

**PRD.**  REAL ESTATE



**Affordable & Liveable Property Guide**  
Melbourne Metro 1<sup>st</sup> Half 2023

## OVERVIEW

Median property prices in Melbourne Metro softened by -16.5% for houses, to \$1,060,000 from Q1 2022 to Q1 2023\*, and by -9.8% for units at \$585,000. However, on a quarterly basis (Q4 2022 – Q1 2023) median prices softened by a lower rate of -12.4% for houses and -5.0% for units. Market conditions on a quarterly basis suggest that interest rate hikes did translate into market, however, confidence has slowly started to return. Between Q1 2022 and Q1 2023, total sales declined by -50.8% (to 3,415 sales) for houses and by -36.4% (to 4,857 sales) for units. An undersupply is evident as prices have started on a recovery journey despite cash rate hikes. For those seeking a more affordable property market, time is of the essence. Approximately \$19.6B of projects are planned across the 1<sup>st</sup> half of 2023, with a specific focus on commercial use. Planned housing stock are mostly ready-to-sell units, which allows for a fairer environment for unit buyers. The ready-to-sell house market remains undersupplied, suggesting any price downturn is temporary.

## RECENT TOP PERFORMERS

Area	Suburb	Type	Median Price 2021	Median Price 2022/23*	Price Growth	Projects 2023**
Inner	Elwood	House	\$2,222,500	\$2,600,000	17.0%	\$3.9M
	Parkville	Unit	\$521,500	\$585,000	12.2%	\$76.9M
North	Roxburgh Park	House	\$615,000	\$652,900	6.2%	\$50.0M
	Roxburgh East	Unit	\$428,000	\$466,000	8.9%	\$50.0M
South	Mentone	House	\$1,375,000	\$1,450,000	5.5%	\$20.3M
	Cheltenham	Unit	\$625,000	\$685,000	9.6%	\$24.2M
East	Hawthorne East	House	\$2,275,000	\$2,617,500	15.1%	\$40.0M
	Vermont South	Unit	\$735,000	\$935,000	27.2%	\$42.8M
West	Essendon North	House	\$1,402,500	\$1,515,000	8.0%	\$970K
	Point Cook	Unit	\$511,000	\$565,000	10.6%	\$112.5M

## 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 2022/23\*.
- **Investment criteria** – as of March 2023, 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 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 \$621,297\*\* as of Q4 2022. Premiums of 13% for houses and a discount of -13% for units were added, which were below the premiums/discounts required to reach Melbourne Metro's median prices (71% for houses and -6% for units). This places the chosen suburbs below Melbourne Metro's median prices, thus they are more affordable for buyers.
- **Development criteria** – suburbs identified must have a high total estimated value of future project development for the 1<sup>st</sup> half of 2023, 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 Victoria average (as determined by the Department of Jobs and Small Business, December Quarter 2022 release).

\*Median price quoted captures sale transactions from 1st January 2021 to 31st March 2023, or Q1 2021 – Q1 2023. \*\*Average home loan figure is derived from December 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 1<sup>st</sup> half of 2023 as stated by the relevant data authority. ^Annual Change is reflective of median price change from Q1 2022 to Q1 2023. Figures displayed in infographics are for the period Q1 2023. Source: APM Pricerfinder, REIA, SQM Research, Cordell Connect, Department of Jobs and Small Business. © PRD 2023.

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## MELBOURNE METRO



Sales ↓  
Median Price ↓  
Rental Price ↑



Sales ↓  
Median Price ↓  
Rental Price ↑

## MEDIAN SALE PRICE



HOUSE



UNIT

## MEDIAN RENTAL PRICE



HOUSE



UNIT

## BENCHMARKS MELBOURNE METRO



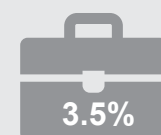
HOUSE YIELD



UNIT YIELD



## BENCHMARKS VIC

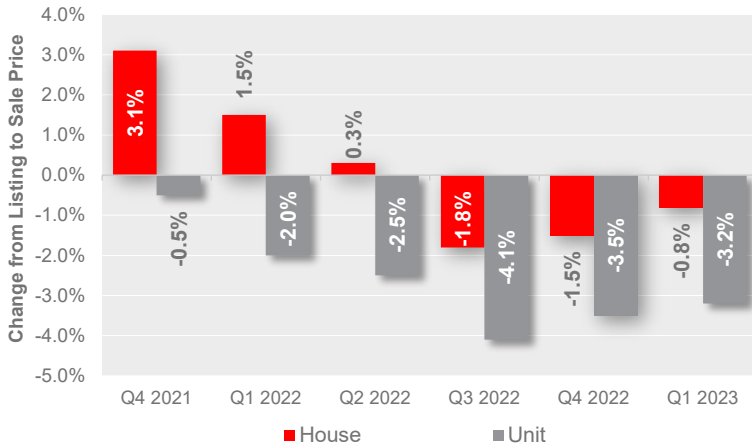


UNEMPLOYMENT RATE



AVERAGE HOME LOAN  
\$621,297

## AVERAGE VENDOR DISCOUNT

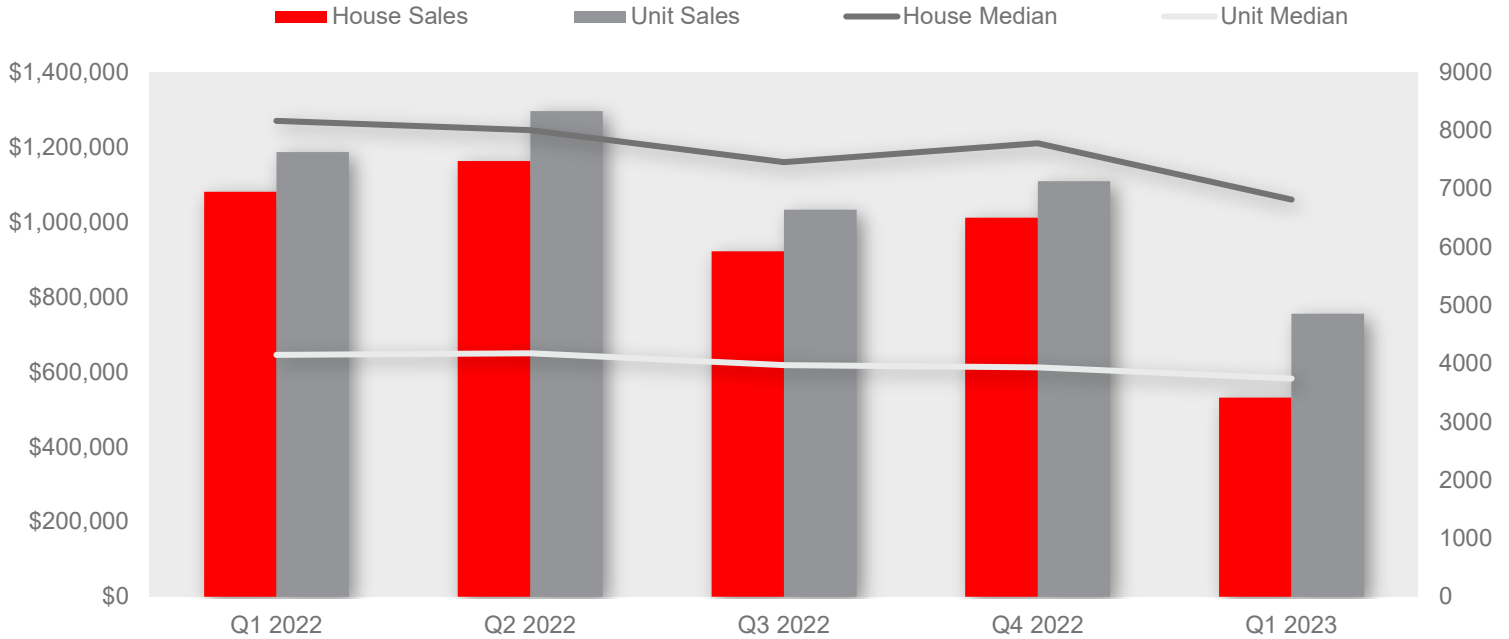


## KEY COMMENTS

Average vendor discounts between Q1 2022 and Q1 2023 have swung from a premium (1.5%) to a discount of -0.8% for houses, and widened to a higher discount of 3.2% for units. Melbourne Metro market conditions have shown increasing favour towards buyers in the past 18 months. However, the Q1 2023 average vendor discount reading is smaller than Q4 2022. This aligns with the sentiment of a slight market turn, thus, time is limited.

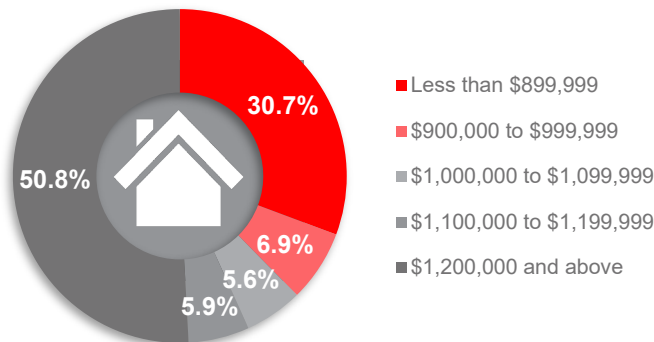
The dominant proportion of homes sold in Melbourne Metro across 2022/23# were in the premium price bracket of \$1,200,000 and above (50.8%). Units also recorded a dominant premium price point of \$650,000 and above (46.4%). This provides sellers with confidence in the market. That said, the most affordable price point has grown to 30.7% for houses and 29.3% for units, which brings hope to first home buyers.

## MARKET PERFORMANCE

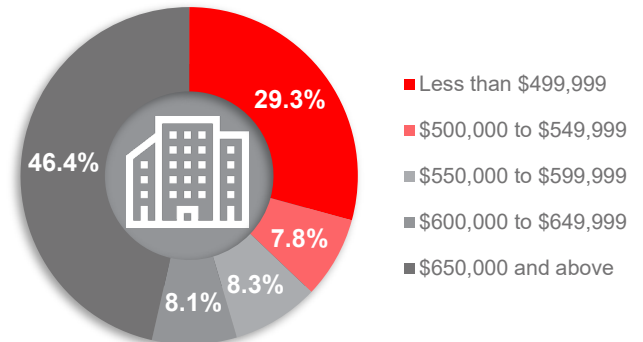


## PRICE BREAKDOWN 2022/23#

### HOUSES SOLD

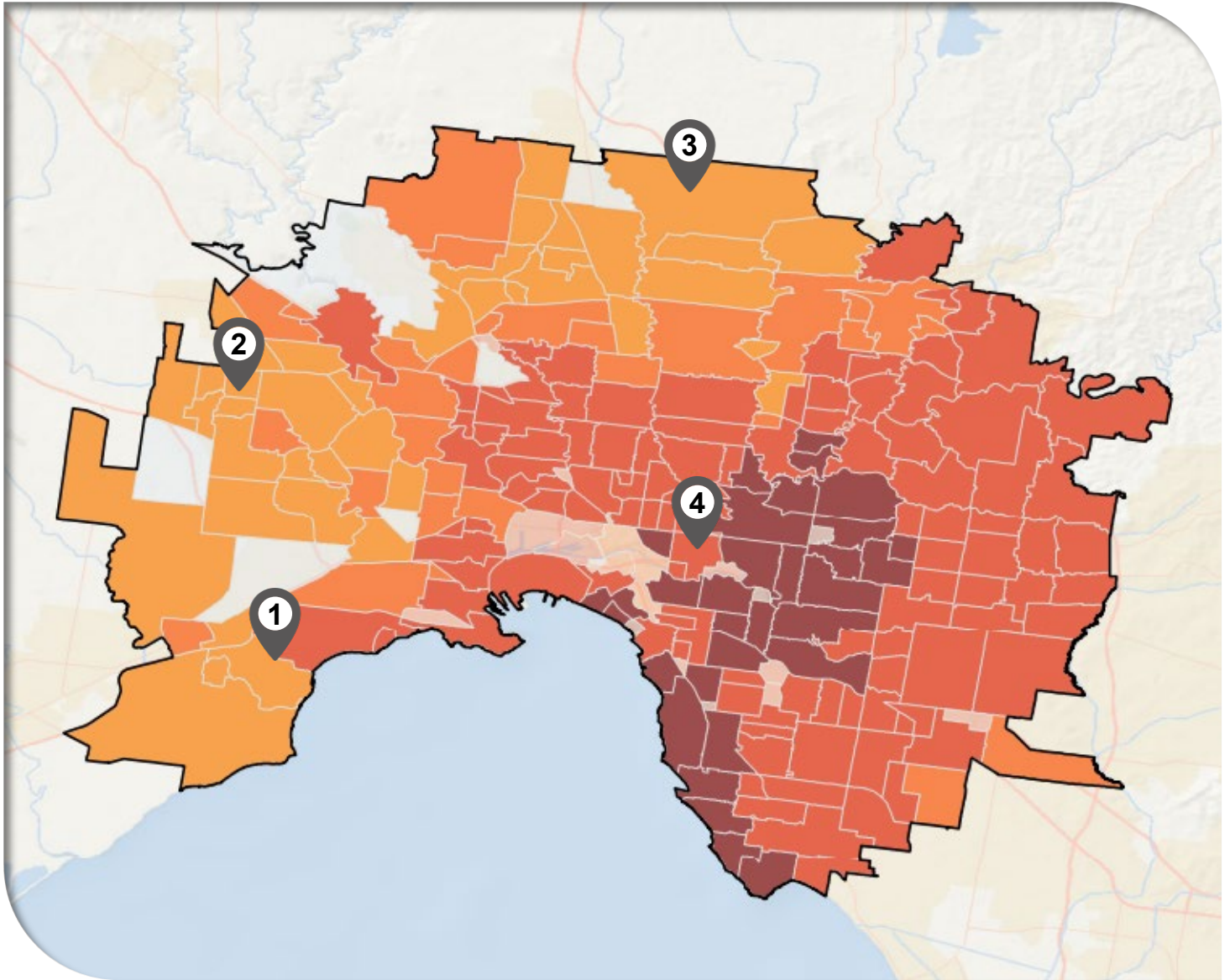


### UNITS SOLD

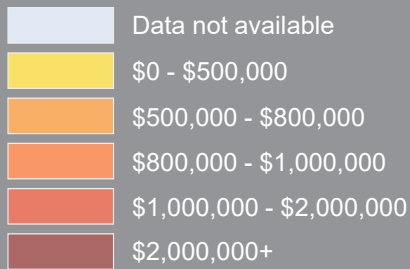


#2022/23 encapsulates sales transactions for Q1 2022 – Q1 2023 (01/01/2022 – 31/03/2023) only.  
Source: APM Pricefinder.  
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# MELBOURNE METRO MEDIAN HOUSE PRICE 2022/23\* 20KM FROM CBD



## LEGEND



— 20km from CBD  
 Translucent colours for <20 sales

## MELBOURNE AFFORDABLE & LIVEABLE SUBURBS RENTAL YIELD

	Suburb	House		Suburb	Unit
1	Point Cook	3.5%	1	Point Cook	4.7%
2	Derrimut	3.5%	4	Richmond	5.3%
3	Epping	3.5%	3	Epping	4.6%

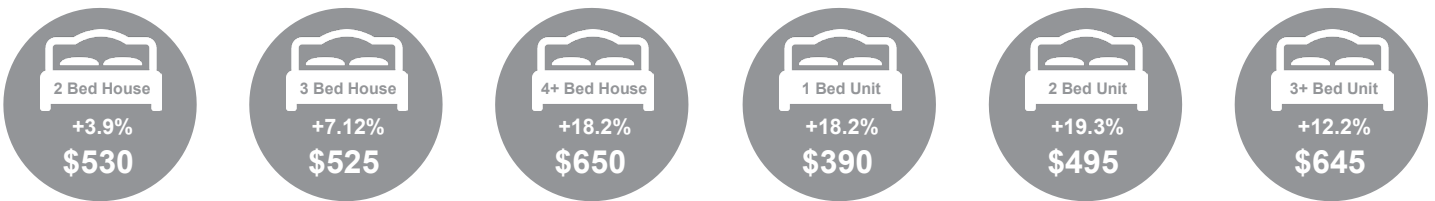
\*House median price reflected in the heat-map captures sale transactions from 1st January 2022 to 31st March 2023.  
 Source: APM Pricerfinder, ESRI ArcGIS, SQM Research. © PRD 2023.

## RENTAL GROWTH 2023<sup>€</sup>

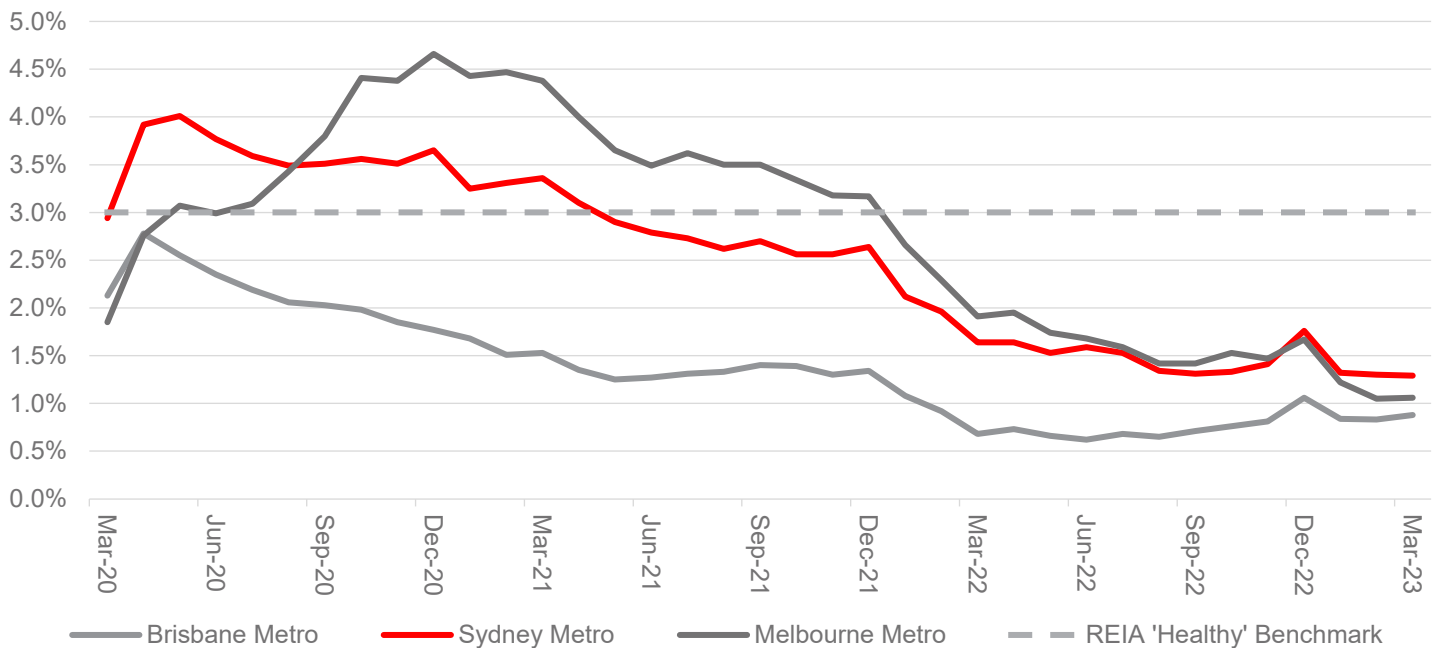
House rental yields in Melbourne Metro were 2.9% in March 2023, on par to Sydney Metro. In the 12 months to Q1 2023 the median house rental price increased by 17.6% to \$600 per week, complemented with a low 23 average days on the market. The number of houses rented declined by -16.8% during this time, indicating an undersupplied house rental market.

Four bedroom+ houses recorded the highest annual rental growth (of +18.2%) to reach \$650 per week. Two bedroom units recorded the highest annual rental growth of +19.3%. All unit types have recorded double digit median rent price growth, which indicates its strength as an investment avenue.

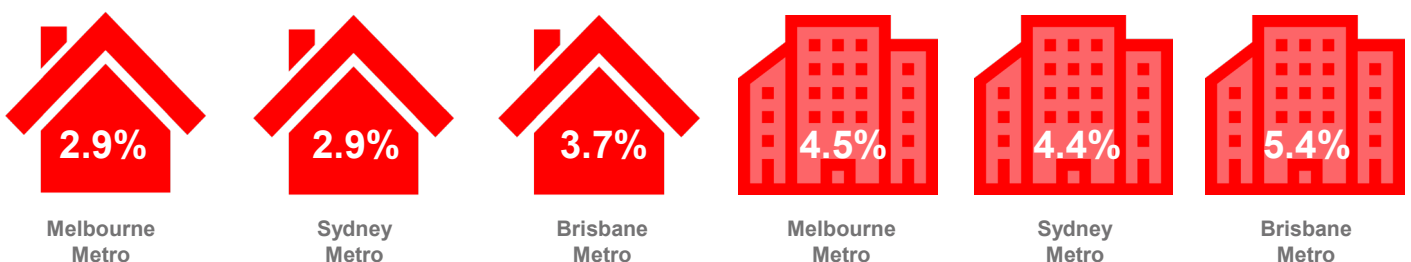
In March 2023, Melbourne Metro recorded a low vacancy rate of 1.1%, which is below Sydney Metro (1.3%) and above Brisbane Metro (0.9%). Vacancy rates in Melbourne Metro have declined to below the Real Estate Institute of Australia's healthy benchmark of 3.0% since early 2022, indicative of a tight rental market. Melbourne Metro's vacancy rate was at a historical low in early 2023, which suggests quicker occupancy of rental properties. When combined with a softer property sale price, this creates a conducive environment for investors to enter the market.



## RENTAL VACANCY RATES 2023



## RENTAL YIELD 2023<sup>§</sup>



<sup>€</sup> Annual rental growth is a comparison between Q1 2022 (01/01/2022 – 31/03/2022) – Q1 2023 (01/01/2023 – 31/03/2023) house median rent figures.

<sup>§</sup> Rental yields shown are as reported at March 2023.

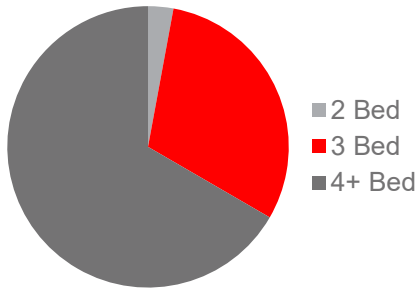
Source: APM Pricerfinder, SQM Research. © Copyright PRD 2022.

## PROPERTY CLOCK - HOUSES



## AFFORDABLE & LIVEABLE HOUSE SUBURBS

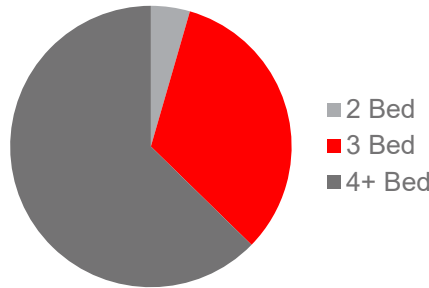
### POINT COOK 3030



Located about **20.3km** from the Melbourne CBD.

Median House Price **\$730,000**  
 • 2 Bed Median Price **\$681,000**  
 • 3 Bed Median Price **\$701,000**  
 • 4+ Bed Median Price **\$790,000**

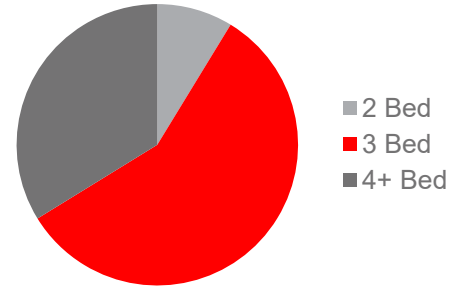
### DERRIMUT 3030



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

Median House Price **\$715,000**  
 • 2 Bed Median Price **\$702,000\***  
 • 3 Bed Median Price **\$723,000**  
 • 4+ Bed Median Price **\$817,000**

### EPHING 3076



Located about **19.9km** from the Melbourne CBD.

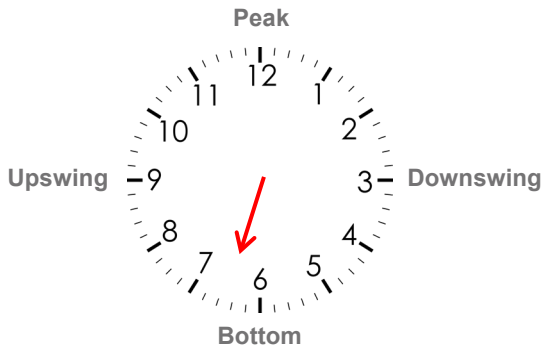
Median House Price **\$655,000**  
 • 2 Bed Median Price **\$580,000**  
 • 3 Bed Median Price **\$646,500**  
 • 4+ Bed Median Price **\$750,000**

Annual Median Price Growth	4.8%**
Vacancy Rate (Mar-23)	0.9%
Rental Yield (Mar-23)	3.5%
Key Amenity (5km)	Point Cook Shopping Centre
Total Projects (\$)	\$112.5M <sup>^</sup>
Key Project	Point Cook Community Hospital (\$67.5M)
Unemployment Rate	3.1%

Annual Median Price Growth	7.7%**
Vacancy Rate (Mar-23)	0.9%
Rental Yield (Mar-23)	3.5%
Key Amenity (5km)	Derrimut Village Shopping Centre
Total Projects (\$)	\$432.3M <sup>^</sup>
Key Project	Ring Road Upgrade (\$410.0M)
Unemployment Rate	5.7%

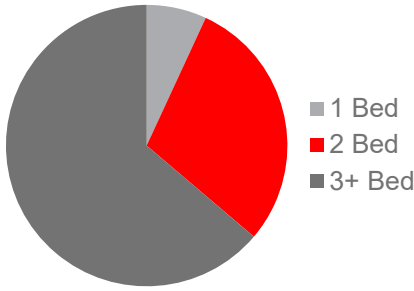
Annual Median Price Growth	3.1%**
Vacancy Rate (Mar-23)	0.5%
Rental Yield (Mar-23)	3.5%
Key Amenity (5km)	Pacific Shopping Centre
Total Projects (\$)	\$232.3M <sup>^</sup>
Key Project	O'Hearns Logistic Park (\$200.0M)
Unemployment Rate	6.0%

## PROPERTY CLOCK - UNITS



## AFFORDABLE & LIVEABLE UNIT SUBURBS

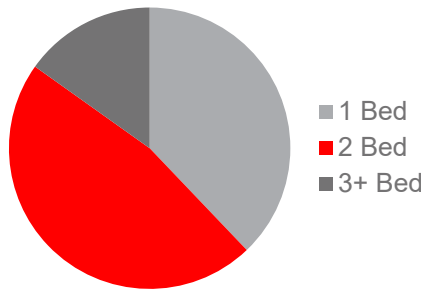
### POINT COOK 3030



Located about **20.3km** from the Melbourne CBD.

- Median Unit Price **\$565,000**
- 1 Bed Median Price **\$529,500\***
- 2 Bed Median Price **\$471,250**
- 3+ Bed Median Price **\$580,000**

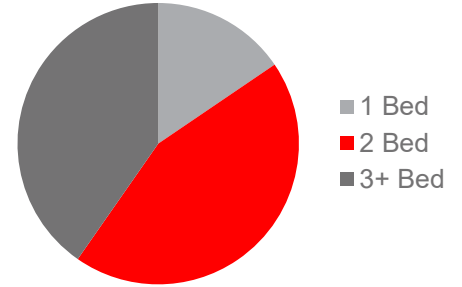
### RICHMOND 3121



Located about **3.6km** from the Melbourne CBD.

- Median Unit Price **\$575,000**
- 1 Bed Median Price **\$410,000**
- 2 Bed Median Price **\$662,500**
- 3+ Bed Median Price **\$1,165,000**

### EPPING 3076



Located about **19.9km** from the Melbourne CBD.

- Median Unit Price **\$480,000**
- 1 Bed Median Price **\$310,000**
- 2 Bed Median Price **\$460,000**
- 3+ Bed Median Price **\$525,000**

Annual Median Price Growth	10.6%**	Annual Median Price Growth	9.3%**	Annual Median Price Growth	4.6%**
Vacancy Rate (Mar-23)	0.9%	Vacancy Rate (Mar-23)	0.8%	Vacancy Rate (Mar-23)	0.5%
Rental Yield (Mar-23)	4.7%	Rental Yield (Mar-23)	5.3%	Rental Yield (Mar-23)	4.6%
Key Amenity (5km)	Point Cook Shopping Centre	Key Amenity (5km)	Victoria Gardens Shopping Centre	Key Amenity (5km)	Pacific Shopping Centre
Total Projects (\$)	\$112.5M <sup>^</sup>	Total Projects (\$)	\$242.8M <sup>^</sup>	Total Projects (\$)	\$232.3M <sup>^</sup>
Key Project	Point Cook Community Hospital (\$67.5M)	Key Project	Goldfields Road Hotel Development (\$60.0M)	Key Project	O'Hearns Logistic Park (\$200.0M)
Unemployment Rate	3.1%	Unemployment Rate	3.5% <sup>↑</sup>	Unemployment Rate	6.0%

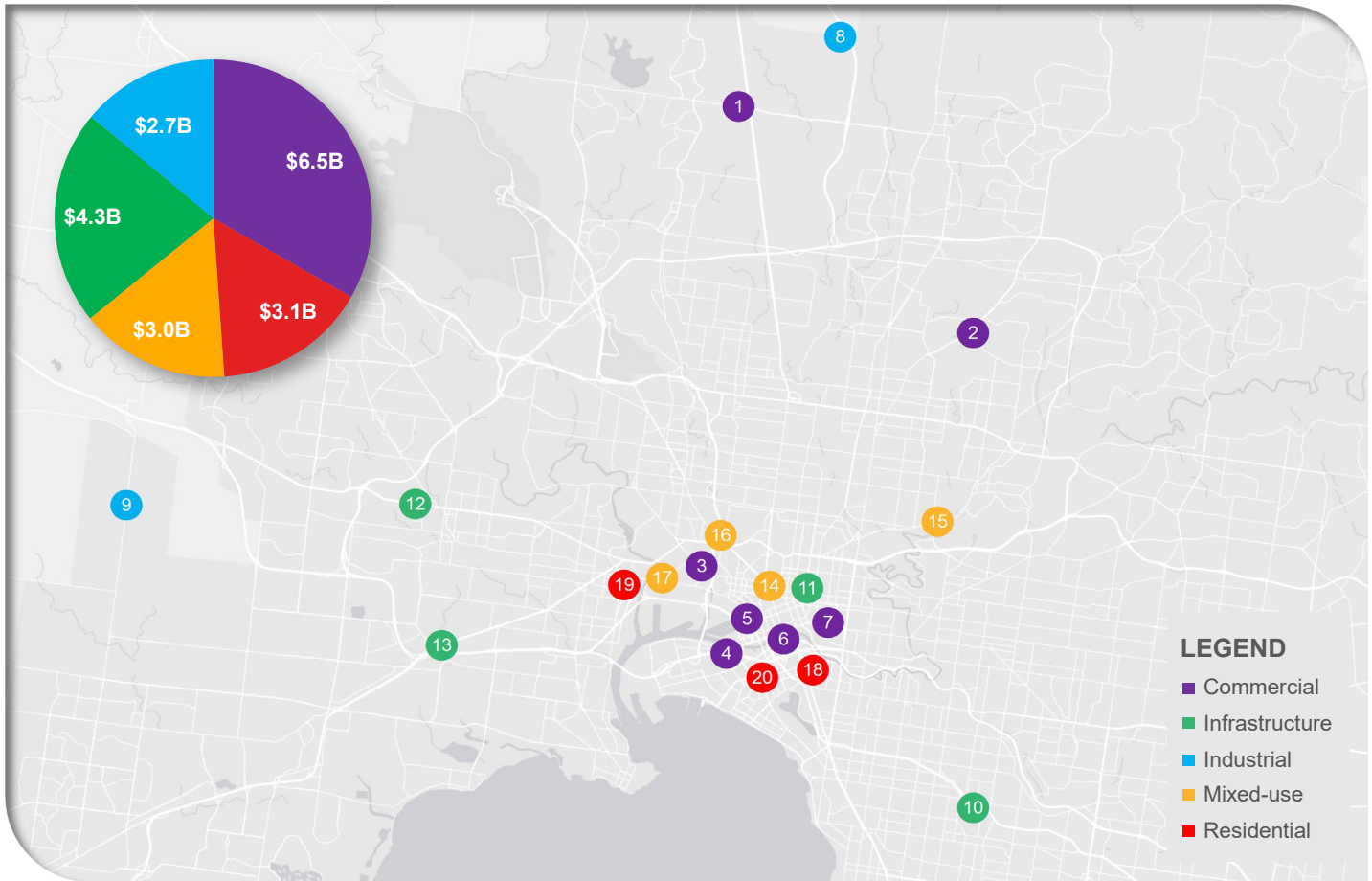
<sup>^</sup>Quoted estimated values of projects are based on reported land/construction values as stated by the relevant data authority and do not signify their commercial/resale value. \*Median price is quoted as an indication only due to having less than 20 sales transactions. <sup>↑</sup>Quoted unemployment rate is an indication of only having a higher rate than the state average

\*\*Median price growth quoted captures sale transactions between all of 2021 (i.e 01/01/2021 – 31/03/2021) versus all of 2022 + Q1 2023 (i.e 01/01/2022 – 31/03/2023).

Source: APM Pricefinder, SQM Research, Cordell Connect, Department of Small Jobs and Business, Google Maps. © PRD 2023.

# PROJECT DEVELOPMENT MAP

## 1<sup>st</sup> HALF 2023\*



Location	Project <sup>£</sup>	Suburb	Type	Estimated Value <sup>µ</sup>	Commencement Date
1	Somerton Intermodal Terminal (S.I.T.) - Located At Austrak Business Park	Somerton	Commercial	\$400,000,000	29/05/2023
2	Latrobe University Bundoora Campus University City Of The Future	Bundoora	Commercial	\$1,500,000,000	08/05/2023
3	Younghusband Development Stage 1 - Elizabeth & Barrett Streets - Kensington	Kensington	Commercial	\$200,000,000	03/04/2023
4	7-23 Spencer Street Melbourne - Mirvac (Flinders West - Tower 1)	Docklands	Commercial	\$630,000,000	06/03/2023
5	580 Lonsdale Street Melbourne - Commercial Building	Melbourne	Commercial	\$250,000,000	20/02/2023
6	12 Riverside Quay Southbank	Southbank	Commercial	\$350,000,000	18/02/2023
7	51 Flinders Lane Melbourne - Commercial Development	Melbourne	Commercial	\$400,000,000	06/03/2023
8	O'hearns Logistics Park	Epping	Industrial	\$200,000,000	05/06/2023
9	Melbourne Business Park Future Stages	Truganina	Industrial	\$2,000,000,000	21/06/2023
10	Caulfield Racecourse Redevelopment - Master Plan	Caulfield East	Infrastructure	\$570,000,000	17/04/2023
11	Aikenhead Centre Of Medical Discovery (Acmd) - Fitzroy	Fitzroy	Infrastructure	\$200,000,000	08/03/2023
12	Melbourne Airport Rail Link - Sunshine & Albion Package	Albion	Infrastructure	\$1,000,000,000	20/02/2023
13	M80 Ring Road Upgrade Princes Freeway To Western Highway	Derrimut	Infrastructure	\$410,000,000	10/05/2023
14	Queens Place Tower - 350 Queen Street Melbourne - Stage 2 (685 Units)	Melbourne	Mixed-use	\$375,000,000	06/03/2023
15	Alphington Paper Mill Site Mixed Use Residential Development (601 Units)	Alphington	Mixed-use	\$500,000,000	29/05/2023
16	Local Kensington Build To Rent Mixed Use Development Towers - The Precinct (467 Units)	Kensington	Mixed-use	\$315,000,000	15/03/2023
17	West Melbourne Waterfront Development Plan (573 Units)	West Melbourne	Mixed-use	\$600,000,000	06/06/2023
18	135-139 Sturt Street Mixed Use Development – Aria (183 Units)	Southbank	Residential	\$200,000,000	05/06/2023
19	3 Mcnab Avenue Indi Footscray Build To Rent Apartments (702 Units)	Footscray	Residential	\$240,000,000	24/04/2023
20	Boyd Village Build To Rent - 132-136 Kavanagh Street Southbank (434 Units)	Southbank	Residential	\$200,000,000	13/02/2023

\* Project development map showcases a sample of upcoming projects only, due to accuracy of addresses provided by the data provider for geocoding purposes.  
<sup>£</sup> Top Projects are based on suburbs located within a 20km radial distance of the Melbourne CBD.  
<sup>µ</sup> 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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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 RESEARCH 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.

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- Demographic and target market Analysis
- Geographic information mapping
- Project Analysis including product and pricing recommendations
- Rental & investment return analysis

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