

REPORT

PRD.

Smart Moves: Melbourne 1st Half, 2026.

Suburbs that deliver *affordability*,
rental *resilience* & *supply* fundamentals.



PRD.  YEARS. of trusted, local guidance
for life's biggest moves.

Introduction.

Melbourne's next property hotspots are already taking shape. Prices are rising, supply is tight, and **opportunity is emerging in the right places.**

This guide uncovers the suburbs that **strike the perfect balance** between affordability, liveability, and long-term growth helping buyers and investors **act with confidence in 2026.**

Who this report is for.

First Home Buyers: Looking for more affordable entry points into Melbourne's changing property market.

Investors: Seeking suburbs with solid rental yields, low vacancy rates and growth potential.

Upgraders/ Owner-Occupiers: Those looking for liveable locations with strong amenities, infrastructure and long-term appeal.

What this report delivers.

Leveraging PRD's **proprietary research methodology**, this report cuts through the noise, delivering clear insights into Melbourne's fast-moving market and **spotlighting suburbs where affordability, lifestyle, and growth potential align**, helping you uncover real opportunities with confidence.

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Market Overview.

What the *data* is telling us.

Melbourne's property market is **proving both resilient and increasingly competitive**, with house prices rising 2.5% to \$956,000 and units up 1.0% to \$625,000, **even as interest rates climb**. This growth is underpinned by a significant undersupply of housing, with house sales falling 6.4% and only 1,710 new houses planned compared to over 6,700 sales, **pushing buyers to act quickly in a tightening market**. As affordability pressures build, demand is shifting unit sales have surged 12.0%.

The data paints a clear picture of **a market defined by tight supply, strong demand, and shifting affordability**, where opportunity lies in identifying the right suburbs ahead of the curve.

The *supply gap* and the *opportunity*.

Melbourne's property market is facing a clear and widening supply gap, particularly in the housing sector, **creating strong conditions for future price growth and opportunity**. While more than 6,700 houses were sold in Q1 2026, only 1,710 new houses are planned for construction, **highlighting a significant shortfall that is unable to keep pace with demand**.

In contrast, new supply is **heavily skewed toward higher-density living**. This imbalance is influencing market behaviour, **pushing buyers toward units and more affordable dwellings**, while intensifying competition for detached houses.

For buyers and investors, this presents a clear opportunity: **limited house supply is likely to support ongoing price growth**, while increased development, **backed by \$41 billion in projects**, will continue to transform key suburbs.

At a Glance.

ANNUAL CHANGE[^]



SALES ↓
 MEDIAN PRICE ↑
 RENTAL PRICE ↑



SALES ↑
 MEDIAN PRICE ↑
 RENTAL PRICE ↑

HOUSES



MEDIAN SALE PRICE

\$956K

UNITS



MEDIAN RENTAL PRICE

\$660

\$630

YIELDS

3.1%

4.5%



UNEMPLOYMENT RATE
 4.7%



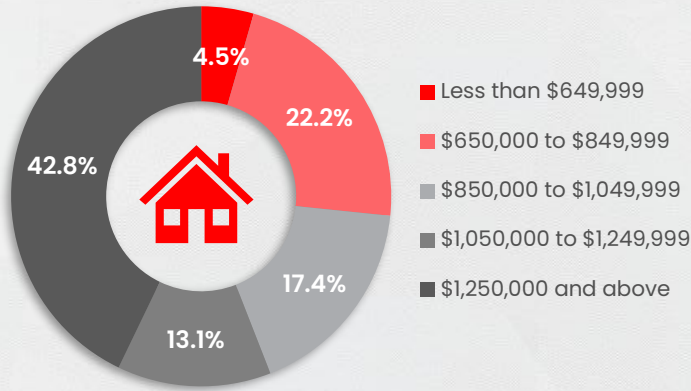
AVERAGE HOME LOAN
 \$674,585



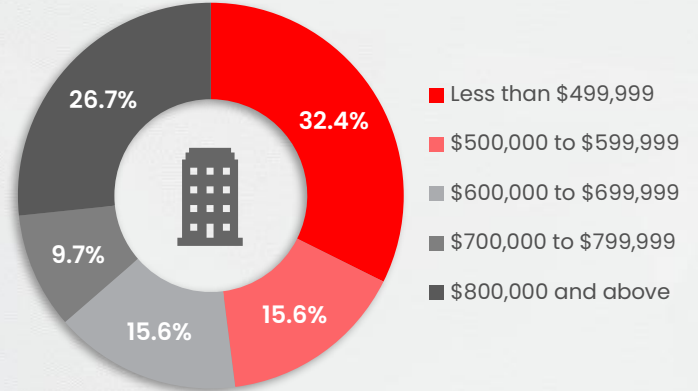
VACANCY RATE
 1.4%

What Buyers Are Paying.

House Sales by Price Bracket.



Unit Sales by Price Bracket.



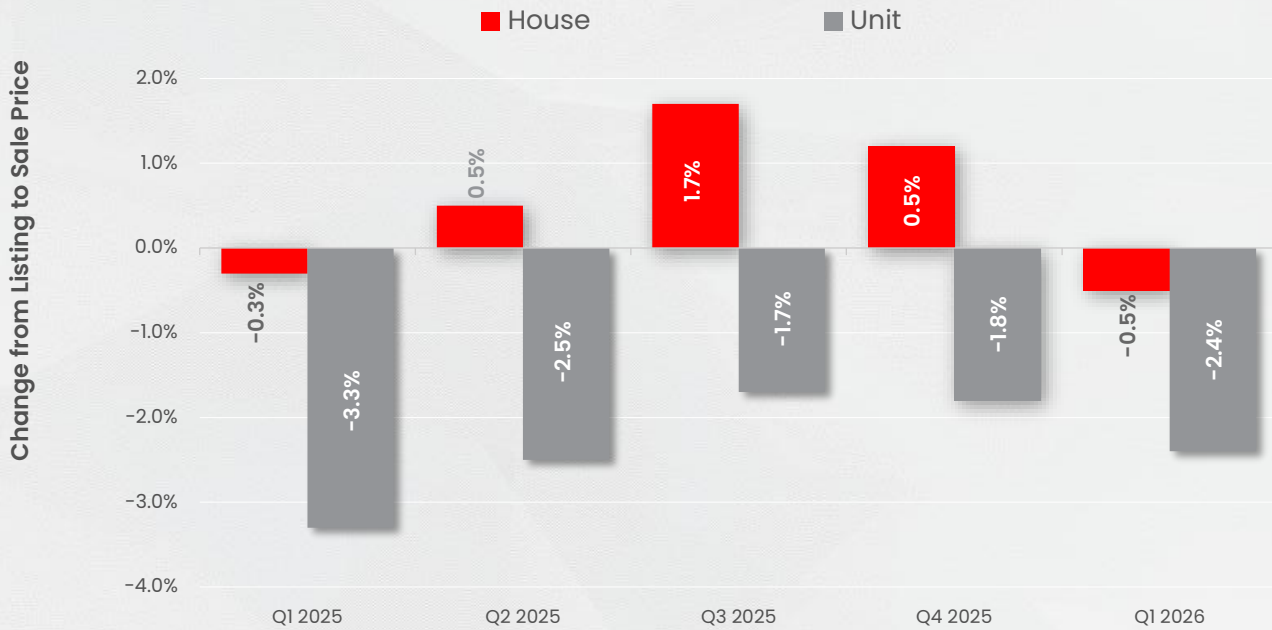
WITHIN 20KM FROM MELBOURNE CBD.

Top 10 Suburbs for Sale Price Performance.

Area	Suburb	Type	Median Price 2025	Median Price 2026*	Price Growth	Projects 2026***
Inner	Middle Park	House	\$2,714,000	\$3,525,000	29.9%	\$1.0M
	North Melbourne	Inner	\$515,000	\$580,500	12.7%	\$665.8M
North	Campbellfield	House	\$615,000	\$700,000	13.8%	\$6.3M
	Jacana	North	\$480,000	\$570,500	18.9%	\$1.9M
South	Elsternwick	House	\$1,956,000	\$2,400,000	22.7%	\$164.1M
	Clayton South	South	\$580,000	\$652,500	12.5%	\$107.7M
East	Armadale	House	\$2,535,000	\$3,560,000	40.4%	\$22.0M
	Huntingdale	East	\$457,500	\$730,000	59.6%	\$800K
West	Essendon North	House	\$1,250,000	\$1,487,500	19.0%	\$1.1M
	Spotswood	West	\$720,000	\$930,000	29.2%	\$55.2M

*The median price quoted captures sale transactions from 1st April 2025 to 31st March 2026. ***Project development is based on the aggregate of estimated construction value for residential, commercial, industrial, mixed-use and infrastructure projects scheduled to commence construction in 2026, as stated by the relevant data authority. The annual change is reflective of the median price change from (01/04/2024 – 31/03/2025) vs (01/04/2025 – 31/03/2026). Figures displayed in infographics are for the period Q1 2026. Source: REIA, SQM Research, Cordell Connect, Department of Jobs and Small Business. *2026 encapsulates sales transactions for Q1 2026 (01/01/2026 – 31/03/2026) only. © Copyright PRD 2026

Average Vendor Discount.



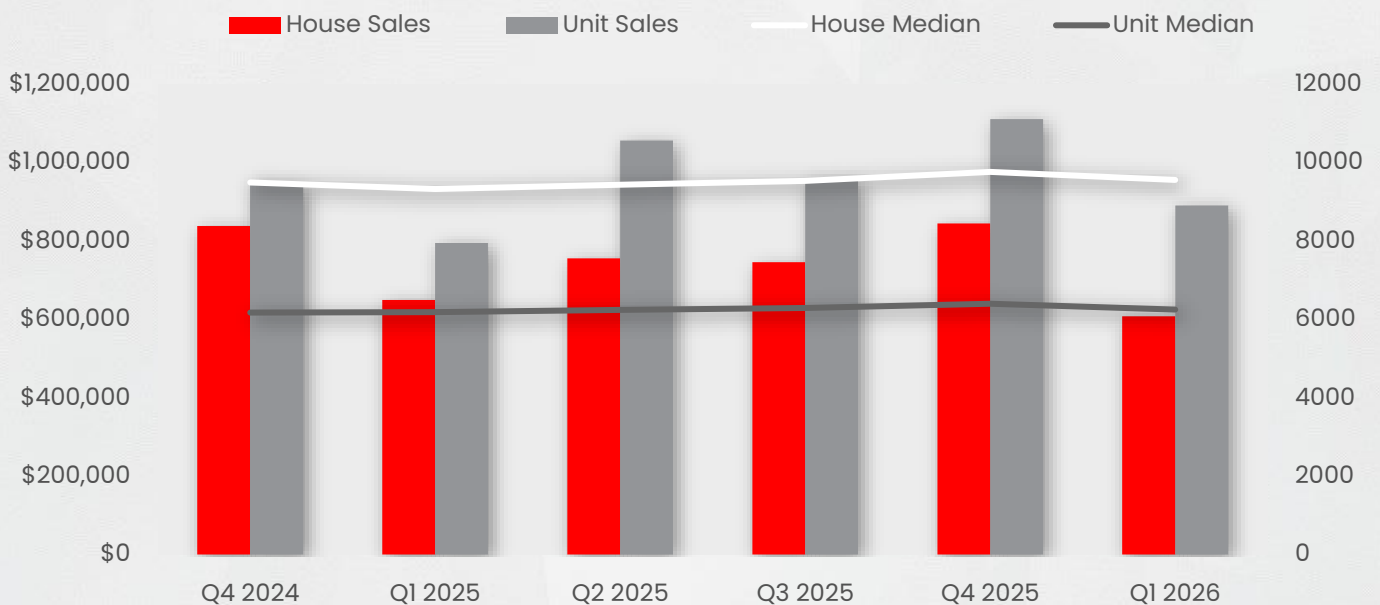
The **average vendor discounts** between Q1 2025 and Q1 2026 **have slightly widened to -0.5% for houses but tightened to -2.4% for units.**

The market favours buyers, as owners are still willing to accept below the initial listing prices. **House average vendor discounts in Q1 2026 are at a peak, making now an ideal time for buyers to act,** especially with limited new supply in 2026.

The dominant proportion of **houses** sold in Melbourne Metro across 2025/2026# were **in the premium price point of \$1,250,000 and above (42.8%),** which benefits owners. The most affordable price bracket is still available, with 4.5% of houses sold below \$649,999.

On the other hand, most of the units sold were in the most affordable price point of less than \$499,999 (32.4%), in good news for first home buyers. At the same time, **strong sales were also evident in the premium price point, with 26.7% of units sold above \$800,000.** Overall, Melbourne offers opportunities across all price points.

Market Performance.



Rental Growth 2026.

House rental yield in Melbourne Metro was **3.1%** as of March 2026, outperforming Sydney Metro (2.8%) and Brisbane Metro (2.9%). This was paired with a **13.8% increase in median house rental price** in the past 12 months to Q1 2026, at **\$660 per week**, along with an **81.6% surge in the number of houses rented (to 7,736 rentals in Q1 2026)**.

The same pattern can also be seen in the unit market. This reflects a **highly demanded and competitive rental market in Melbourne Metro**, creating an attractive environment for investors to re-enter, especially with a lower entry price than Sydney Metro.

4+ bedroom houses and 1-bedroom units have provided investors with the **highest annual rental growth of 14.7% and 21.4%, achieving \$780 and \$510 per week**, respectively. All rental property types have increased in value.

In March 2026, **Melbourne Metro** recorded a **vacancy rate of 1.4%**, above Sydney Metro (1.1%) and Brisbane Metro (0.8%). Vacancy rates have shown a decreasing trend over the past 6 months, **indicating an even tighter rental market. Melbourne Metro's vacancy rate remains well below the Real Estate Institute of Australia's benchmark of 3.0%.**

This indicates quicker occupancy of rental properties in Melbourne Metro, creating a favourable investment environment for investors seeking stable returns; even with a higher sales price (thus, entry price) in the past 12 months to Q1 2026.



HOUSES

2 BEDROOMS	3 BEDROOMS	4+ BEDROOMS
+3.2%	+9.5%	+14.7%
\$650	\$635	\$780



UNITS

1 BEDROOM	2 BEDROOMS	3+ BEDROOMS
+21.4%	+9.2%	+2.6%
\$510	\$650	\$800



Flinders Street Train Station
Melbourne, VIC.



Brighton Beach
Brighton, Melbourne LGA, VIC.

Rental Yield Comparison: 2026§.

MELBOURNE METRO



HOUSES
3.1%



UNITS
4.5%

BRISBANE METRO



HOUSES
2.9%



UNITS
3.7%

SYDNEY METRO



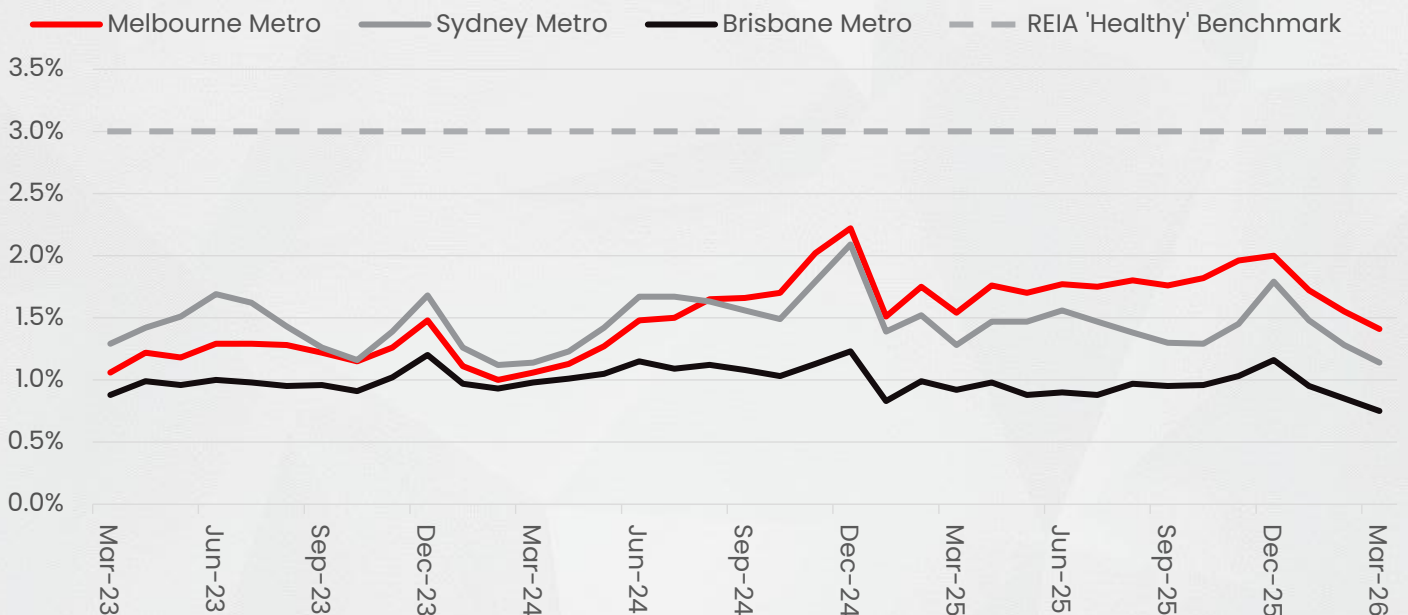
HOUSES
2.8%



UNITS
4.3%

MELBOURNE

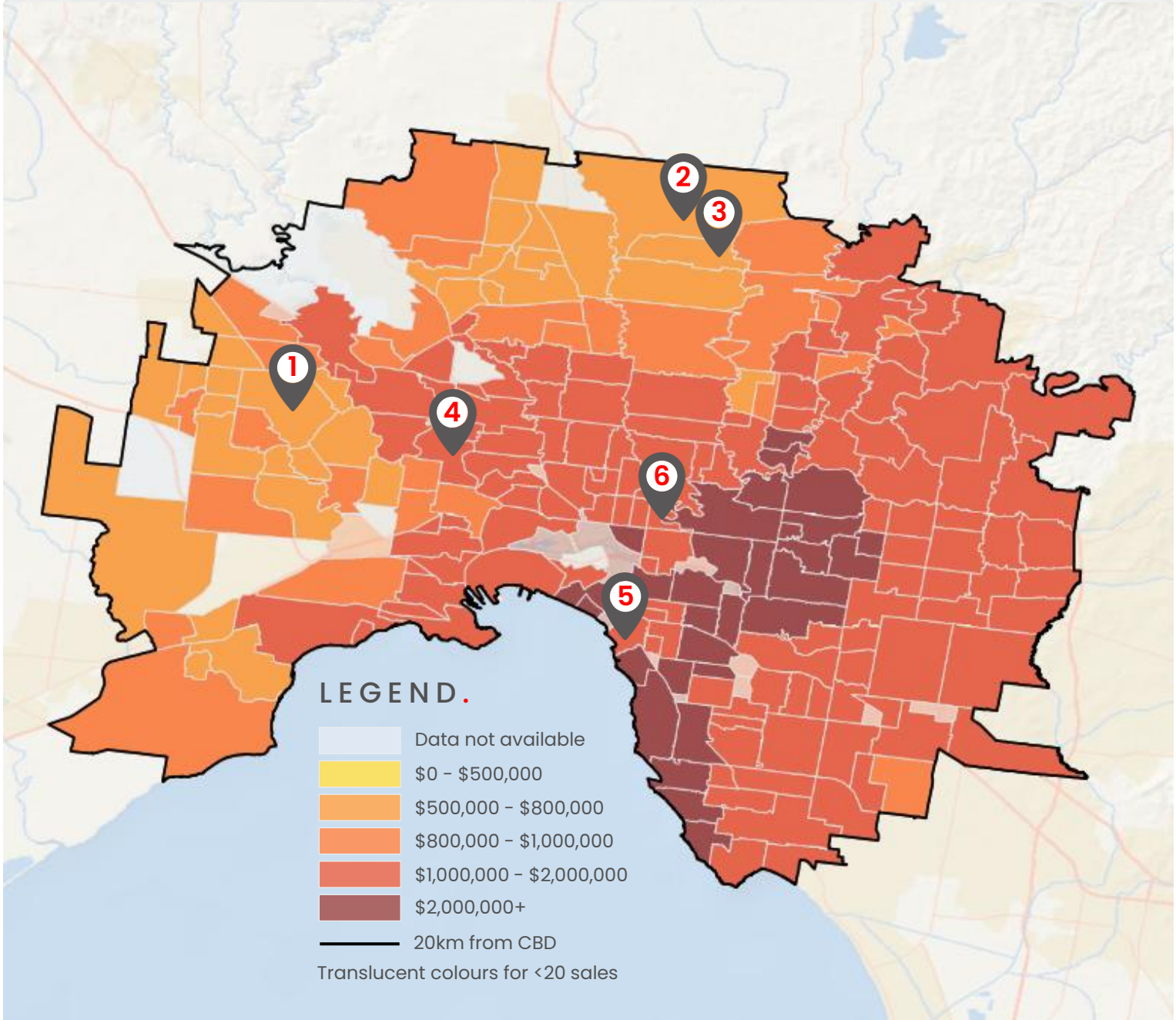
Rental Vacancy Rates 2026.



Median House Prices.

20KM FROM THE MELBOURNE CBD | 2026*

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Melbourne Smart Move Suburbs *Rental Yield.*



HOUSES

	Suburb	Rental Yield
1	St Albans	3.6%
2	Epping	4.1%
3	Lalor	3.7%



UNITS

	Suburb	Rental Yield
4	Maribyrnong	6.1%
5	St Kilda	5.9%
6	Abbotsford	7.0%

Market Cycle Indicators.

Our easy-to-read clock format indicators show where Melbourne's house and unit markets currently sit in the market cycle, from peak through to recovery. They highlight whether conditions are strengthening or softening, helping buyers and investors understand timing, momentum, and where opportunities may be emerging across the city.

The 4 key market indicators:

Peak.

When prices are at or near their highest point, demand is strong, and growth starts to stabilise.

Downswing.

When the market begins to cool, buyer demand eases, and prices may plateau or decline.

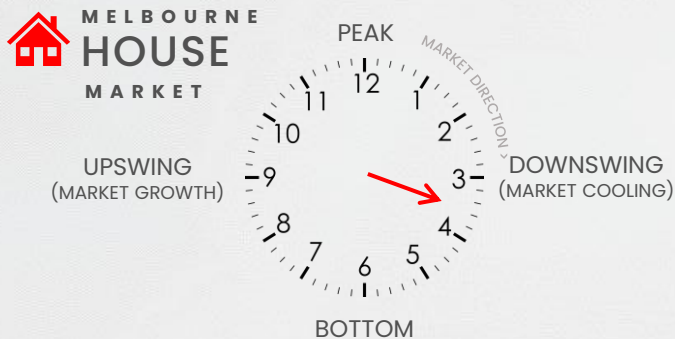
Bottom.

When the market reaches its lowest point, conditions stabilise, and the groundwork is set for the next period of growth.

Upswing.

When the market is gaining momentum, buyer confidence is rising, and property prices are beginning to increase.

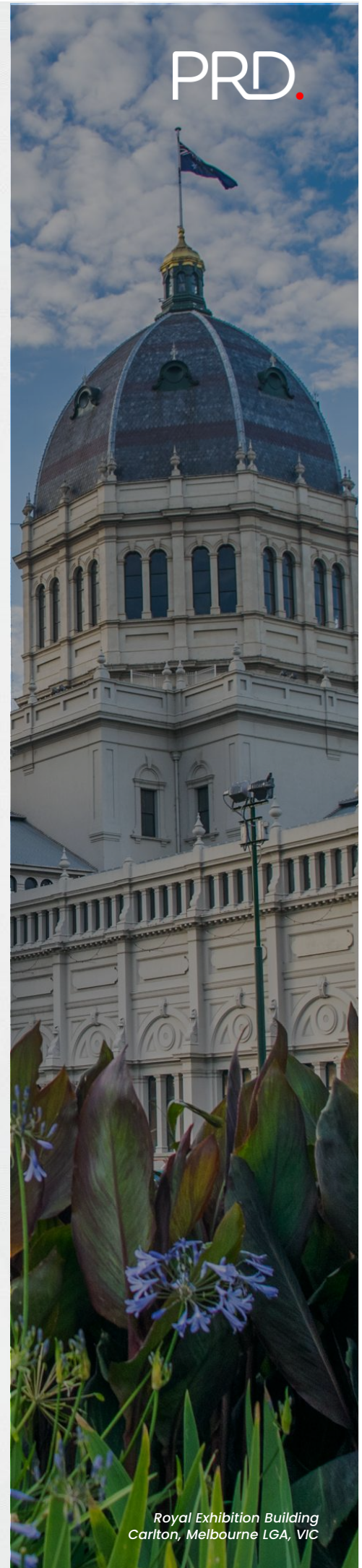
The hands on the clocks indicate the current position of each property type in the market cycle.



The Melbourne house market is just below the downswing meaning that the market is solidly in the cooling phase.



Comparatively the Melbourne unit market is slightly above a downswing showing the market is only just starting to enter the cooling phase.

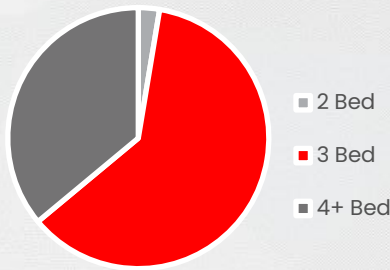


Smart Suburb Moves Near Melbourne for *Houses*.

St Albans.

3021

Located 15.8km from the Melbourne CBD.



Median House Price	\$720,000
2 Bed Median Price	\$660,000
3 Bed Median Price	\$705,000
4+ Bed Median Price	\$790,000

Annual Median Price Growth	9.8%**
Vacancy Rate (Mar-26)	0.8%
Rental Yield (Mar-26)	3.6%
Key Amenity (5km)	Brimbank Shopping Centre
Total Projects (\$)	\$21.7M^
Residential Ready-To-Sell Planned 2026	53 Townhouses 6 Dwellings 11 Units
Unemployment Rate	7.8%



Brimbank Park
Keilor East, Melbourne LGA, VIC
8 km north of St Albans

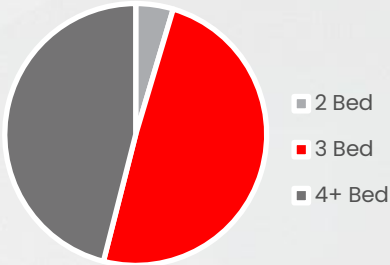
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Epping

3076

Located 19.5km from the Melbourne CBD

Plenty Gorge State Park
Bundoora, Melbourne LGA, VIC
15 km west of Epping



Median House Price	\$740,000
2 Bed Median Price	\$539,000
3 Bed Median Price	\$702,000
4+ Bed Median Price	\$801,000

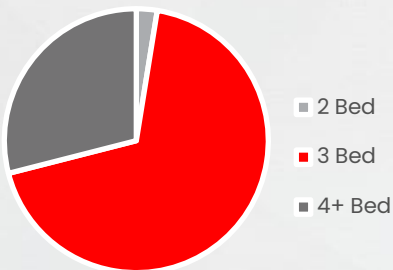
Annual Median Price Growth	9.6%**
Vacancy Rate (Mar-26)	0.7%
Rental Yield (Mar-26)	4.1%
Key Amenity (5KM)	Epping North Shopping Centre
Total Projects (\$)	\$95.3M [^]
Residential Ready-To-Sell Planned 2026	125 Townhouses 28 Dwellings 109 Units
Unemployment Rate	2.2%

Lalor

3075

Located 17.7km from the Melbourne CBD

Heidelberg Bridge
Fairfield, Melbourne LGA, VIC
15 km east of Lalor



Median House Price	\$775,250
2 Bed Median Price	\$618,500
3 Bed Median Price	\$761,000
4+ Bed Median Price	\$825,000

Annual Median Price Growth	10.8%**
Vacancy Rate (Mar-26)	0.9%
Rental Yield (Mar-26)	3.7%
Key Amenity (5KM)	Lalor Plaza Shopping Centre
Total Projects (\$)	\$37.5M [^]
Residential Ready-To-Sell Planned 2026	20 Townhouses 114 Dwellings 0 Units
Unemployment Rate	8.8%

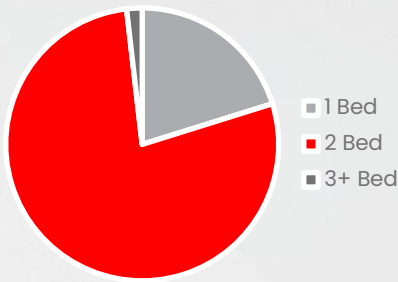
Smart Suburb Moves Near Melbourne for *Units*.



Maribyrnong.

3032

Located 8km from the Melbourne CBD.



Median Unit Price	\$488,000
1 Bed Median Price	\$337,500
2 Bed Median Price	\$500,000
3+ Bed Median Price	\$760,000

Annual Median Price Growth	-2.4%**
Vacancy Rate (Mar-26)	0.9%
Rental Yield (Mar-26)	6.1%***
Key Amenity (5km)	Highpoint Shopping Centre
Total Projects (\$)	\$51.1M^
Residential Ready-To-Sell Planned 2026	3 Townhouses 0 Dwellings 124 Units
Unemployment Rate	3.3%



Flemington Racecourse
Flemington, Melbourne LGA, VIC
2 km east of Maribyrnong

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St Kilda

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3182

Located 5.6km from the Melbourne CBD

St Kilda Beach
St Kilda, Melbourne LGA, VIC
1 km south of St Kilda



- 1 Bed
- 2 Bed
- 3+ Bed

Median Unit Price	\$490,000
1 Bed Median Price	\$400,000
2 Bed Median Price	\$615,000
3+ Bed Median Price	\$1,280,000

Annual Median Price Growth	-7.5%**
Vacancy Rate (Mar-26)	1.5%
Rental Yield (Mar-26)	5.9%
Key Amenity (5KM)	Acland Court Shopping Centre
Total Projects (\$)	\$64.0M^
Residential Ready-To-Sell Planned 2026	41 Town houses 0 Dwellings 80 Units
Unemployment Rate	7.0%



Abbotsford

3067

Located 4km from the Melbourne CBD

Dights Falls
Abbotsford, Melbourne LGA, VIC
1 km north of Abbotsford

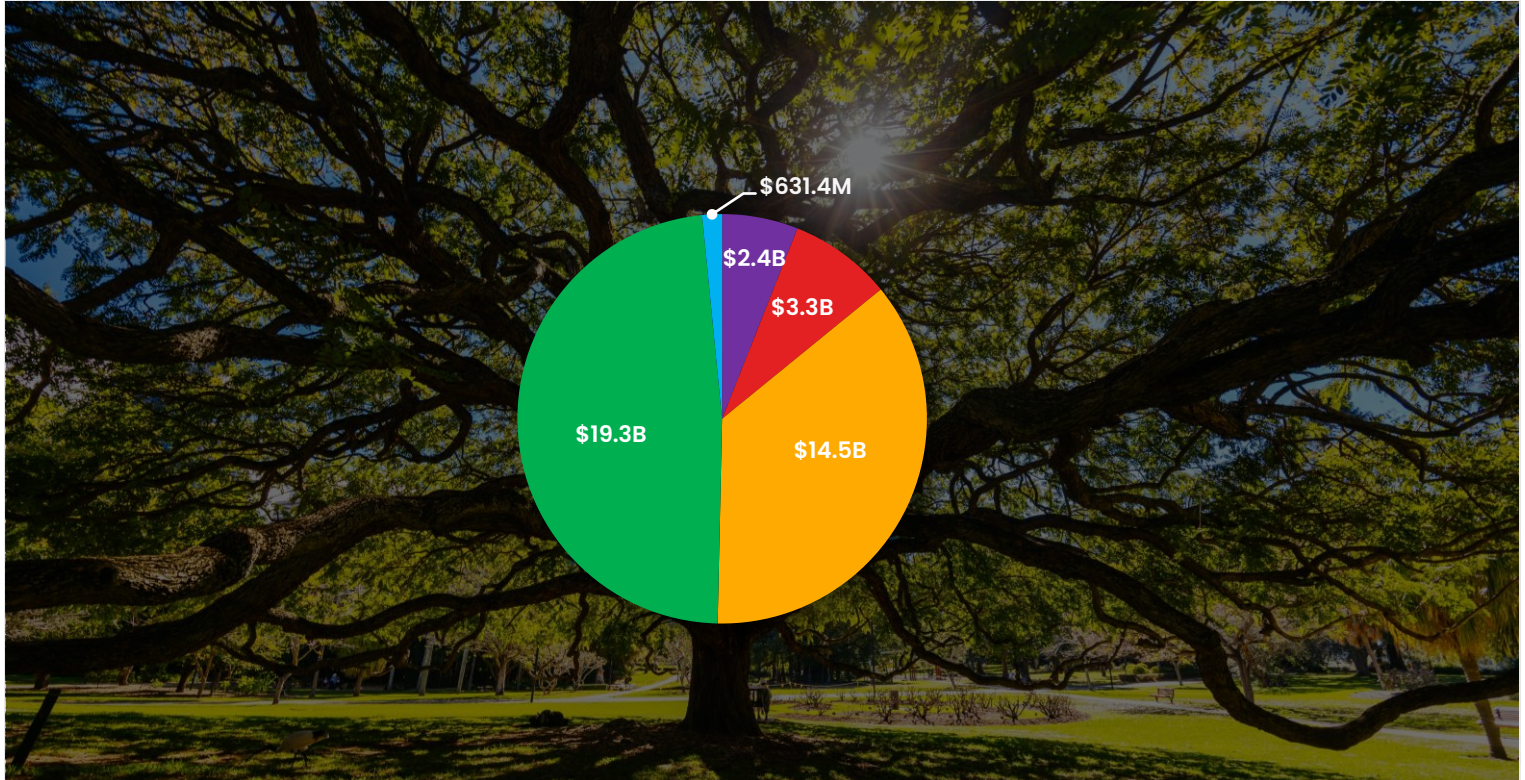
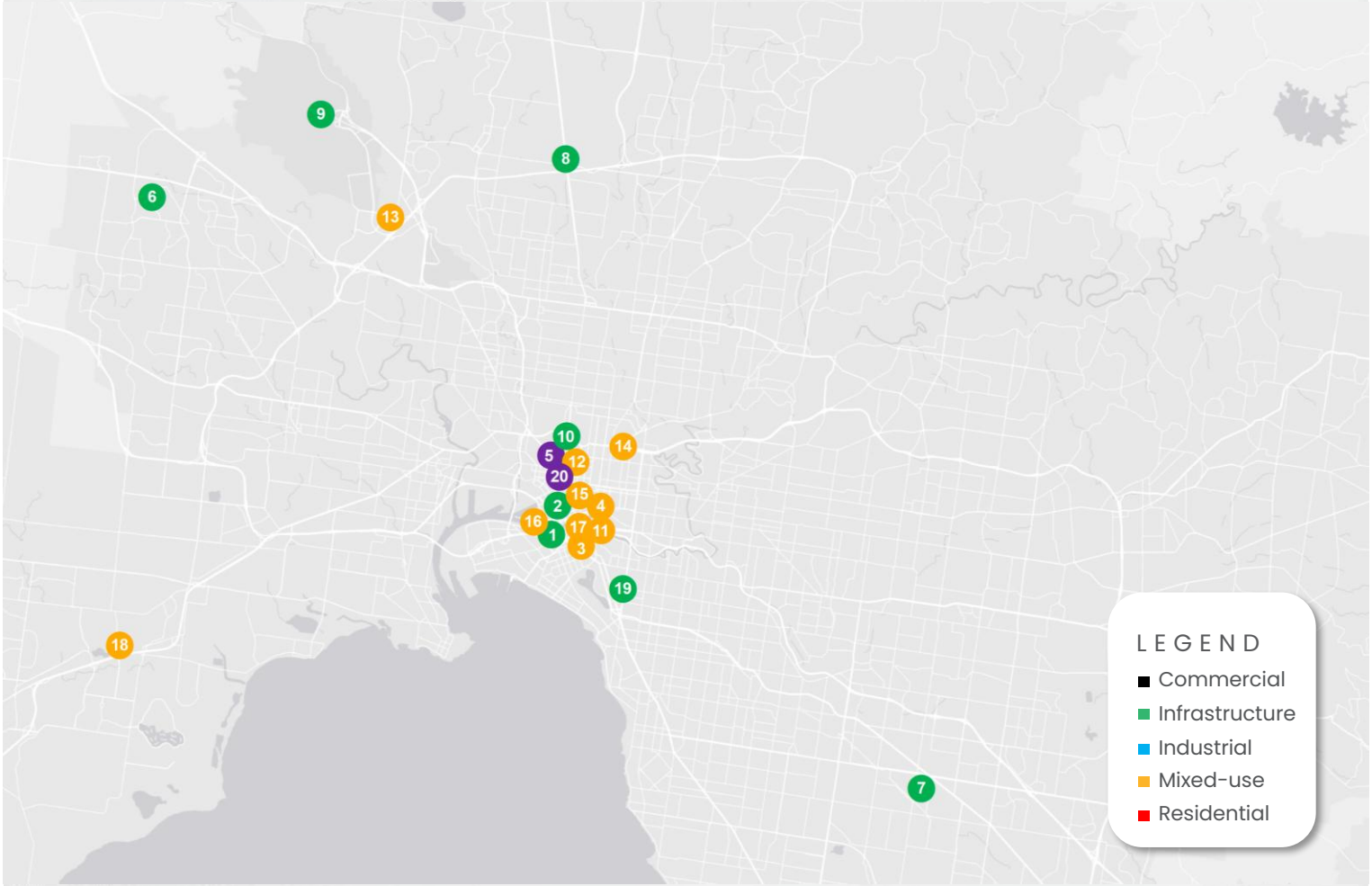


- 1 Bed
- 2 Bed
- 3+ Bed

Median Unit Price	\$530,000
2 Bed Median Price	\$390,000
3 Bed Median Price	\$600,000
4+ Bed Median Price	\$1,237,500

Annual Median Price Growth	2.9%**
Vacancy Rate (Mar-26)	0.3%
Rental Yield (Mar-26)	7.0%
Key Amenity (5KM)	Victoria Gardens Shopping Centre
Total Projects (\$)	\$138.7M^
Residential Ready-To-Sell Planned 2026	0 Town houses 0 Dwellings 200 Units
Unemployment Rate	4.2%

Project Development Map 2026*



Map Location	Project [£]	Type	Estimated Value ^µ	Suburb
1	Melbourne Airport Rail Link – Railway Works – Southern Cross Station To Tullamarine (State Government)	Infrastructure	\$10,000,000,000	Tullamarine
2	Melbourne To Geelong Fast Rail Stage 1 (State Government)	Infrastructure	\$4,000,000,000	Melbourne
3	STH BNK By Beulah (Residential – 789 Apartments + Commercial)	Mixed-Use	\$2,000,000,000	Southbank
4	Treasury Square Mixed-Use Development (Residential + Commercial)	Mixed-Use	\$1,000,000,000	Melbourne
5	Parkville Biomedical Precinct – Australian Institute Of Infectious Disease (AIID)	Commercial	\$650,000,000	Parkville
6	Western Renewables Link (Formerly Western Victoria Transmission Network Project) (State Government)	Infrastructure	\$550,000,000	Sydenham
7	Monash Medical Centre Tower Expansion (State Government)	Infrastructure	\$535,000,000	Clayton
8	Sydney Road Upgrade Brunswick To Coburg (State Government)	Infrastructure	\$500,000,000	Coburg
9	Melbourne Airport Runway Development Program/Third Runway (State Government)	Infrastructure	\$500,000,000	Melbourne Airport
10	Parkville Precinct Hospital Redevelopment (State Government)	Infrastructure	\$500,000,000	Parkville
11	Southgate Mixed Use Development (Various Tenants)	Mixed-Use	\$470,000,000	Southbank
12	Queen Victoria Market Precinct Southern Site (Tower 1 & Tower 2) – Gurrova Place (Residential – 569 Apartments + Commercial)	Mixed-Use	\$442,656,470	Melbourne
13	Nextdc M2 Data Centre Tullamarine Stages 9-11 (Various Tenants)	Mixed-Use	\$400,000,000	Tullamarine
14	Fitzroy Gasworks Parcels B & C Mixed Use Development (Residential – 1,052 Apartments + Commercial)	Mixed-Use	\$352,000,000	Fitzroy North
15	12 Riverside Quay Southbank – Esso House Redevelopment	Mixed-Use	\$350,000,000	Southbank
16	694-704 Collins Street Mixed Use Development (Residential – 265 Units + Commercial)	Mixed-Use	\$310,000,000	Docklands
17	21-35 Power Street Office & Retail (Various Tenants)	Mixed-Use	\$308,600,000	Southbank
18	2 Overton Road Williams Landing – Mixed Use Development (Residential – 435 Apartments + Commercial)	Mixed-Use	\$303,000,000	Williams Landing
19	The Alfred Hospital – Infrastructure And Wards Upgrade (State Government)	Infrastructure	\$292,500,000	Melbourne
20	Scape Student Accommodation Queen Victoria Market – Gurrova Place (55 stories, 1,154 beds with prefabricated pod bathrooms).	Commercial	\$275,000,000	Melbourne

Additional Smart Suburb Moves Near Melbourne Metro.

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To give buyers **more choice and uncover additional value-packed opportunities**, the tables below highlight a further seven suburbs beyond the top ten. These build on the house and unit locations featured earlier in the report.

Using **the same rigorous selection methodology**, these suburbs have been identified as strong alternatives, particularly for **buyers looking to enter the market below Melbourne Metro's median house and/or unit prices**. While they may not meet the benchmark required to rank as 'key suburbs' they still present **compelling options for those seeking affordability, growth potential or a strategic entry point** into the market.

Houses.

Suburbs	Median House Price 2025/26	1yr Price Growth	10yrs Price Growth	House Sales 2025/26	1yr Sales Growth	Price % to Metro	House Rental Yield	Vacancy Rates	Total \$\$ 2026 Project*	Total Stand-alone New Stock	Total New Land Lots
Sunshine North	\$780,000	4.7%	60.8%	135	18.4%	-19.8%	3.6%	1.2%	\$106.9M	69	-
Heidelberg West	\$788,000	-1.5%	40.3%	96	31.5%	-17.1%	4.2%	1.5%	\$57.4M	63	-
Glenroy	\$860,000	2.9%	59.3%	297	17.4%	-11.6%	3.3%	0.8%	\$32.3M	92	-
Maidstone	\$882,500	3.8%	59.3%	94	6.8%	-11.6%	3.8%	1.1%	\$56.4M	153	-
Bundoora	\$900,000	2.9%	50.5%	323	7.7%	-7.5%	4.0%	1.4%	\$47.3M	101	-
Footscray	\$902,000	-8.4%	39.6%	181	26.6%	-5.4%	3.9%	1.5%	\$34.0M	69	-
Reservoir	\$950,000	4.1%	62.4%	586	19.4%	-2.3%	3.5%	0.8%	\$100.1M	256	34

Units.

Suburbs	Median Unit Price 2025/26*	1yr Price Growth	10yrs Price Growth	Unit Sales 2025/26	1yr Sales Growth	Price % to Metro	Unit Rental Yield	Vacancy Rates	Total \$\$ 2026 Project*	Total Stand-alone New Stock	Total New Land Lots
Hawthorn	\$545,000	-6.0%	7.5%	487	-14.8%	-15.1%	5.0%	1.3%	\$150.6M	117	-
Ormond	\$545,500	-9.0%	13.9%	176	29.4%	-15.0%	5.3%	0.5%	\$169.8M	361	-
West Melbourne	\$550,000	2.6%	1.1%	333	5.1%	-14.3%	6.5%	1.2%	\$127.3M	308	-
Moonee Ponds	\$575,000	-0.9%	19.7%	350	3.3%	-10.4%	3.4%	0.8%	\$179.4M	454	-
North Melbourne	\$580,500	12.7%	8.7%	417	15.2%	-9.5%	5.6%	1.5%	\$665.8M	721	-
Coburg	\$590,000	-9.3%	29.7%	303	-18.6%	-8.1%	4.7%	0.8%	\$643.1M	110	-
Preston	\$590,500	-7.4%	35.6%	602	19.2%	-8.0%	5.6%	1.0%	\$440.1M	547	-

How We Selected The Top 10.

The Smart Moves: Capital Cities Edition for Melbourne Metro report takes a deep dive into every suburb within a 20km radius of the Melbourne CBD, uncovering where opportunities lie for today's buyers. Each suburb was carefully assessed against a robust set of criteria to ensure it offers not just value, but long-term appeal.

Property performance.

To ensure reliable insights suburbs must demonstrate reliable market activity, with a minimum of 20 sales transactions for statistical accuracy.

They are selected based on positive, or close to stable, price growth over the 12 months to Q1 2026, reflecting resilience in changing market conditions and helping buyers target locations with resilience and stability.

Investment appeal.

For investors looking to maximise returns, shortlisted suburbs (as of March 2026) offer rental yields at or above metro averages, alongside vacancy rates at or below their respective capital city benchmarks, making the suburbs selected an attractive combination for investors seeking steady returns.

Liveability factors.

Beyond numbers, lifestyle matters. Each suburb offers low crime rates, access to essential amenities within 5km (including schools, transport, green spaces, shopping and healthcare), and unemployment levels at or below the Victorian average.

Together, these factors create vibrant, well-rounded communities that buyers can feel confident calling home.

Affordability advantage.

Affordability remains front of mind. To ensure real value, selected suburbs have median prices below their capital city averages and within a defined affordability threshold.

This threshold is benchmarked against the average home loan per state³, ensuring buyers require a smaller premium compared to purchasing in the broader metro area.

In short, these suburbs open the door for first home buyers and budget-conscious movers without compromising on lifestyle.

Growth and development outlook.

Future growth is a key driver. All selected suburbs are seeing new developments commence in 2026, with strong pipelines of commercial and infrastructure projects supporting local economies.

Importantly, there is also a healthy level of new housing supply planned, giving buyers more choice and confidence in the market.

The result?

A curated selection of Melbourne suburbs that strike the balance between affordability, growth potential, and everyday liveability, helping buyers make smarter, more confident property decisions.





ABOUT

PRD's Research Division.

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

Our services include:

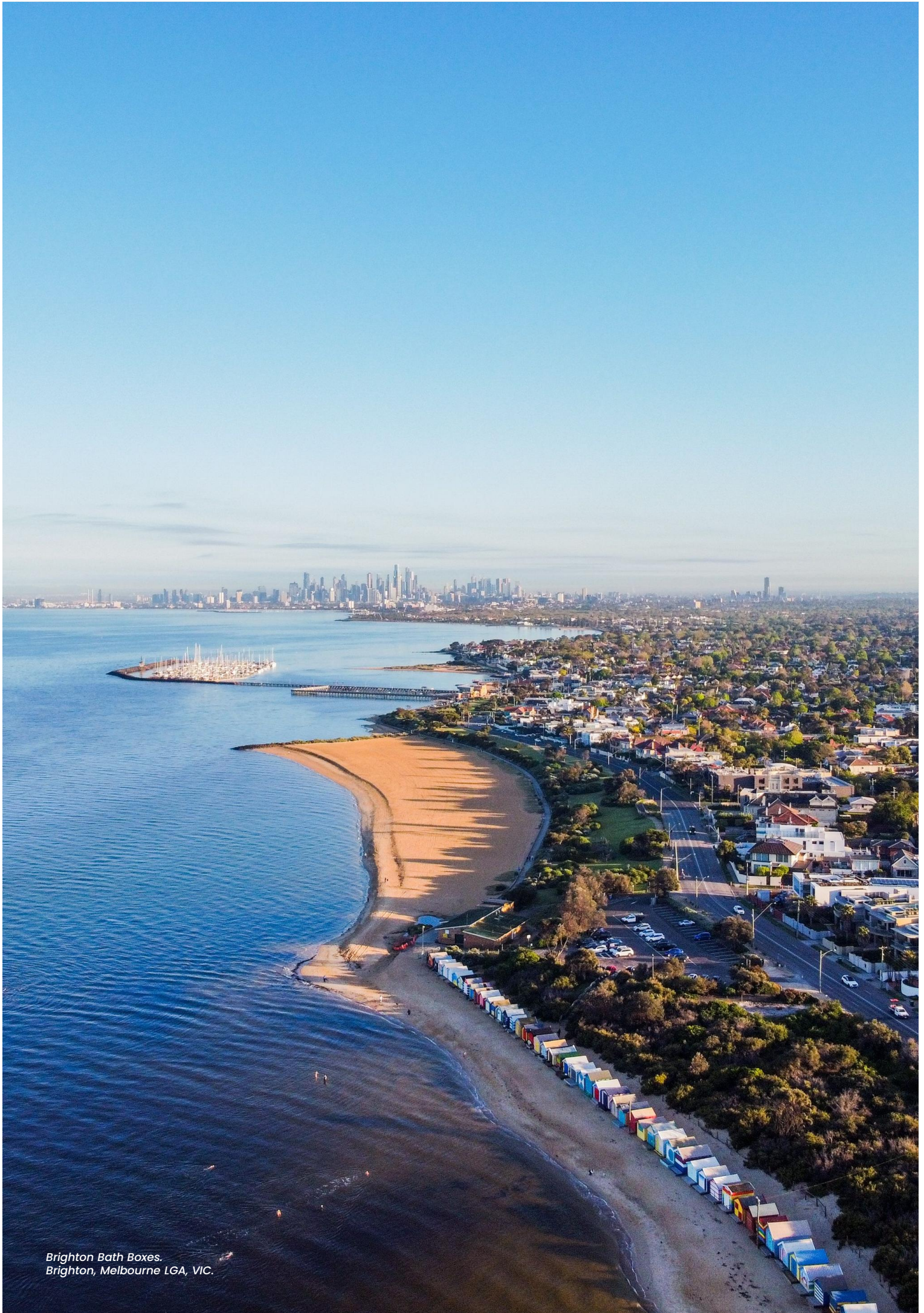
- Advisory & consultancy
- Market analysis including profiling & trends
- Primary qualitative & quantitative research
- Demographic & target market analysis
- Geographic information mapping
- Project analysis including product & pricing recommendations
- Rental & investment return analysis



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