House	\$702,000	\$905,000	1.0%	\$12.1M
	Glen Huntly	Unit	\$550,000	\$610,000	10.9%	\$250.0M
East	Mulgrave	House	\$721,000	\$989,500	37.2%	\$55.4M
	Windsor	Unit	\$494,500	\$545,000	10.2%	\$323.8M
West	Point Cook	House	\$580,000	\$750,750	29.4%	\$88.0M
	Seddon	Unit	\$417,000	\$675,000	61.9%	\$15.8M

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 2021 to 2022*.
- Investment criteria** – as of September 2022, suburbs considered have an on-par or higher rental yield than Melbourne Metro, and an on-par or lower vacancy rate.
- Affordability criteria** – identified affordable and liveable suburbs have a median price below a set threshold. This was determined by adding percentage premiums to the Victorian (VIC) average home loan, which was \$568,188** as of Q3 2022. House premiums of 16% and unit discounts of -7% were added, which were below those required to reach Melbourne Metro's median prices (92% for houses and 9% for units). This places the chosen suburbs below Melbourne's median prices, meaning 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 2022, 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 QLD average (as determined by the Department of Jobs and Small Business, June Quarter 2022 release).

*Median price quoted captures sale transactions from 1st July 2021 to 30th September 2022, or Q3 2021 – Q3 2022. **Average home loan figure is derived from June Quarter 2022 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 2022 as stated by the relevant data authority. *Annual Change is reflective of median price change from Q3 2021 to Q3 2022. Figures displayed in infographics are for the period Q3 2022. Source: APM Pricerfinder, REIA, SQM Research, Cordell Connect, Department of Jobs and Small Business. © PRD 2022.

PRD.

MELBOURNE METRO

Annual Change[^]



Sales



Median Price



Rental Price



Sales



Median Price



Rental Price



MEDIAN SALE PRICE



HOUSE



UNIT

MEDIAN RENTAL PRICE



HOUSE



UNIT

BENCHMARKS MELBOURNE METRO



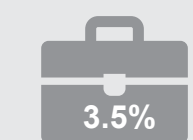
HOUSE YIELD



UNIT YIELD



BENCHMARKS - VIC

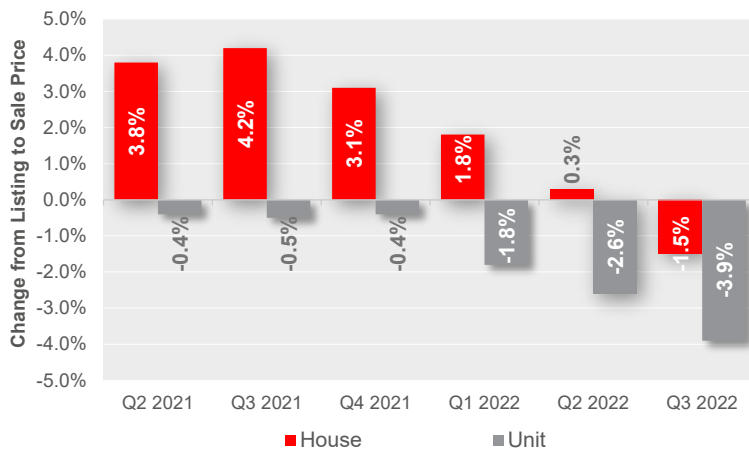


UNEMPLOYMENT RATE



AVERAGE HOME LOAN
\$568,188

AVERAGE VENDOR DISCOUNT

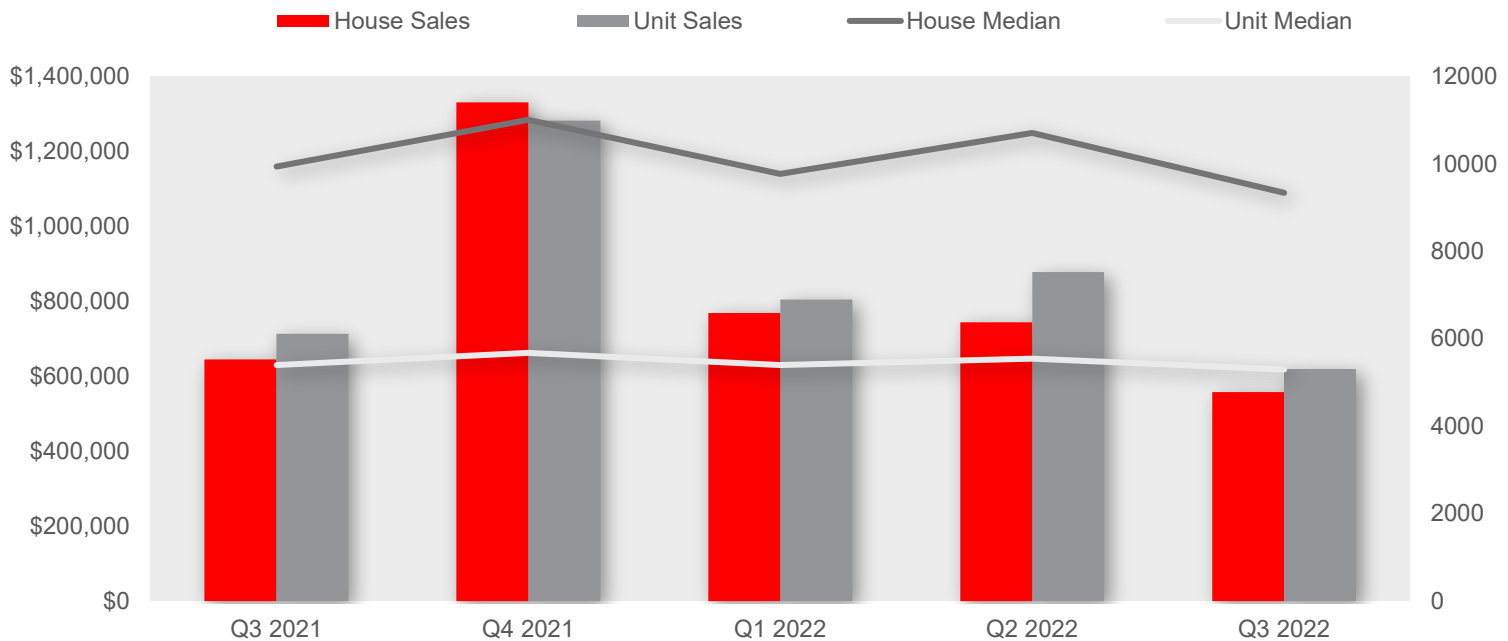


KEY COMMENTS

Average house vendor discounts between Q3 2021 and Q3 2022 have swung to a discount of -1.6%. This is a significant change compared to 18 months prior, as it is the first discount recorded. The same pattern is evident in the unit market, with the average vendor discount widening to -3.9%. Melbourne Metro market conditions have drifted to a buyers market for both property types.

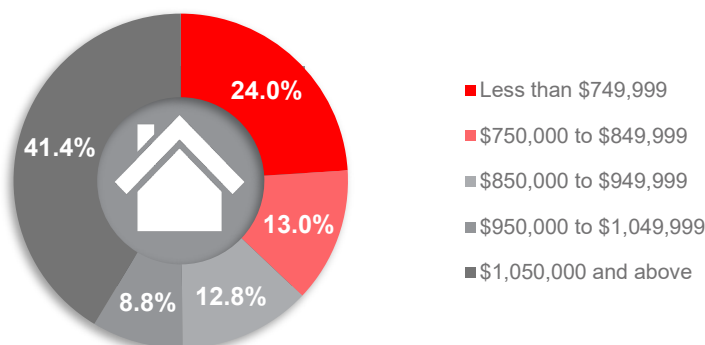
The dominant proportion of homes sold in Melbourne Metro across 2022[#] were in the premium price bracket of \$1,050,000 and above (41.4%). Interestingly, units recorded a dominant most affordable price bracket of \$449,000 and below (35.8%), although the premium market is close (31.3%). The premium market has started to shrink for both property types, with the most affordable price point for houses growing in comparison to Q3 2021.

MARKET PERFORMANCE

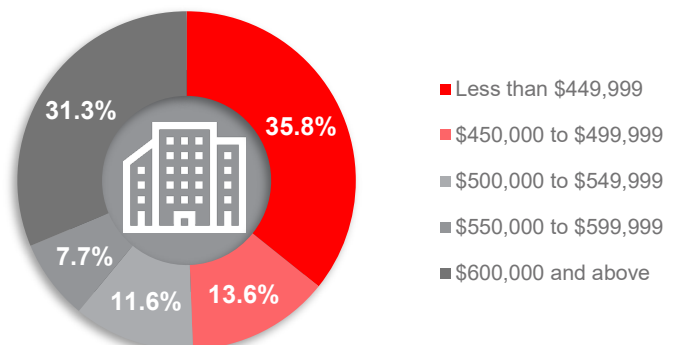


PRICE BREAKDOWN 2022[#]

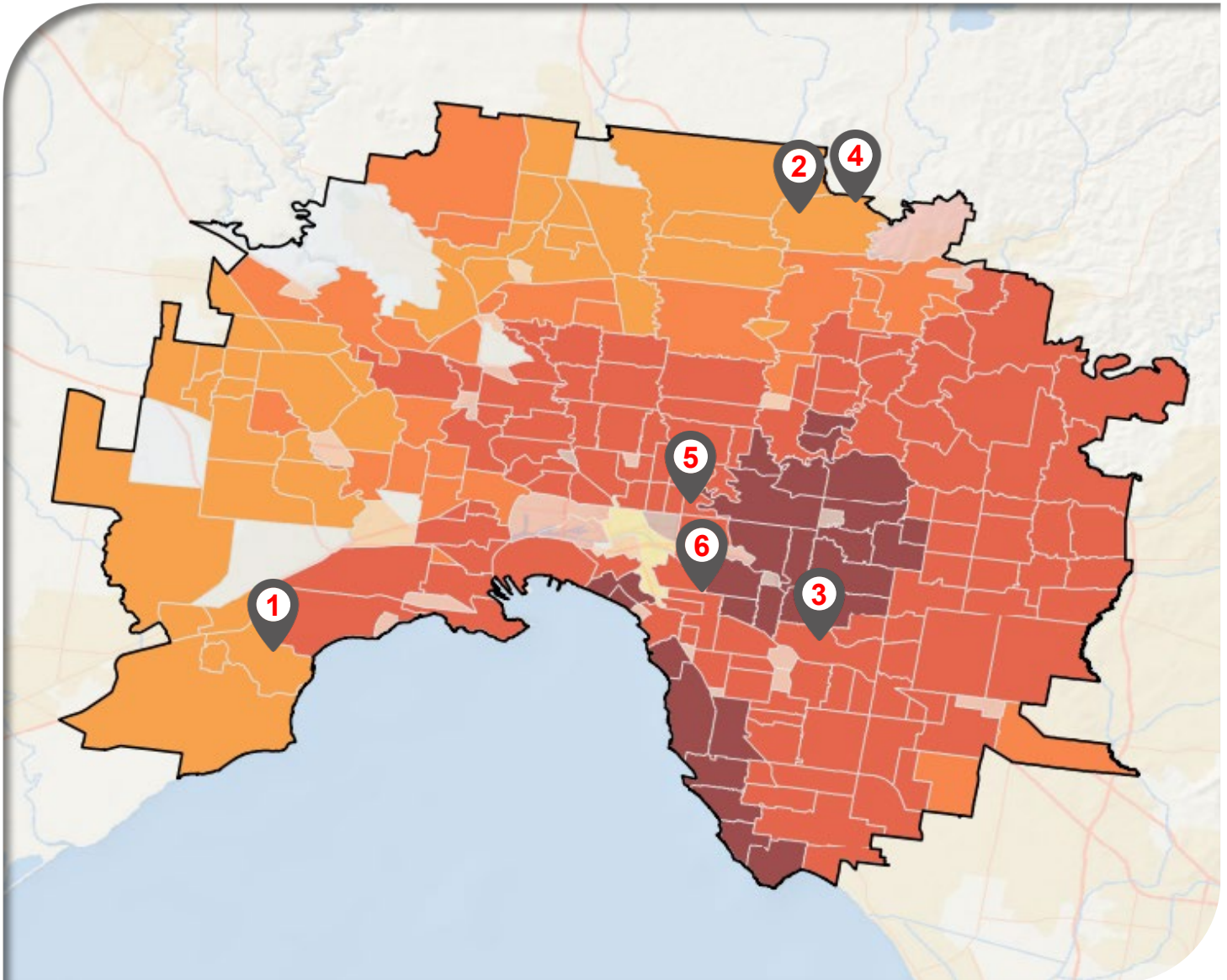
HOUSES SOLD



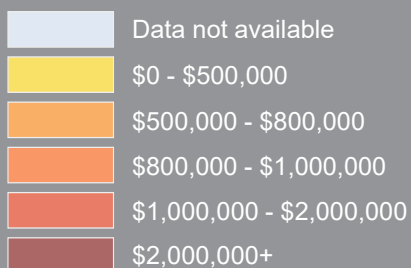
UNITS SOLD



MELBOURNE METRO MEDIAN HOUSE PRICE 2022* 20KM FROM CBD



LEGEND



— 20km from CBD

Translucent colours for <20 sales

MELBOURNE AFFORDABLE & LIVEABLE SUBURBS RENTAL YIELD

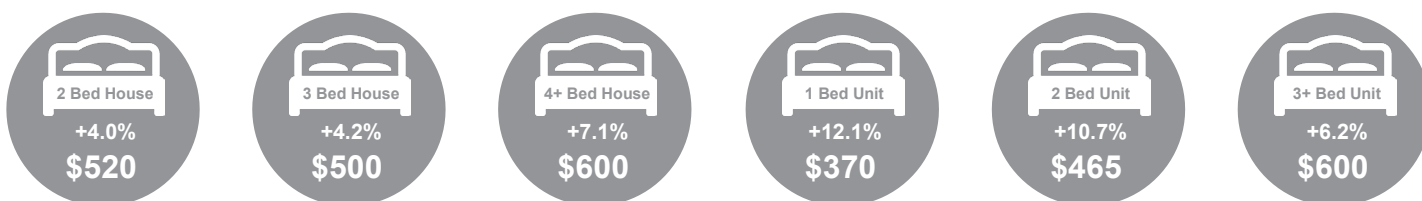
	Suburb	House		Suburb	Unit
1	Point Cook	3.3%	4	Mill Park	3.3%
2	Mill Park	3.3%	5	Abbotsford	2.5%
3	Clayton South	2.7%	6	Windsor	2.5%

RENTAL GROWTH 2022€

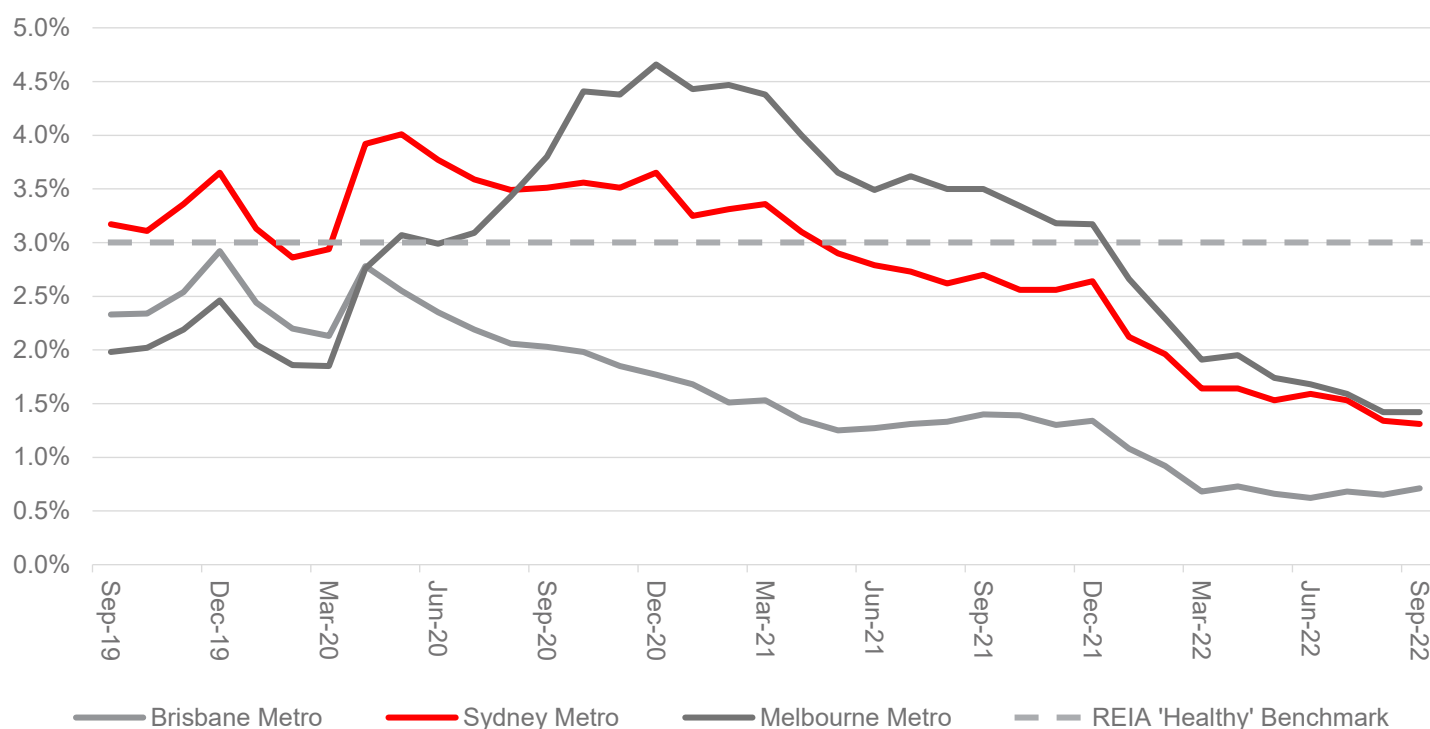
In September 2022, house rental yields in Melbourne Metro were recorded at 2.6%, similar to Sydney Metro (also 2.6%). In the 12 months to Q3 2022, the median house rental price increased by 17.0% to \$550 per week, complemented with a low 28 average days on the market. In an environment where annual median house sale price growth has softened by -21.6%, now is an ideal time for investors to act.

Four-bedroom+ houses recorded the highest annual rental growth (of +7.1%) to reach \$600 per week. One-bedroom units recorded the highest annual rental growth of +12.1%, indicating that tenants are seeking to be in closer proximity to the city.

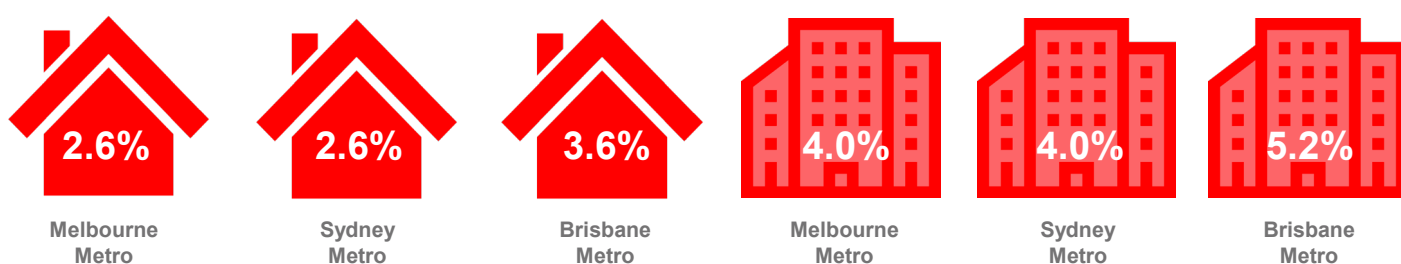
In September 2022, Melbourne Metro recorded a low vacancy rate of 1.4%, slightly above that of Sydney Metro (1.3%) and above Brisbane Metro (0.7%). Vacancy rates in Melbourne Metro have transgressed to below the Real Estate Institute of Australia's healthy benchmark of 3.0%, signalling a more balanced rental market which will benefit investors. Melbourne Metro's vacancy rate has continued to show a declining trend since December 2021, to a rate even lower than pre-COVID-19. These key indicators create a more conducive and sustainable environment for investors.



RENTAL VACANCY RATES 2022



RENTAL YIELD 2022§



€ Annual rental growth is a comparison between Q3 2021 – Q3 2022 (01/07/2021 – 30/09/2022) house median rent figures.

§ Rental yields shown are as reported at September 2022.

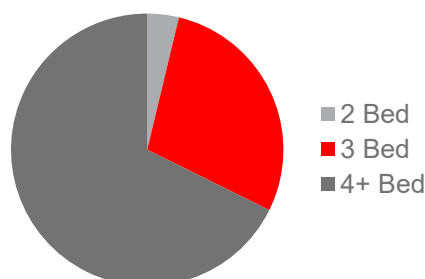
Source: APM Pricefinder, SQM Research. © Copyright PRD 2022.

PROPERTY CLOCK - HOUSES



AFFORDABLE & LIVEABLE HOUSE SUBURBS

POINT COOK 3030



Located about **26.2km** from the Melbourne CBD.

Median House Price **\$750,750**

• 2 Bed Median Price **\$689,362**

• 3 Bed Median Price **\$744,065**

• 4+ Bed Median Price **\$846,747**

Annual Median Price Growth	29.4%**
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Vacancy Rate (Sep-22)	1.3%
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Rental Yield (Sep-22)	3.3%
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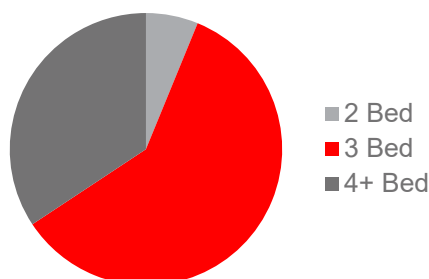
Key Amenity (5km)	Sanctuary Lakes Shopping Centre
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Total Projects (\$)	\$88.0M [^]
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Key Project	Edge One Apartments Mixed Use Development (\$30.0M, 100 apartments)
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Unemployment Rate	3.1%
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MILL PARK 3082



Located about **22.2km** from the Melbourne CBD.

Median House Price **\$789,000**

• 2 Bed Median Price **\$610,367***

• 3 Bed Median Price **\$740,990**

• 4+ Bed Median Price **\$950,154**

Annual Median Price Growth	14.8%**
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Vacancy Rate (Sep-22)	0.8%
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Rental Yield (Sep-22)	3.3%
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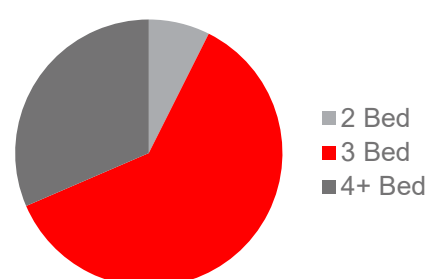
Key Amenity (5km)	Plenty Valley Shopping Centre
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Total Projects (\$)	\$3.6M [^]
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Key Project	Kelynack Recreation Reserve Redevelopment (\$1.3M)
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Unemployment Rate	4.6%
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CLAYTON SOUTH 3169



Located about **28.1km** from the Melbourne CBD.

Median House Price **\$905,000**

• 2 Bed Median Price **\$1,005,917***

• 3 Bed Median Price **\$855,965**

• 4+ Bed Median Price **\$1,134,278**

Annual Median Price Growth	1.0%**
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Vacancy Rate (Sep-22)	1.2%
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Rental Yield (Sep-22)	2.7%
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Key Amenity (5km)	M-City Shopping Centre
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Total Projects (\$)	\$12.1M [^]
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Key Project	Manoon Road Townhouses (\$1.28M, 4 townhouses)
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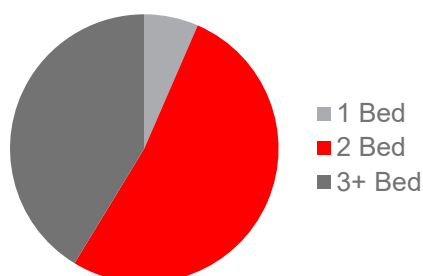
Unemployment Rate	4.3%
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PROPERTY CLOCK - UNITS



AFFORDABLE & LIVEABLE UNIT SUBURBS

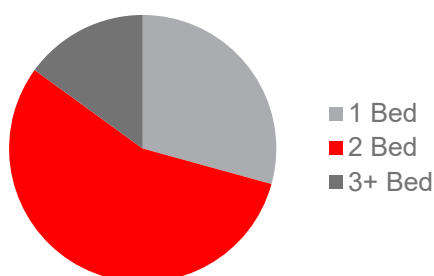
MILL PARK 3082



Located about **17.0km** from the Melbourne CBD.

Median Unit Price **\$510,000**
 • 1 Bed Median Price **\$393,333***
 • 2 Bed Median Price **\$444,281**
 • 3+ Bed Median Price **\$562,079**

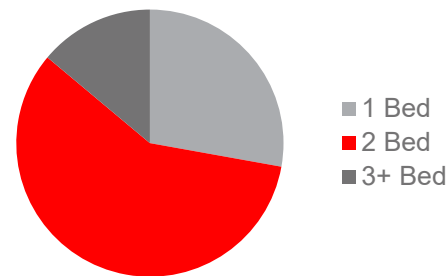
ABBOTSFORD 3067



Located about **4.0km** from the Melbourne CBD.

Median Unit Price **\$532,500**
 • 1 Bed Median Price **\$390,900**
 • 2 Bed Median Price **\$643,635**
 • 3+ Bed Median Price **\$1,037,071**

WINDSOR 3181



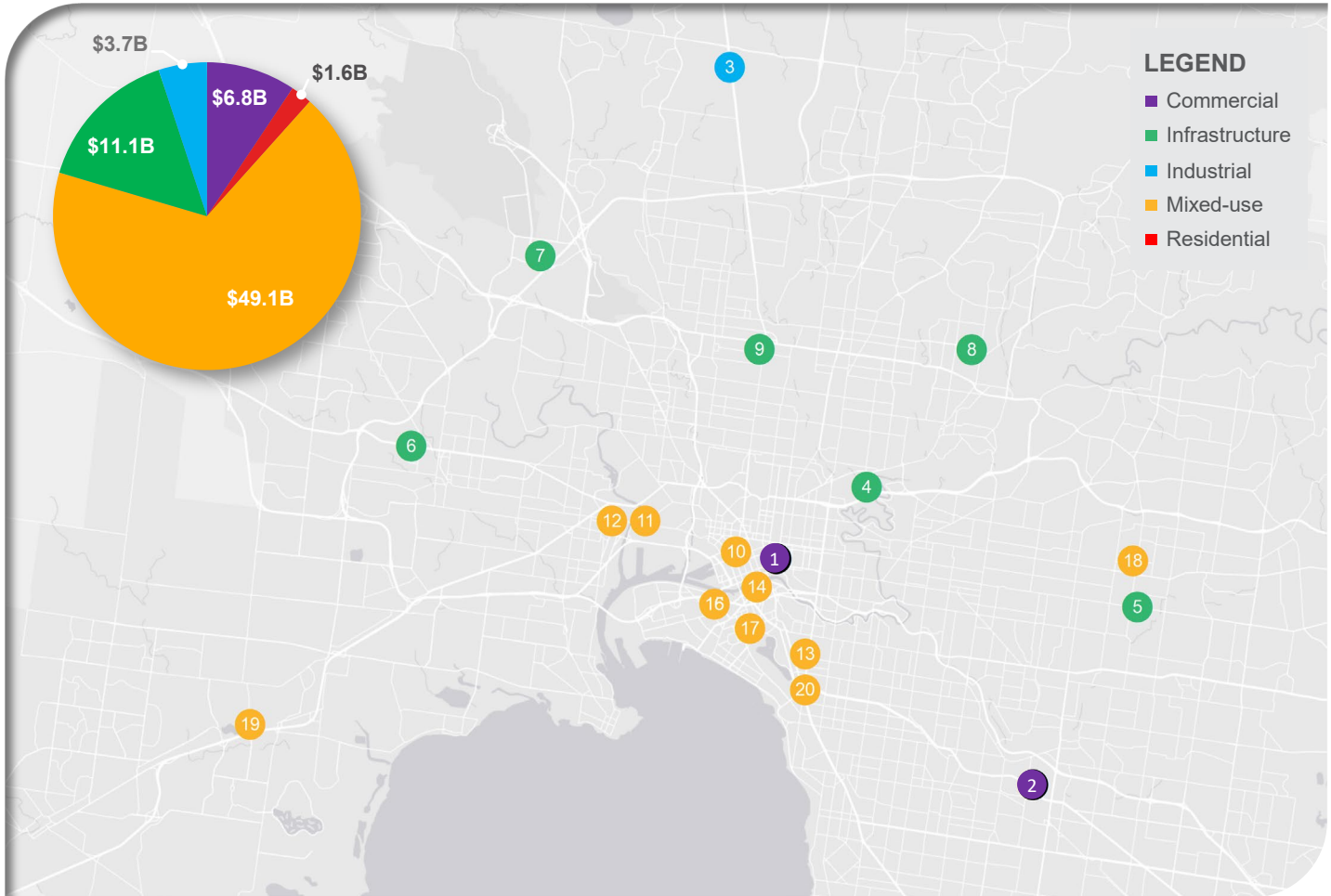
Located about **19.0km** from the Melbourne CBD.

Median Unit Price **\$545,000**
 • 1 Bed Median Price **\$338,210***
 • 2 Bed Median Price **\$585,645**
 • 3+ Bed Median Price **\$900,500**

Annual Median Price Growth	20.0%**	Annual Median Price Growth	19.7%**	Annual Median Price Growth	10.2%**
Vacancy Rate (Sep-22)	0.8%	Vacancy Rate (Sep-22)	0.5%	Vacancy Rate (Sep-22)	1.5%
Rental Yield (Sep-22)	3.3%	Rental Yield (Sep-22)	2.5%	Rental Yield (Sep-22)	2.5%
Key Amenity (5km)	Westfield Plenty Valley	Key Amenity (5km)	University of Melbourne Early Learning Centre	Key Amenity (5km)	Rosemount Hospital
Total Projects (\$)	\$3.6M^	Total Projects (\$)	\$131.0M^	Total Projects (\$)	\$323.8M^
Key Project	Romeo Court Townhouses (\$900K, 4 townhouses)	Key Project	Trenery Crescent Mixed Use Building	Key Project	Raleigh Place Apartments (\$270M, 324 apartments)
Unemployment Rate	4.6%	Unemployment Rate	4.1%	Unemployment Rate	3.3%

PROJECT DEVELOPMENT MAP

2nd HALF 2022*



Location	Project [£]	Type	Estimated Value ^µ	Suburb
1	Collins Sreet Commercial Tower	Commercial	\$269,000,000	14/11/2022
2	Chadstone Shopping Centre Redevelopment - Masterplan	Commercial	\$685,000,000	22/07/2022
3	Assembly Business Precinct Broadmeadows Overall Project (Former Ford Site)	Industrial	\$500,000,000	05/12/2022
4	Suburban Rail Loop Box Hill To Cheltenham (Srl East) - Stage 1	Infrastructure	\$34,000,000,000	01/11/2022
5	Thomas Embling Hospital Stage 1 - 201 Yarra Bend Road Fairfield	Infrastructure	\$349,600,000	31/10/2022
6	Neerim Road Rail Level Crossing Removal - Frankston Line	Infrastructure	\$250,000,000	15/08/2022
7	Sydney Road Upgrade Brunswick To Coburg	Infrastructure	\$500,000,000	14/11/2022
8	Melbourne Airport Rail Link - Maribyrnong River Bridge	Infrastructure	\$1,000,000,000	12/12/2022
9	Melbourne Airport Rail Link - Sunshine & Albion Package	Infrastructure	\$1,000,000,000	12/12/2022
10	Melbourne Airport Rail Link - Railway Works - Southern Cross Station To Tullamarine	Infrastructure	\$10,000,000,000	07/11/2022
11	Queen Victoria Market Redevelopment	Infrastructure	\$250,000,000	20/12/2022
12	West Melbourne Waterfront Development Plan (573 apartments)	Mixed-use	\$600,000,000	22/11/2022
13	Johnson Street Mixed Use Development (Montague/Sandridge) Fishermans Bend Redevelopment (1332 apartments)	Mixed-use	\$400,000,000	10/12/2022
14	Queensbridge Street Mixed Development - Queens Bridge Place (733 apartments)	Mixed-use	\$370,000,000	17/10/2022
15	Sky Village Mixed Use Development/Chinatown Box Hill (429 apartments)	Mixed-use	\$350,000,000	30/11/2022
16	Southbank By Beulah - Green Spine (789 apartments)	Mixed-use	\$2,000,000,000	23/11/2022
17	Overton Road Mixed Use Development (435 apartments)	Mixed-use	\$303,000,000	25/07/2022
18	Wellington Street St Kilda Beach House Build To Rent Apartments (300 apartments)	Mixed-use	\$300,000,000	05/07/2022
19	Raleigh Place Apartments (324 apartments)	Mixed-use	\$270,000,000	22/11/2022
20	Queens Place Tower Stage 2 (685 apartments)	Mixed-use	\$750,000,000	14/11/2022

* Project development map showcases a sample of upcoming projects only, due to accuracy of addresses provided by the data provider for geocoding purposes.

£ Top Projects are based on suburbs located within a 20km radial distance of the Melbourne CBD.

µ Estimated value is the value of construction costs provided by relevant data authority, it does not reflect the project's sale/commercial value.

Source: Cordell Connect database, ESRI ArcGIS.

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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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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.

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

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