



Smart Moves: Capital City Edition
Melbourne 1st Half 2025

OVERVIEW

Melbourne's property market is in transition; cooling in price, but rich in potential. Between Q1 2024 and Q1 2025, median prices declined:

- Houses: down 2.0% to \$934,500
- Units: down 2.6% to \$610,327

This shift follows the impact of 13 consecutive cash rate rises in 2022, which pushed up borrowing costs and reshaped buyer expectations.

Sales Activity Slows, but Conditions Favour Buyers

Sales volumes have also dipped:

- House sales fell 7.1% (to 7,773)
- Unit sales dropped 6.0% (to 7,143)

This softer demand has reduced competition, opening a rare window for first home buyers and investors to enter the market under more favourable terms.

New Supply on the Way

In 2025, Melbourne is set to see \$68.0 billion in new developments, including:

- 5,587 units
- 3,419 townhouses
- 2,533 stand-alone houses

While this will help ease supply pressure over time, demand, especially for detached homes, continues to outpace available stock.

A Balanced Market, But Not for Long

Right now, conditions favour buyers: price dips, less competition, and more supply coming. But with signs of resilience returning and development activity picking up, the window may not stay open for long.

Who Should Read This Guide

Whether you're:

- A first-home buyer looking for an affordable entry point
- An investor chasing strong yields and low vacancy rates
- Or a market-watcher seeking areas with long-term fundamentals

This guide highlights Melbourne's most promising suburbs within 20km of the CBD, chosen for their accessibility, livability, and growth potential. Backed by hard data and local insights, this report will help you for navigate Melbourne's ever-evolving property landscape.

MELBOURNE METRO AT A GLANCE

ANNUAL CHANGE [^]



SALES ↓
MEDIAN PRICE ↓
RENTAL PRICE ↑



SALES ↓
MEDIAN PRICE ↓
RENTAL PRICE ↑



UNEMPLOYMENT
RATE
4.4%



AVERAGE
HOME LOAN
\$627,744



VACANCY RATE
1.5%

HOUSES



MEDIAN SALE PRICE

\$934K

MEDIAN RENTAL PRICE

\$660

YIELDS

3.1%

UNITS



\$610K

\$600

4.8%

*Median price quoted captures sale transactions from 1st January 2024 to 31st March 2025, or Q1 2024 – Q1 2025. ***Project development is based on aggregate of estimated construction value for residential, commercial, industrial, mixed-use and infrastructure projects scheduled to commence construction in 2025 as stated by the relevant data authority.

PRD. METHODOLOGY

This report analyses all suburbs within a 20km radius of the Melbourne CBD. The following criteria were considered:

- **Property trends criteria:** all suburbs featured 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 2023 and 2024/25*.
- **Investment criteria:** as of March 2025, suburbs chosen will have an on-par or higher rental yield than Melbourne Metro and an on-par or lower vacancy rate.
- **Affordability criteria:** chosen suburbs have a median price below Melbourne Metro. We calculated the percentage premiums that needed to be added to the Victorian (VIC) average home loan, which was \$627,744** as of the March quarter of 2025. Premiums of 9.8% for houses and -21.9% for units were needed to reach the median price of top suburbs (3 for houses and 3 for units) highlighted in this report. This rate is below what is required to reach Melbourne Metro's median prices (48.9% for houses and -2.8% for units). This makes the suburbs identified in this report more affordable to buyers, creating an opportunity for first-time home buyers.
- **Development criteria:** suburbs chosen have new developments commencing construction for 2025, with a high proportion of commercial and infrastructure projects. This ensures the suburbs show signs of sustainable economic growth. Suburbs chosen must also show a reasonable amount of new ready-to-sell stock planned for construction to ensure buyers have access to new housing supply.
- **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, December Quarter 2024 release).

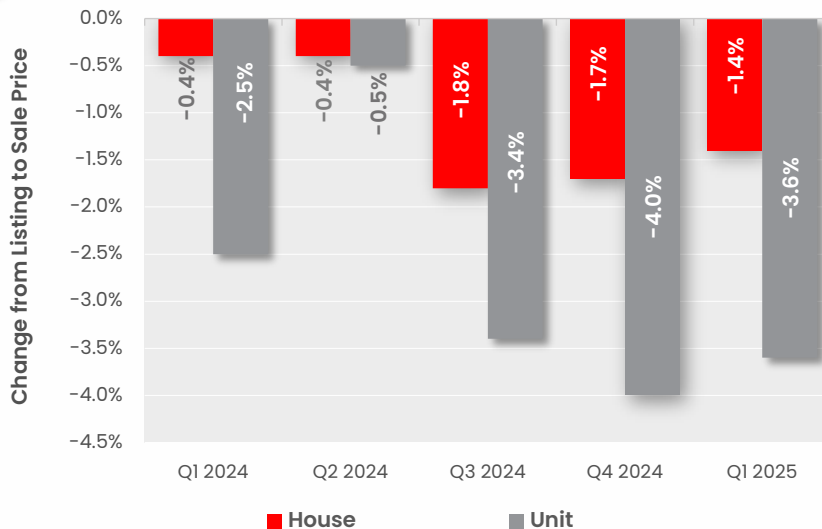
RECENT HIGH PERFORMING SUBURBS WITHIN 20KM FROM THE MELBOURNE CBD

Area	Suburb	Type	Median Price 2023	Median Price 2024/25*	Price Growth	Projects 2025***
Inner	Middle Park	House	\$2,485,000	\$2,718,000	9.4%	\$900K
	Middle Park	Unit	\$765,000	\$915,000	19.6%	\$900K
North	Ivanhoe East	House	\$2,190,000	\$2,480,000	13.2%	\$59.2M
	Lower Plenty	Unit	\$628,900	\$742,500	18.1%	\$1.8M
South	Black Rock	House	\$2,312,500	\$2,500,000	8.1%	\$1.5M
	Moorabbin	Unit	\$655,000	\$745,000	13.7%	\$67.1M
East	Deepondene	House	\$3,011,000	\$3,460,000	14.9%	\$6.6M
	Vermont South	Unit	\$723,000	\$970,000	34.2%	\$15.9M
West	Strathmore	House	\$1,412,000	\$1,550,000	9.8%	\$30.3M
	Moonee Ponds	Unit	\$500,000	\$560,000	12.0%	\$185.8M

*Median price quoted captures sale transactions from 1st January 2024 to 31st March 2025, or Q1 2024 – Q1 2025. **Average home loan figure is derived from March Quarter 2025 Housing Affordability Report by the Real Estate Institute of Australia (REIA) and Adelaide Bank. *Annual Change is reflective of median price change from Q1 2024 to Q1 2025. Figures displayed in infographics are for the period Q1 2025. Source: APM Pricerfinder, REIA, SQM Research, Cordell Connect, Department of Jobs and Small Business. © PRD 2025.

%

AVERAGE VENDOR DISCOUNT



Between Q1 2024 and Q1 2025, **average vendor discounts widened to -1.4% for houses and -3.6% for units** in Melbourne Metro. These discounts reflect **a market still favouring buyers**, with many sellers accepting slightly lower prices than initially listed.

The steepest discounts occurred in Q3 2024 for houses (-4.0%) and in Q4 2024 for units (-4.0%). With those peaks behind us and limited new stock projected for the near future, **conditions may become more competitive**, making this a key time for buyers to act.

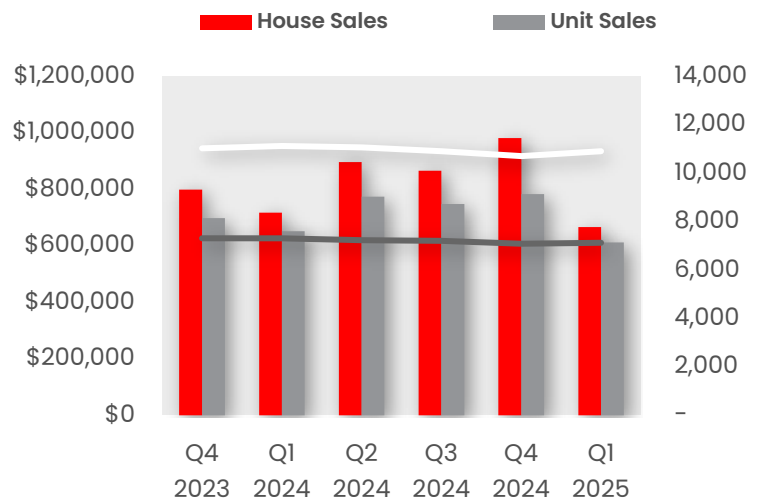


MARKET PERFORMANCE

A significant proportion of house sales (**41.3%**) were in the **premium price bracket of \$1,050,000 and above**. For units, the largest share of transactions (**32.5%**) occurred at **\$750,000 and above**, highlighting continued demand for higher-end properties even amid softer price conditions.

At the same time, **first home buyers were active in more affordable brackets as 38.2% of houses sold for less than \$749,999 and 22.9% of units were sold below \$449,999.**

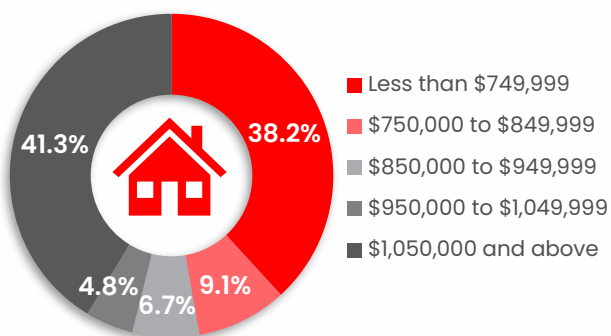
These figures suggest **that opportunities exist across both ends of the market**, from premium investment-grade stock to accessible entry-level properties.



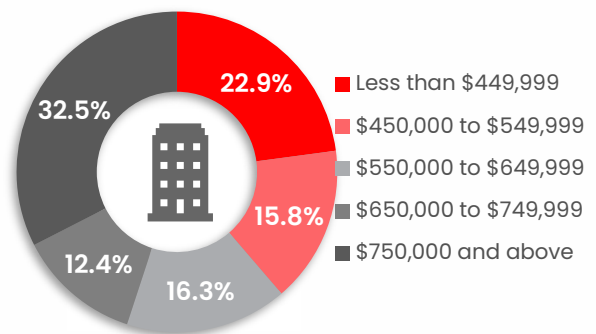
\$

PRICE BREAKDOWN 2024/25#

HOUSES SOLD

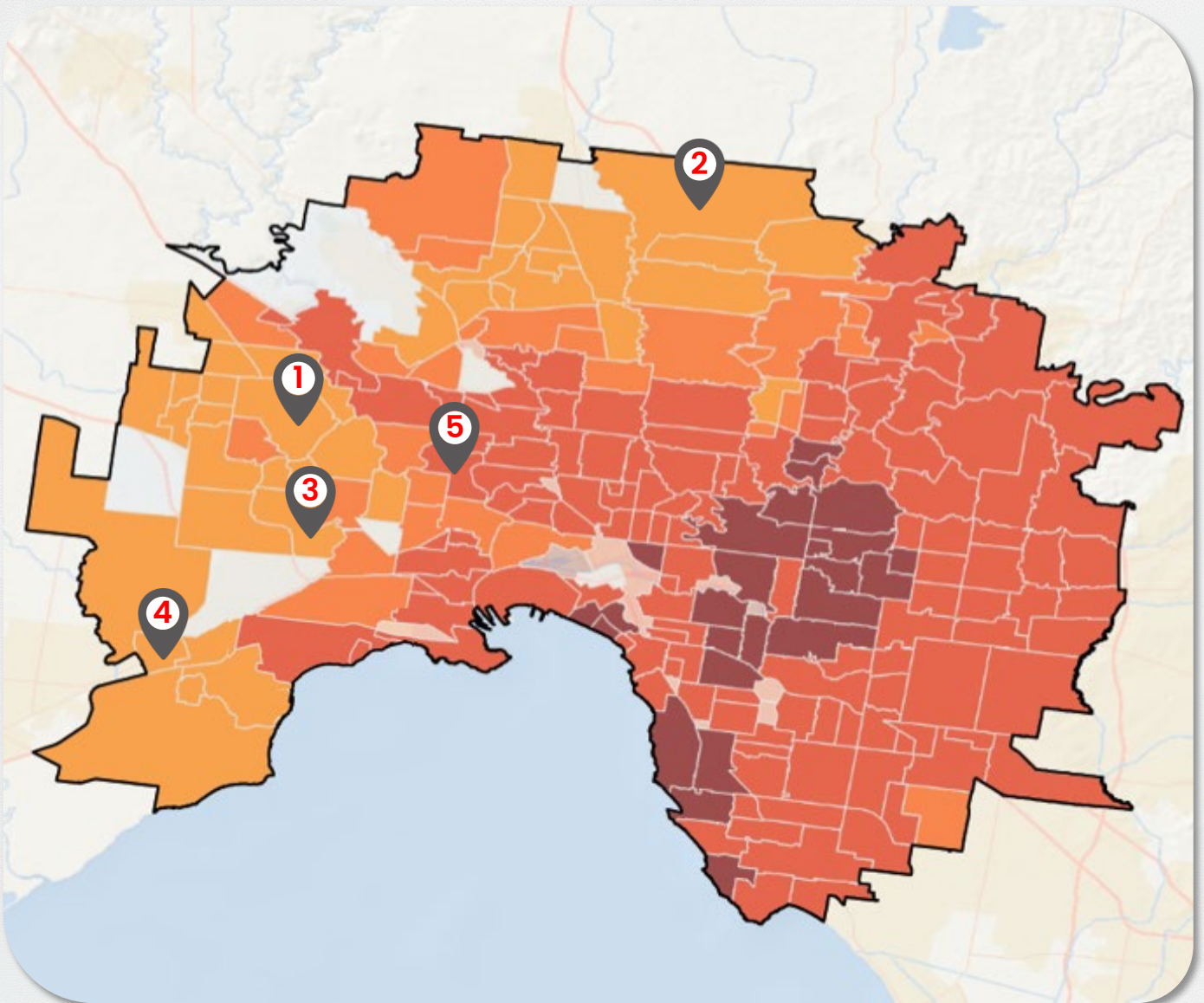


UNITS SOLD

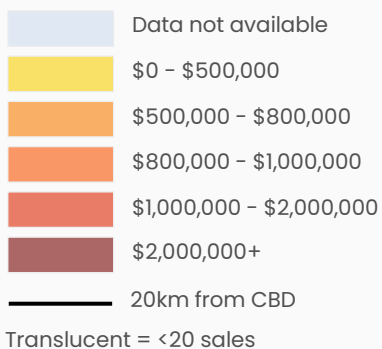


PRD.


MELBOURNE METRO MEDIAN HOUSE PRICES 2024/25* | 20KM FROM THE CBD




LEGEND



TOP 6 AFFORDABLE & LIVEABLE SUBURBS RENTAL YIELD

		
	Suburb	House
1	St Albans	3.6%
2	Epping	4.3%
3	Sunshine West	3.7%

		
	Suburb	Unit
4	Williams Landing [#]	4.2%
5	Maribyrnong	6.0%
2	Epping	5.5%

*House median price reflected in the heat-map captures sale transactions from 1st January 2024 to 31st March 2025. *Unit rental yield for Williams Landing is based on postcode 3028 nearby to the area, due to limitations in data. Source: APM Pricefinder, ESRI ArcGIS, SQM Research. © PRD 2025.

RENTAL GROWTH 2025 €

Melbourne Metro recorded a **house rental yield of 3.1%** as of March 2025, outperforming Sydney Metro (2.7%) and matching Brisbane Metro (3.2%). This strong result came alongside a **6.5% annual increase in the median house rent, which reached \$660 per week** in Q1 2025. The best performing rental property types **were 2-bedroom houses with a +6.7% growth to \$600 per week and 1-bedroom units with a +16.7% growth to \$490 per week.**

These rental trends occurred despite an 11.1% decline in house rental volumes, down to 7,676 properties in Q1 2025. These figures reflect **a tight and undersupplied rental market, where reduced availability is placing upward pressure on prices.** The conditions present **attractive opportunities for investors**, particularly given Melbourne's lower entry prices compared to Sydney.

As of March 2025, **Melbourne Metro's rental vacancy rate stood at 1.5%**, slightly above Sydney Metro (1.3%) and Brisbane Metro (0.9%). Over the past six months, **Melbourne has shown a clear downward trend in vacancy**, highlighting a market that is tightening further. Importantly, Melbourne's vacancy rate remains well below the Real Estate Institute of Australia's healthy benchmark of 3.0%, signalling **strong demand and rapid tenant turnover.**

These conditions **create a favourable environment for investors**, particularly those targeting more affordable housing or unit stock early in the year.



2
BEDROOMS
+6.7%
\$600

3
BEDROOMS
+1.6%
\$630

4+
BEDROOMS
+0.0%
\$750



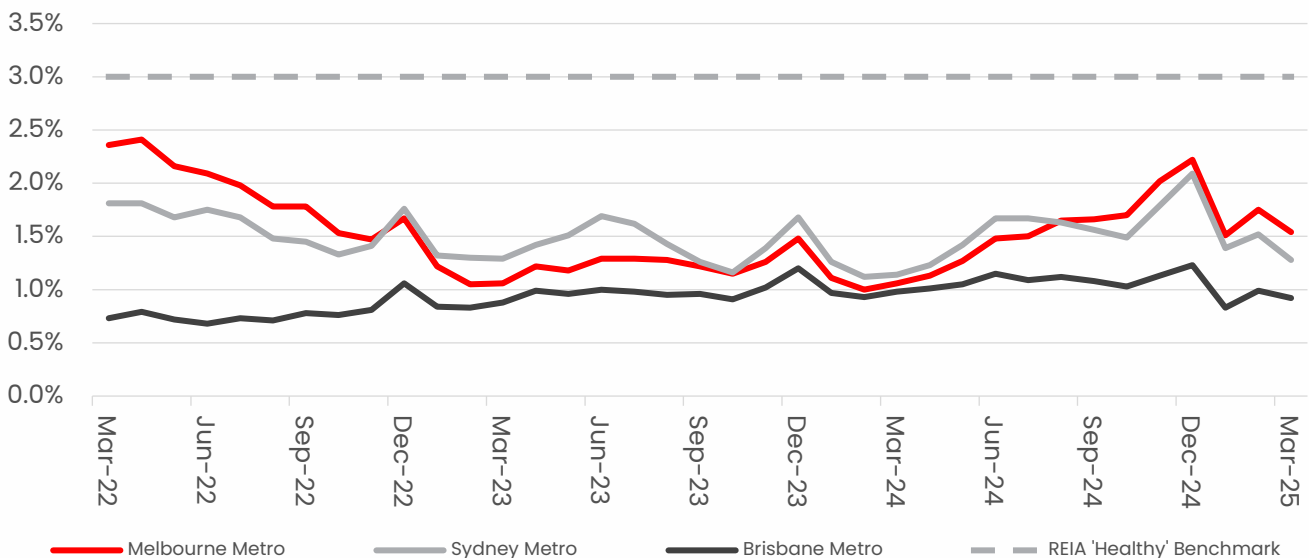
1
BEDROOM
+16.7%
\$490

2
BEDROOMS
+10.7%
\$620

3+
BEDROOMS
+8.5%
\$790



RENTAL VACANCY RATES 2025



RENTAL YIELD 2025§

MELBOURNE METRO



HOUSES
3.1%



UNITS
4.8%

BRISBANE METRO



HOUSES
3.2%



UNITS
4.3%

SYDNEY METRO



HOUSES
2.7%



UNITS
4.4%

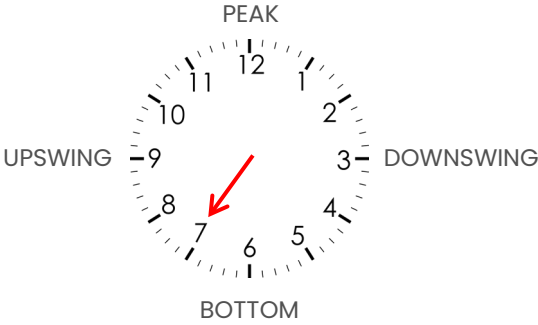
€ Annual rental growth is a comparison between Q1 2024 - Q1 2025 (01/01/2024 - 31/03/2024 vs 01/01/2025 - 31/03/2025) house median rent figures.

§ Rental yields shown are as reported in March 2025. Source: APM Pricefinder, SQM Research. © Copyright PRD 2025.



PRD.

HOUSES PROPERTY CLOCK

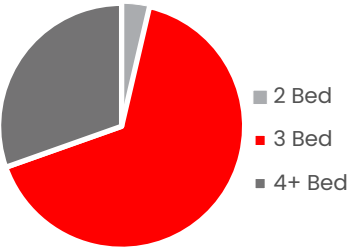


TOP 3 AFFORDABLE & LIVEABLE SUBURBS FOR HOUSES



St Albans 3021

Located approximately **15.8km** from the Melbourne CBD.



Median House Price	\$652,000
2- Bed Median Price	\$585,000
3- Bed Median Price	\$640,000
4+ Bed Median Price	\$725,000

Annual Median Price Growth	1.1%**
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Vacancy Rate (Mar-25)	0.6%
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Rental Yield (Mar-25)	3.6%
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Key Amenity (5km)	Brimbank Shopping Centre
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Total Projects (\$)	\$80.0M^
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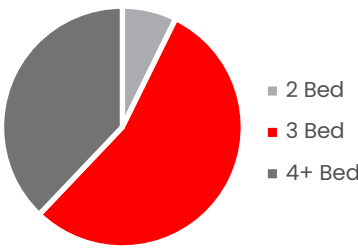
Residential Ready-to-sell Planned 2025	220 Townhouses 4 Dwellings 89 Units
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Unemployment Rate	5.2%
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Epping 3076

Located approximately **19.5km** from the Melbourne CBD.



Median House Price	\$680,500
2- Bed Median Price	\$482,500
3- Bed Median Price	\$651,500
4+ Bed Median Price	\$760,000

Annual Median Price Growth	2.3%**
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Vacancy Rate (Mar-25)	1.2%
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Rental Yield (Mar-25)	4.3%
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Key Amenity (5km)	Epping North Shopping Centre
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Total Projects (\$)	\$340.6M^
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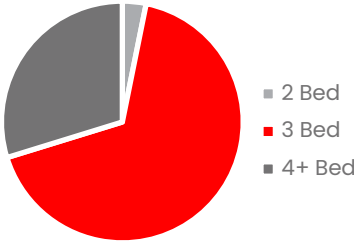
Residential Ready-to-sell Planned 2025	109 Townhouses 63 Dwellings 42 Units
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Unemployment Rate	2.4%
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Sunshine West 3020

Located approximately **13.2km** from the Melbourne CBD.



Median House Price	\$690,000
2- Bed Median Price	\$650,000
3- Bed Median Price	\$673,000
4+ Bed Median Price	\$740,000

Annual Median Price Growth	0.1%**
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Vacancy Rate (Mar-25)	1.3%
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Rental Yield (Mar-25)	3.7%
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Key Amenity (5km)	Talintyre Shopping Centre
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Total Projects (\$)	\$23.8M^
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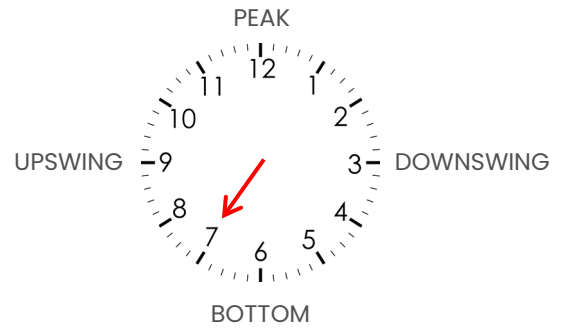
Residential Ready-to-sell Planned 2025	84 Townhouses 0 Dwellings 8 Units
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Unemployment Rate	7.2%
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^Quoted estimated values of projects are based on reported land/construction values as stated by the relevant data authority and do not signify their commercial/resale value. **Median price growth quoted captures sale transactions between Q1 2024 - Q1 2025, or 01/01/2024-31/03/2024 vs 01/01/2025-31/03/2025. Source: APM Pricefinder, SQM Research, Cordell Connect, Department of Small Jobs and Business, Google Maps. © PRD 2025.



UNITS PROPERTY CLOCK

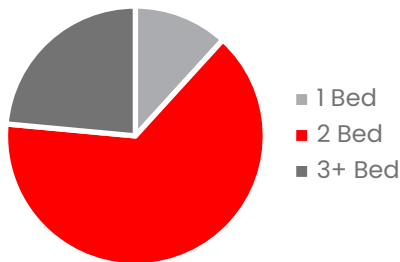


TOP 3 AFFORDABLE & LIVEABLE SUBURBS FOR UNITS



Williams Landing 3027

Located approximately **19.3km**
from the Melbourne CBD.



Median Unit Price	\$423,500
1- Bed Median Price	\$326,000
2- Bed Median Price	\$412,500
3+ Bed Median Price	\$585,000

Annual Median Price Growth 1.4%**

Vacancy Rate (Mar-25) 1.6%

Rental Yield (Mar-25) 4.2%***

Key Amenities (5km) HomeCo. Williams Landing Shopping Centre

Total Projects (\$) \$307.3M^

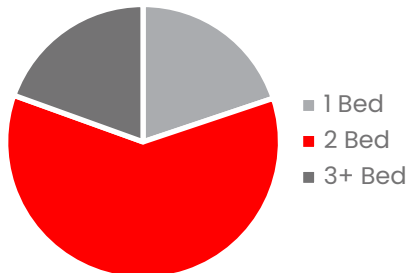
Residential Ready-to-sell Planned 2025 0 Townhouses
0 Dwellings
435 Units

Unemployment Rate N/A



Maribyrnong 3032

Located approximately **8.0km**
from the Melbourne CBD.



Median Unit Price	\$490,000
1- Bed Median Price	\$340,000
2- Bed Median Price	\$500,000
3+ Bed Median Price	\$775,000

Annual Median Price Growth -5.6%**

Vacancy Rate (Mar-25) 1.2%

Rental Yield (Mar-25) 6.0%

Key Amenity (5km) Highpoint Shopping Centre

Total Projects (\$) \$2.6B^

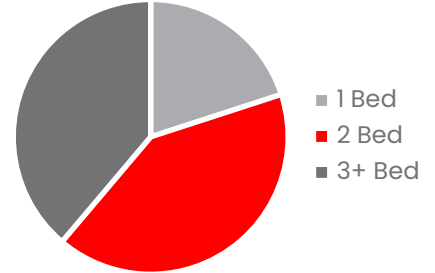
Residential Ready-to-sell Planned 2025 425 Townhouses
0 Dwellings
422 Units

Unemployment Rate 3.0%



Epping 3076

Located approximately **19.5km**
from the Melbourne CBD.



Median Unit Price	\$490,000
1- Bed Median Price	\$305,000
2- Bed Median Price	\$455,000
3+ Bed Median Price	\$555,000

Annual Median Price Growth 1.0%**

Vacancy Rate (Mar-25) 1.2%

Rental Yield (Mar-25) 5.5%

Key Amenity (5km) Epping North Shopping Centre

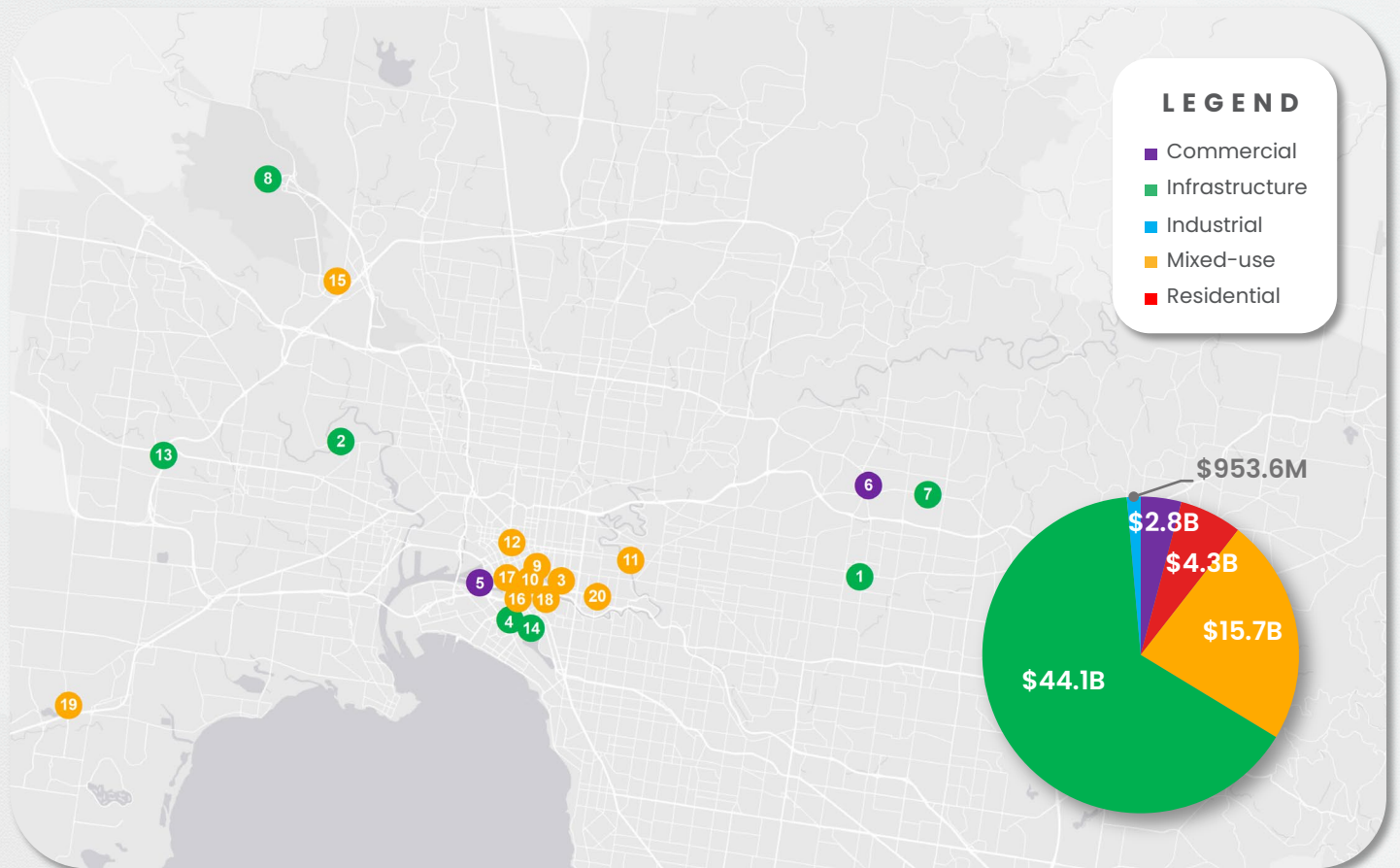
Total Projects (\$) \$340.6M^

Residential Ready-to-sell Planned 2025 109 Townhouses
63 Dwellings
42 Units

Unemployment Rate 2.4%

^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 growth quoted captures sale transactions between Q1 2024 - Q1 2025, or 01/01/2024-31/03/2024 vs 01/01/2025-31/03/2025. ***Unit rental yield for Williams Landing is based on postcode 3028 nearby to the area, due to limitations in data. Source: APM Pricerfinder, SQM Research, Cordell Connect, Department of Small Jobs and Business, Google Maps. © PRD 2025.

PROJECT DEVELOPMENT MAP 2025*



Location	Project [£]	Type	Estimated Value ^µ	Suburb
1	Suburban Rail Loop Box Hill To Cheltenham (SRL East) - Stage 1 (State Government)	Infrastructure	\$34,000,000,000	Box Hill
2	Former Maribyrnong Defence Site Redevelopment (Federal Government)	Infrastructure	\$2,500,000,000	Maribyrnong
3	STH BNK By Beulah (Residential - 789 Apartments + Commercial)	Mixed-Use	\$2,000,000,000	Southbank
4	The Fox NGV Contemporary Museum & Victorian Arts Centre Upgrade - Southbank Melbourne (Local Government)	Infrastructure	\$1,700,000,000	Southbank
5	707-710 Collins Street & 44 Village Street Offices - Goods Shed	Commercial	\$750,000,000	Docklands
6	Westfield Doncaster Shopping Centre Expansion	Commercial	\$500,000,000	Doncaster
7	Doncaster Busway - Eastern Freeway Section (State Government)	Infrastructure	\$500,000,000	Doncaster East
8	Melbourne Airport Runway Development Program/Third Runway (State Government)	Infrastructure	\$500,000,000	Melbourne Airport
9	Grand Hyatt Melbourne Redevelopment (Various Tenants)	Mixed-Use	\$500,000,000	Melbourne
10	Southgate (Various Tenants)	Mixed-Use	\$470,000,000	Southbank
11	Victoria Gardens Expansion - Doonside Precinct (Residential - 827 Apartments + Commercial)	Mixed-Use	\$450,000,000	Richmond
12	Queen Victoria Market Precinct Southern Site (Tower 1 & Tower 2) - Gurwara Place (Residential - 569 Apartments + Commercial)	Mixed-Use	\$442,656,470	Melbourne
13	M80 Ring Road Upgrade Princes Freeway To Western Highway (State Government)	Infrastructure	\$410,000,000	Derrimut
14	Melbourne Arts Precinct Transformation (MAPT) Northern Package (State Government)	Infrastructure	\$400,000,000	Melbourne
15	NEXTDC M2 Data Centre Tullamarine Stages 9-11 (Various Tenants)	Mixed-Use	\$400,000,000	Tullamarine
16	12 Riverside Quay Southbank - Esso House Redevelopment (Commercial - Office + Retail)	Mixed-Use	\$350,000,000	Southbank
17	522-552 Flinders Lane Commercial Tower (Commercial - Office + Retail)	Mixed-Use	\$332,000,000	Melbourne
18	21-35 Power Street Office & Retail (Commercial - Office + Retail)	Mixed-Use	\$308,600,000	Southbank
19	2 Overton Road Williams Landing - Mixed Use Development (Residential - 435 Apartments + Commercial)	Mixed-Use	\$303,000,000	Williams Landing
20	1 Little Lesney Street & Wiltshire Street Office (Commercial - Office + Retail)	Mixed-Use	\$300,000,000	Richmond

*Project development map 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 2025.

ADDITIONAL AFFORDABLE SUBURBS

To provide more options for first home buyers, the following seven additional suburbs for houses and units offer affordable alternatives to Melbourne Metro’s median prices. These are in addition to the top 3 affordable and liveable suburbs for houses (**St Albans, Epping** and **Sunshine West**), and units (**Williams Landing, Maribyrnong** and **Epping**) featured earlier in the report. While these suburbs didn’t meet all our criteria to be classified as ‘top suburbs’, they were selected using the same methodology and still represent strong value for buyers seeking more budget-friendly opportunities.

HOUSES

Suburbs	Median House Price 2024/25	1yr Price Growth	10yrs Price Growth	House Sales 2024/25	1yr Sales Growth	Price % to MEL Metro	House Rental Yield	Vacancy Rates	Total \$\$ 2025 Project*	Total Stand-alone New Stock	Total New Land Lots
Williams Landing	\$790,000	-2.0%	111.8%	201	58.3%	-15.5%	3.9%	1.6%	\$307.3M	435	97
Heidelberg West	\$783,000	4.3%	71.5%	80	5.3%	-16.2%	3.6%	1.3%	\$90.4M	388	-
Sunshine North	\$750,000	2.7%	89.3%	124	53.1%	-19.7%	3.7%	1.3%	\$93.0M	293	-
Thomastown	\$720,000	3.4%	84.6%	289	52.9%	-23.0%	3.5%	1.0%	\$58.3M	248	80
Tullamarine	\$740,000	2.8%	83.9%	93	25.7%	-20.8%	4.3%	1.8%	\$672.2M	131	-
Truganina	\$654,000	0.6%	80.7%	1,007	54.0%	-30.0%	4.2%	3.9%	\$1.0B	122	999
Lalor	\$705,000	3.7%	89.5%	353	42.3%	-24.6%	4.2%	1.4%	\$19.0M	107	25

UNITS

Suburbs	Median Unit Price 2024/25	1yr Price Growth	10yrs Price Growth	Unit Sales 2024/25	1yr Sales Growth	Price % to MEL Metro	Unit Rental Yield	Vacancy Rates	Total \$\$ 2025 Project*	Total Stand-alone New Stock	Total New Land Lots
North Melbourne	\$515,000	-6.4%	-1.0%	450	92.3%	-15.6%	5.8%	2.4%	\$533.8M	618	-
Kensington	\$520,000	6.1%	22.4%	168	42.4%	-14.8%	6.9%	0.3%	\$200.0M	443	-
South Yarra	\$540,000	-9.9%	-3.4%	1,190	51.4%	-11.5%	6.1%	1.4%	\$462.2M	331	-
Ormond	\$577,500	-3.0%	16.1%	178	64.8%	-5.4%	5.1%	1.1%	\$154.4M	315	-
St Albans	\$510,000	4.3%	77.7%	291	70.2%	-16.4%	4.4%	0.6%	\$80.0M	313	-
Hawthorn	\$557,500	-1.8%	4.2%	714	47.5%	-8.7%	5.8%	1.2%	\$190.3M	237	-
Carlton	\$388,750	3.9%	-12.6%	588	55.6%	-36.3%	6.4%	3.4%	\$320.4M	107	-

*Disclaimer: Estimated value is the value of construction costs as per provided by the relevant data authority. It does not reflect the project's sale/commercial value. It is current as of March 2025. Source: APM Pricelinder, SQM Research, Cordell Database, Australian Bureau of Statistics, Australian Government Department of Jobs and Small Business. © PRD 2025.

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 capabilities and specialised approach ensure 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.

PRD.

GET IN TOUCH

PRD Research Division



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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

PRD.  REAL ESTATE

