



> Affordable & Liveable Property Guide

Melbourne Metro 2nd Half 2021

OVERVIEW

Median property prices in Melbourne Metro increased by 17.7% for houses to \$1,160,000 from Q3 2020 to Q3 2021*, and by 2.4% for units at \$630,000. Between Q3 2020 – Q3 2021, total sales in Melbourne Metro increased by 73.0% (to 5,528 sales) for houses and by 90.0% (to 6,114 sales). Melbourne Metro's median price growth has occurred amidst increased sales activity, indicating real returns in capital investment and high demand. Property owners can be highly confident in their asset's ongoing value. An estimated \$24.5B of developments is planned across the 2nd half of 2021. A focus on infrastructure projects will improve liveability for residents and create jobs in the construction phase, while commercial projects are also a positive indicator of future long-term employment. This stimulates a more vibrant economy in Melbourne Metro as the economy re-opens.

RECENT TOP PERFORMERS

Area	Suburb	Type	Median Price 2020	Median Price 2021*	Price Growth	Projects 2021***
Inner	Flemington	House	\$1,000,000	\$1,276,000	27.6%	\$202.0M
	Carlton	Unit	\$340,000	\$445,000	30.9%	\$143.1M
North	Preston	House	\$930,000	\$1,215,000	30.6%	\$378.3M
	Coburg	Unit	\$527,000	\$594,000	12.7%	\$122.0M
South	Highett	House	\$1,235,000	\$1,560,000	26.3%	\$176.3M
	Bentleigh	Unit	\$665,000	\$862,000	29.6%	\$30.0M
East	Oakleigh South	House	\$908,000	\$1,118,500	23.2%	\$37.6M
	Burwood East	Unit	\$500,000	\$730,000	46.0%	\$41.5M
West	South Kingsville	House	\$847,000	\$1,100,000	29.8%	\$101.5M
	Altona North	Unit	\$658,000	\$750,000	13.9%	\$174.5M

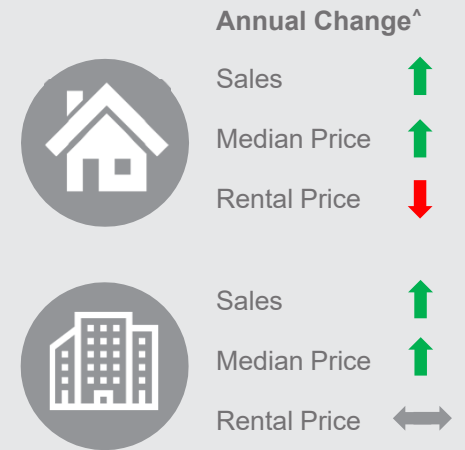
METHODOLOGY

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:

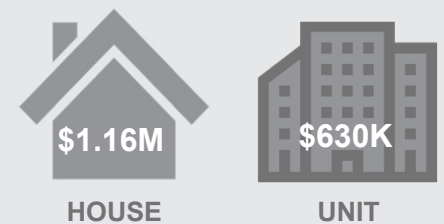
- **Property trends criteria** – all suburbs have a minimum of 20 sales transactions for statistical reliability purposes. Based on market conditions, suburbs have either positive, or as close as possible to neutral price growth between 2020 to 2021*.
- **Investment criteria** – as of September 2021, 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 Victoria (VIC) average home loan, which was \$568,188** as of Q2 2021. Premiums of 71% for houses and 6% for units were added, which were below those required to reach Melbourne Metro's median prices (104% for houses and 11% for units). This places the chosen suburbs below Melbourne's median prices, meaning that the suburbs identified within this report are more affordable for buyers.
- **Development criteria** – suburbs identified must have a high total estimated value of future project development for the 2nd half of 2021, 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 VIC average (as determined by the Department of Jobs and Small Business, June Quarter 2021 release).

*Median price quoted captures sale transactions from 1st January 2021 to 30th September 2021, or Q1 2020 – Q3 2021. **Average home loan figure is derived from June Quarter 2021 Housing Affordability Report by the Real Estate Institute of Australia (REIA) and Adelaide Bank. ***Project development is based on aggregate of estimated construction value for residential, commercial, industrial, mixed-use and infrastructure projects scheduled to commence in the 2nd half of 2021 as stated by the relevant data authority. ^Annual Change is reflective of median price change from Q3 2020 to Q3 2021. Figures displayed in infographics are for the period Q3 2021. Source: APM Pricerfinder, REIA, SQM Research, Cordell Connect, Department of Jobs and Small Business. © PRD 2021.

MELBOURNE METRO



MEDIAN SALE PRICE

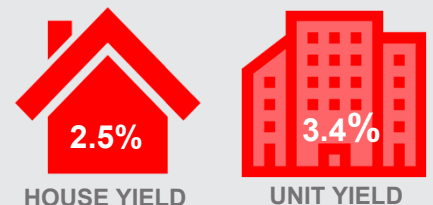


MEDIAN RENTAL PRICE

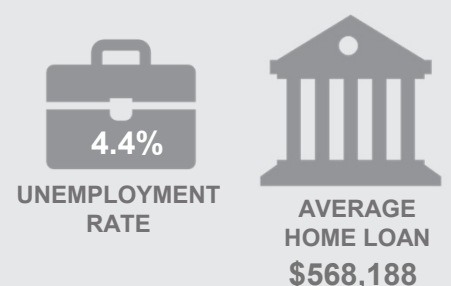


BENCHMARKS

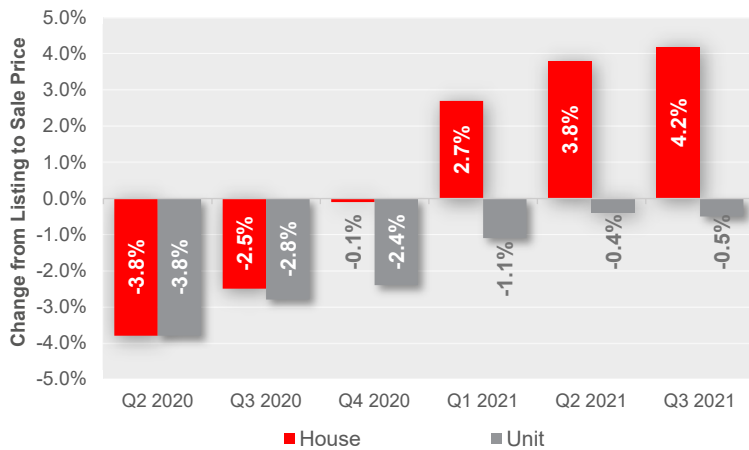
MELBOURNE METRO



BENCHMARKS VICTORIA



AVERAGE VENDOR DISCOUNT

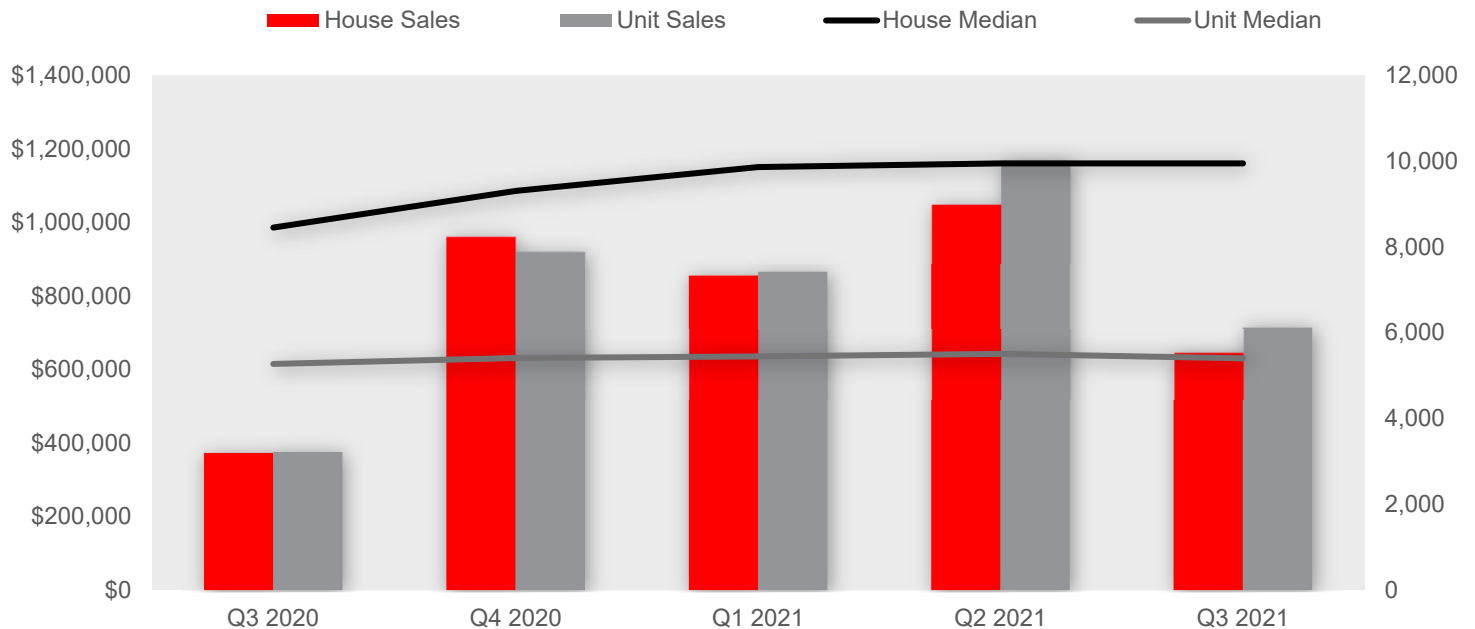


KEY COMMENTS

Average vendor discounts between Q3 2020 and Q3 2021 have swung to a premium of 4.2% for houses and tightened to -0.5% for units. Melbourne Metro market conditions have shifted to favour sellers, where buyers have to either offer higher or close to the first list price. Unit buyers can still benefit from a discount, however time is limited.

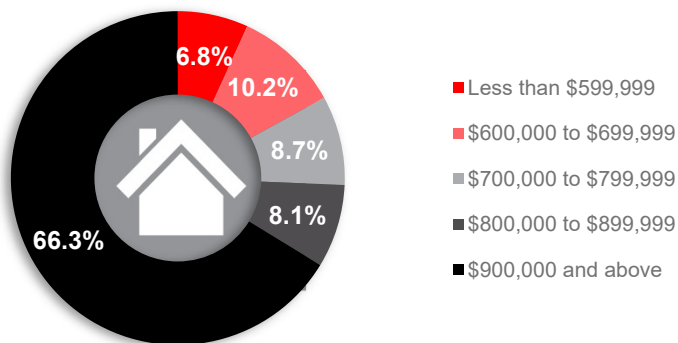
The dominant proportion of homes sold in Melbourne Metro across 2021# were in the premium price bracket of \$900,000 and above (66.3%). Units also recorded a dominant premium price bracket of \$600,000 and above (56.6%). Affordable options for first home buyers are still available, more so in the unit market, however have shrunk in the past 12 months.

MARKET PERFORMANCE

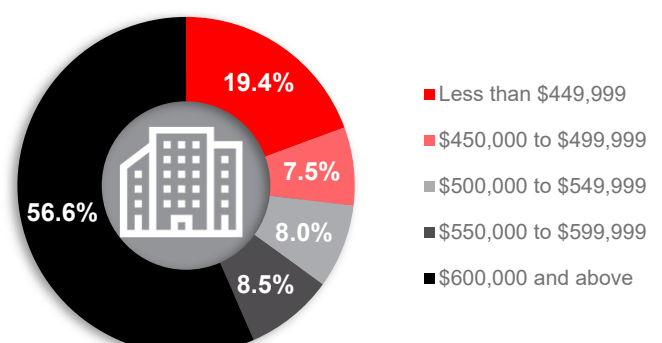


PRICE BREAKDOWN 2021#

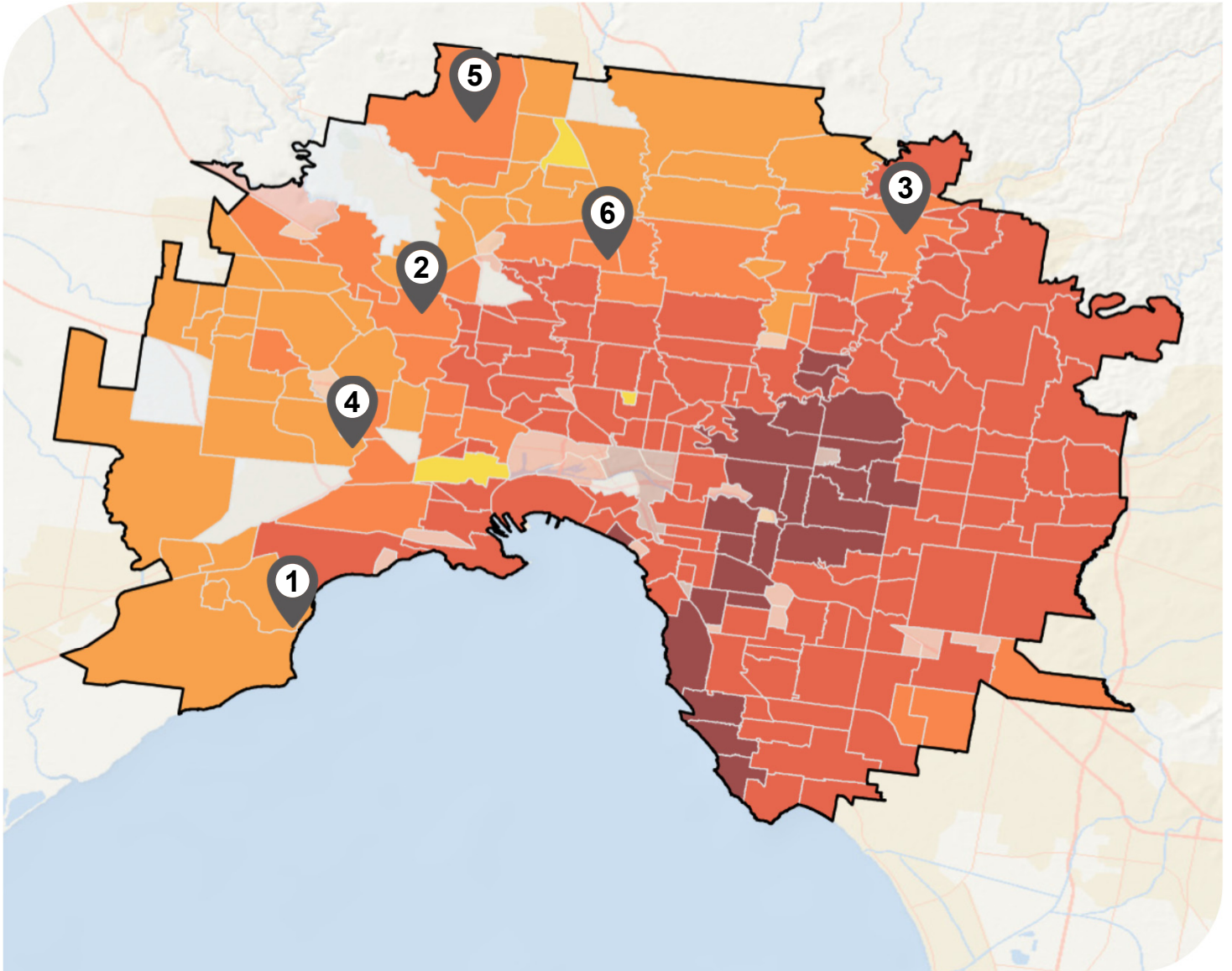
HOUSES SOLD



UNITS SOLD



MELBOURNE METRO MEDIAN HOUSE PRICE 2021* 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	Point Cook	3.2%	4	Truganina	3.9%
2	Keilor East	3.2%	5	Greenvale	5.8%
3	Greensborough	2.6%	6	Hadfield	3.5%

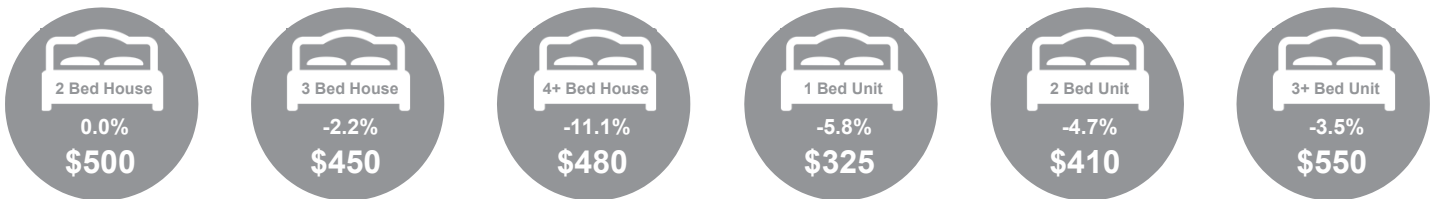
*House median price reflected in the heat-map captures sale transactions from 1st January 2021 to 30th September 2021.
Source: APM Pricefinder, ESRI ArcGIS, SQM Research. © PRD 2021.

RENTAL GROWTH 2021€

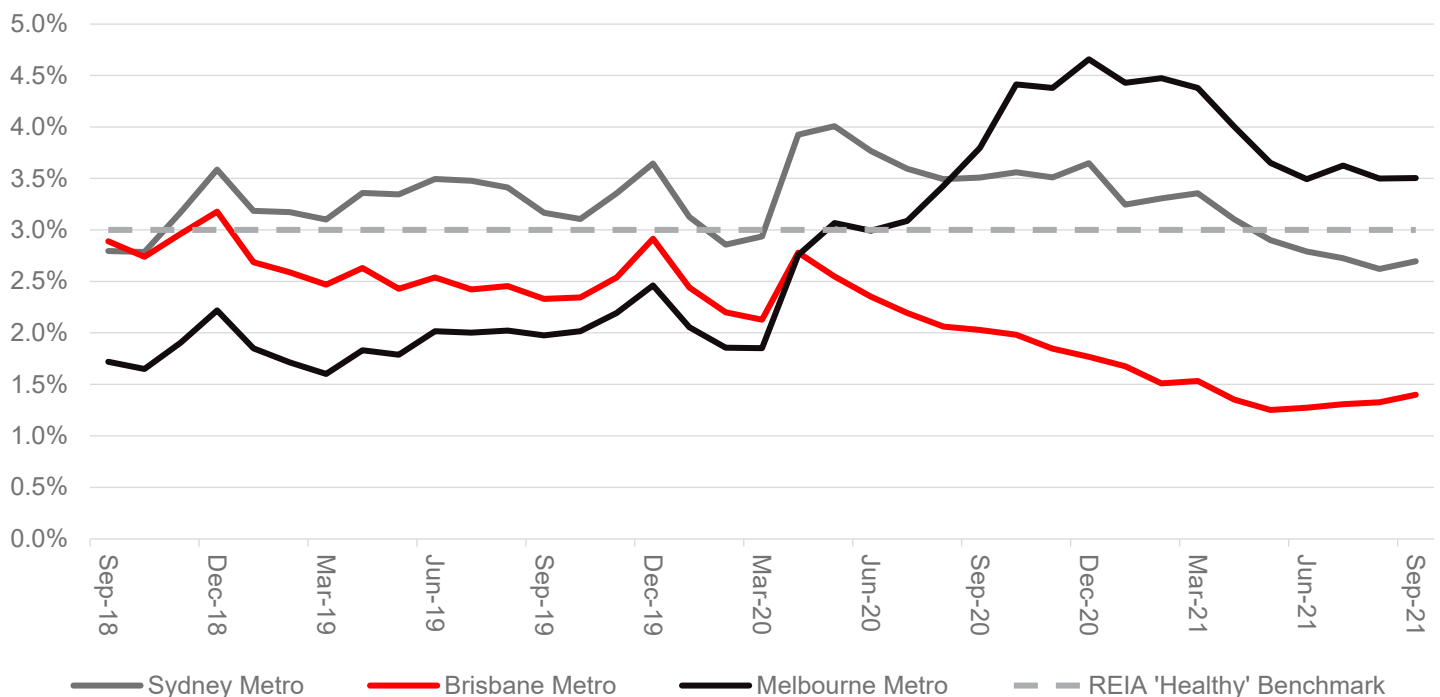
In September 2021, house rental yields in Melbourne Metro were recorded at 2.5%. In the 12 months to Q3 2021, the median house rental price softened by -5.1% to \$470 per week. The Melbourne Metro rental market is looking to improve in the near future, as the state is coming out of COVID-19 lock downs and international borders re-opening.

Two bedroom houses were the least impacted, recording a median price of \$500 per week. A softening in median rental prices was felt mostly in the unit market. This is potentially a consequence of international border closures, as the Melbourne Metro apartment market was predominately demanded by overseas students.

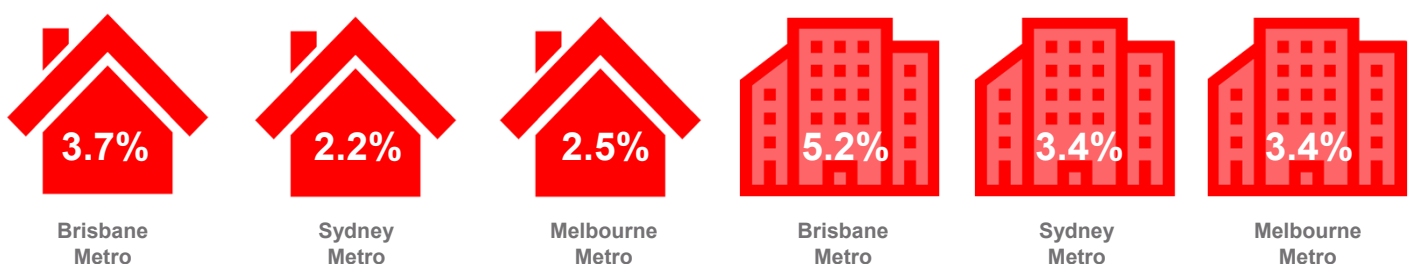
In September 2021, Melbourne Metro recorded a vacancy rate of 3.5%, above that of Sydney Metro (2.7%) and Brisbane Metro (1.4%). Vacancy rates in Melbourne Metro have considerably tightened since reaching a peak in December 2020 (4.7%). Melbourne Metro's vacancy rate continues to show a declining trend since the beginning of 2021, suggesting higher rental demand as the area comes out of lock downs and restrictions. This should provide greater confidence to investors.



RENTAL VACANCY RATES 2021



RENTAL YIELD 2021§



€ Annual rental growth is a comparison between Q3 2020 – Q3 2021 (01/01/2020 – 30/09/2021) house median rent figures.

§ Rental yields shown are as reported at September 2021.

Source: APM Pricerfinder, SQM Research. © Copyright PRD 2021.

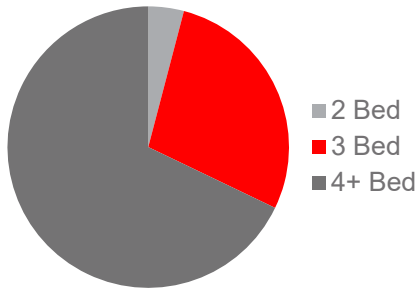


PROPERTY CLOCK - HOUSES



AFFORDABLE & LIVEABLE HOUSE SUBURBS

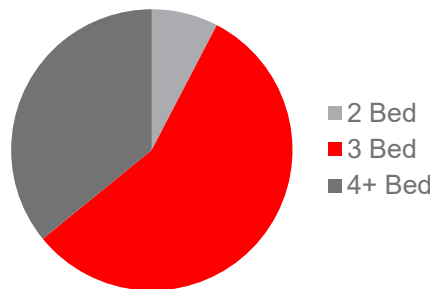
POINT COOK 3030



Located about **20.0km** from the Melbourne CBD.

- Median House Price **\$702,000**
- 2 Bed Median Price **\$492,000**
- 3 Bed Median Price **\$645,000**
- 4+ Bed Median Price **\$740,000**

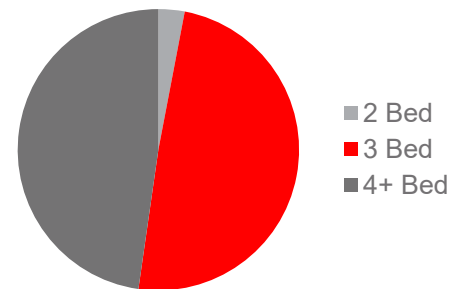
KEILOR EAST 3033



Located about **10.0km** from the Melbourne CBD.

- Median House Price **\$920,000**
- 2 Bed Median Price **\$728,000***
- 3 Bed Median Price **\$878,000**
- 4+ Bed Median Price **\$1,062,000**

GREENSBOROUGH 3088



Located about **18.0km** from the Melbourne CBD.

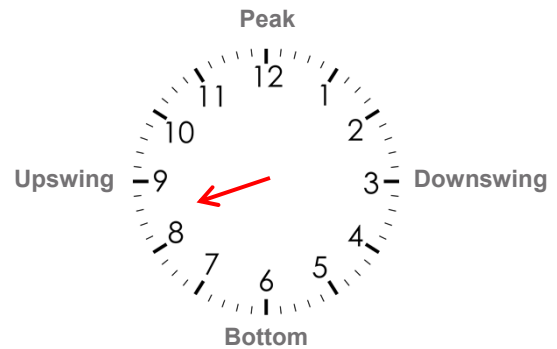
- Median House Price **\$970,000**
- 2 Bed Median Price **\$860,000***
- 3 Bed Median Price **\$904,000**
- 4+ Bed Median Price **\$1,080,000**

Annual Median Price Growth	10.6%**	Annual Median Price Growth	9.9%**	Annual Median Price Growth	22.0%**
Vacancy Rate (Sep-21)	3.1%	Vacancy Rate (Sep-21)	2.4%	Vacancy Rate (Sep-21)	1.2%
Rental Yield (Sep-21)	3.2%	Rental Yield (Sep-21)	3.2%	Rental Yield (Sep-21)	2.6%
Key Amenities (5km)	Werribee Mercy Hospital	Key Amenities (5km)	Sunshine Hospital	Key Amenities (5km)	Westfield Plenty Valley
Total Projects (\$)	\$25.8M [^]	Total Projects (\$)	\$38.4M [^]	Total Projects (\$)	\$22.2M [^]
Key Project	Upper Point Cook Estate Remaining Stages (\$20.0M, 470 Lots)	Key Project	Residential Development Valley Lake (\$30.0M)	Key Project	Hailes Street Apartments (\$4.8M, 21 Apartments)
Unemployment Rate	3.1%	Unemployment Rate	5.6% [↑]	Unemployment Rate	4.4%

[^]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 is quoted as an indication only due to having less than 20 sales transactions. [↑]Quoted unemployment rate is an indication of only having a higher rate than the state average. **Median price growth quoted captures sale transactions from 1st January 2021 to 30th September 2021, or Q1 2021 – Q3 2021. Source: APM Pricerfinder, SQM Research, Cordell Connect, Department of Small Jobs and Business, Google Maps. © PRD 2021.

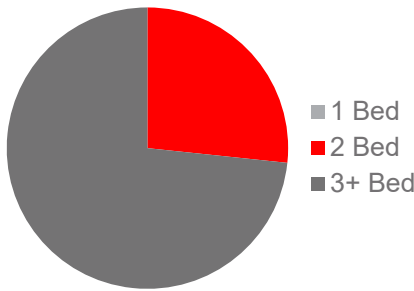


PROPERTY CLOCK - UNITS



AFFORDABLE & LIVEABLE UNIT SUBURBS

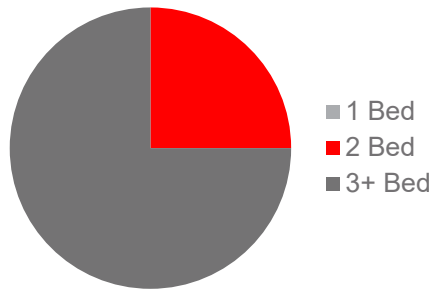
TRUGANINA 3029



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

Median Unit Price **\$446,000**
 • 1 Bed Median Price **N/A**
 • 2 Bed Median Price **\$374,000***
 • 3+ Bed Median Price **\$460,000**

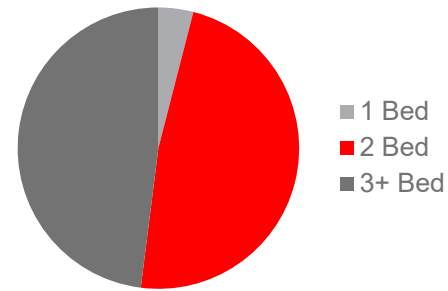
GREENVALE 3059



Located about **18.0km** from the Melbourne CBD.

Median Unit Price **\$590,000**
 • 1 Bed Median Price **N/A**
 • 2 Bed Median Price **\$440,000***
 • 3+ Bed Median Price **\$600,000**

HADFIELD 3046



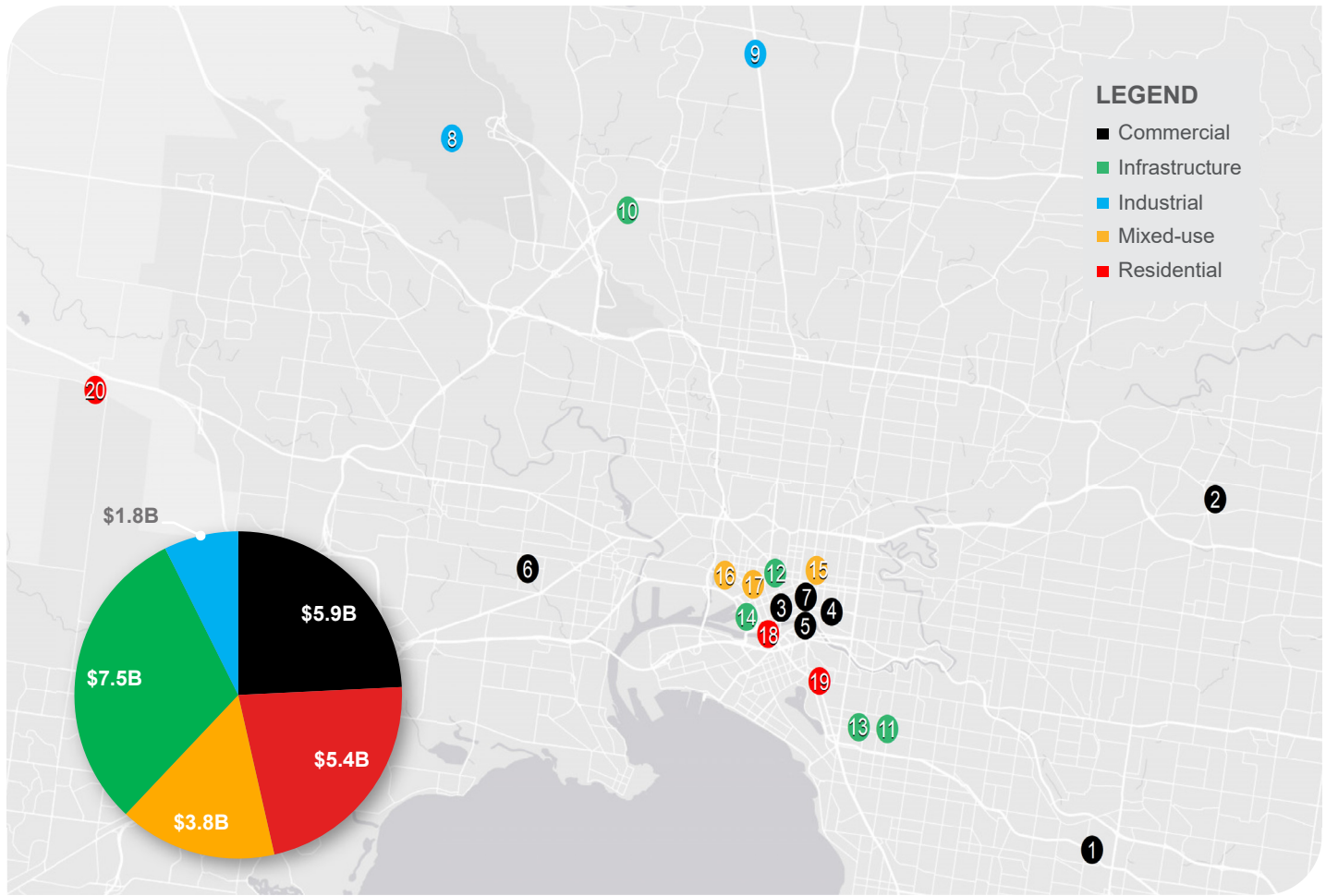
Located about **10.0km** from the Melbourne CBD.

Median Unit Price **\$600,000**
 • 1 Bed Median Price **\$367,000***
 • 2 Bed Median Price **\$562,000**
 • 3+ Bed Median Price **\$641,000**

Annual Median Price Growth	3.1%**	Annual Median Price Growth**	11.3%**	Annual Median Price Growth**	3.4%**
Vacancy Rate (Sep-21)	1.2%	Vacancy Rate (Sep-21)	2.4%	Vacancy Rate (Sep-21)	3.1%
Rental Yield (Sep-21)	3.9%	Rental Yield (Sep-21)	5.8%	Rental Yield (Sep-21)	3.5%
Key Amenities (5km)	Werribee Mercy Hospital	Key Amenities (5km)	Melbourne Airport	Key Amenities (5km)	Broadmeadows Hospital
Total Projects (\$)	\$1.9B [^]	Total Projects (\$)	\$9.5M [^]	Total Projects (\$)	\$8.9M [^]
Key Project	Mount Atkinson Mixed Use Precinct (\$1.7B)	Key Project	Somerton Road Multiple Units (\$3.2M, 18 Townhouses)	Key Project	Vic Ses Broadmeadows (\$4.5m)
Unemployment Rate	4.4%	Unemployment Rate	5.6% [↑]	Unemployment Rate	5.4% [↑]

[^]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 is quoted as an indication only due to having less than 20 sales transactions. [↑]Quoted unemployment rate is an indication of only having a higher rate than the state average **Median price growth quoted captures sale transactions from 1st January 2021 to 30th September 2021, or Q1 2021 – Q3 2021. Source: APM Pricerfinder, SQM Research, Cordell Connect, Department of Small Jobs and Business, Google Maps. © PRD 2021.

PROJECT DEVELOPMENT MAP 2ND HALF 2021*



Location	Project [£]	Type	Estimated Value ^µ	Suburb
1	Chadstone Shopping Centre Redevelopment	Commercial	\$685,000,000	Malvern East
2	Westfield Doncaster	Commercial	\$500,000,000	Doncaster
3	435 Bourke Street Office Tower	Commercial	\$300,000,000	Melbourne
4	51 Flinders Lane	Commercial	\$200,000,000	Melbourne
5	Little Collins Street Office - 130 Collins Street	Commercial	\$190,000,000	Melbourne
6	Next Dc M3 - Phase 1	Commercial	\$229,771,000	Footscray West
7	The Walk Arcade Redevelopment Holiday Inn Hotel & Hotel Indigo	Commercial	\$200,000,000	Melbourne
8	Seqirus Biotech Manufacturing Facility	Industrial	\$800,000,000	Melbourne Airport
9	Assembly Business Precinct Broadmeadows Overall Project (Former Ford Site)	Industrial	\$500,000,000	Campbellfield
10	E-gate (Former West Melbourne Rail Yards)	Infrastructure	\$5,000,000,000	West Melbourne
11	Prahran Housing Estate Renewal	Infrastructure	\$200,000,000	Prahran
12	So/ Hotel (Accor)	Infrastructure	\$200,000,000	Melbourne
13	Bangs Street Public Housing Renewal Prahran	Infrastructure	\$180,000,000	Prahran
14	Marvel Stadium Redevelopment	Infrastructure	\$225,000,000	Docklands
15	85 Spring Street Mixed Use Development- (142 Apartments)	Mixed-use	\$200,000,000	Melbourne
16	Dynon Mixed Use Precinct	Mixed-use	\$500,000,000	West Melbourne
17	Home Docklands-(676 Apartments)	Mixed-use	\$230,000,000	Docklands
18	Melbourne Quarter Tower Three	Residential	\$250,000,000	Docklands
19	The Muse Melbourne- (42 Apartments)	Residential	\$200,000,000	Melbourne
20	Mount Atkinson Mixed Use Precinct Remaining Stages-(7341 Dwellings)	Residential	\$1,700,000,000	Truganina

ABOUT PRD RESEARCH

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.

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Access to accurate and objective research is the foundation of all good property decisions.

As the first and only truly knowledge based property services company, PRD shares experience and knowledge to deliver innovative and effective solutions to our clients.

We have a unique approach that integrates people, experience, systems and technology to create meaningful business connections. We focus on understanding new issues impacting the property industry; such as the environment and sustainability, the economy, demographic and psychographic shifts, commercial and residential design; and forecast future implications around such issues based on historical data and fact.

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.

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OUR 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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