



# Affordable & Liveable Property Guide <

Melbourne Metro 1st Half 2021

## 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 2019 to 2020/21\*.
- **Investment criteria** – as of March 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 Victorian (VIC) average home loan, which was \$506,328\*\* as of Q4 2020. Premiums of 68% for houses and 24% for units were added, which were below those required to reach Melbourne Metro’s median prices (110% for houses and 24% 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 1st 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, December Quarter 2020 release).

## RECENT TOP PERFORMERS

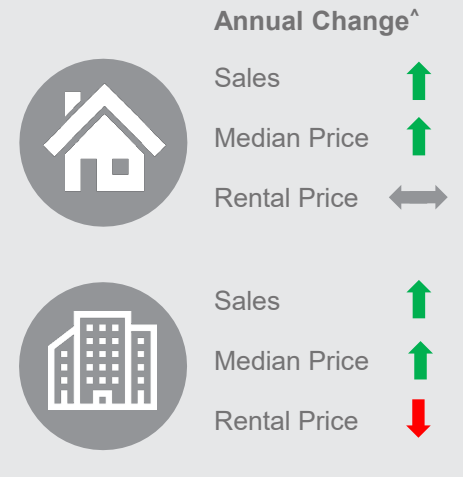
Area	Suburb	Type	Median Price 2019	Median Price 2020/21*	Price Growth	Projects 2021***
Inner	South Yarra	House	\$1,681,000	\$1,742,000	3.6%	\$256.7M
	Melbourne	Unit	\$485,000	\$510,000	5.2%	\$2.4B
North	Brunswick	House	\$1,030,000	\$1,100,000	6.8%	\$88.8M
	Preston	Unit	\$500,000	\$550,000	10.0%	\$608.6M
South	Caulfield South	House	\$1,497,000	\$1,672,000	11.7%	\$19.2M
	Caulfield South	Unit	\$719,000	\$853,000	18.6%	\$19.2M
East	Glen Iris	House	\$1,947,000	\$2,015,000	3.5%	\$54.2M
	Blackburn	Unit	\$551,000	\$678,000	23.0%	\$31.3M
West	Footscray	House	\$812,000	\$871,000	7.3%	\$1.8B
	Footscray	Unit	\$415,000	\$470,000	13.3%	\$1.8B

## OVERVIEW

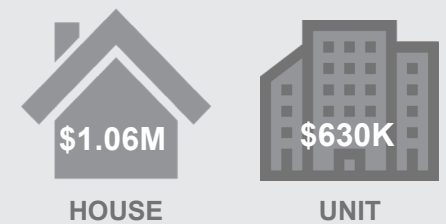
Median property prices in Melbourne Metro increased by 2.4% for houses to \$1,065,000 from Q1 2020 to Q1 2021\* and increased by 3.8% for units at \$630,000. Across the same period, total sales in Melbourne Metro increased by 28.6% (to 6,903 sales) for houses, and by 32.2% (to 7,285 sales) for units. Melbourne Metro’s median price activity has proven to be extremely resilient, considering the severity of COVID-19 restrictions that the area has faced since late 2020. A more confident consumer in early 2021, coupled with a low interest rate environment and lenient lending restrictions, have contributed to the current price growth. \$15.8B of development is planned for the 1st half of 2021. A key focus on commercial projects will rejuvenate business confidence and economic growth post COVID-19 lock downs and restrictions. This will create jobs in the construction phase, which will have a snowball effect into the real estate market.

\*Median price quoted captures sale transactions from 1st January 2020 to 31st March 2021, or Q1 2020 – Q1 2021. \*\*Average home loan figure is derived from December Quarter 2020 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 1st half of 2021 as stated by the relevant data authority. ^Annual Change is reflective of median price change from Q1 2020 to Q1 2021. Figures displayed in infographics are for the period Q1 2020. Source: APM Pricerfinder, REIA, SQM Research, Cordell Connect, Department of Jobs and Small Business. © PRD 2021.

## MELBOURNE METRO



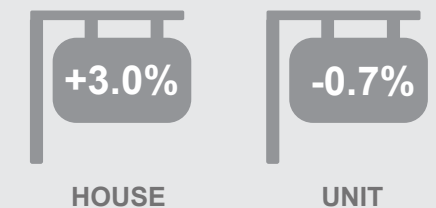
## MEDIAN SALE PRICE



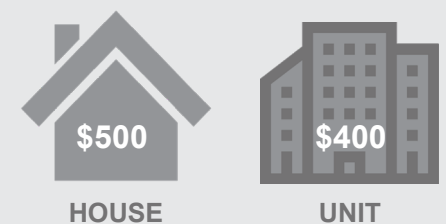
## AVERAGE DAYS TO SELL



## AVERAGE VENDOR DISC.



## MEDIAN RENTAL PRICE

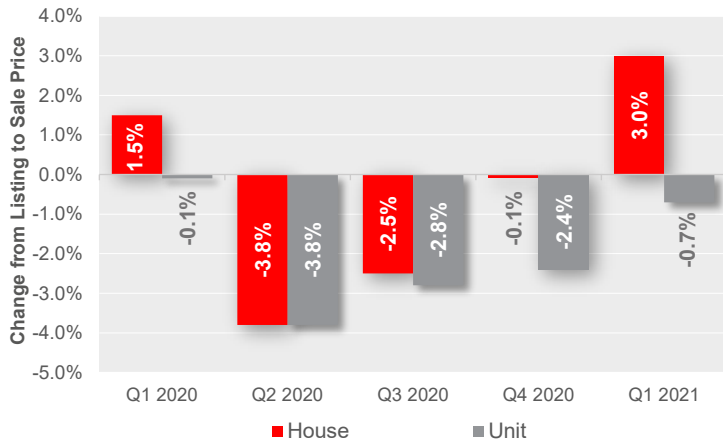


## AVERAGE DAYS TO LET



## AVERAGE VENDOR DISCOUNT

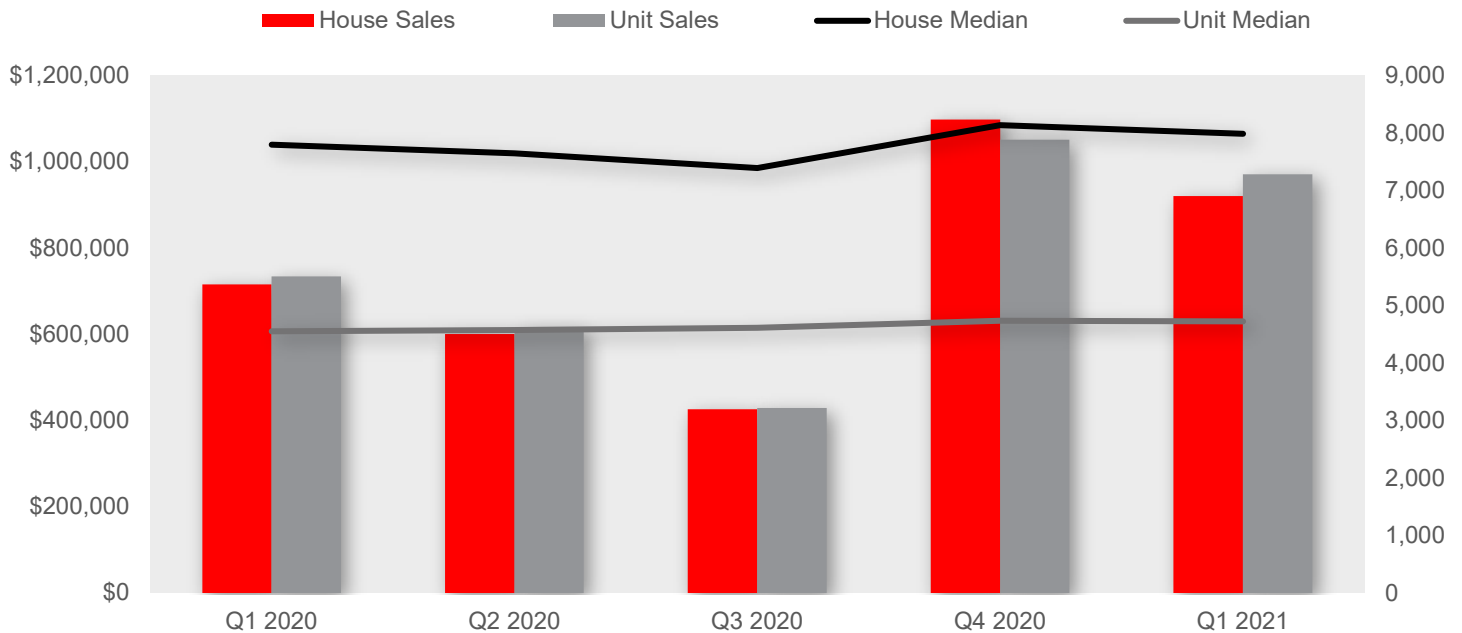
## KEY COMMENTS



Average vendor discounts between Q1 2020 and Q1 2021 for houses have swung to a premium of +3.0%, while units have continued to tighten to -0.7%. House market conditions in Melbourne Metro have shifted to favour vendors, as buyers are willing to offer above initial list prices. There are still small discounts for unit buyers, however time to act is of the essence.

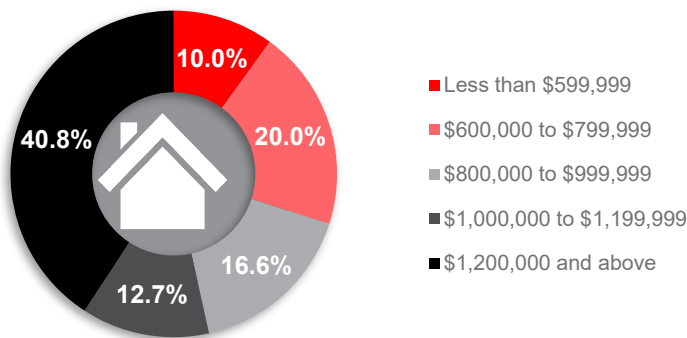
The dominant proportion of homes sold in Melbourne Metro across 2020/21# were in the premium price bracket of \$1,200,000 and above (40.8%). Units also recorded a dominant premium price bracket of \$750,000, and above (31.2%). This confirms the market has shifted to a premium market. Affordable options are available, however, first home buyers must act quickly.

## MARKET PERFORMANCE

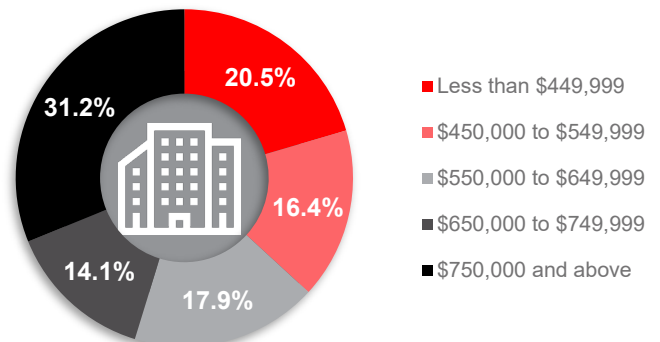


## PRICE BREAKDOWN 2020/21#

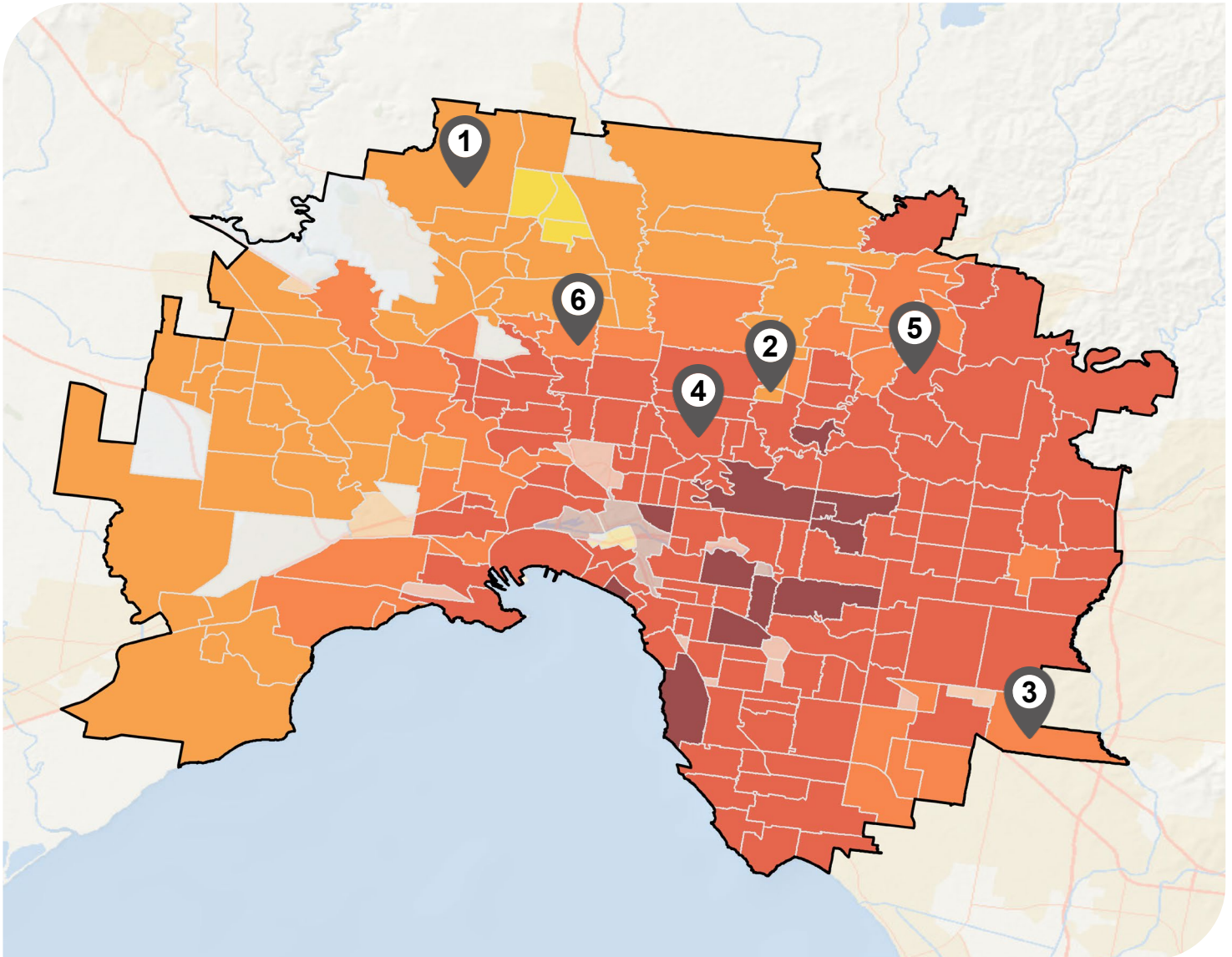
### HOUSES SOLD



### UNITS SOLD



# MELBOURNE METRO MEDIAN HOUSE PRICE 2020/21\* 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	Greenvale	3.6%	4	Northcote	3.6%
2	Bellfield	2.8%	5	Lower Plenty	3.5%
3	Mulgrave	2.7%	6	Pascoe Vale	3.8%

\*House median price reflected in the heat-map captures sale transactions from 1st January 2021 to 31st March 2021.  
Source: APM Pricerfinder, ESRI ArcGIS, SQM Research. © PRD 2021.

## RENTAL GROWTH 2020/21€

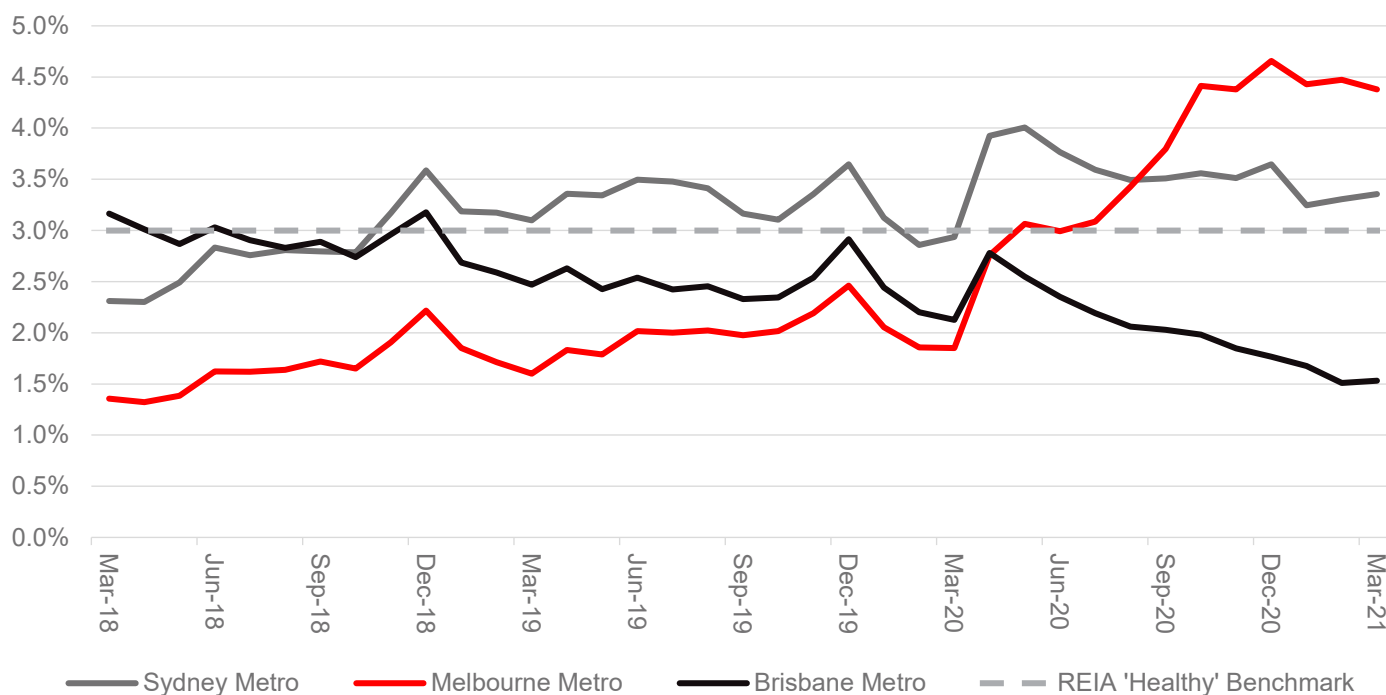
In March 2021, house rental yields in Melbourne Metro were recorded at 2.6%. In the 12 months to Q1 2021, the median house rental price remained stable at \$500 per week, while average days on the market declined by -7.1% (to 26 days). Despite tough COVID-19 lockdowns and restrictions it experienced, Melbourne Metro's rental market remained resilient.

Three bedroom houses recorded the highest annual rental growth (of +4.4%), to reach \$470 per week. A softening in median unit rental prices was felt mostly in the 1 and 2 bedroom market. This is potentially a consequence of international border closures, as the Melbourne Metro apartment market was predominately demanded by overseas students.

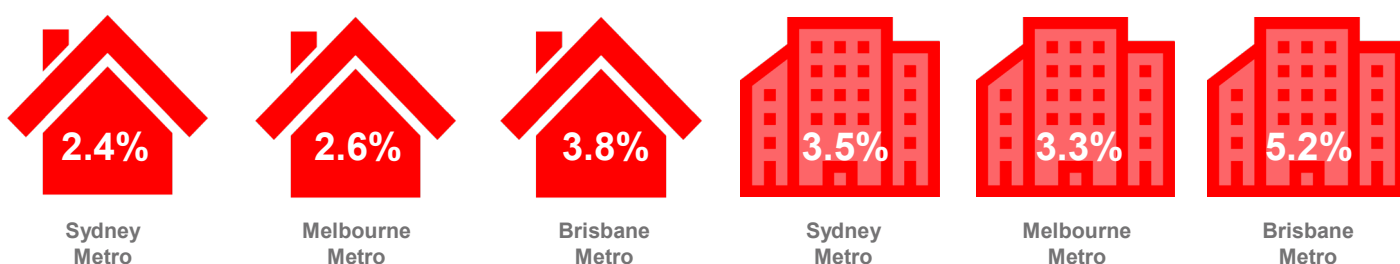
In March 2021, Melbourne Metro recorded a vacancy rate of 4.4%, which is above that of Sydney Metro (3.4%), and Brisbane Metro (1.5%). Vacancy rates in Melbourne Metro sit above the Real Estate Institute of Australia's (REIA) healthy benchmark of 3.0%, due to COVID-19 restrictions. However, in the long run, Melbourne Metro Vacancy rates are forecasted to recover towards healthier levels, as history suggests it has always remained under the REIA healthy benchmark.



## RENTAL VACANCY RATES 2021



## RENTAL YIELD 2021§



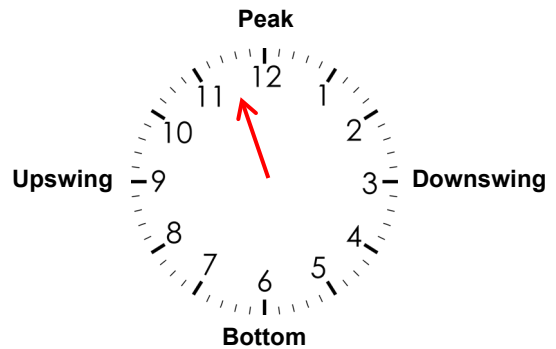
€ Annual rental growth is a comparison between 2019 and 2020/21 (01/01/2020 – 31/03/2021) house median rent figures.

§ Rental yields shown are as reported at March 2021.

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

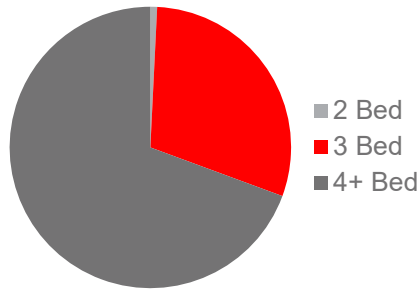


## PROPERTY CLOCK - HOUSES



## AFFORDABLE & LIVEABLE HOUSE SUBURBS

### GREENVALE 3059

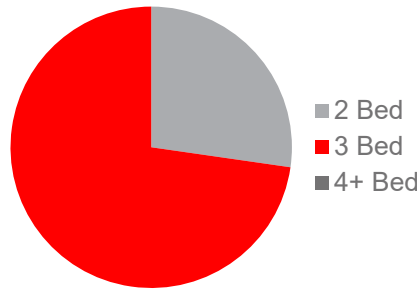


Located about **20.0km** from the Melbourne CBD.

- Median House Price **\$728,000**
- 2 Bed Median Price **\$590,000\***
- 3 Bed Median Price **\$682,000**
- 4+ Bed Median Price **\$770,000**

Greenvale, north of Melbourne CBD, recorded median price growth of 1.1%\*\* from 2019 to 2020/21. It is the most affordable of the three affordable and liveable suburbs chosen. Those with a property investment, currently benefit from rental yields of 3.6%, above Melbourne Metro's 2.6%. This is in conjunction with a lower vacancy rate of 3.5%, below that of Melbourne Metro's 4.4%. Thus, investors can be confident of quicker occupancy in the rental property. \$15.3M<sup>^</sup> of project developments is planned in the 1<sup>st</sup> half of 2021, focusing on residential projects. Brendan Road Townhouses & Residential Subdivision (\$3.3M, 15 townhouses and 45 Lots), is a major project which will add townhouses and supply residential lots, allowing first home buyers to enter the market.

### BELLFIELD 3081

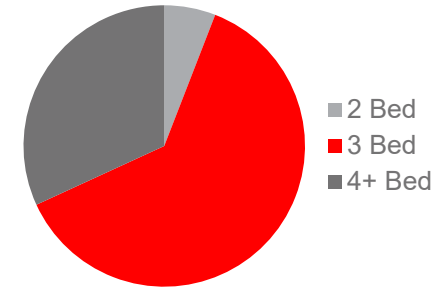


Located about **10.0km** from the Melbourne CBD.

- Median House Price **\$800,000**
- 2 Bed Median Price **\$664,000\***
- 3 Bed Median Price **\$751,000**
- 4+ Bed Median Price **N/A**

Bellfield is the closest affordable and liveable suburb to Melbourne CBD. A house rental yield of 2.8% is attractive to many investors in the area, particularly as it is accompanied by a low vacancy rate, which at 2.4% is significantly lower than Melbourne Metro's 4.4%. Despite being close to the CBD, this indicates a healthier rental demand, highly conducive for investment. Bellfield ticks many of the liveability boxes, as it is well positioned within the inner CBD and is served by medical centres, schools, shops, public transport and parks. A total of \$32.8M<sup>^</sup> of projects are planned in the 1<sup>st</sup> half of 2021, with a key focus on infrastructure and residential projects. This will not only improve liveability for residents but also create local jobs in the construction phase.

### MULGRAVE 3170



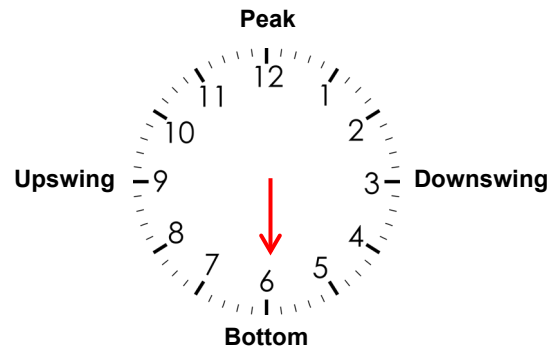
Located about **19.9km** from the Melbourne CBD.

- Median House Price **\$850,000**
- 2 Bed Median Price **\$626,000**
- 3 Bed Median Price **\$787,000**
- 4+ Bed Median Price **\$918,000**

Mulgrave is located south-east of Melbourne CBD, recording a median house price growth of 1.2%\*\* from 2019 to 2020/21. Mulgrave recorded a vacancy rate of 1.8%, well below Melbourne Metro's 4.4%. This shows a healthier rental demand, thus highly conducive for investment. With a rental yield of 2.7%, above Melbourne Metro's rental yield, and a lower entry price point, Mulgrave gives more bang for buck. Mulgrave is close to shops, medical centres, public transport, parks, schools, and the M1 Highway – which connects to major cities such as Melbourne and Frankston. \$29.9M<sup>^</sup> of projects are planned to commence in the 1<sup>st</sup> half of 2021, with a focus on residential and commercial. Only 3 townhouses are planned, creating an opportunity for boutique developers.



## PROPERTY CLOCK - UNITS

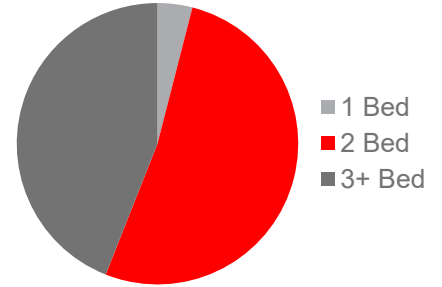
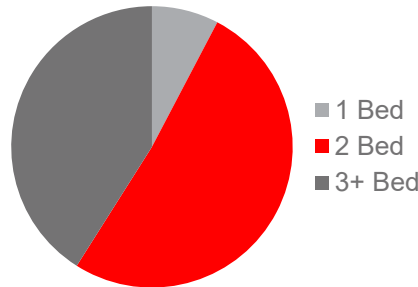
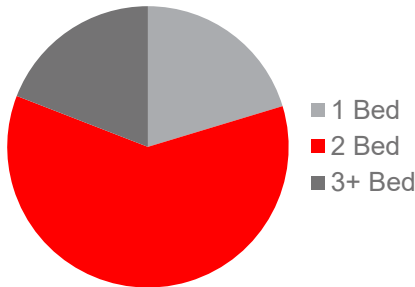


## AFFORDABLE & LIVEABLE UNIT SUBURBS

### NORTHCOTE 3070

### LOWER PLENTY 3093

### PASCOE VALE 3044



Located about **5.0km** from the Melbourne CBD.

- Median Unit Price **\$595,000**
- 1 Bed Median Price **\$417,000**
- 2 Bed Median Price **\$630,000**
- 3+ Bed Median Price **\$933,000**

Northcote is the closest affordable and liveable suburb to Melbourne CBD. A unit rental yield of 3.6% is attractive to investors, as it is higher than Melbourne Metro's and yet close to the CBD. This is partly due to low vacancy rates, which at 2.7% is well below Melbourne Metro's 4.4%. There is a healthier rental demand, which is conducive for investment. The area ticks many liveability boxes, as it is well positioned within the inner CBD, thus served by medical centres, schools, shops, public transport and parks. A total of \$10.0M<sup>^</sup> of projects are set to commence in the 1<sup>st</sup> half of 2021, with a key focus on mixed-use, commercial and residential projects. This will not only improve liveability aspects but also stimulate economic growth, through local job creation.

Located about **15.0km** from the Melbourne CBD.

- Median Unit Price **\$630,000**
- 1 Bed Median Price **\$329,000\***
- 2 Bed Median Price **\$533,000**
- 3+ Bed Median Price **\$817,000**

Lower Plenty, north of Melbourne CBD, recorded a surge in median price growth of 12.5%\*\* from 2019 to 2020/21. This is the highest median price growth out of the affordable and liveable suburbs chosen, which shows the area's resilience and potential. Those with a property investment benefit from rental yields of 3.5%, above Melbourne Metro's 3.3%. This is in conjunction with a lower vacancy rate of 2.1%, well below Melbourne Metro's 4.4%, which signals quicker occupancy of rental units. \$12.5M<sup>^</sup> of project developments is planned in the 1<sup>st</sup> half of 2021, with a main focus on commercial projects. Japara Aged Care (\$11.0M) is a major project that will attract a new demographic into the area and create local employment opportunities.

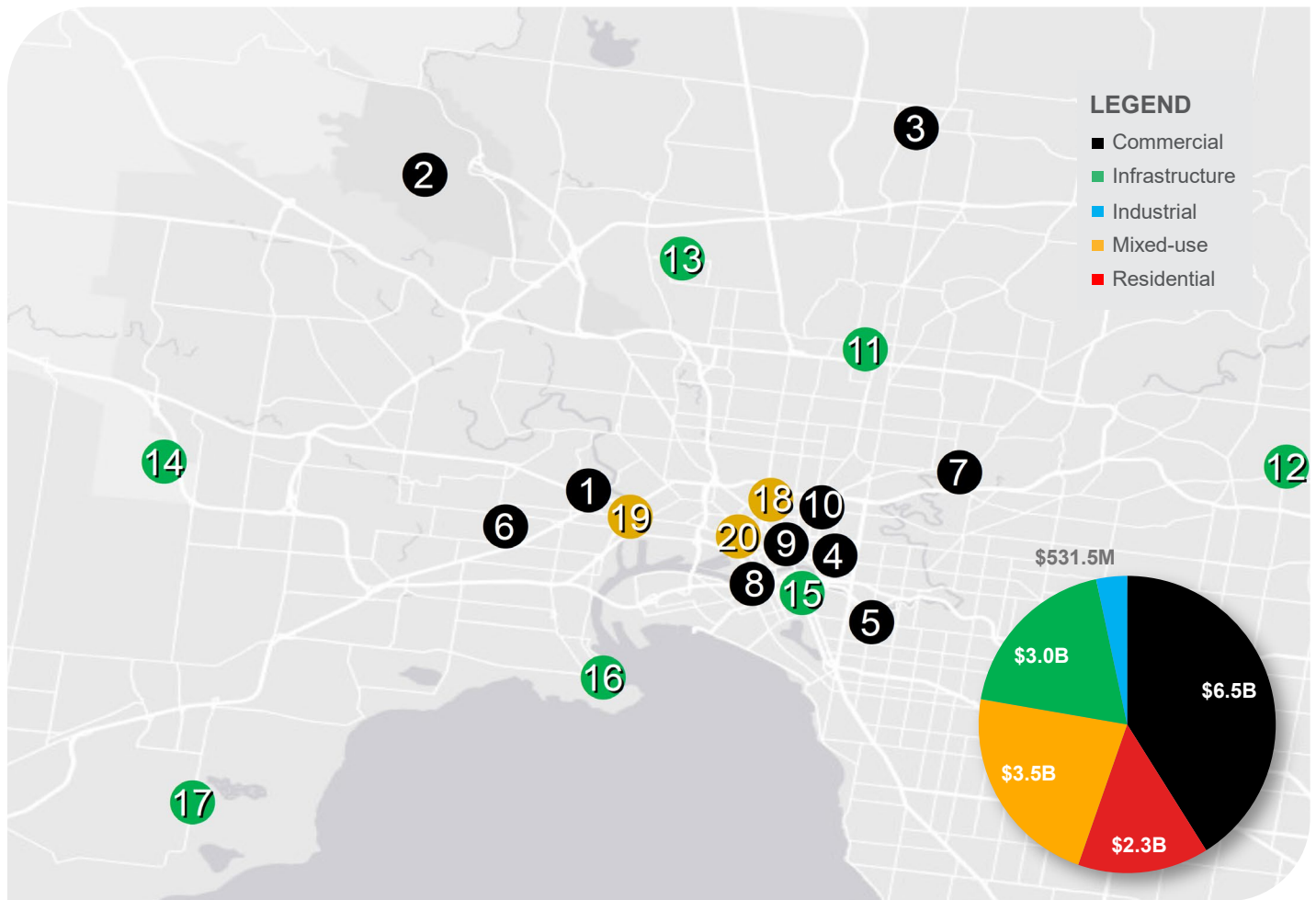
Located about **8.0km** from the Melbourne CBD.

- Median Unit Price **\$630,000**
- 1 Bed Median Price **\$200,000\***
- 2 Bed Median Price **\$590,000**
- 3+ Bed Median Price **\$723,000**

Pascoe Vale recorded a 2.4%\*\* median house price growth from 2019 to 2020/21, which signals a resilient market despite COVID-19 lockdowns and restrictions. Current investors are benefitting from attractive rental yields of 3.8%. Pascoe Vale recorded 4.0%, vacancy rate, just below Melbourne Metro's (4.4%), indicating a healthier rental demand. Pascoe Vale is highly liveable for residents as it is in close proximity of Essendon Fields Airport, DFO Essendon, and public transport. \$14.1M<sup>^</sup> of developments is planned in the 1<sup>st</sup> half of 2021, with a main focus on residential and mixed-use projects. This will create local jobs, which will have a positive effect on economic growth. 3 dwellings and 36 townhouses are planned, opportune for first home buyers.

\*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 January 2020 to 31st March 2021, or Q1 2020 – Q1 2021. <sup>μ</sup> PRD Affordable and Liveable Property Guide Melbourne 2nd Half 2018 report. <sup>€</sup> PRD Affordable and Liveable Property Guide Melbourne 1st Half 2019 report. <sup>¥</sup> PRD Affordable and Liveable Property Guide Melbourne 1st Half 2020 report. <sup>§</sup> PRD Affordable and Liveable Property Guide Melbourne 2nd Half 2020 report. Source: APM Pricerfinder, SQM Research, Cordell Connect, Department of Small Jobs and Business, Google Maps. © PRD 2021.

# PROJECT DEVELOPMENT MAP 1ST HALF 2021\*



Location	Project <sup>£</sup>	Type	Estimated Value <sup>µ</sup>	Suburb
1	Footscray Hospital	Commercial	\$1,495,000,000	Footscray
2	Seqirus Biotech Manufacturing Facility	Commercial	\$800,000,000	Melbourne Airport
3	New Epping Health Precinct (Former Epping Quarry/Waste Landfill Site)	Commercial	\$600,000,000	Epping
4	King Street Office Tower (Former Great Western Hotel Site)	Commercial	\$250,000,000	Melbourne
5	Como Centre South Yarra	Commercial	\$236,000,000	South Yarra
6	Next Dc M3 - Phase 1	Commercial	\$229,771,000	Footscray West
7	The Village Alphington Serviced Apartments (Former Amcor Site)	Commercial	\$200,000,000	Alphington
8	The Walk Arcade Redevelopment Holiday Inn Hotel & Hotel Indigo	Commercial	\$200,000,000	Melbourne
9	Meriton Hotel	Commercial	\$150,000,000	Melbourne
10	Meriton Suites Hotel - Duplicate Entry Refer To Id 2124491	Commercial	\$150,000,000	Melbourne
11	Bell Street, Cramer Street, Murray Road & Oakover Road Preston Rail Level Crossing Removal - Mernda Line	Infrastructure	\$564,000,000	Preston
12	Doncaster Busway	Infrastructure	\$500,000,000	Doncaster East
13	Glenroy Road Rail Level Crossing Removal - Craigieburn Line	Infrastructure	\$285,600,000	Glenroy
14	Dame Phyllis Frost Womens Prison (Dpfc) 106 Bed Expansion	Infrastructure	\$237,000,000	Ravenhall
15	Victoria Barracks Melbourne	Infrastructure	\$230,000,000	Southbank
16	Ferguson Street Rail Level Crossing Removal - Williamstown Line	Infrastructure	\$192,000,000	Williamstown
17	Raaf Base Point Cook	Infrastructure	\$160,000,000	Point Cook
18	Queens Place Tower Stage 2- (685 Apartments)	Mixed Use	\$750,000,000	Melbourne
19	Neilson Place Mixed Use Development - Stage 1- (577 Apartments)	Mixed Use	\$180,000,000	Footscray
20	The Marker West Melbourne- (207 Apartments)	Mixed Use	\$180,000,000	West Melbourne



## 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 ensure 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 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 and Investment Return Analysis

**PRD Research**

T +61 7 3229 3344

E [research@prd.com.au](mailto:research@prd.com.au)

[PRD.com.au](http://PRD.com.au)

