

PRD. 
REAL ESTATE



Affordable & Liveable Property Guide
Melbourne Metro 2nd Half 2023



OVERVIEW

Median property prices in Melbourne Metro decreased by **-5.2% for houses to \$1,100,000** from Q3 2022 to Q3 2023* and **grew by 0.5% for units to \$621,000**. This is akin to Sydney and Hobart Metro markets but in contrast to Brisbane and Gold Coast, which recorded a price growth. On a quarterly basis (Q2 2023 – Q3 2023) Melbourne Metros' **median price continued to soften, by -5.3% for houses, and grew by 0.8% for units**; reflective of higher cash rates continuing to impact the market. In the past 12 months to Q3 2023 **total sales declined, by -22.9% (to 4,569 sales) for houses and by -15.1% (to 5,641 sales) for units**. Consumer confidence remains low, especially for houses, as lower sales volumes are paired with softer price growth. A total of **\$40.3B of projects are planned in 2023**, with mixed-use and residential projects to assist with housing supply. However, units and townhouses are planned, and not stand-alone houses. Thus, **the current price softening is temporary**.

RECENT TOP PERFORMERING SUBURBS

| Area | Suburb | Type | Median Price 2022 | Median Price 2023* | Price Growth | Projects 2023*** |
|-------|----------------|-------|-------------------|--------------------|--------------|------------------|
| Inner | Cremorne | House | \$1,310,000 | \$1,380,000 | 5.3% | \$127.3M |
| | West Melbourne | Unit | \$540,000 | \$590,000 | 9.3% | \$317.3M |
| North | Eaglemont | House | \$2,425,000 | \$2,699,500 | 11.3% | \$13.3M |
| | Coburg North | Unit | \$688,250 | \$810,000 | 17.7% | \$46.6M |
| South | Elsternwick | House | \$2,300,000 | \$2,360,000 | 2.6% | \$38.7M |
| | Caulfield | Unit | \$805,500 | \$1,060,000 | 31.6% | \$1.2M |
| East | Toorak | House | \$5,850,000 | \$6,600,000 | 12.8% | \$192.9M |
| | Kew East | Unit | \$867,500 | \$1,220,000 | 40.6% | \$13.3M |
| West | Maidstone | House | \$893,000 | \$940,000 | 5.3% | \$385.0M |
| | Sunshine | Unit | \$403,000 | \$636,000 | 57.8% | \$4.3B |

METHODOLOGY

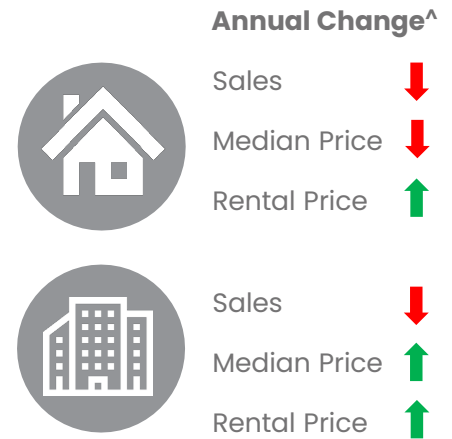
This affordable and liveable property guide for Melbourne Metro analyses all **suburbs within a 20km radius** of the Melbourne CBD. The following criteria were considered:

- Property trends** – 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 2022 to 2023*.
- Investment** – as of September 2023, suburbs considered will have an on-par or higher rental yield than Melbourne Metro, and on-par or lower vacancy rate.
- Affordability** – 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 \$595,595** as of Q3 2023. Premiums of 23% for houses and -18% discount for units were added, which were below those required to reach Melbourne Metro's median prices (82% for houses and 4% for units). This places the chosen suburbs below Melbourne's median price, meaning that the suburbs identified within this report are more affordable for buyers.
- Development** – suburbs identified must have a high total estimated value of future project development for 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** – 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 2023 release).

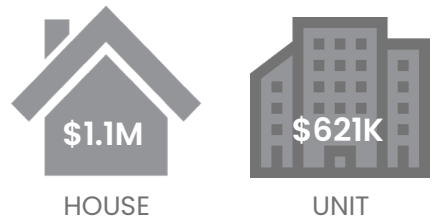
*Median price quoted captures sale transactions from 1st January 2023 to 30th September 2023, or Q1– Q3 2023. **Average home loan figure is derived from June Quarter 2023 Housing Affordability Report by the Real Estate Institute of Australia (REIA) and Adelaide Bank. ***Project development is based on aggregate of estimated construction value for residential, commercial, industrial, mixed-use and infrastructure projects scheduled to commence in 2023 as stated by the relevant data authority. ^Annual Change is reflective of median price change from Q3 2022 to Q3 2023. Figures displayed in infographics are for the period Q3 2023. Source: APM Pricerfinder, REIA, SQM Research, Cordell Connect, Department of Jobs and Small Business. © PRD 2023.

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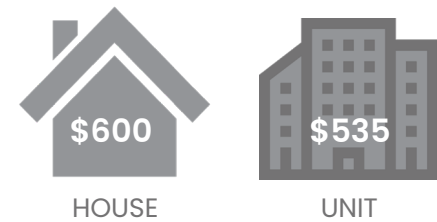
MELBOURNE METRO



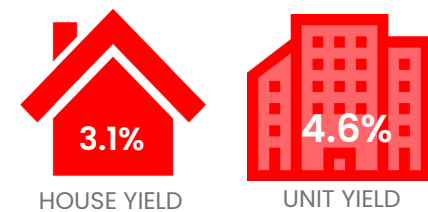
MEDIAN SALE PRICE



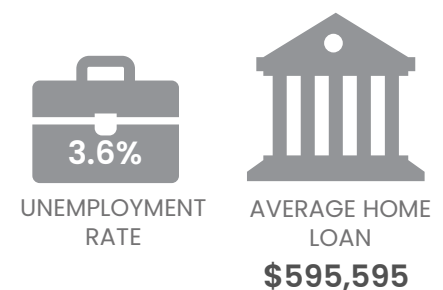
MEDIAN RENTAL PRICE



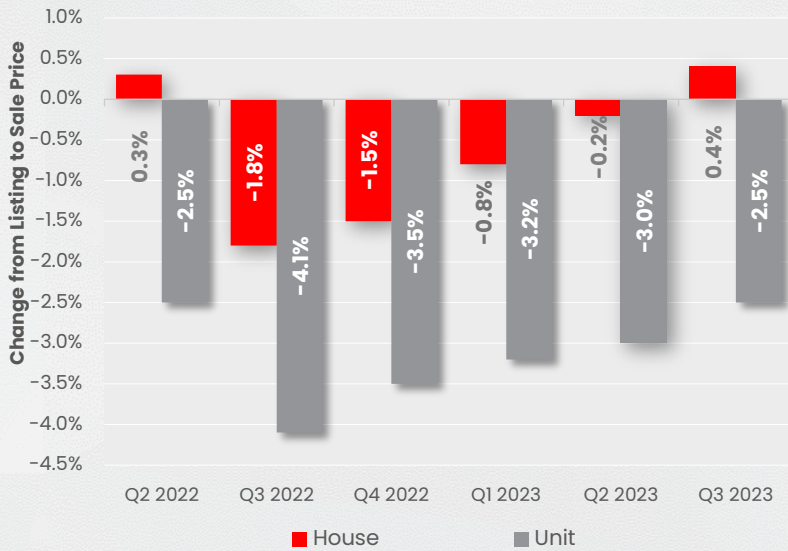
BENCHMARKS MELBOURNE METRO



BENCHMARKS VICTORIA



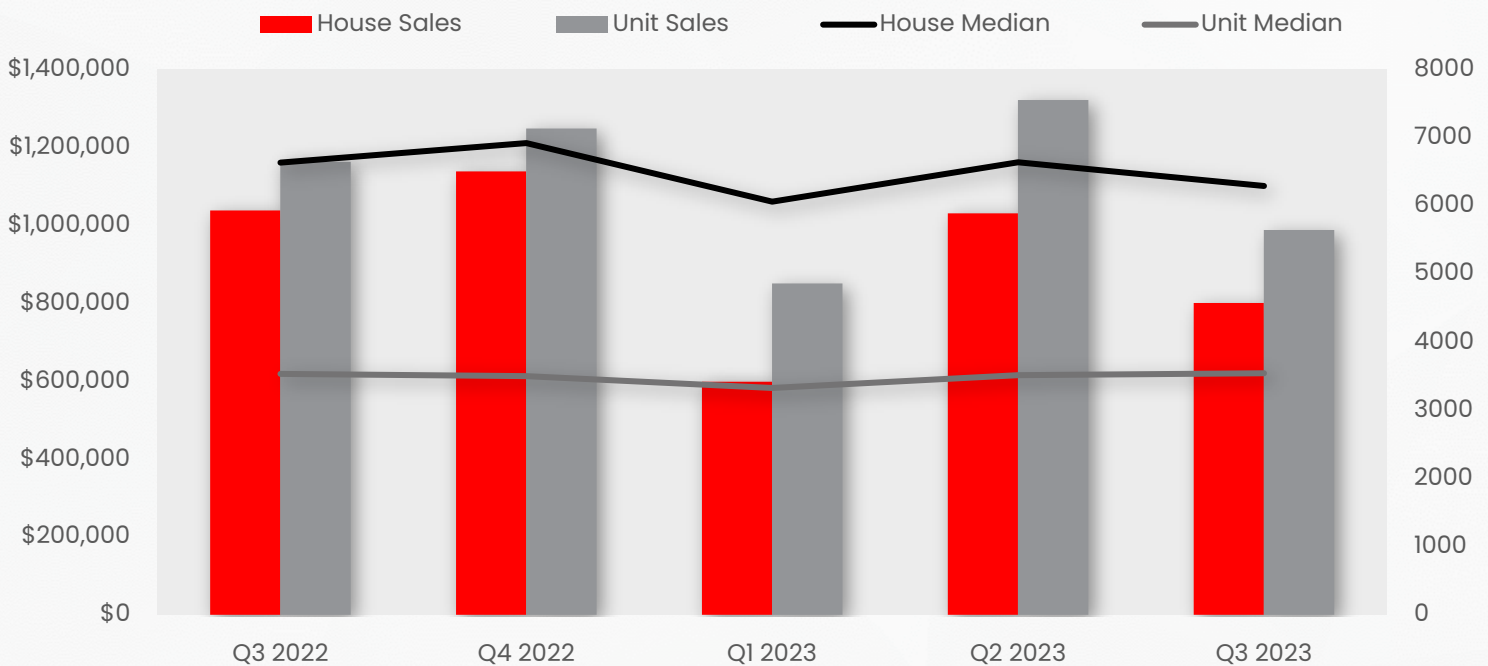
AVERAGE VENDOR DISCOUNT



Average house vendor discount between Q3 2022 and Q3 2023 have swung back to a premium, of 0.2%. For units this has tightened to a smaller discount of -2.5%. The Melbourne Metro market is slowly turning into a sellers' market. Unit buyers can still achieve a final sale price below the first list price, however based on the tightening pattern for the past 12 months', time is limited.

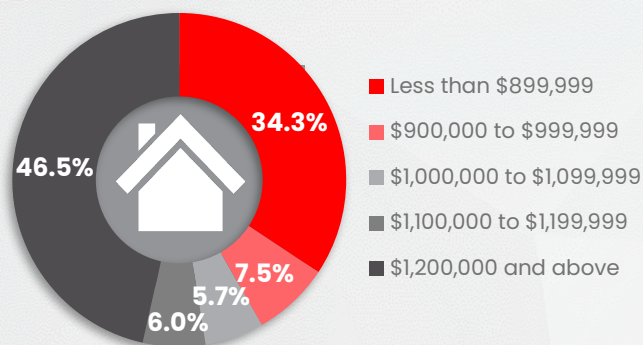
The dominant proportion of homes sold in Melbourne Metro across 2023# were in the premium price bracket of \$1,200,000 and above (46.5%). Units on the other hand recorded a dominant more affordable price point of \$549,000 and below (39.9%). There is a polarisation in prices, with the premium and most affordable points dominating almost equally. This creates opportunities for different types of buyers in Melbourne Metro.

MARKET PERFORMANCE

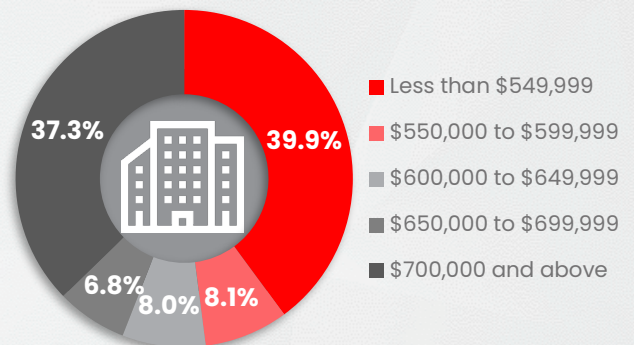


PRICE BREAKDOWN 2023#

HOUSES SOLD

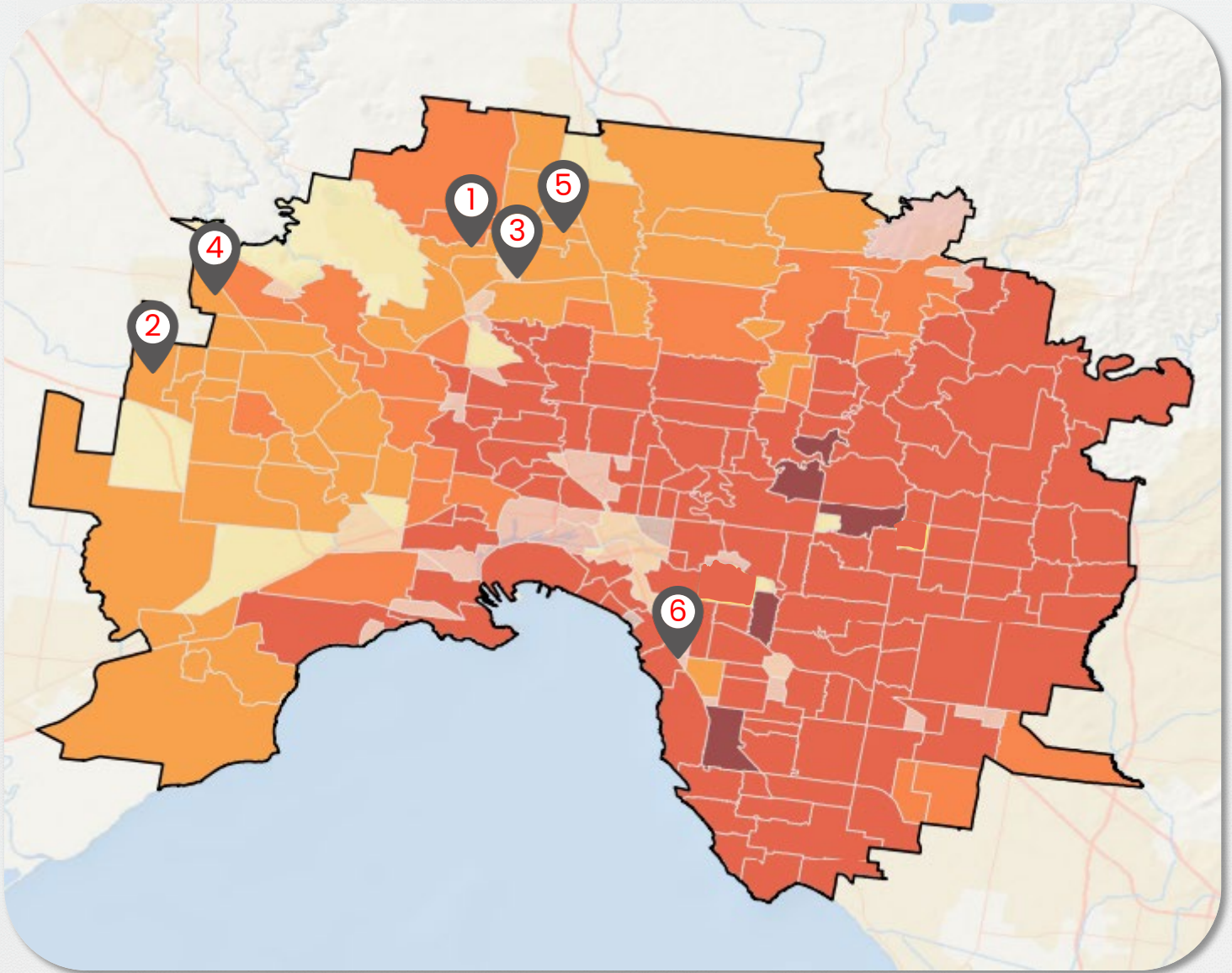


UNITS SOLD



#2023 encapsulates sales transactions for Q1 2023 – Q3 2023 (01/01/2023 – 30/09/2023) only. Source: APM Pricfinder. © Copyright PRD 2023.

MELBOURNE METRO MEDIAN HOUSE PRICE 2023* 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 | Westmeadows | 3.9% | 4 | Sydenham 4.4% |
| 2 | Caroline Springs | 3.6% | 5 | Epping 5.2% |
| 3 | Fawkner | 3.6% | 6 | Ripponlea 4.6% |

*House median price reflected in the heat-map captures sale transactions from 1st January to 30th September 2023. Source: APM Pricerfinder, ESRI ArcGIS, SQM Research. © PRD 2023.

RENTAL GROWTH 2023€

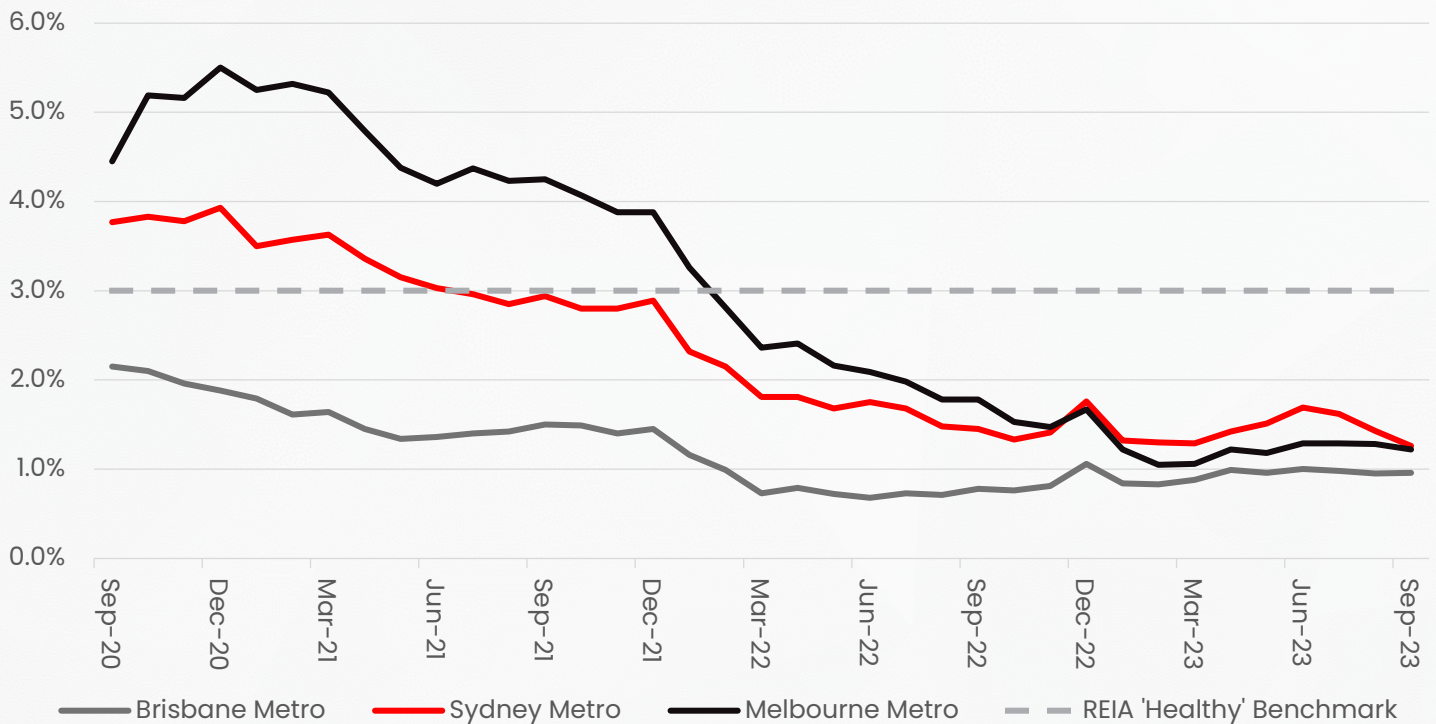
In September 2023 house rental yields in Melbourne Metro were 3.1%, slightly above Sydney Metro (2.7%) but lower than Brisbane Metro (3.6%). In the 12 months to Q3 2023 median house rental price increased by 9.1% to \$600 per week, which is complemented with a low 20 average days on the market. The same pattern can be seen in the unit rental market. In a landscape where annual median house sale price growth have softened, now is an ideal time for investors to act.

4 bedroom+ houses recorded the highest annual rental growth (of +22.6%) to reach \$651 per week. 1-bedroom units recorded the highest annual rental growth, of +22.2%, indicating tenants are seeking homes in closer proximity to the city.

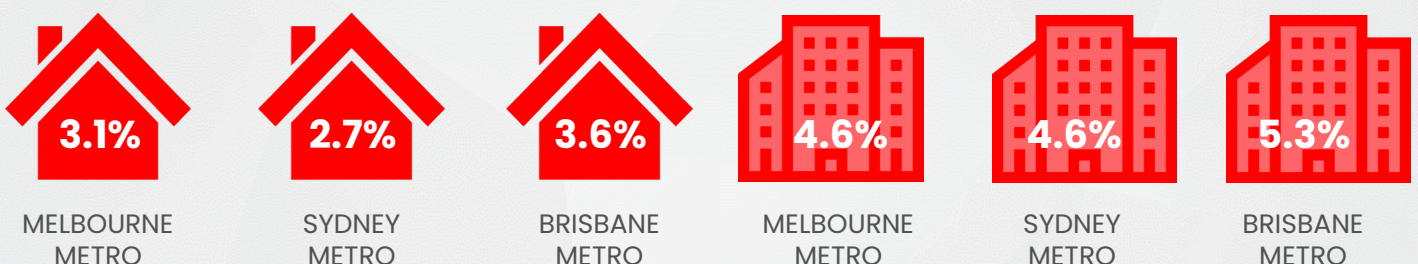
In September 2023, Melbourne Metro recorded a low vacancy rate of 1.2%, slightly below Sydney Metro (1.3%) and above Brisbane Metro (1.0%). For the past 18 months vacancy rates in Melbourne Metro have continued to trend below the Real Estate Institute of Australia's healthy benchmark of 3.0%, signalling a tighter rental market and thus benefitting investors. Melbourne Metro's vacancy rate did show a slight uptick in the past 6 months to September 2023, potential due to investors returning to market. However, this movement is very slight, leaving room for more investors to enter the market.



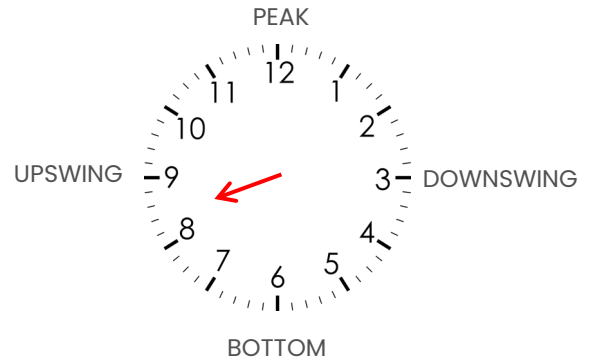
RENTAL VACANCY RATES 2023



RENTAL YIELD 2023§



€ Annual rental growth is a comparison between Q3 2022 – Q3 2023 (01/07/2022 – 30/09/2023) house median rent figures. Rental yields shown are as reported at September 2023. Source: APM Pricer, SQM Research. © Copyright PRD 2023.

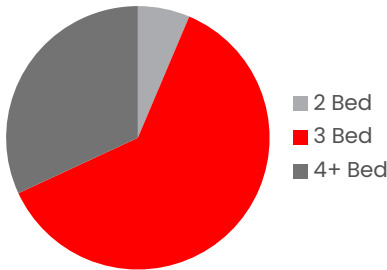


AFFORDABLE & LIVEABLE HOUSE SUBURBS FOR HOUSES



WESTMEADOWS
3049

Located approximately **16.2km** from the Melbourne CBD.



Median House Price **\$735,000**
 2 Bed Median Price **\$575,000***
 3 Bed Median Price **\$510,000***
 4+ Bed Median Price **\$722,000**

Annual Median Price Growth 5.9%**

Vacancy Rate (Sep-23) 0.9%

Rental Yield (Sep-23) 3.9%

Key Amenity (5km) Westmeadows Village

Total Projects (\$) \$10.1M^

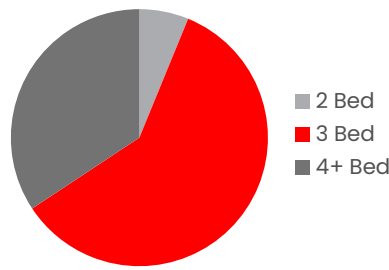
Key Project Western Avenue Serviced Apartments (\$6.0M, 42 Retirement Units)

Unemployment Rate 4.5%



CAROLINE SPRINGS
3023

Located approximately **22.5km** from the Melbourne CBD.



Median House Price **\$737,500**
 2 Bed Median Price **\$637,500***
 3 Bed Median Price **\$670,000**
 4+ Bed Median Price **\$907,500**

Annual Median Price Growth -1.1%**

Vacancy Rate (Sep-23) 1.0%

Rental Yield (Sep-23) 3.6%

Key Amenity (5km) Central Shopping Centre

Total Projects (\$) \$12.1M^

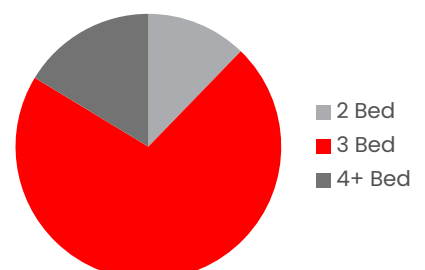
Key Project Central Gardens Aged Care Facility (\$3.0M, 108 Retirement Units)

Unemployment Rate 3.7%



FAWKNER
3060

Located approximately **12.3km** from the Melbourne CBD.



Median House Price **\$760,000**
 2 Bed Median Price **\$710,000***
 3 Bed Median Price **\$756,000**
 4+ Bed Median Price **\$783,750**

Annual Median Price Growth -1.6%**

Vacancy Rate (Sep-23) 1.0%

Rental Yield (Sep-23) 3.6%

Key Amenity (5km) Campbellfield Plaza

Total Projects (\$) \$65.7M^

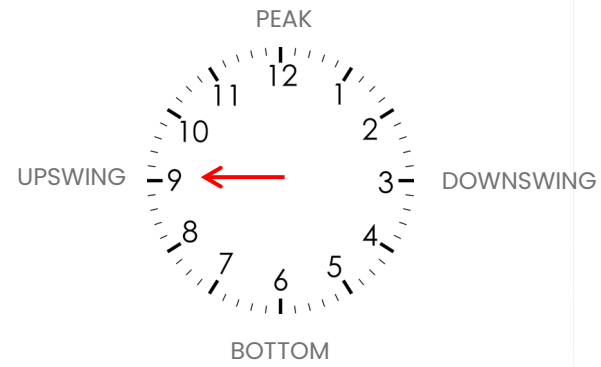
Key Project Fawkner Leisure Centre Development (\$36.8M)

Unemployment Rate 5.9%

^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. **Median price growth quoted captures sale transactions from 1st July 2022 to 30th September 2023, or Q3 2022 - Q3 2023. Source: APM Pricefinder, SQM Research, Cordell Connect, Department of Small Jobs and Business, Google Maps. © PRD 2023.



UNITS
PROPERTY CLOCK

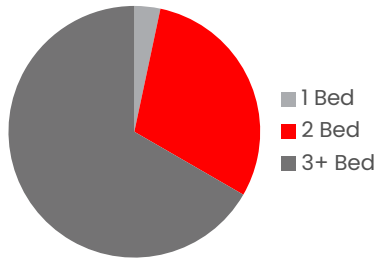


AFFORDABLE & LIVEABLE HOUSE SUBURBS FOR UNITS



SYDENHAM
3037

Located approximately **21.8km** from the Melbourne CBD.



Median House Price **\$470,000**
 2 Bed Median Price **\$447,500***
 3 Bed Median Price **\$420,250**
 4+ Bed Median Price **\$475,000**

Annual Median Price Growth -1.1%**

Vacancy Rate (Sep-23) 0.6%

Rental Yield (Sep-23) 4.4%

Key Amenity (5km) Sydenham Village

Total Projects (\$) \$10.1M^

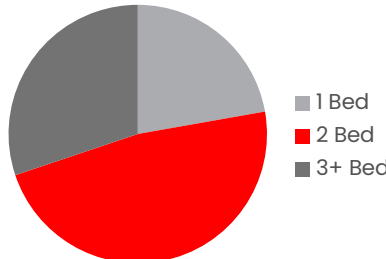
Key Project 1 Carrington Street Townhouses (\$960K, 8 Townhouses)

Unemployment Rate 3.8%



EPPING
3076

Located approximately **18.9km** from the Melbourne CBD.



Median House Price **\$480,000**
 2 Bed Median Price **\$312,500**
 3 Bed Median Price **\$422,500**
 4+ Bed Median Price **\$511,500**

Annual Median Price Growth 0.0%**

Vacancy Rate (Sep-23) 0.5%

Rental Yield (Sep-23) 5.2%

Key Amenity (5km) Epping Centre

Total Projects (\$) \$65.7M^

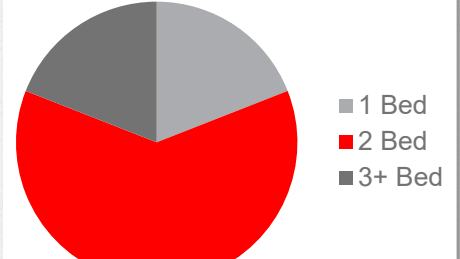
Key Project O'Herns Logistic Park (\$200M)

Unemployment Rate 6.9%



RIPPONLEA
3185

Located approximately **7.7km** from the Melbourne CBD.



Median House Price **\$510,000**
 2 Bed Median Price **\$332,500***
 3 Bed Median Price **\$510,000**
 4+ Bed Median Price **\$817,500**

Annual Median Price Growth -21.6%**

Vacancy Rate (Sep-23) 0.9%

Rental Yield (Sep-23) 4.6%

Key Amenity (5km) Ripponlea Station

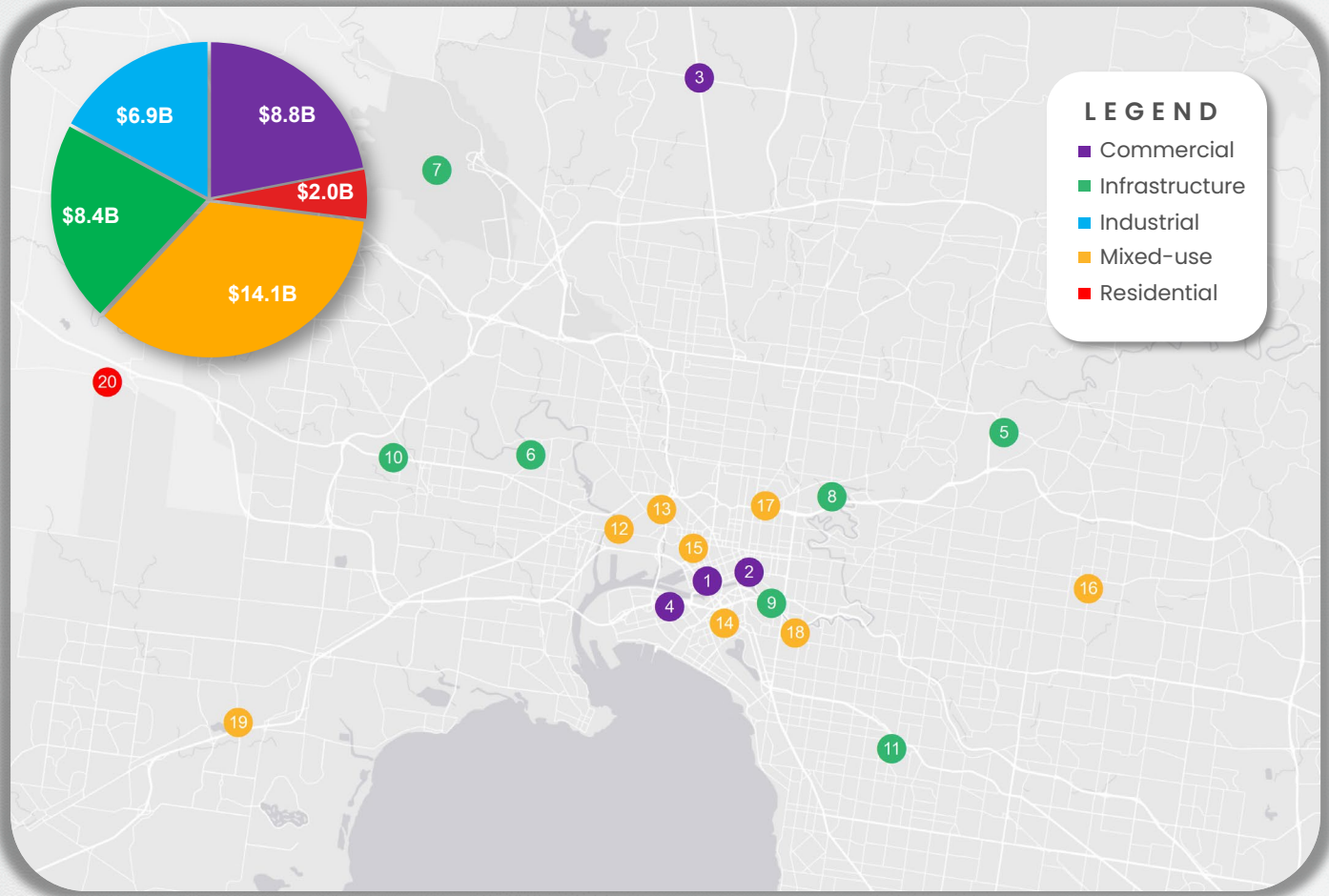
Total Projects (\$) \$385.1M^

Key Project Glen Road Mixed Use Development (\$1.2M, 4 Dwellings)

Unemployment Rate 3.7%

^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. **Median price growth quoted captures sale transactions from 1st July 2022 to 30th September 2023, or Q3 2022 - Q3 2023. Source: APM Pricefinder, SQM Research, Cordell Connect, Department of Small Jobs and Business, Google Maps. © PRD 2023.

PROJECT DEVELOPMENT MAP 2023*



| Location | Project [£] | Type | Estimated Value ^µ | Suburb |
|----------|---|----------------|------------------------------|-------------------|
| 1 | 600 Collins Street Office | Commercial | \$320,000,000 | Melbourne |
| 2 | 51 Flinders Lane Melbourne - Commercial Development | Commercial | \$400,000,000 | Melbourne |
| 3 | Somerton Intermodal Terminal (Sit) - Austrak Business Park | Commercial | \$400,000,000 | Somerton |
| 4 | 7-23 Spencer Street Melbourne - Mirvac (Flinders West - Tower 1) | Commercial | \$630,000,000 | Docklands |
| 5 | Northeast Link Primary Package Twin Tunnels | Infrastructure | \$8,000,000,000 | Bulleen |
| 6 | Maidstone Tram Maintenance & Stabling Facility | Infrastructure | \$368,000,000 | Maidstone |
| 7 | Melbourne Airport Runway Development Program/Third Runway | Infrastructure | \$500,000,000 | Melbourne Airport |
| 8 | Thomas Embling Hospital Stages 1 & 2 | Infrastructure | \$462,600,000 | Fairfield |
| 9 | Federation Square East Mixed Used Development | Infrastructure | \$1,000,000,000 | Melbourne |
| 10 | Melbourne Airport Rail Link - Sunshine & Albion Package | Infrastructure | \$1,000,000,000 | Albion |
| 11 | Caulfield Racecourse Redevelopment - Master Plan | Infrastructure | \$570,000,000 | Caulfield East |
| 12 | West Melbourne Waterfront Development Plan Duplicate Project (573 Units) | Mixed-use | \$600,000,000 | West Melbourne |
| 13 | Local Kensington Build To Rent Mixed Use Development Towers - The Precinct (467 Units) | Mixed-use | \$315,000,000 | Kensington |
| 14 | Melbourne Square /Hilton Hotel Mixed Use Development (1677 Units) | Mixed-use | \$1,000,000,000 | Southbank |
| 15 | Queens Place Tower - 350 Queen Street Melbourne - Stage 2 (685 Units) | Mixed-use | \$375,000,000 | Melbourne |
| 16 | Sky Square Mixed-Use Development/Chinatown Box Hill (431 Units) | Mixed-use | \$350,000,000 | Box Hill |
| 17 | 26-52 Queens Parade Build-to-rent Mixed Use Development - Paldadian (281 Units, 14 Townhouses) | Mixed-use | \$350,000,000 | Fitzroy North |
| 18 | Greystar Build To Rent Mixed Use Development - 14-16 Yarra Street & 35-41 Claremont Streets South Yarra (625 Units) | Mixed-use | \$350,000,000 | South Yarra |
| 19 | 2 Overton Road Williams Landing - Mixed Use Development (435 Units) | Mixed-use | \$303,000,000 | Williams Landing |
| 20 | Mount Atkinson Mixed Use Precinct - Remaining Stages - Resi Constructions To Finish (7431 Potential Dwellings) | Residential | \$1,700,000,000 | Truganina |

* 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. © PRD 2023.

ABOUT PRD'S RESEARCH DIVISION

PRD's property research division provides reliable and unbiased data, insights and consultancy to clients in both 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.

KNOWLEDGE

Access to accurate and objective research is the foundation of all good property decisions. PRD shares on-the-ground experience and decades of knowledge to deliver innovative and effective solutions to our clients.

We take a holistic approach and 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 facts.

PEOPLE

Our in-house research team is skilled in deriving macro and micro quantitative information from multiple credible sources, so we can ensure we provide strategic advice and financially sound direction regarding property and market performance.

RESEARCH SERVICES

Our research services span over every suburb, Local Government Area, and state within Australia. 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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Our services include:

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



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