URBIS

MARKET OUTLOOK

HIGHETT

Located 20km south east of Melbourne's CBD, Highett has shown a resilient residential market underpinned by stability and continued growth throughout the pandemic.

Reflective of a tightening rental market, Highett recorded a record

LOW VACANCY RATE OF 0.8% LATE 2022

Highett is characterised by a strong socioeconomic profile with

HOUSEHOLD INCOMES 10% ABOVE GREATER MELBOURNE

Highett's employment profile is largely comprised of

WHITE-COLLAR WORKERS AT 81%, 10% POINTS ABOVE THE SOUTH EASTERN CORRIDOR

Image Credit: Sunkin Group

Prepared exclusively for

Sunkin Group

February 2023

LOCATION & AMENITY

LOCAL AMENITY

In the heart of Highett is the Highett Road retail strip. This includes a range of cafes and restaurants for residents to enjoy, as well as a Woolworths and several smaller food retailers for convenient grocery shopping. Around five minutes away by car is Westfield Southland. Home to around 400 retailers, it features supermarkets Coles, Woolworths and Aldi, and department stores Myer, David Jones, Big W, Target and Kmart. Nearby hospitals include Sandringham Hospital, Linacre Private Hospital and Holmesglen Private Hospital. These provide access to health care, and employment opportunities for residents.

PARKS & RECREATION

Highett is dotted with several parks and playgrounds, the largest of which is Sir William Fry Reserve. The park also hosts a playground, skate park, a pond and lake, walking and bike trails, picnic areas and a monthly farmers market. As well as providing green space for the community, residents are a 10-minute drive from Sandringham Beach. Highett is also home to several sports ovals at Highett Reserve, and both Cheltenham Golf Club and Brighton Public Golf Course are within a 10-minute drive. Residents are a 15-minute bike ride from the Half Moon Bay, with the nearest beaches at Hampton and Sandringham as popular places to picnic, swim and walk the dog.

EDUCATION & EMPLOYMENT

Nearby primary schools include St Agnes' Primary School and Sandringham Primary School, and Sandringham East Primary School and the Firbank Grammar School ELC and Junior Campus. Residents can choose from several secondary schools within 10-minute drive, including Sandringham College, Cheltenham Secondary College, and Mentone Girls' Secondary College, as well as St Leonard's College which offers programs from ELC to Year 12. Highett also sits between two interactive children's museums: both The Museum of Play and Art and TwistED Science Museum are within a 5-minute drive. The Monash National Innovation Cluster is a 20-minute drive north-east of Highett, and is to home to Monash University, hospitals and research institutes. This enhances the access for residents to key employment hubs.

TRANSPORT AND CONNECTIVITY

Westfield Southland | Hampton Beach | Melbourne CBD

BIKE 16 MINS
via Highett Rd

CAR 4 | 8 | 24
via Bay Rd | via Highett Rd | via Nepean Hwy

TRAIN 11 | 42
via Frankston Line | via Frankston Line

Highett is located approximately 20km south-east of Melbourne's CBD, sitting alongside blue-chip suburbs of Brighton, Hampton, and Sandringham.

POPULATION & DEMOGRAPHICS

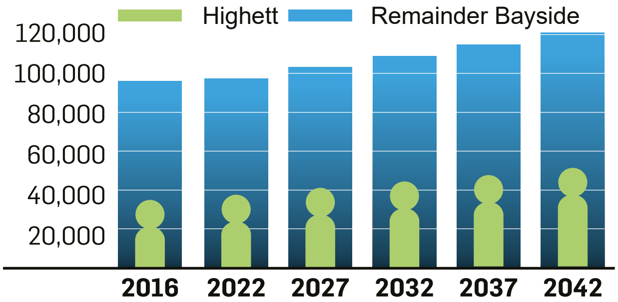
Highett's population is forecast to grow by 1.7% per annum over the next 10 years, outpacing the Bayside municipality.

The South-eastern Melbourne region referred to in this report comprises the local government areas of: Bayside, Glen Eira, Monash, Kingston, Greater Dandenong, Casey and Frankston.

POPULATION

The Highett area is forecast to see population growth of 1.7% per annum between 2022 and 2032, with an additional 7,000 residents calling the area home. This growth will be supported by continued development and investment. A large proportion of this development is anticipated within the Highett East and West areas. This will support the local area's growth, outpacing the remainder of the Bayside local government area.

POPULATION
Highett & Bayside



Source: ABS, VIF-19, Urbis

DEMOGRAPHICS

Highett residents are characterised as young, well-educated and have growing household incomes. With around a quarter of residents aged between 25 and 39, there is a high proportion of couples and young families. This is in line with the South-eastern and Greater Melbourne averages. Almost three quarters of Highett residents have completed Year 12, which is above the Southeast and Greater Melbourne averages. Provided residents in the local area are well-educated, Highett saw the highest percentage increase in Average Household Income compared to the Southeast and Greater Melbourne.

AVERAGE HOUSEHOLD INCOME GROWTH

	Highett	S. Eastern Corridor	Greater Melbourne
2021 Average	**$135,900**	**$126,500**	**$127,500**
2016 Average	**$105,300**	**$101,900**	**$103,500**
Total growth	**29.1%**	**24.1%**	**23.2%**

Source: ABS, Urbis

WHO LIVES IN HIGHETT?

	Highett	S. Eastern Corridor	Greater Melbourne
Aged 25-39	**21%**	**22%**	**24%**
Couple family with no children	**35%**	**33%**	**35%**
Families with children under 15	**34%**	**34%**	**33%**
$156k+ Households	**13%**	**12%**	**12%**
Completed Year 12	**74%**	**70%**	**71%**

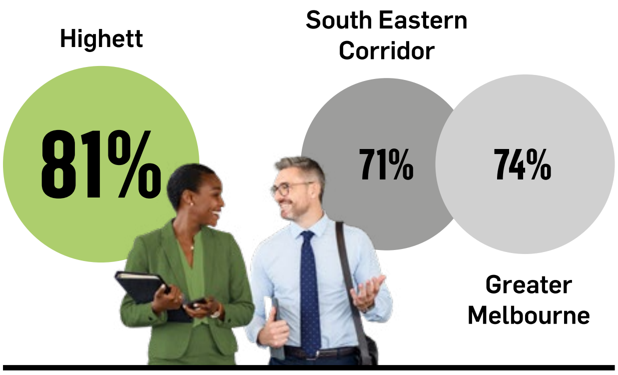
Source: Plan Melbourne, Urbis

EMPLOYMENT

The South-eastern region is anticipated to see significant growth in job opportunities over the next nine years to 2031. Plan Melbourne indicates 60,000 additional jobs by 2031 in the region.

Health care and social assistance is the top industry of employment, which is likely due to nearby hospitals and medical centres. Proximity to the Inner-City areas and CBD makes Highett a good location for white collar professionals looking to work in the CBD. As a result, professional, scientific and technical services is also another top industry of employment for residents.

WHITE COLLAR WORKERS



Source: ABS, Urbis

EMPLOYMENT FORECAST
2022-31 - South-eastern Region

Source: Plan Melbourne, Urbis

INVESTMENT & INFRASTRUCTURE

Substantial infrastructure projects are underway in Highett and surrounding suburbs, including upgrades to community facilities and improvements to transport links.

01 SOUTH ROAD UPGRADES
Est. Completion 2023 | $45M

Significant improvements are being made to five key intersections along South Road, which are expected to reduce congestion. This includes an additional right turn-lane from South Road onto Nepean Highway to the north of Highett. The project also sees upgrades to the off-road cycling path on Nepean Highway between South Road and Cummins Road, improving the commuting experience for Highett residents cycling to the Melbourne CBD via St Kilda Road.

02 HIGHETT LEVEL CROSSINGS REMOVAL
Est. Completion 2029 | $250M

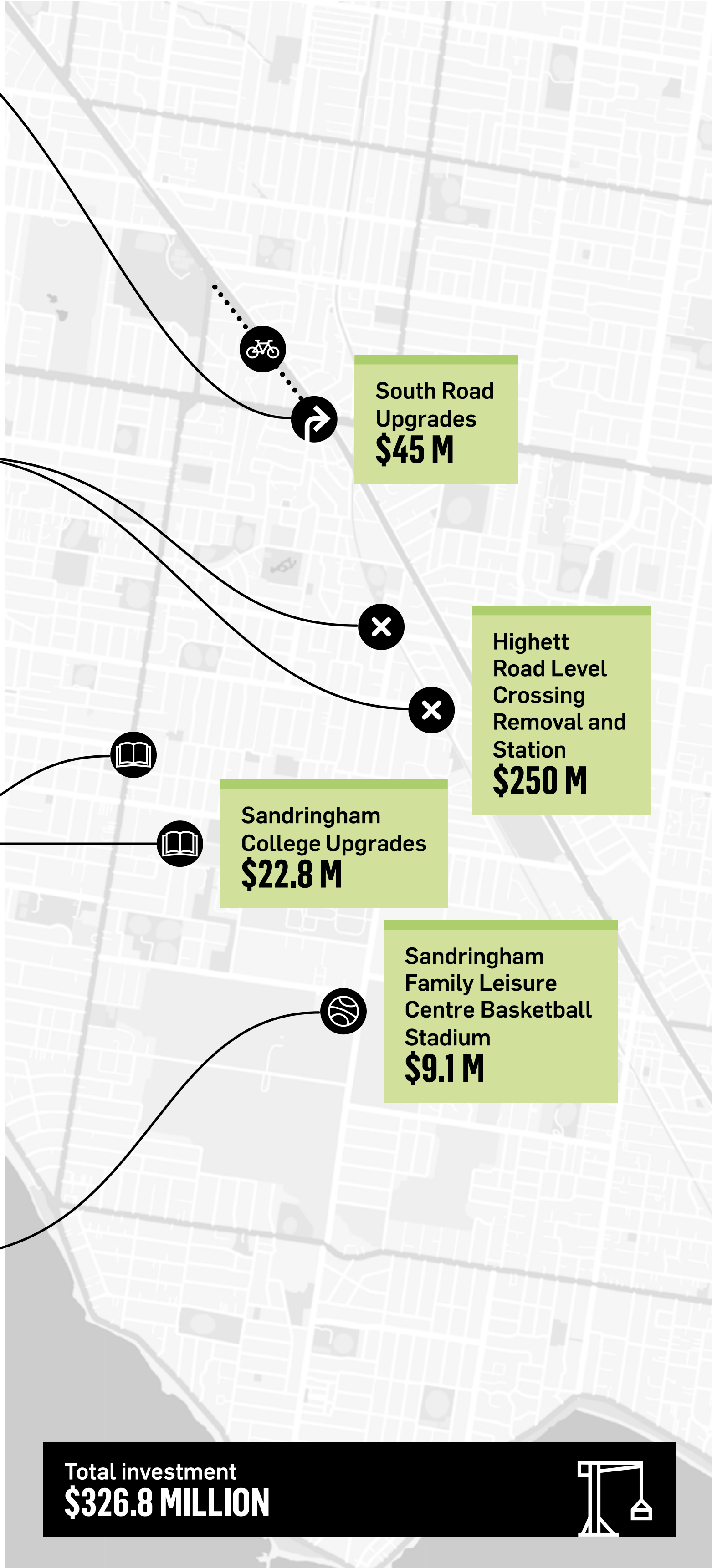
As part of the Victorian Government's Level Crossing Removal Program, 27 level crossings on the Frankston Line are to be removed. This includes two level crossings in Highett: one at Wickham Road and one at Highett Road. A new station will also be built at Highett. The upgrades will significantly improve traffic flow, allowing for faster travel times and a safer rail crossing.

03 SANDRINGHAM COLLEGE UPGRADES
Est. Completion 2024 | $23M

Construction is underway to upgrade facilities at both campuses across years 7-12 at Sandringham College. A new high-performance centre with a gymnasium and music and dance centre will support the school's existing dance academy program. There are also plans for a netball centre to feature two indoor courts, as well as upgraded oval and outdoor playing courts.

04 SANDRINGHAM FAMILY LEISURE CENTRE BASKETBALL STADIUM
Est. Completion 2023 | $9M

A new basketball stadium at the Sandringham Family Leisure Centre will include an indoor court extension, new changerooms, a reception, canteen, and an outdoor half court. The development will support local basketball and allow for the Sandringham Basketball Association to expand their programs.



RESIDENTIAL MARKET PERFORMANCE

Highett's median house price and unit price have grown steadily over the past five years, supported by depth of amenity and demand to live in the area.

GENERAL MACROECONOMIC ENVIRONMENT

Since the pandemic coupled with other global factors, inflation has ramped up over the last eighteen months to a record high of 7.3%. In order to combat these pressures, the RBA have taken a contractionary approach by gradually hiking the target cash rate by 300 basis points to date (3.10%) from the record low (0.1%) in April 2022.

PIPELINE

Highett's apartment pipeline is limited relative to the south-east region with 420 apartments under construction, expecting completion within the next year. Based on forecast population growth, the immediate development pipeline in the area is limited. Therefore, demand appears to be outstripping supply and that as an established suburb, more higher density product is required to accommodate growing population and younger families moving in.

HOUSES

Highett's median house price registered $1,741,600 in 2022, 70% higher than South-east Melbourne ($1,028,300). Highett is considered a suburb with more premium or larger houses than most suburbs within this corridor, all supported by demand. For 2022, the local area recorded around 500 sales, with declining annual transaction volumes since 2015. Highett's residential market has shown resilience against the impacts of the pandemic. Since 2017, median house prices have grown by 3.6% per annum.

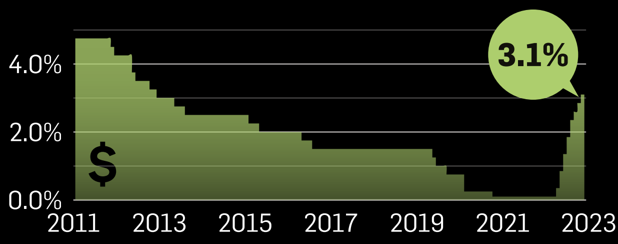
UNITS

Units within Highett achieved a median price of $747,010 in 2022, 10% above the South-eastern corridor at $688,430. Like house prices, unit transaction volumes have been declining over the last five years, provided the already well-established nature of the suburb with limited residential supply

GREEN SPACE PREMIUMS

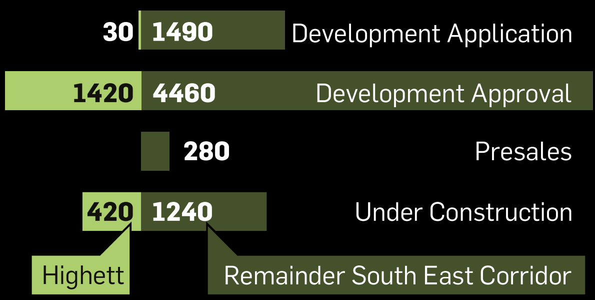
Urbis studies determined that properties surrounding green space typically achieve a premium over the market. Properties located in proximity to Carlton Gardens (Carlton) recorded a 43% price premium compared to the suburb average. Similarly, a study of Fawkner Park (South Yarra) found units sell at a 42% premium over the suburb average. Having green space within a development will typically drive demand higher.

RBA TARGET CASH RATE



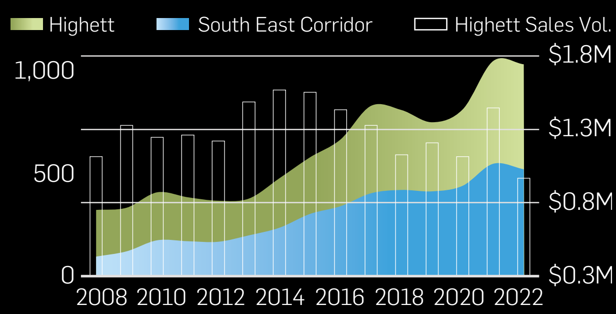
Source: Reserve Bank of Australia, Urbis

APARTMENT PIPELINE FOR HIGHETT & SOUTH-EAST REGION



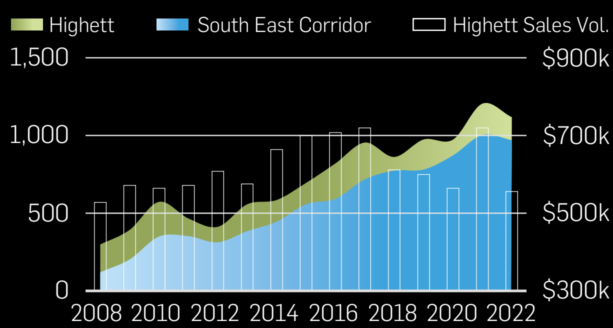
Source:: Cordell; ABS; Urbis Apartment Essentials

MEDIAN SALE PRICE - HOUSES



Source: Pricefinder, Urbis

MEDIAN SALE PRICE – UNITS



Source: Pricefinder, Urbis

RENTAL MARKET ENVIRONMENT

Highett's rental market has remained stable, evidenced by tightening vacancy rates, rental growth, and an increasing premium for new apartment stock.

RENTAL MARKET

Highett's rental market was resilient through the COVID-19 pandemic. Rents continued to grow at a stable pace of 2.3% per annum for houses and 1.9% for units in the five years to September 2022, on par with Greater Melbourne at 2.1% per annum. New apartment stock is carrying an average premium of 10% across all product types when compared to existing stock in the area.

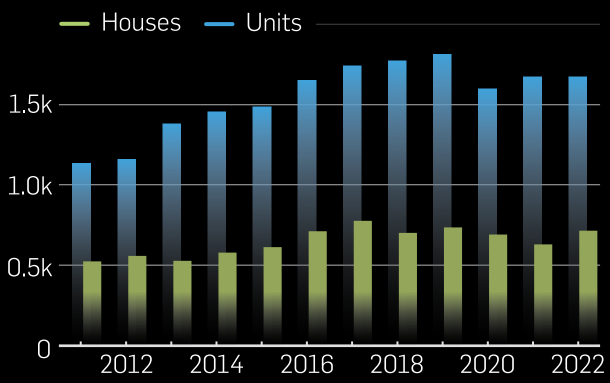
VACANCY

Vacancy rates remained stable throughout the pandemic relative to South-eastern Melbourne. This is likely due to the well-established resident profile and strong amenity in the Highett area. In fact, vacancy rates in Highett continued to tighten throughout the lockdown periods to November 2022 at a low of 0.8%.

CONTRACT VOLUME

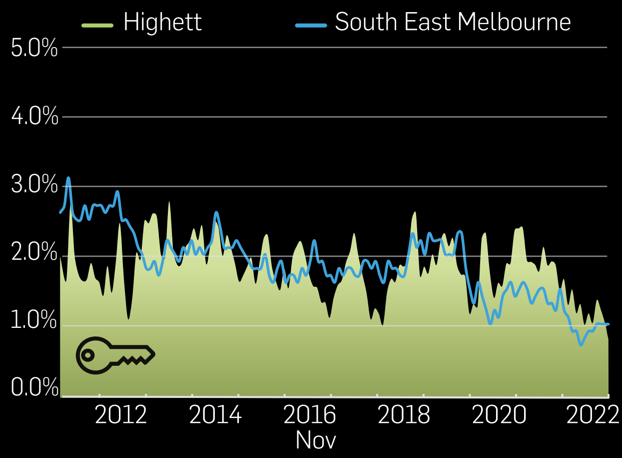
Rental volume has increased over the past few years following a dip in new leases in 2020 because of pandemic induced lockdowns. This further highlights the resiliency of Highett's rental market.

ROLLING ANNUAL RENTAL CONTRACT VOLUME IN HIGHETT



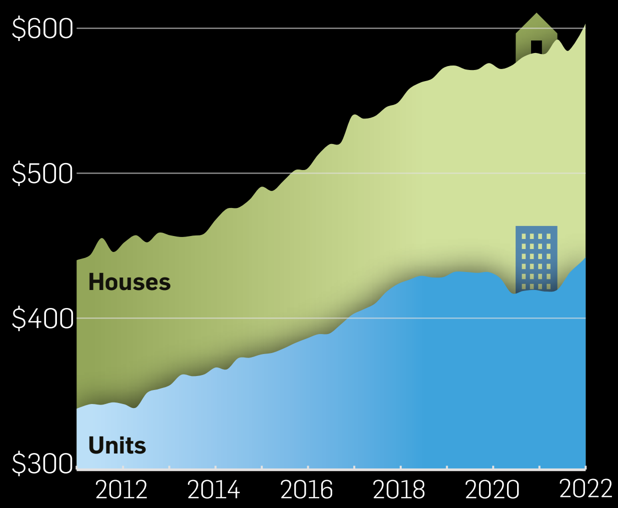
Source: DFFH; Urbis

VACANCY RATE



Source: SQM Research, Urbis

MEDIAN RENT FOR HOUSES & UNITS IN HIGHETT



Source: DFFH. Urbis

RENTAL PREMIUM
September 2022

	Existing Apartments	New Apartments	Premium
1	$350	$408	17%
2	$420	$445	6%
Total	$385	$427	11%

Source: DFFH; Urbis Apartment Essentials

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State of the Market

Residential Build to Sell (BTS) and Build to Rent (BTR) Apartments

Metro Melbourne

H2 2022

Australia's most trusted & innovative property group.

February 2023

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ADVISORY.
RESEARCH & STRATEGY.
VALUATIONS.
PROJECTS.
CAPITAL.

CHARTER KECK CRAMER

RESEARCH & STRATEGY

State of the Market
BTS and BTR Residential Apartments
Metropolitan Melbourne – H2 2022

The housing sub-markets across Melbourne have been extremely distorted due to the pandemic.

Over 2020-2022, prices of detached houses in many sub-markets increased by a considerable +21% whilst at the same time weekly rents of units and apartments in many sub-markets decreased by up to -30%. This should not occur in a balanced housing market.

As expected, both the "For Sale" and "For Rent" markets are continuing to recalibrate. The residential market is anticipated to continue to be volatile and remain distorted over 2023 until a new equilibrium is found.

It is important to appreciate that Australia is still dealing with the after effects of the pandemic. Whilst we may be through the lockdowns and have a vaccine, we are still dealing with the impact of fiscal and monetary decisions made during the height of the pandemic in 2020 – 2021 and, now more importantly, the largely lagged effect of nine interest rate rises to curb inflation.

Two of the key metrics to closely monitor, as they both affect housing and apartment markets, are interest rates and construction costs.

Once there is greater market certainty that we've reached the top of the rate tightening cycle (anticipated to be by mid-2023), overall market sentiment is expected to start improving. Once interest rates enter a cutting phase (which could be in early 2024), improved sentiment and ongoing supply issues are anticipated to trigger increasing house prices, signalling the commencement of the next cycle.

The current level of uncertainty is making investment and development decisions extremely difficult. Readers are once again encouraged to look beyond some of these short-term issues and further into the market cycle as the key fundamentals for both BTS and BTR apartments remain.

Key themes from this analysis are summarised below:

Structural change in living preferences

The Melbourne apartment market is rapidly evolving and maturing, and Melbourne continues to experience a structural change in living preferences. This is primarily in the form of apartment living with residents not only more accepting of renting, but renting for longer.

The figures from the ABS 2021 Census show that 12% of Millennials (30-39 years old) are living in high-rise apartments (up from 3% in 2006) and additionally, 44% are renting (up from 35% in 2006) and are unable to enter the For Sale market. This segment of the population will drive significant demand for BTS and BTR apartments over the next decade.

The ABS 2021 figures also show that rightsizers / downsizers (65-year-old+) are also slowly starting to embrace high-rise apartment living (4% up from 2% in 2006). Given many of these buyers have benefited from significant house price growth, are less impacted by interest rates, and are looking to downsize and age in place in more appropriate dwelling typologies, this trend will create substantial opportunities for owner-occupier BTS apartments (both low and high-rise) over the next decade.

Population Growth

Population growth drives the demand for additional and diverse dwelling types.

Melbourne is very reliant on Net Overseas Migration (NOM). Based on the recent Government forecasts, Melbourne will take the largest share of NOM in Australia (34%) over the next decade. Much of this NOM is in the form of international students and many will occupy apartments given they offer the most affordable entry price / rental points in the housing market.

It is important for the industry to be aware that NOM is forecast by the Government to return to pre-pandemic levels this financial year (FY23). In fact, based on several leading indicators, it is highly likely that NOM will be even higher than anticipated by the Government.

A review of the recent Government forecasts does indicate that Melbourne will continue to lose a small number of residents to Regional Victoria or Interstate over the next decade, however this will be more than offset by the high levels of NOM which will create significant demand for new dwellings at a time when supply is struggling to be mobilised.

Headwinds

At present there are substantial headwinds facing the apartment industry. These headwinds are leading to projects being deferred to later into the cycle (and now also being abandoned). This is ultimately stifling supply.

These headwinds include:

Interest rates. Rising rates are increasing project costs and also diminishing purchaser capacity and buyer demand. This is leading to slow presales in many projects. Charter Keck Cramer observes that apartment product relative to houses stands to benefit from rate rises because buyers have had their purchasing capacity diminished, and should they wish to enter the housing market they will need to trade-off dwelling type for location to enter the housing market of their choice. Well-built owner-occupier quality apartments are the most affordable option to meet their needs. Furthermore, given the shortage of rental accommodation at present, there is considered potential to pass on rate rises to renters in the form of rental increases. This is likely to be attractive to investors as BTS and BTR apartments are able to act as a hedge against rising rates (and also inflation).

Construction costs. Alarmingly, but not surprisingly, these continue to increase and have resulted in many projects not being financially feasible. This will lead to certain projects being deferred or even abandoned and Charter Keck Cramer anticipates may also lead to development site divestment. In a limited sector of the apartment market, there is considered potential at present to increase sale prices to offset additional costs (or part of them). We see this however being primarily limited to rightsizer/downsizer prestige projects in the current market.

Purchaser Sentiment. Unfortunately, many purchasers read the negative media headlines and at present are delaying purchasing decisions. They are likely to return when rates stablise and there is more certainty about the economy.

Supply v Demand Imbalance

There continues to be a growing mismatch between several supply and demand-side metrics which is leading to a substantial shortage of supply of apartments in Melbourne over the next few years.

Based on Plan Melbourne 2017-2050 (the State Government's strategic plan for the growth of Melbourne to 2050) Melbourne will grow to 7.9 million people by 2050. A high-level calculation of the types of dwellings identified in the Plan to be delivered across Melbourne suggests that there is notional underlying demand for around 13,500 apartments to be built each year in Melbourne (assuming Melbourne grows at 95,000 people per annum). What is also important to recall is that Melbourne was growing by around 130,000 people prior to COVID-19 and is forecast to grow by around 89,000 people in FY 2023, by around 105,000 people in FY 2024 and by around 101,000 people in FY 2025.

Leaving aside how difficult it is to obtain development approval for a project, it is currently taking a typical BTS apartment project of 75-100 apartments approximately 20 months from project launch to construction commencement, and a further 22 months from construction commencement to completion (conservatively 3.5 years). It is likely to take a BTR project of the same scale around 22 months to build out.

When this is considered in light of the already tight rental market, as well as substantial return in demand through population growth (which Charter Keck Cramer believes the Government is underestimating), the market is anticipated to remain undersupplied in the short to medium term, and potentially exacerbated over the longer term.

Rents

There is a major rental crisis in Melbourne. Vacancy rates in almost every sub-market are below the market equilibrium (3%) and this is anticipated to remain for the next few years.

Weekly rents are recovering very quickly from the pandemic and are close to pre-pandemic levels across many investor-dominated sub-markets. Whilst attractive to investors this does not bode well for affordability and overall liveability.

Foreign Buyers/ Foreign Institutional Capital

Charter Keck Cramer observes that foreign buyers are slowly starting to re-enter the Melbourne BTS apartment market. In fact, many of our clients suggest that there is a significant amount of capital waiting to be deployed into Australia.

Government is reminded that foreign buyers are essential to support the recovery of the BTS apartment market in Melbourne. Foreign buyers (investors) are more prepared to purchase off the plan (OTP) and account for a large share of the presales in many apartment projects.

Government is strongly encouraged to reintroduce incentives such as OTP stamp duty concessions to foreign and local investors. This is one avenue to stimulate the BTS apartment market and mobilise the much-needed supply of rental stock.

Government is also strongly encouraged to embrace the large pool of foreign institutional capital waiting to be deployed into Australia. One avenue is to reconsider several tax settings as they apply to BTR. These include making changes to GST, changes to the Managed Investment Trust (MIT) rules and also further extending land tax discounts. The benefits could include a substantial amount of new rental stock being delivered to the market (and much faster than BTS rental stock which requires financial pre-commitment by way of OTP sales) which frees up existing rental accommodation for many households, provides greater choice and competition and reduces upwards pressure on rents.

Prices

There is likely to be a natural price floor on price falls of established and contemporary BTS apartments in Melbourne. This is due to the shortage of supply, return of demand, increasing rents, improving yields and desire of many buyers to enter the property market (trading off an unaffordable detached house for an apartment).

Given current market conditions, and in the absence of a decline in construction costs or underlying land values, the price of new apartments across many sub-markets are simply going to have to increase so that they can be feasibly delivered. Charter Keck Cramer observes that although this is already starting to occur in several sub-markets, particularly in projects aimed at rightsizers / downsizers, a number of key market fundamentals will need to shift before these opportunities are available throughout the broader market. As the supply crunch continues, prices across many other sub-markets and prices will follow suit over time.

Land Values

With construction costs continuing to rise and pricing of new apartments not yet able to be increased, Charter Keck Cramer anticipates a potential rationalisation of development site pricing, which may alleviate pressures on the financial feasibility of new apartment projects. Until such time as the market realigns and apartment prices are able to be raised, this could be an important factor to assist in the delivery of more apartment product.

Highly leveraged developers not in a position to landbank are likely to divest sites over the short term. This may present an opportunity for well-capitalised developers who may be able to pick up development sites at a reduced premium. From a BTR perspective, growing rents, increasing yields and opportunities for a rationalised site acquisition cost may assist developers to stack up projects financially.

Outlook for Build to Sell (BTS)

The BTS apartment market is anticipated to continue to remain slow for the first half of 2023 and until there is more certainty with interest rates.

Presales are anticipated to begin to pick up from the point at which interest rates stablise (assumed mid to late-2023) and will start to accelerate when the interest rate cycle moves into a cutting phase. Pre-sale performance may improve sooner should the Government take action and incentivize the investor market.

Outlook for Build to Rent (BTR)

The BTR apartment market is quickly emerging in Melbourne with four projects (1,700 BTR apartments) Completed in 2022 and a further seven projects (2,240 BTR apartments) currently under construction and due for completion over 2023-2024.

There are also over 13,100 BTR apartments across thirty-seven projects at the early stages of the development process, however it continues to be very challenging to get projects to stack up as well as to secure funding for construction.

Given the strong rental growth in Melbourne, it is anticipated that those developers that are able to proceed with construction will benefit from little direct competition in the marketplace and achieve strong rental returns and premiums.

The fundamentals to support BTR in Melbourne exist and with over 30% of the population renting, there is a substantial opportunity for BTR to supply rental accommodation that will be unable to be supplied by the BTS market in the short to medium-term.

State of the Market

BTS and BTR Residential Apartments

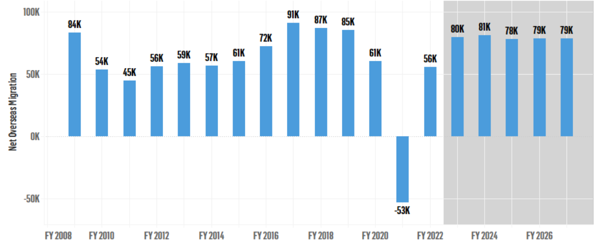
Metropolitan Melbourne – H2 2022

CHARTER KECK CRAMER

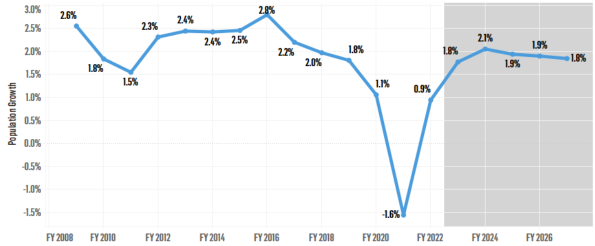
RESEARCH & STRATEGY

POPULATION INDICATORS

Net Overseas Migration*, VIC



Annual Population Growth*, Melbourne



* Forecasts provided by Centre for Population

Source: Australian Bureau of Statistics, Centre for Population, Charter Keck Cramer

DEMAND INDICATORS

Median Unit Price (Q4 22)

$561,463

(down -0.2% on Q3 22, down -5.8% on Q4 21)

Source: Domain

Median Unit Rent (Dec 22)

$463 p.w.

(up +1.5% on Nov 22, up +23.5% on Dec 21)

Vacancy Rate (Q4 22)

1.6%

(down from 3.9% in Q4 21)

Source: SQM Research

SUPPLY INDICATORS

Apartment Completions

165,200

Apartments have been completed in Metro Melbourne since 2009.

Project Sizes		
	Projects	Apts
10-50	1,875	44,200
51-100	422	30,100
101-150	143	17,400
151-200	102	17,700
201- 250	48	10,900
251-300	32	8,800
300+	76	36,100
TOTAL	2,698	165,200

Source: Charter Keck Cramer

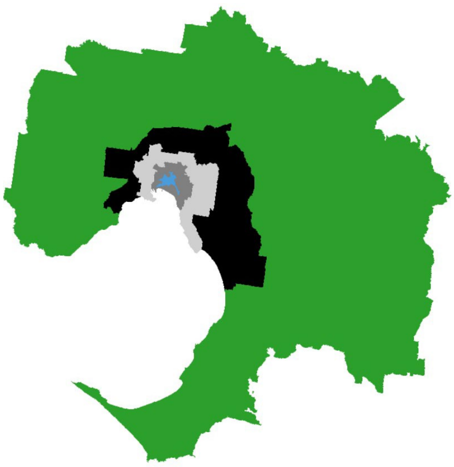
MARKET UPDATE

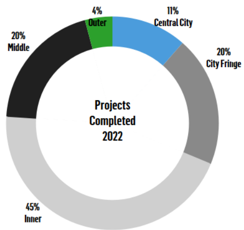
Melbourne's *Central City Region* has historically delivered the greatest number of new apartments. Melbourne's *Inner Region*, however, demonstrates its growing importance to metropolitan Melbourne's apartment supply in an evolving market.

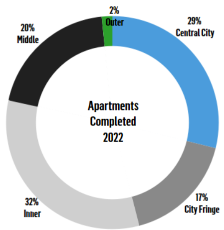
In 2022, there were 6,300 apartments completed across 94 projects. The *Inner Region* was the most active, both by way of volume of apartments completed (32%) and number of projects completed (45%).

Completions will increase over 2023 compared to the level observed in 2022. Notwithstanding this, low apartment launches and commencements in 2022 mean Melbourne's short- to medium-term pipeline of apartments will be limited.

METROPOLITAN MELBOURNE APARTMENT REGIONS







Source: Charter Keck Cramer

METROPOLITAN MELBOURNE BTS APARTMENT SUPPLY SNAPSHOT – 2022

6,300
Apts. Completed
[94 Projects]
2022

5,200
Apts. Commenced Construction
[96 Projects]
2022

5,100
Apts. Launched
[80 Projects]
2022

Source: Charter Keck Cramer

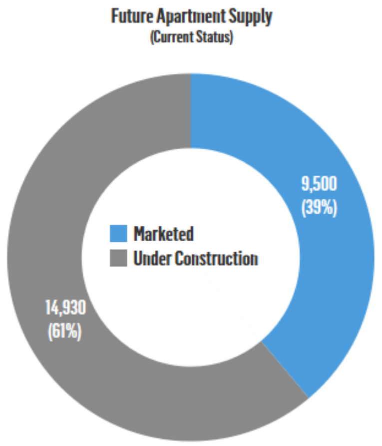
BTS FUTURE SUPPLY

There are currently 14,930 apartments Under Construction in metropolitan Melbourne, with a further 9,500 apartments currently being Marketed.

It should be noted that not all Marketed projects will necessarily reach completion given the requirements to reach pre-sales targets before attracting construction finance.

On this basis these figures are likely to be revised downwards as various projects proceed through the development cycle.

FUTURE SUPPLY – ACTIVE PROJECTS



Source: Charter Keck Cramer

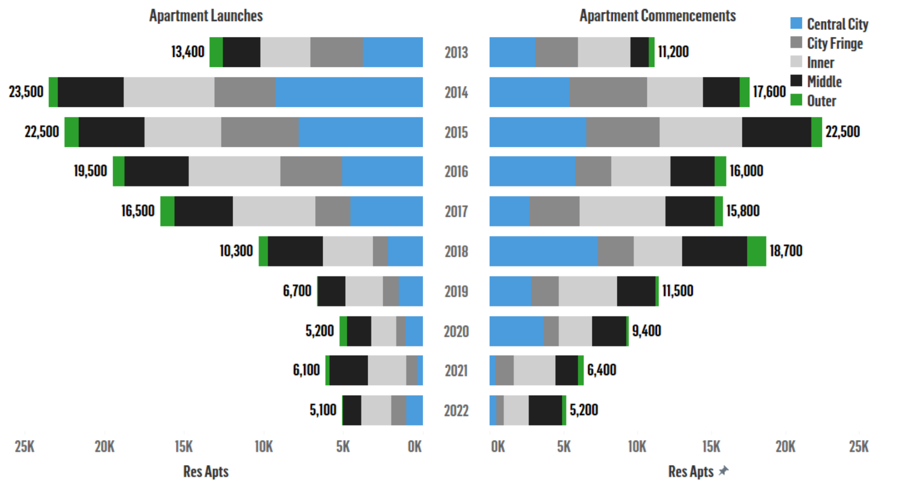
BTS APARTMENT LAUNCHES

In 2022, there were a total of 5,100 apartments launched (for sale) to market. This was the lowest number of launches recorded over the past decade and was almost -80% lower than the peak levels observed during 2014 and 2015. The most active region in 2022 was the *Inner Region*. This region has grown in significance over the past decade from an apartment supply standpoint, particularly as the *Central City Region* has subsided.

APARTMENT COMMENCEMENTS

In 2022, construction commenced on 5,200 apartments. This is the lowest number of apartment commencements recorded over the past decade and represents a decrease of -77% from the peak of 22,500 apartments in 2015.

LAUNCHES AND COMMENCEMENTS OVER TIME



Source: Charter Keck Cramer *Apartments are defined in this report as contemporary own your own (OYO) apartments that are delivered in projects that have 10+ apartments. Student accommodation and serviced apartments are excluded from this analysis.

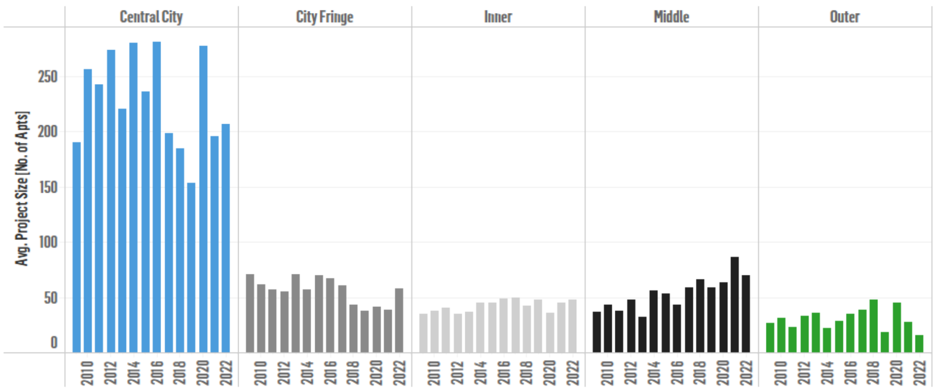
HISTORIC BTS APARTMENT LAUNCHES

Melbourne's *Central City Region* has for the most part recorded average project sizes above 200 apartments. However, changes in planning controls in the *Central City Region* in 2016 caused project sizes to decrease.

Charter Keck Cramer notes that elevated project sizes during 2020-2022 are influenced by a small volume of launches in the *Central City Region* during this period (and many projects had pre-2016 development approvals).

The average size of new apartment projects within the *Inner* and *Middle Regions* has trended upwards. Much of this activity has occurred in and around activity centres and transport hubs which have planning policy to support higher densities.

APARTMENT LAUNCHES BY PROJECT SIZE



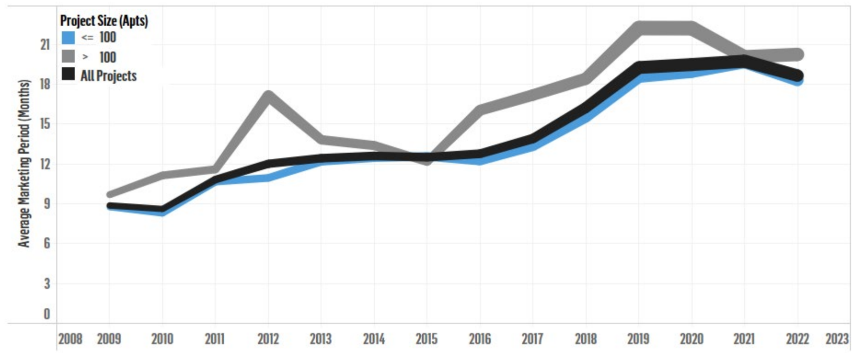
Source: Charter Keck Cramer

BTS APARTMENT PIPELINE

For projects of all sizes, the average period between marketing launch and construction commencement remains elevated compared to levels observed through 2013-2016. Larger projects (100+ apartments) have a marketing period of 20 months, whilst smaller projects take an average of 18 months to proceed construction.

The current time taken to pre-sell projects is a reflection of the very challenging economic environment and headwinds in the apartment industry over 2022.

AVERAGE PERIOD FROM LAUNCH TO CONSTRUCTION COMMENCEMENT



Source: Charter Keck Cramer

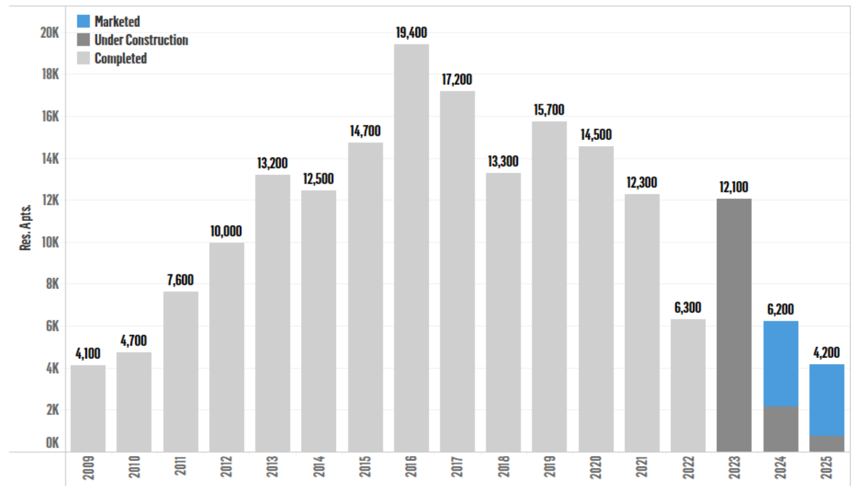
BTS APARTMENT COMPLETIONS

Apartment completions in Metropolitan Melbourne fell to 6,300 during 2022. This is the lowest level of completions recorded in over a decade and represents a decline of -49% on the previous year.

There are approximately 12,100 apartments currently Under Construction and due to complete this year, with a further 2,100 forecast for Completion in 2024 and 730 in 2025. There are also 4,100 apartments Marketed and that may be delivered in 2024 and a further 3,400 apartments Marketed, and which may be delivered in 2025.

Given the low supply of apartments over 2022 combined with the strong population growth forecast for Melbourne over the next few years, the BTS market is expected to remain in short supply relative to demand. This imbalance may be exacerbated further if projects are delayed due to the economic environment, higher interest rates and the rise in construction costs.

COMPLETIONS OVER TIME - METROPOLITAN MELBOURNE



Source: Charter Keck Cramer *Apartments are defined in this report as contemporary own your own (OYO) apartments that are delivered in projects that have 10+ apartments. Student accommodation and serviced apartments are excluded from this analysis.

BTS FUTURE COMPLETIONS BY REGION

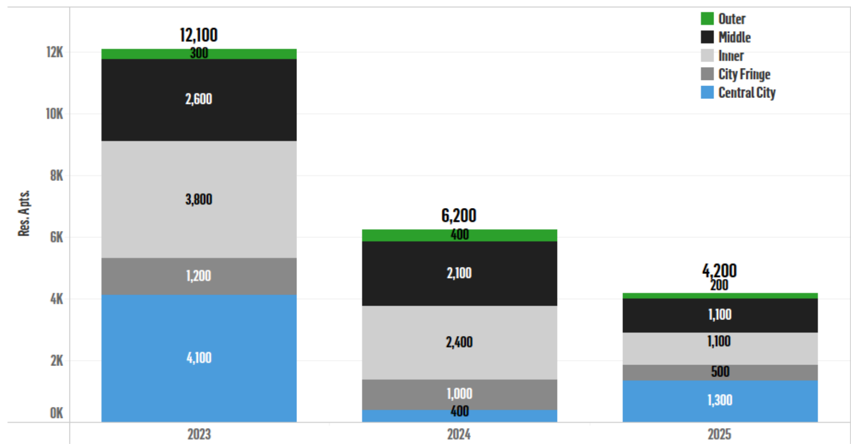
In 2023, a total of 12,100 apartments are projected to be delivered in metropolitan Melbourne.

The *Central City Region* will be the most active this year, with 4,100 apartments expected to be completed, closely followed by the *Inner Region* (3,800 apartments).

The *Central City* will be less active in 2024, with activity more greatly concentrated in the *Inner* and *Middle* regions, delivering 2,400 and 2,100 apartments respectively.

The Melbourne apartment market continues to evolve and mature and is spreading out from the *Central City Region* and into the *Inner* and *Middle Regions* of Melbourne.

FUTURE COMPLETIONS – REGIONS OF METROPOLITAN MELBOURNE



Region distribution figures are rounded and therefore may differ from stated grand total
Source: Charter Keck Cramer

BTR COMPLETIONS

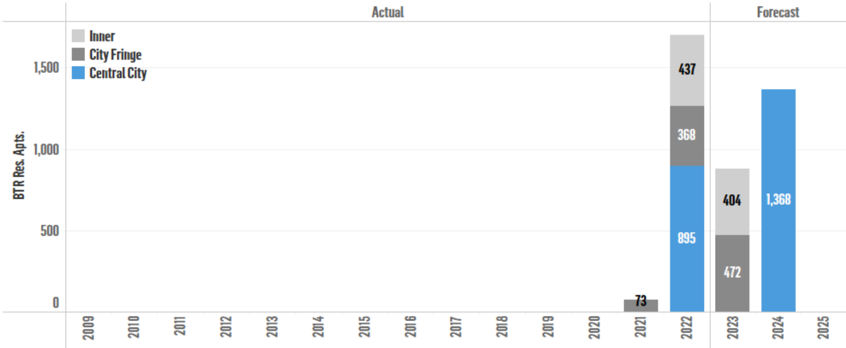
Build to Rent (BTR) is an emerging residential asset class in Australia. Whilst BTR has not yet been officially defined* in Australia, Charter Keck Cramer is tracking all projects that are held by developers for long term rental.

There were 1,700 BTR apartments Completed across four projects in 2022.

There are seven projects containing over 2,240 BTR apartments that are currently Under Construction, and which are forecast to be completed over 2023-2024.

Given the structural changes in living preferences highlighted in the final section of this report, it is anticipated that BTR will emerge at scale in Melbourne over the next decade.

COMPLETIONS OVER TIME – METROPOLITAN MELBOURNE



Source: Charter Keck Cramer

* For the purposes of the charts in this section, Charter has defined BTR apartment projects that are (1) purpose built for rental with single ownership and management, (2) larger than 50 apartments. Charter has also included projects that are classified as Built to Rent to Own as well as Co-Living but has excluded projects with apartments retained for long term rental (and then later sell down).

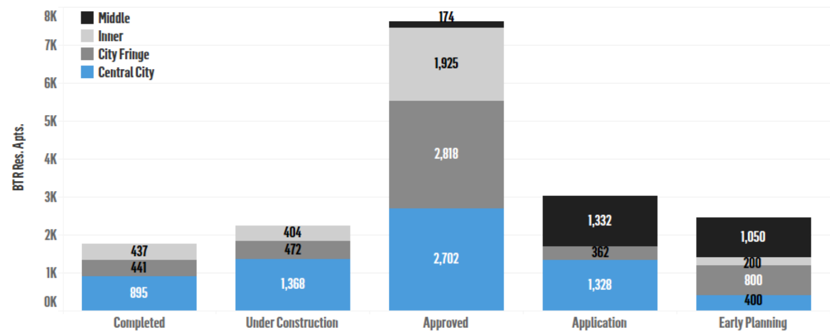
BTR SUPPLY BY REGION

There are approximately 7,600 apartments across twenty-three projects at the Approved stage in metropolitan Melbourne with the largest number within the *City Fringe Region* (2,818 apartments).

There are also approximately 5,500 apartments across fourteen projects at the Application or Early Planning stages. The *Middle* (2,400 apartments) and *Central City Regions* (1,700 apartments) contain the majority of supply.

Charter Keck Cramer observes that finance for the construction of BTR projects remains difficult to secure and may lead to a proportion of these projects not proceeding in the short-term.

CURRENT AND FUTURE COMPLETIONS – REGIONS OF METROPOLITAN MELBOURNE



Source: Charter Keck Cramer

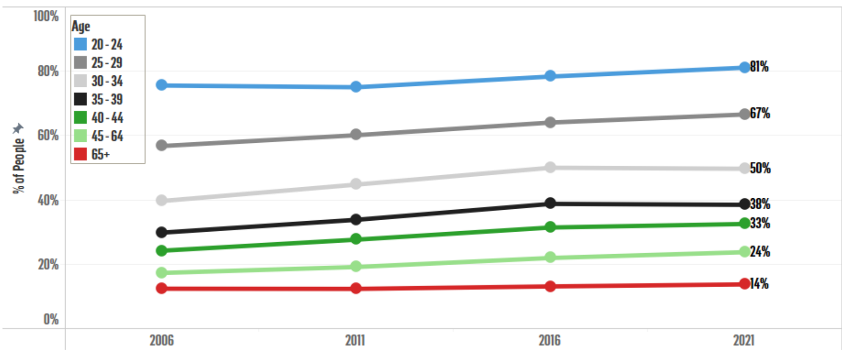
TENURE CHANGE

There is a structural change in living preferences occurring in Melbourne where greater proportions of residents are renting and also renting for longer before they transition into home ownership.

Melbourne, like Sydney, suffers from housing affordability issues. As a result, there are high proportions of younger residents currently in the rental market and this trend is anticipated to continue over the next decade.

The two key target markets for BTR over the next decade are likely to be the Millennials and the Generation Z who, given they are already in the rental market, are anticipated to be the early adopters of the BTR product offering.

RENTERS BY AGE GROUP - MELBOURNE



Source: ABS 2021, Charter Keck Cramer.

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Sources: Charter Keck Cramer, Australian Bureau of Statistics, SQM Research, Domain, Centre for Population.


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1 Market Commentary

1.1 National Overview

National Overview

- Australian Gross Domestic Product (GDP) rose 0.2% in seasonally adjusted chain volume terms in the March quarter 2023 and was up 2.3% through the year. March was the sixth consecutive quarter of growth following a pandemic induced contraction in the September quarter 2021, although growth has slowed in each of the past three quarters. Private and public gross fixed capital formation were the main drivers of GDP growth in the quarter. Household spending growth continued to slow, rising just 0.2% q-o-q, contributing just 0.1% to GDP. Spending on essential goods and services were the main contributors to the rise in household spending, while discretionary categories such as furnishing and household equipment, purchase of vehicles and other goods and services all detracted from growth, likely reflecting the impacts of cost-of-living pressures and rising interest rates. The household saving to income ratio fell to 3.7%, its lowest level since June quarter 2008
- In their June 2023 interest rate decision, the Reserve Bank of Australia increased the cash rate target by a further 25 basis points to 4.10%, its 12th monthly increase since May 2022. In their meeting statement, the RBA highlights that inflation in Australia has passed its peak, but at 7% is still too high and it will be some time yet before it is back in the target range. This further rate increase is to provide greater confidence that inflation will return to target within a reasonable timeframe.
- Recent data indicate that the upside risks to the inflation outlook have increased and the Board has responded to this. While goods price inflation is slowing, services price inflation is still very high and is proving to be very persistent overseas. Unit labour costs are also rising briskly, with productivity growth remaining subdued.
- Growth in the Australian economy has slowed and conditions in the labour market have eased, although they remain very tight. The unemployment rate increased slightly to 3.7%cent in April and employment growth has moderated. Firms report that labour shortages have eased, although job vacancies and advertisements are still at very high levels.
- Wages growth has picked up in response to the tight labour market and high inflation. Growth in public sector wages is expected to pick up further and the annual increase in award wages was higher than it was last year. At the aggregate level, wages growth is still consistent with the inflation target, provided that productivity growth picks up.
- The Board is still seeking to keep the economy on an even keel as inflation returns to the 2% to 35 target range, but the path to achieving a soft landing remains a narrow one. A significant source of uncertainty continues to be the outlook for household consumption. The combination of higher interest rates and cost-of-living pressures is leading to a substantial slowing in household spending. Housing prices are rising again and some households have substantial savings buffers, although others are experiencing a painful squeeze on their finances. There are also uncertainties regarding the global economy, which is expected to grow at a below-average rate over the next couple of years.
- Australia's residential markets are in a challenging and uncertain period which will likely persist for much of 2023. The 12 interest rate rises, which has seen the OCR climb from a record low 0.10% to 4.10% has effectively ended the value growth cycle. These rises have flowed through to mortgage markets, eroding borrowing capacity. Meanwhile, low vacancy and a struggling new supply pipeline will continue to squeeze renters.
- The impact of higher interest rates and tighter lending standards (including higher debt-to-income ratios and the higher serviceability buffer bands used to assess loans) is evident in monthly lending figures compiled by the Australian Bureau of Statistics. Owner-occupier lending nationally has pulled back in recent months and was at $15.6bn in December (after averaging $22.0bn monthly in 2021). The monthly investor lending figure in November had fallen to $7.9bn, its lowest level in 18-months after topping $11.0bn during the early months of 2022. In fact, lending volume in December was around 25% lower than May, prior to the beginning of the interest rate cycle. Figure in 2023 remain subdued.
- According to the REIA, the Australian weighted average median house price was at $945,500 in the December quarter, down 8.0% over the year with the past three quarters negative. This was the largest annual decrease over the past 20 years. Performance was mixed over the quarter. The median house price increased in Adelaide (1.5%), Perth (2.7%), Canberra (0.5%) and Hobart (4.1%) but declined in Sydney (-2.1%), Melbourne (-1.6%), Brisbane (-0.7%) and Darwin (-1.8%). For units, the weighted average median price sat at $623,400, in December, a decrease of 1.1% over the previous quarter and 5.4% over the year.

The median price for other dwellings increased in Brisbane, Adelaide and Hobart, but decreased in Sydney, Melbourne, Perth, Canberra and Darwin over the quarter.

- Low stock levels and the return of overseas migration appear to have seen values hold relatively well through the first quarter of 2023, although the outlook for the next couple of quarters remains uncertain.
- A rental crisis is evident. The national residential vacancy is now sitting at a 16-year low of circa 1.0%. Smaller markets are already deep into undersupply. In Sydney and Melbourne, where vacancy did spike as supply cycles completed and COVID-19 negated the key overseas migration and student segments, vacancy has returned to pre-COVID levels and will tighten further as these sources of demand recover. Rents have surged nationally, although they may be approaching affordability limits in some markets.
- New apartment supply cycles are lagging. Stock under construction at the end of 2021 remained around 20% below the peak evident from 2016 to 2018. What pick-up there has been has largely been at the owner-occupier end of the market. Elevated costs and supply chain impediments are delaying large-scale investor focused projects, even though there has been a solid turnaround in investor lending. This means that it will be well into FY25 at the earliest before markets start to see substantial levels of additional rental stock becoming available. By then, projections are that net overseas migration will have returned to its historic average.

Melbourne Overview

- Melbourne's price cycle over the past two years has largely followed the national trend, with median prices reaching record highs by the end of 2021. Value growth was strong for most of 2021, but like Sydney, peaked in the first half of the year before gradually slowing. Correction started to emerge in the first quarter of 2022 continued though the year.
- Low stock levels and the return of overseas migration appear to have seen values hold well relatively comparatively in the first quarter of 2023, with a slight positive trend evident in April and May. The outlook for the next couple of quarters remains clouded, however, given rising interest rates and economic uncertainty.
- At the March quarter 2023, REIA data was showing:
  - a median house price of $955,500, down 1.0% q-o-q and 14.4% lower y-o-y; and
  - a median unit price of $611,000, down 1.8% in the quarter and 10.3% lower y-o-y.
- One of the keys for Melbourne moving forward will be whether the interstate migration shift towards affordability and lifestyle advantaged markets, such as Queensland, continues. From 2012 to 2019, Victoria led the nation's population growth, driven by both net interstate and net overseas migration. While national border closures meant the loss of overseas migration occurred across the country, the reversion to negative net interstate migration which has proven significant. Victoria has now recorded negative net interstate migration for eleven consecutive quarters (to December 2022), albeit slowing in 2022.
- The return of overseas migration, particularly students, will be key for Melbourne's apartment markets, with vacancy rates in key inner-city precincts and asking rents already returning to, or even exceeding, pre-pandemic levels. Net overseas migration over the course of 2022 recovered to a record 120,500.
- Melbourne's apartment supply cycle was elongated. While stock under construction was at record levels in 2018 and 2019 (above 50,000 statewide annualised), population growth had kept the vacancy rate largely in check as projects completed. The pipeline is easing, however, and at the end of 2022, stock under construction statewide had dipped to circa 40,000. The pipeline will remain lower for some time yet, with developer focus at present on smaller scale, higher quality boutique additions with larger investor focussed projects still difficult to progress to commencement given high construction costs and supply chain issues.
- The combination of elongated supply cycle and the halt to overseas migration saw a dramatic rise in Melbourne's residential vacancy rate. Metropolitan vacancy peaked at over 6% in mid-2021 but has eased since and is now sub-3.0%.
- Elevated vacancy had impacted rental performance, largely for units. The median unit rent dropped by more than 15% over the course of 2020 and 2021. By contrast, median house rent held well and edged slightly higher during 2021. A period of rental uplift is now evident, however, with REIA data showing:
  - the median house rent house rising by 9.3% y-o-y to $470/week in March; while
  - the median unit rent was at $520/week, 23.8% higher over the year.

Interest Rates

- In their June 2023 interest rate decision, with the cash rate increased by 25bps to 4.10%, the Reserve Bank of Australia highlights the Board's priority remains to return inflation to target within a reasonable timeframe.
- The cash rate has now reverted to levels last seen in 2012.

- The Board highlights that high inflation makes life difficult for people and damages the functioning of the economy. It erodes the value of savings, hurts family budgets, makes it harder for businesses to plan and invest, and worsens income inequality. And if high inflation were to become entrenched in people's expectations, it would be very costly to reduce later, involving even higher interest rates and a larger rise in unemployment.
- The Board remains alert to the risk that expectations of ongoing high inflation contribute to larger increases in both prices and wages, especially given the limited spare capacity in the economy and the still very low rate of unemployment. Accordingly, it will continue to pay close attention to both the evolution of labour costs and the price-setting behaviour of firms.
- As a result, the Board suggests some further tightening of monetary policy may be required to ensure that inflation returns to target in a reasonable timeframe, but that will depend upon how the economy and inflation evolve.

1.2 Demand Drivers

Population Growth & Forecasts – Greater Melbourne

- With a population of 6.614 million at June 2022, Victoria has the second-largest state population in the nation. The state's population increased by 65,700 (or by 1.0%) over the course of the year with the reopening of international borders supporting the return of overseas migration. Net overseas migration for the year totalled 55,600, with the March and June quarters strong. Net interstate migration remained the major drag, still negative at -17,300 annualised.
- The population of Victoria is forecast to grow by 1.5% per annum from 2023 to 2027, reaching 7.128 million, according to Deloitte Access Economics (Q4 2022). This is only slightly lower than previous forecasts of circa 1.7% per annum, with the recovery in overseas migration coming quicker than previously anticipated.
- The Greater Melbourne Capital City Statistical Area recorded a total population of 4.976 million at June 2021, a decrease of 78,700 persons (1.6%) from 2020. Total population represents over three-quarters of the entire population of Victoria and is the second-largest capital city population in Australia. The pace of growth has dropped back from an extended period of annual increases in excess of 2%. This is largely a result of COVID-19, although the growth trend was already easing.

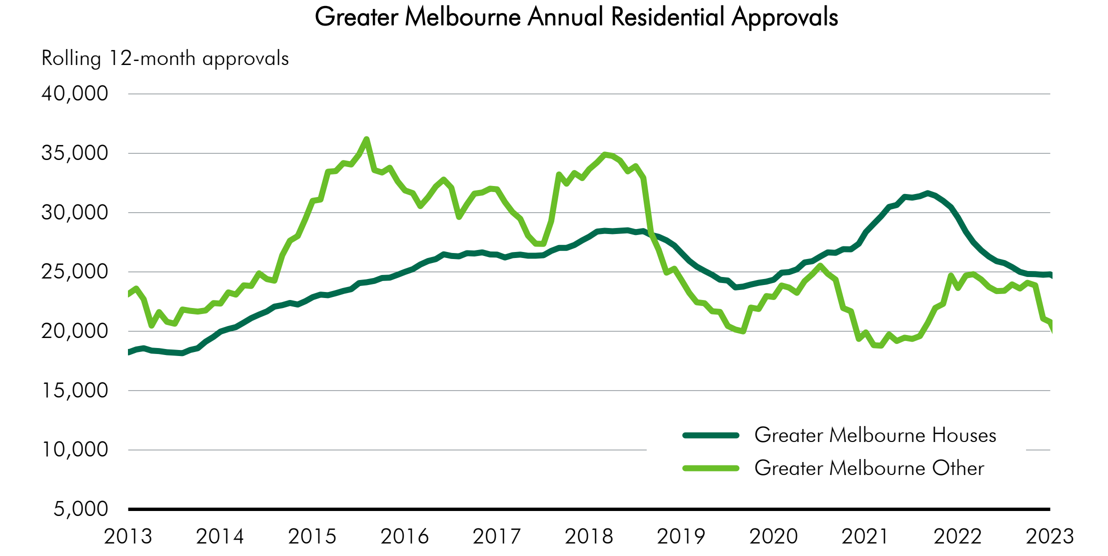
Population Growth – Bayside (C) LGA and Highett

- Highett is located within the Bayside (C) LGA. At June 2022, the Bayside (C) LGA supported an estimated resident population of 102,101 having changed by an average of -0.3% per annum over the previous five years and by -0.2% in the year to June 2022.
- Highett-Cheltenham population sat at 37,045, recording a five-year change of 0.9% per annum with change of 0.4% in the past year.

1.3 Victorian Residential Market

Residential Approvals – Melbourne

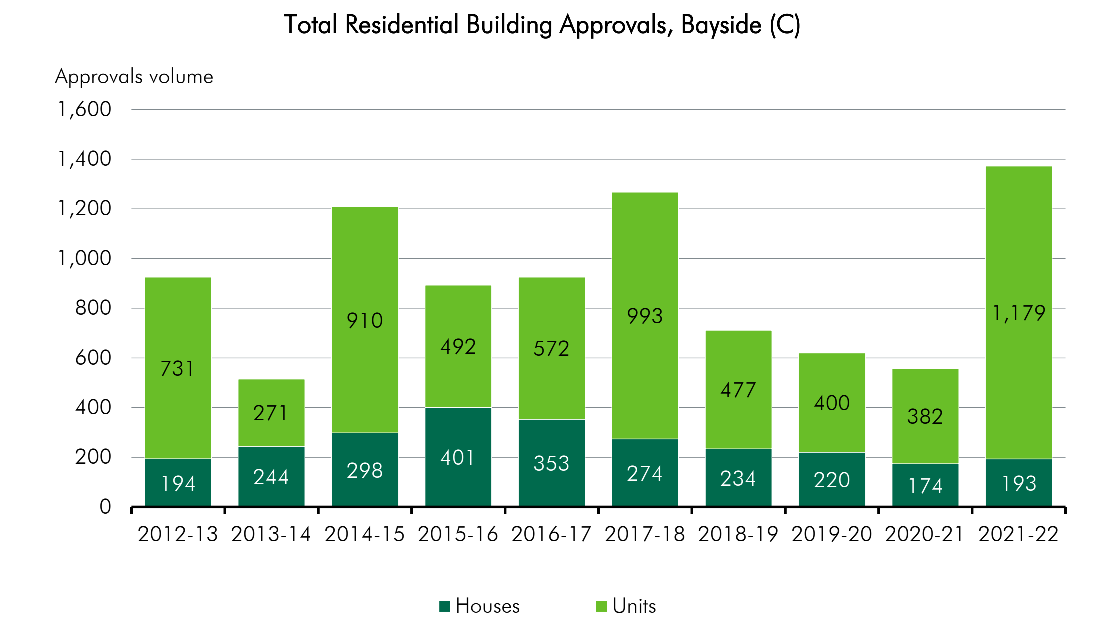
- Greater Melbourne medium/high density approvals dipped noticeably over the course of 2021, reaching a low of around 18,800 annualised over the year to May. This was almost 50% below the late 2015 market peak. Annualised volumes since have been lumpy, although solid recovery was evident into 2022 before pulling since mid-year. Given elevated construction costs, supply chains constraints and interest rate pressures, however, the higher approvals volume in 2022 appears unlikely to translate into significantly higher commencements in the short term.
- House approvals climbed to record levels over 2020 and 2021, pushed to their peak by government stimuli, particularly the HomeBuilder package and first-home buyer assistance. A noted easing is now evident as the stimulus packages end and affordability and rising interest rates impact.



Source: Australian Bureau of Statistics

Residential Approvals – Bayside (C) LGA and Highett

- Australian Bureau of Statistics data for the Bayside (C) LGA identifies 9,150 dwelling approvals over the ten years ending June 2022. Detached dwellings accounted for 28% of the total approvals volume with medium/high density units accounting for 70% of the volume. Year by year trends are summarised in the chart below.
- Highett-Cheltenham approvals volume, summarised in the table below, totalled 3,885 over the same period, with 24% comprising detached dwellings and 76% medium/high density dwellings.
- Note that the totals in the chart and table may not add due to non-classification of some approvals.



Total Dwelling Approvals

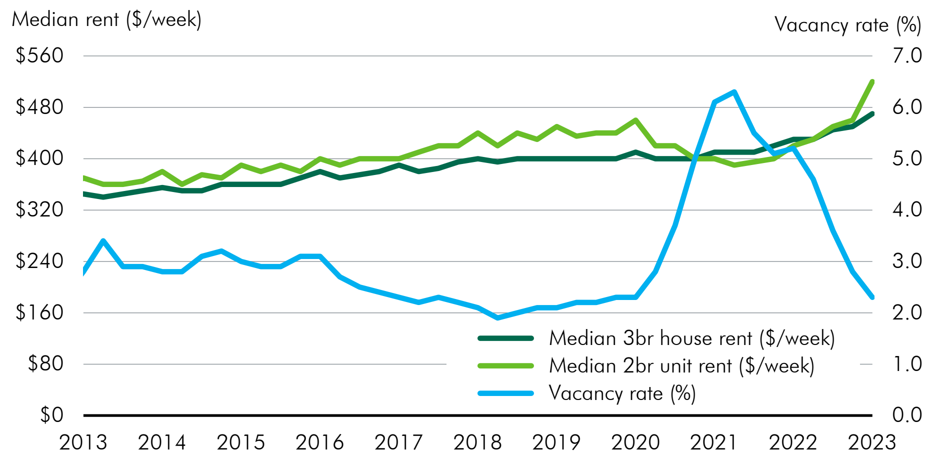
Highett-Cheltenham	Detached	Other	Total
2012-13	51	301	353
2013-14	61	97	162
2014-15	114	156	273
2015-16	189	573	775
2016-17	152	201	353

2017-18	96	591	688
2018-19	86	211	297
2019-20	63	183	246
2020-21	32	364	397
2021-22	72	268	341
TOTAL	916	2,945	3,885

Residential Vacancy Rates – Melbourne

Melbourne's metropolitan vacancy rate rose dramatically as a result of COVID-19, reaching 6.3% in the June quarter 2021, its highest ever level and 3.5ppts higher than a year earlier. This rise was generated by a combination of COVID-19 travel restrictions halting demand for student accommodation and short-term letting as well as continuing stock additions and a declining rate of population growth. REIA data was showing an improving rate of 2.3% in the March quarter 2023 with the market now in undersupply.

Melbourne Metropolitan Residential Rents and Vacancy Rate

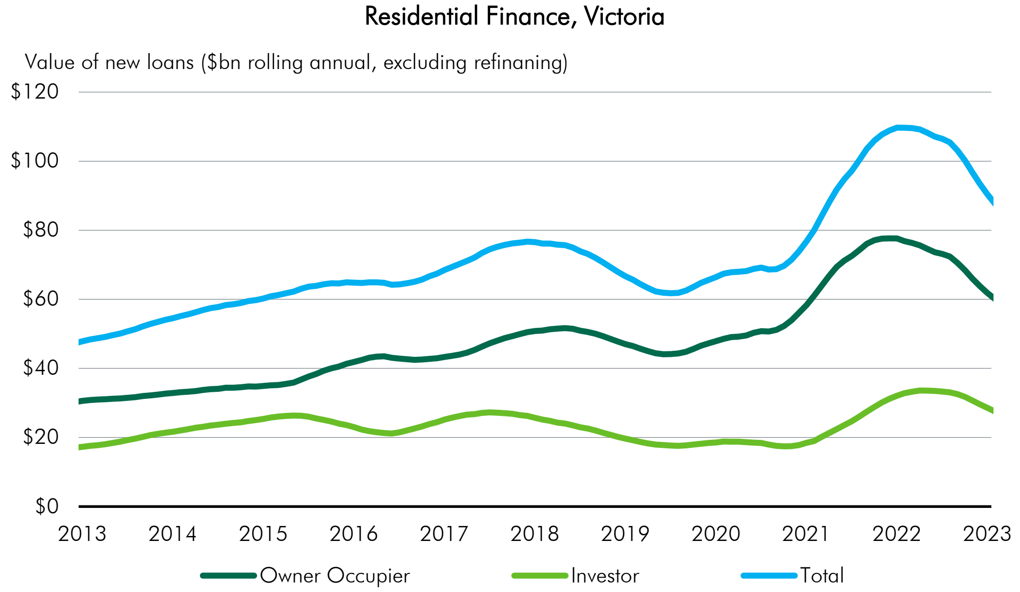


Source: REIA

- For postcode area 3190, which includes Highett, SQM Research recorded a residential vacancy rate of 0.9% in May 2023 representing 13 available dwellings. Vacancy peaked at 4.0% at the end of 2021 before easing and has settled around the 1.0% to 1.5% band in recent months.

Housing Investment – Victoria

- The run of twelve rises in interest rates since May 2022 is now having an impact on lending figures. Total lending in Victoria in March 2023 sat at $6.4bn ($4.4bn owner-occupier and $2.0bn investor) – down from a peak of $9.7bn in at the end of 2021. Monthly totals over the first part of 2023 have been the lowest since the end of 2020. Both owner-occupier and investor lending has slowed significantly on a monthly basis. The strong lending recorded during 2021 and early 2020, however, means that rolling annual figures are only just starting to taper from their record highs, although the downward trend is accelerating.
- Victoria was the leading state in terms of the HomeBuilder package, accounting for around 29% of almost 113,000 new build applications, and this had been reflected in both lending and house approvals volumes, particularly amongst first home buyers. Activity in those markets, however, is rapidly cooling.



Source: Australian Bureau of Statistics

Price and Rental Trends – Melbourne

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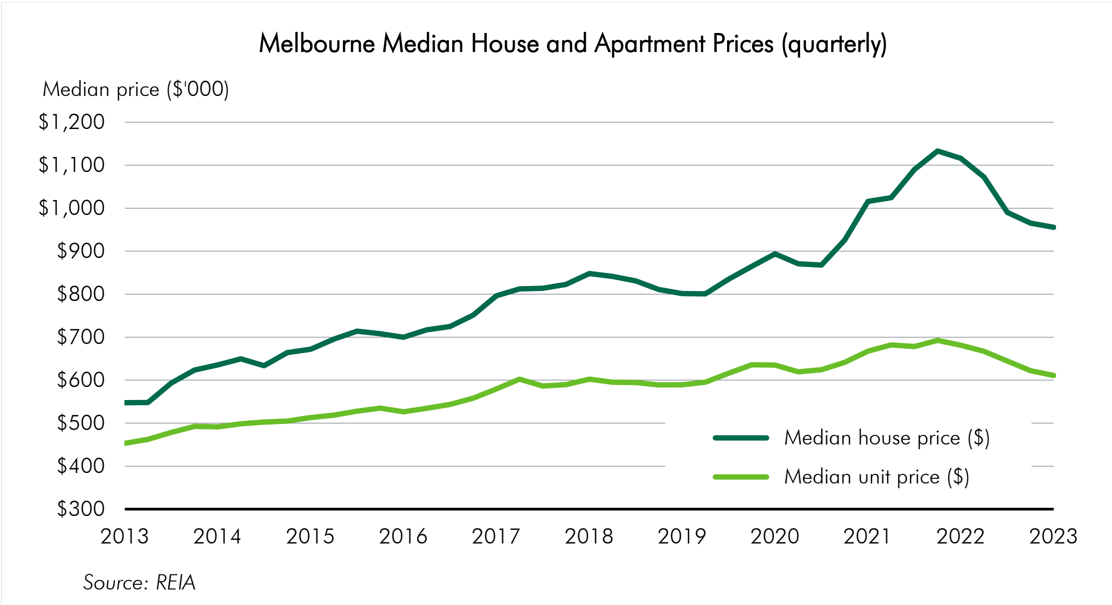
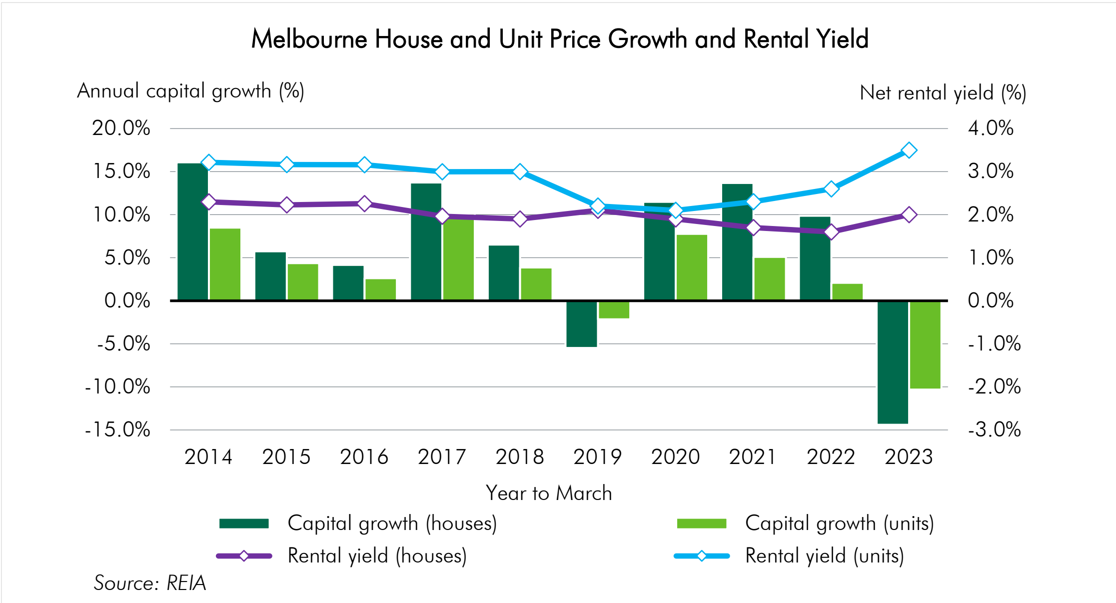
  - the median house rent house rising by 9.3% y-o-y to $470/week in March; while
  - the median unit rent was at $520/week, 23.8% higher over the year.
- As a result, yields have diverged with the estimated house net yield at 2.0% while the estimated net yield for units was at 3.5%. Both have risen over the past year as prices drop but rental rates rise.





1.4 Local Residential Market

Highett (postcode 3190)

- According to CoreLogic, the residential market in Highett (postcode 3190) experienced median price change of -12.2% for houses over the year to March 2023. The 12-month median house price was $1,400,000 with the median house asking rent $693 per week. The change in annual house sales volume was -13.8% while the sales turnover rate was 3.6% (3.9% in Greater Melbourne).
- Apartments recorded a median price of $670,000 with the annual change -12.7%. The median apartment asking rent was $483 per week. Compared with 12-months earlier, the change in annual apartment sales volume was -44.3% with the turnover rate at 3.8% (3.9% in Greater Melbourne).
- More detailed data from the Victorian State Government showed that, at the March quarter 2023, median rents for the Cheltenham precinct sat at:
  - $340 per week for 1-bedroom units (with the annual change -$5 and the quarterly change -$10);
  - $430 per week for 2-bedroom units (with the annual change $30 and the quarterly change $5); and
  - $595 per week for 3-bedroom units (with the annual change $45 and the quarterly change $12).
- and:
  - $510 per week for 2-bedroom houses (with the annual change $20 and the quarterly change $15);
  - $595 per week for 3-bedroom houses (with the annual change $27 and the quarterly change $12); and

- $780 per week for 4-bedroom houses (with the annual change $82 and the quarterly change $30).

- Key indicators are displayed in the table below/overleaf.

	MEDIAN PRICE	CAPITAL GROWTH			MEDIAN AVM VALUES			RENTAL MARKET			SALES VOLUME	
	Current 12-month period	Last Qtr (% change)	Last Year (% change)	Last 5 Yrs (% change pa)	Current	Last Year (% change)	Current Asking Rent	Last Year (% change)	Gross Yield (%)	Last Year	Last Year (% change)	Turnover Rate (%)
Highett (postcode 3190)												
Houses	$1,400,000	-2.8%	-12.2%	0.8%	$1,356,761	-20.3%	$693	15.4%	2.6%	94	-13.8%	3.6%
Apartments	$670,000	1.5%	-12.7%	2.5%	$644,368	-12.9%	$483	10.9%	3.7%	108	-44.3%	3.8%
Bayside (C) LGA												
Houses	$2,295,000	-0.2%	-5.7%	4.0%	$2,175,755	-14.9%	$900	5.9%	2.0%	939	-24.9%	3.6%
Apartments	$1,016,000	0.0%	1.6%	3.5%	$941,942	-8.0%	$570	7.5%	2.9%	687	-19.3%	4.1%
Greater Melbourne												
Houses	$900,000	-0.6%	-0.8%	4.6%	$969,667	-10.8%	$480	9.1%	2.8%	49,893	-23.8%	3.9%
Apartments	$612,500	-2.0%	-4.3%	2.5%	$608,906	-6.9%	$450	13.9%	3.8%	26,131	-20.7%	3.9%

Source: CoreLogic Market Trends, Corporate Edition – March 2023. Note: AVM refers to Automated Valuation Model.

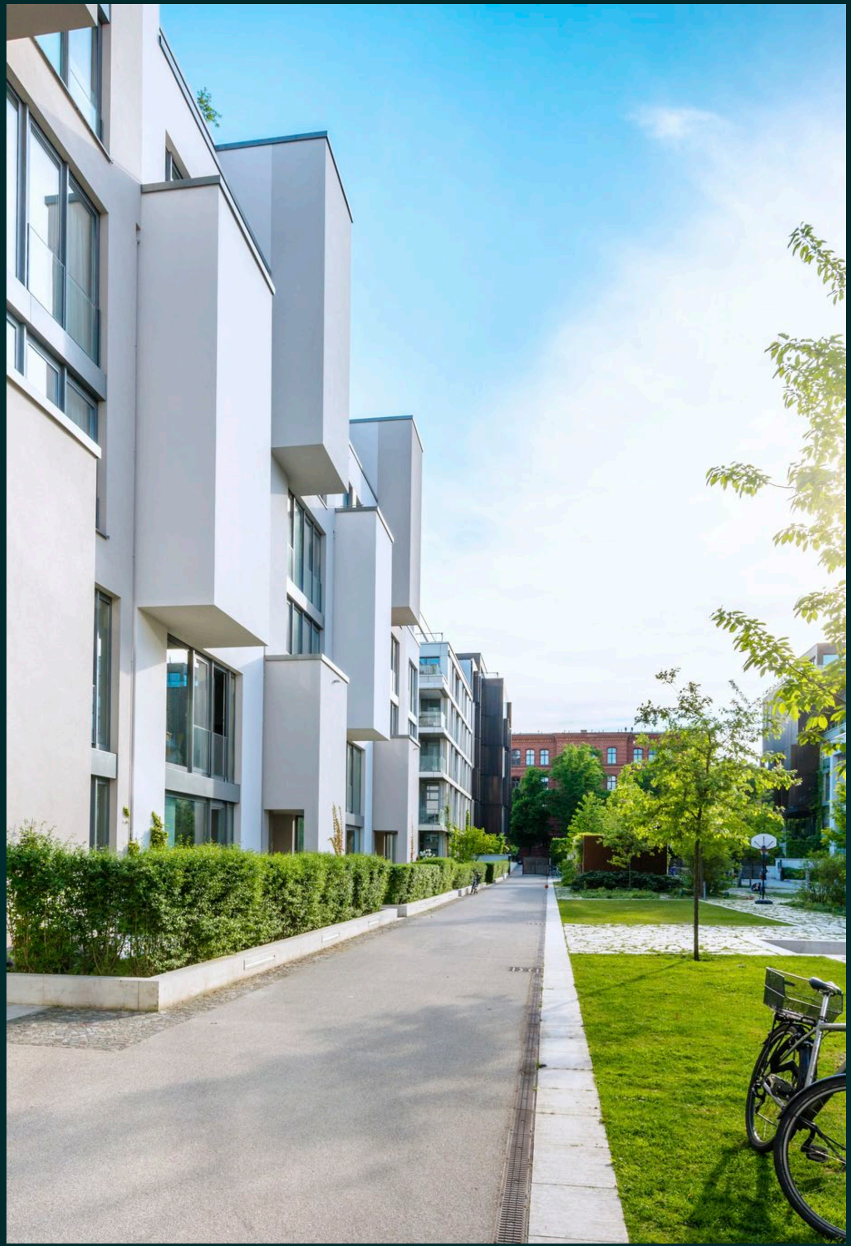
Local Market Indicators (suburbs 10 sales plus) Bayside (C) LGA Area (to March 2023)

	MEDIAN PRICE	CAPITAL GROWTH			MEDIAN AVM VALUES		RENTAL MARKET			SALES VOLUME		
	Current 12-month period	Last Qtr (% change)	Last Year (% change)	Last 5 Yrs (% change pa)	Current	Last Year (% change)	Current Asking Rent	Last Year (% change)	Gross Yield (%)	Last Year	Last Year (% change)	Turnover Rate (%)
Houses												
Greater Melbourne	$900,000	-0.6%	-0.8%	4.6%	$969,667	-10.8%	$480	9.1%	2.8%	49,893	-23.8%	3.9%
Bayside (C) LGA	$2,295,000	-0.2%	-5.7%	4.0%	$2,175,755	-14.9%	$900	5.9%	2.0%	939	-24.9%	3.6%
Brighton	$3,390,000	-1.7%	-3.1%	3.9%	$3,307,204	-14.7%	$1,200	9.1%	1.8%	215	-30.2%	3.6%
Black Rock	$2,412,500	-5.9%	-10.6%	3.5%	$2,368,402	-10.8%	$1,023	7.6%	2.2%	61	-3.2%	3.8%
Hampton	$2,380,000	0.8%	-6.3%	3.0%	$2,322,299	-14.1%	$940	-1.1%	2.1%	108	-40.0%	3.2%
Brighton East	$2,350,000	0.0%	-2.3%	3.8%	$2,165,220	-11.8%	$900	5.9%	2.0%	169	-18.4%	3.6%
Sandringham	$2,200,000	-4.3%	-12.0%	3.2%	$2,156,103	-15.4%	$850	-5.6%	2.0%	84	-18.4%	3.4%
Beaumaris	$2,045,000	-2.6%	-5.6%	4.1%	$2,030,442	-14.5%	$938	10.3%	2.4%	154	-25.6%	3.9%
Hampton East	$1,525,000	-3.9%	-0.7%	2.6%	$1,582,537	-12.7%	$680	4.6%	2.3%	51	-17.7%	4.2%
Highett	$1,400,000	-2.8%	-12.2%	0.8%	$1,356,761	-20.3%	$693	15.4%	2.6%	94	-13.8%	3.6%
Units												
Greater Melbourne	$612,500	-2.0%	-4.3%	2.5%	$608,906	-6.9%	$450	13.9%	3.8%	26,131	-20.7%	3.9%
Bayside (C) LGA	$1,016,000	0.0%	1.6%	3.5%	$941,942	-8.0%	$570	7.5%	2.9%	687	-19.3%	4.1%
Black Rock	$1,397,000	7.5%	6.2%	9.7%	$1,132,992	-2.5%	$575	3.6%	2.1%	45	-27.4%	3.8%
Beaumaris	$1,350,000	-0.7%	8.0%	7.9%	$1,163,446	-15.9%	$573	-7.7%	2.2%	69	23.2%	5.1%
Brighton East	$1,220,000	-2.2%	9.4%	4.4%	$1,072,153	-14.3%	$680	4.6%	2.9%	56	-34.9%	3.1%
Brighton	$1,150,000	0.0%	-6.5%	1.0%	$1,065,190	-9.1%	$650	10.2%	2.9%	182	-18.0%	3.8%
Hampton	$938,000	0.0%	1.8%	2.6%	$907,285	-2.8%	$560	5.7%	3.1%	87	-21.6%	3.9%
Hampton East	$800,000	0.3%	-1.2%	5.4%	$741,771	-6.7%	$480	3.8%	3.1%	33	13.8%	3.7%
Sandringham	$702,500	-9.4%	-19.7%	-1.2%	$747,613	-12.4%	$490	3.2%	3.6%	138	-9.8%	5.8%
Highett	$670,000	1.5%	-12.7%	2.5%	$644,368	-12.9%	$483	10.9%	3.7%	108	-44.3%	3.8%

Melbourne Residential Market – Q2 2023

1

Current Market Performance



CURRENT MARKET PERFORMANCE

Melbourne Residential Market – Key Indicators

10.2%
SFD change to March 2023 (Vic, change since March 2020).
0.7% q-o-q growth in March.

5.031 mill.
Metro Melbourne total population (June 2022).

1.1%
population growth in past year (1.7% p.a. ten-year average).

55,000
person net increase in past year.

$27.5bn
investor borrowing, excluding refinancing (Vic, year to Apr. 2023).
-16.2% change y-o-y

$60.1bn
Owner-occupier borrowing, excluding refinancing (Vic, year to Apr. 2023).
-21.8% change y-o-y.

24,444
house approvals (year to Apr. 2023).
13.9% **lower** y-o-y.

19,365
'other' approvals (year Apr. 2023).
21.6% **lower** y-o-y.

1.2%
metropolitan vacancy rate (April 2023) (SQM Research)

$911,000
median house value (as at May 2023).

-8.6%
change y-o-y.
+1.7% change q-o-q.

$500/week
median house rent (Mar. qtr 2023).

+11.1%
change y-o-y.
+4.2% change q-o-q.

$596,400
median unit value (as at May 2023).

-4.7%
change y-o-y.
+1.4% change q-o-q.

$480/week
median unit rent (Mar. qtr 2023).

+23.1%
change y-o-y.
+6.7% change q-o-q.

47,456
house transfer volume (year to March 2023, preliminary)
-26.0%
change y-o-y.

39,695
unit transfer volume (year to March 2023, preliminary).
-21.7%
change y-o-y.

Source: REIA; ABS; CoreLogic

CURRENT MARKET PERFORMANCE

Melbourne residential market – key indicators

Houses

$911,000 Median house value (as at May 2023)	**-8.6%** change year-on-year
47,456 House transfers (year to March 2023, preliminary) -26.0% change year-on-year	**24,444** House approvals (year to April 2023) -13.9% change year-on-year
$500/week Median house rent (Mar. qtr 2023)	**+11.1%** change year-on-year

Units

$596,400 Median unit value (as at May 2023)	**-4.7%** change year-on-year
39,695 Unit transfers (year to March 2023, preliminary) -21.7% change year-on-year	**19,365** Unit approvals (year to April 2023) -21.6% change year-on-year
$480/week Median unit rent (Mar. qtr 2023)	**+23.1%** change year-on-year

Source: REIA; ABS; CoreLogic

Melbourne residential market – key indicators

Houses

$911,000
Median house value (as at May 2023)

-8.6%
change year-on-year

47,456
House transfers
(year to March 2023, preliminary)
-26.0% change year-on-year

24,444
House approvals
(year to April 2023)
-13.9% change year-on-year

$500/week
Median house rent (Mar. qtr 2023)

+11.1%
change year-on-year

Source: REIA; ABS; CoreLogic

CURRENT MARKET PERFORMANCE

Prices corrected in 2022, but have been more stable in 2023 thus far

Q1 2023 has seen the valued decline ease – largely off the back of lower stock levels and the return of interstate migration

Melbourne's price cycle over the past two years has largely followed the national trend, with median prices reaching record highs by the end of 2021. Value growth was strong for most of 2021, but like Sydney, peaked in the first half of the year before gradually slowing. Correction started to emerge in the first quarter of 2022 continued though the year.

Low stock levels and the return of overseas migration appear to have seen values hold well relatively comparatively in the first quarter of 2023, with a slight positive trend evident in April and May. The outlook for the next couple of quarters remains clouded, however, given rising interest rates and economic uncertainty.

At the March quarter 2023, REIA data was showing:

- **a median house price of $955,500, down 1.0% q-o-q and 14.4% lower y-o-y; and**
- **a median unit price of $611,000, down 1.8% in the quarter and 10.3% lower y-o-y.**

One of the keys for Melbourne moving forward will be whether the interstate migration shift towards affordability and lifestyle advantaged markets, such as Queensland, continues. From 2012 to 2019, Victoria led the nation's population growth, driven by both net interstate and net overseas migration. While national border closures meant the loss of overseas migration occurred across the country, the reversion to negative net interstate migration which has proven significant. Victoria has now recorded negative net interstate migration for eleven consecutive quarters (to December 2022), albeit slowing in 2022.

Vacancy tightening.

Rents are growing.

Oversupply pressures have evaporated – heading for a long period of undersupply

The return of overseas migration, particularly students, will be key for Melbourne's apartment markets, with vacancy rates in key inner-city precincts and asking rents already returning to, or even exceeding, pre-pandemic levels. Net overseas migration over the course of 2022 recovered to a record 120,500.

Melbourne's apartment supply cycle was elongated. While stock under construction was at record levels in 2018 and 2019 (above 50,000 statewide annualised), population growth had kept the vacancy rate largely in check as projects completed. The pipeline is easing, however, and at the end of 2022, stock under construction statewide had dipped to circa 40,000. The pipeline will remain lower for some time yet, with developer focus at present on smaller scale, higher quality boutique additions with larger investor focussed projects still difficult to progress to commencement given high construction costs and supply chain issues.

The combination of elongated supply cycle and the halt to overseas migration saw a dramatic rise in Melbourne's residential vacancy rate. Metropolitan vacancy peaked at over 6% in mid-2021 but has eased since and is now sub-3.0%. Elevated vacancy had impacted rental performance, largely for units. The median unit rent dropped by more than 15% over the course of 2020 and 2021. By contrast, median house rent held well and edged slightly higher during 2021. A period of rental uplift is now evident, however, with REIA data showing:

- **the median house rent house rising by 9.3% y-o-y to $470/week in March; while**
- **the median unit rent was at $520/week, 23.8% higher over the year.**

CURRENT MARKET PERFORMANCE

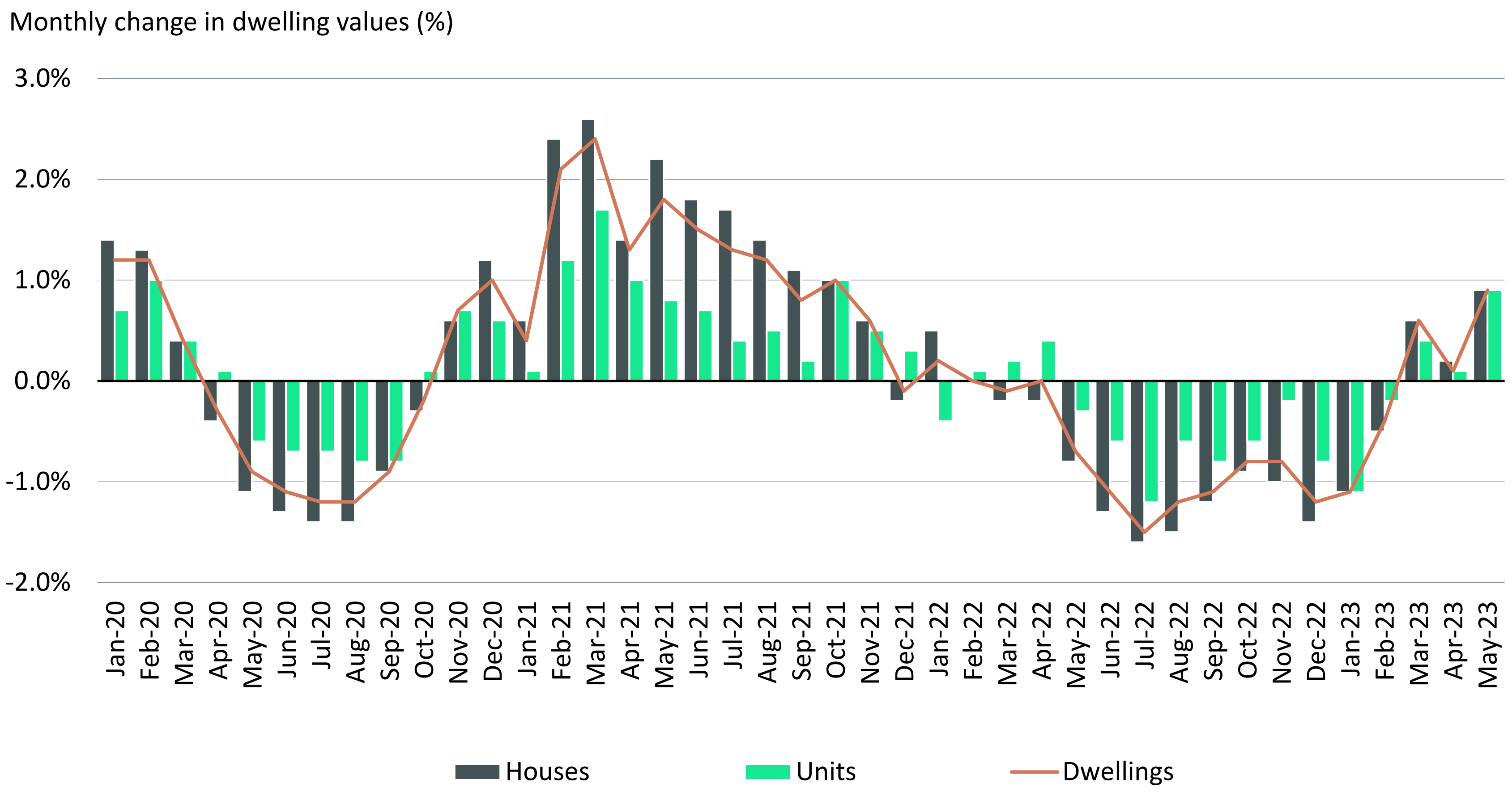
Melbourne house and unit dwelling value change (monthly)

Value growth was strong through the first half of 2021, but the pace of growth eased in the second half of the year.

A correction was evident during 2022.

Houses dipped from the start of 2022 and units followed from May.

March 2023 has seen the first positive month since, followed by April and May.



Source: Corelogic

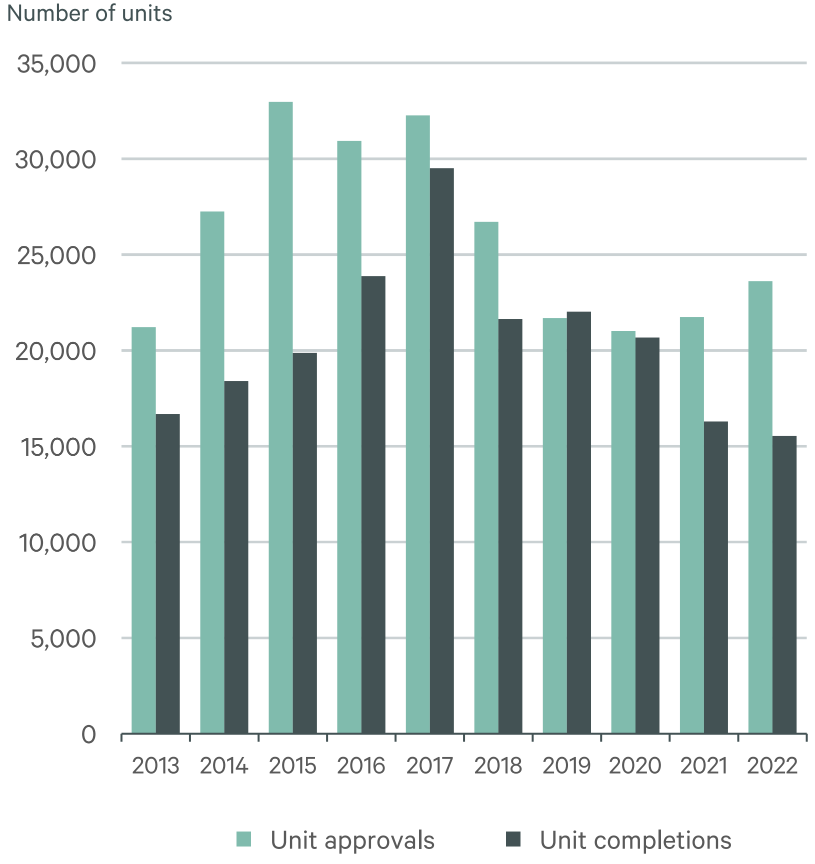
CURRENT MARKET PERFORMANCE

Completions have dropped are less than their 2017 peak, but are holding better compared with Sydney/Brisbane.

New stock sales have dropped noticeably, however.

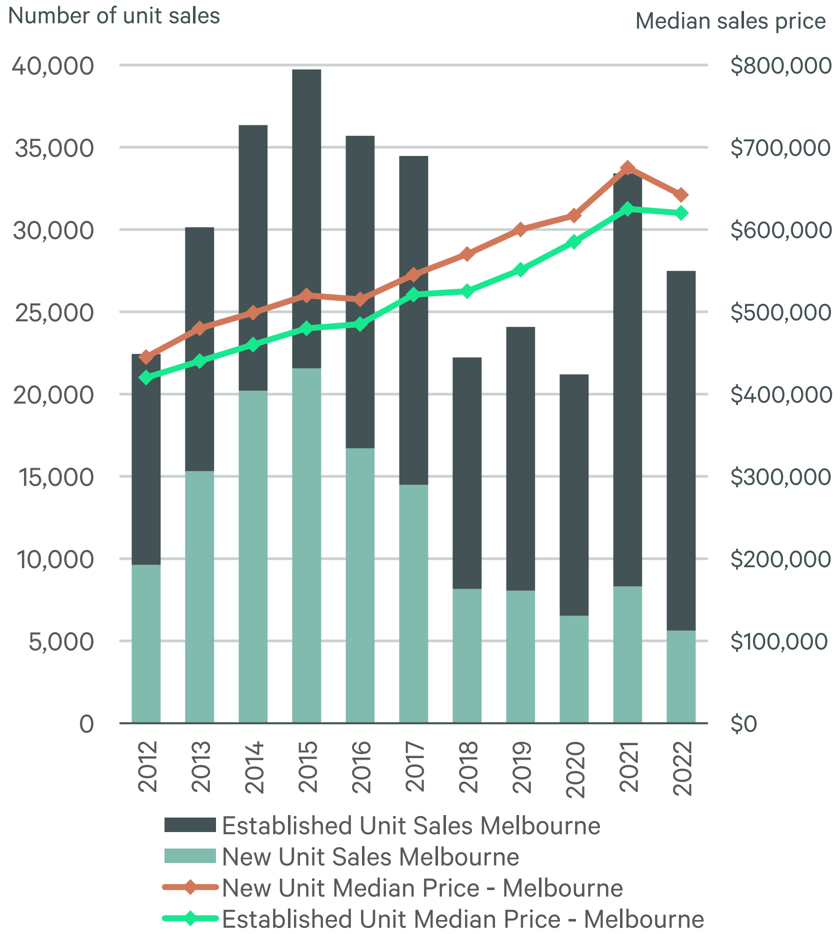
Price gap between new and existing stock has remained.

Melbourne Apartment Approvals and Completions



Source: UDIA

Melbourne Apartment Sales Volume and Pricing



CURRENT MARKET PERFORMANCE

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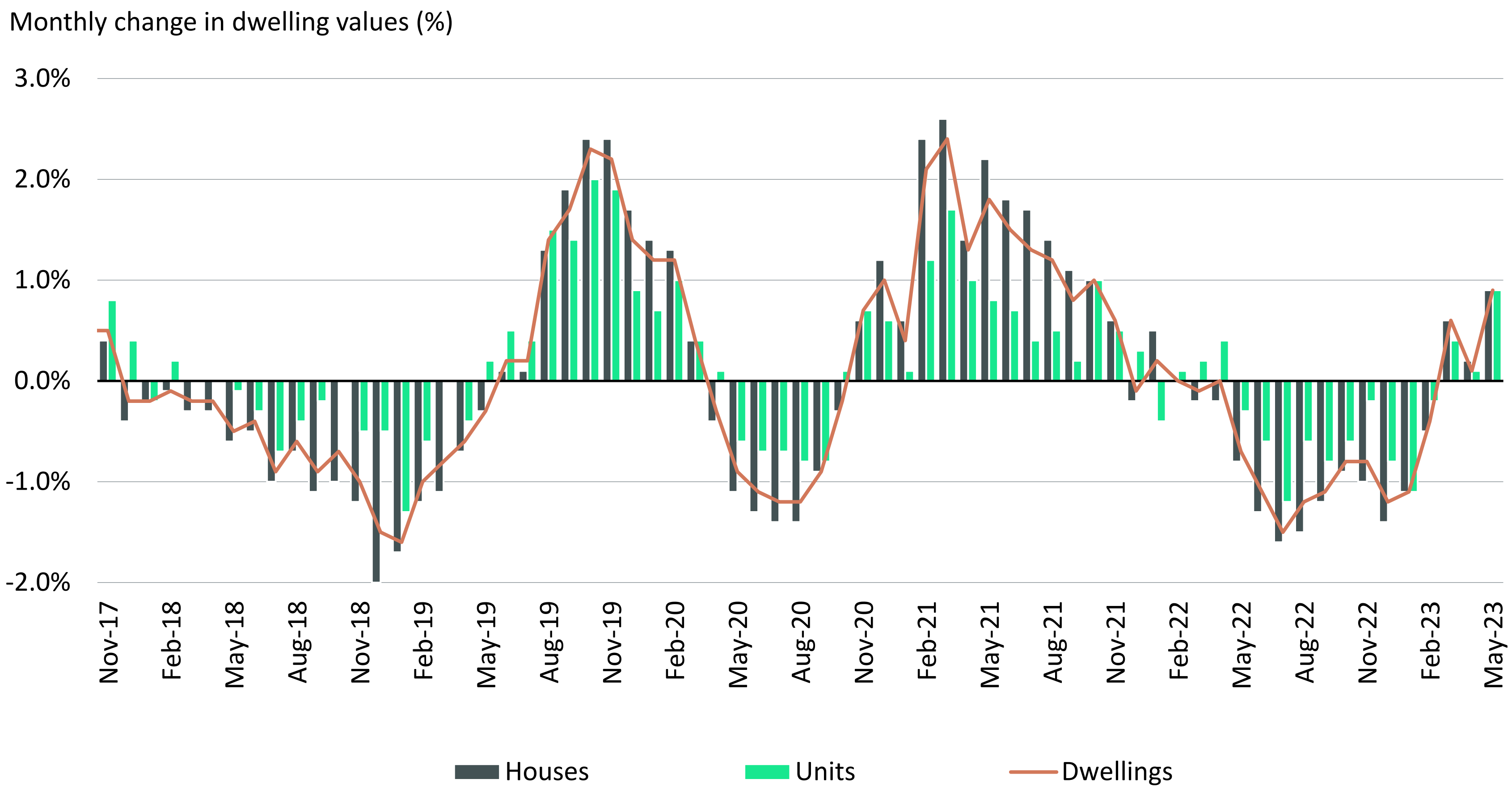


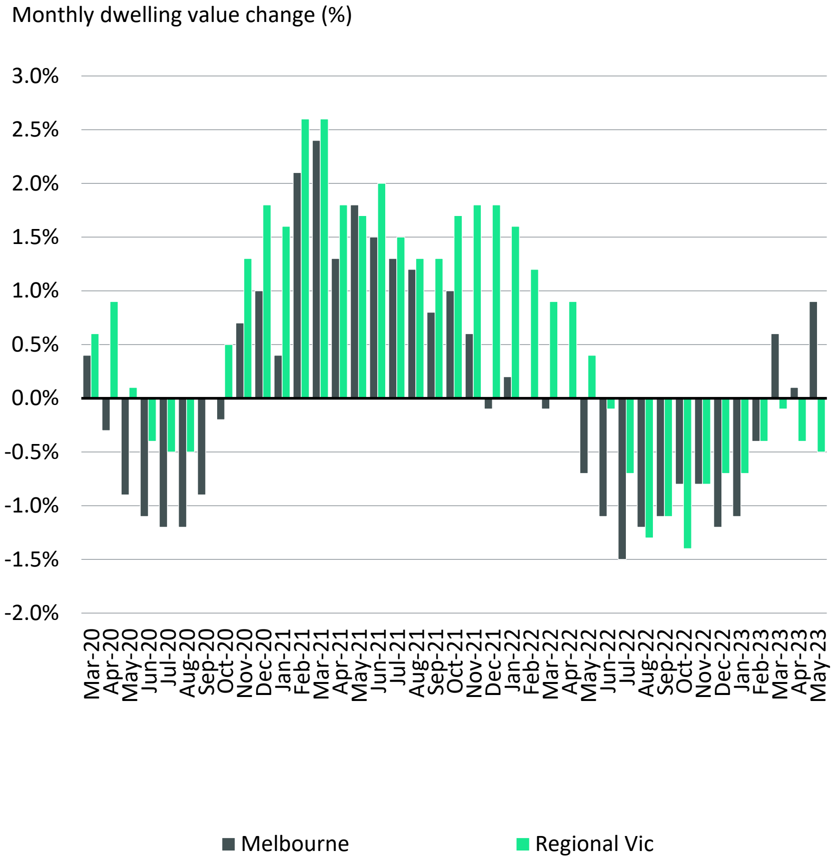
Source: Corelogic

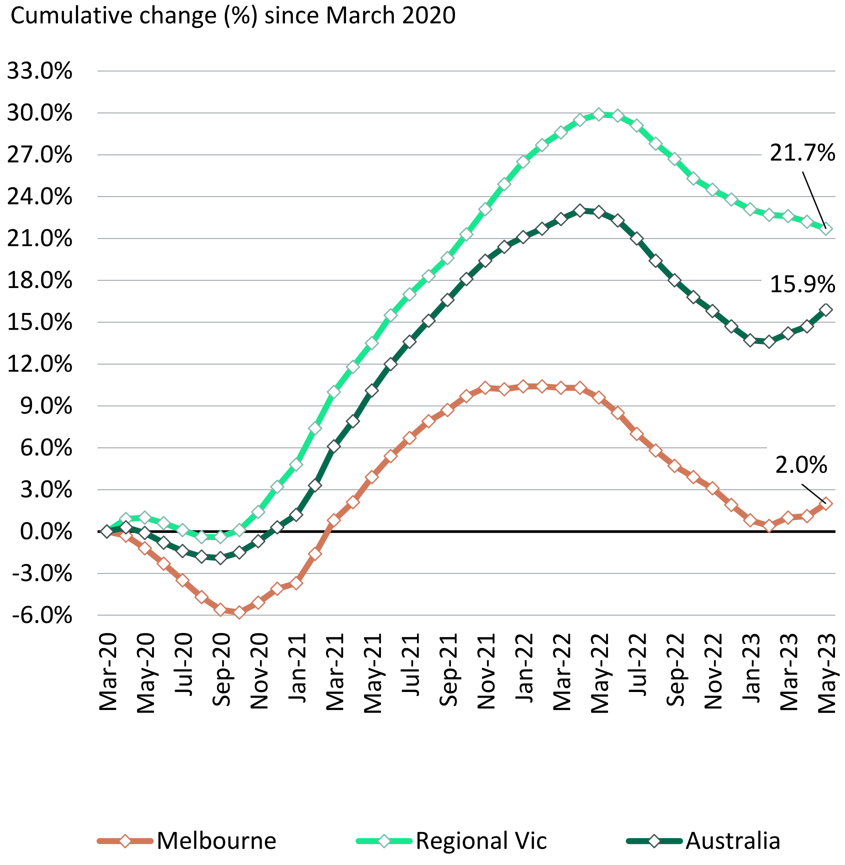
CURRENT MARKET PERFORMANCE

Melbourne and regional Victoria dwelling value change (since March 2020)

Regional markets remain ahead but have also turned negative.

Metro Melbourne has been positive since March – regional markets have dropped back

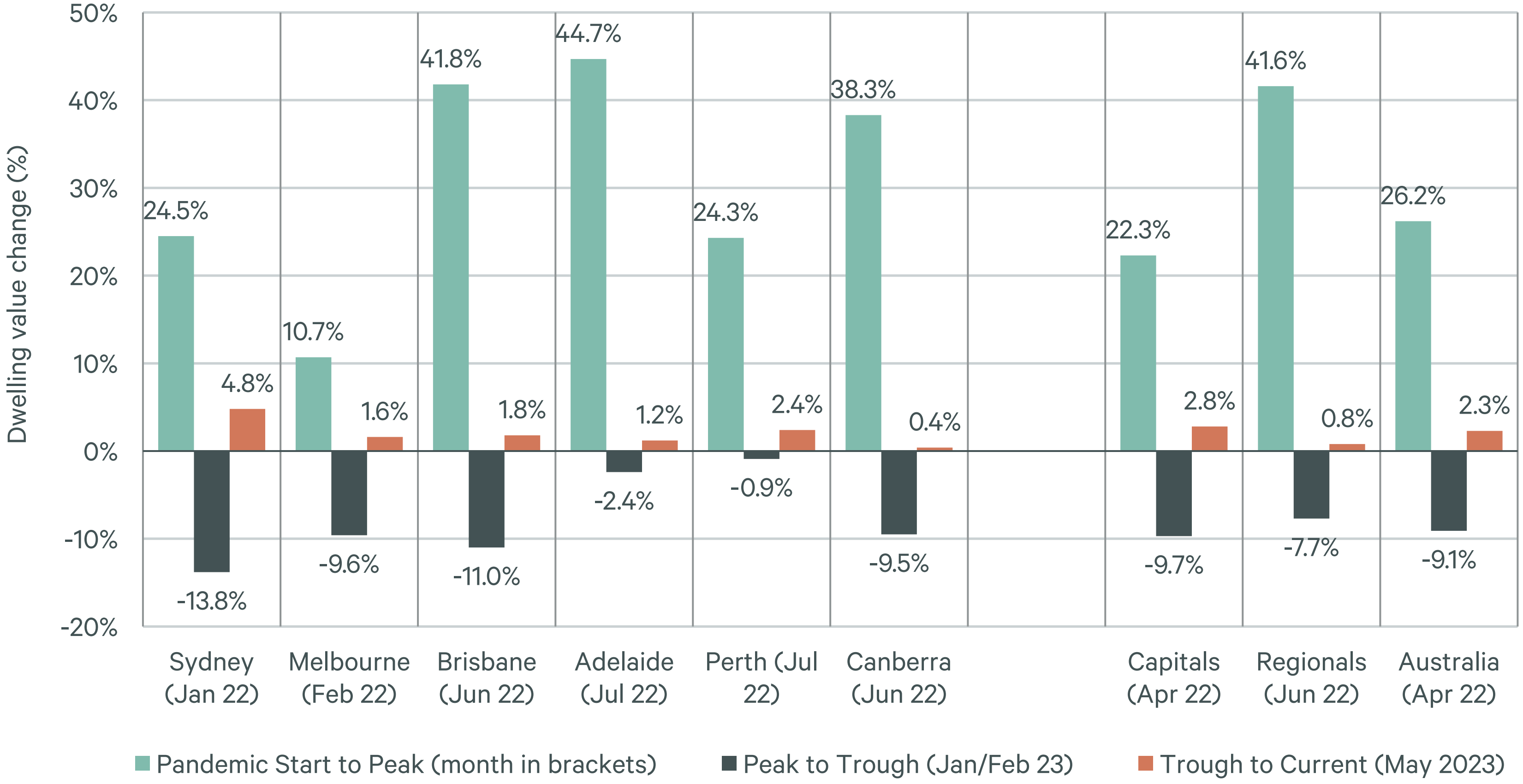




Source: Corelogic

Data since March indicates price declines have levelled, with small increases even evident – floor at present is likely to be supported by low stock levels and overseas migration.

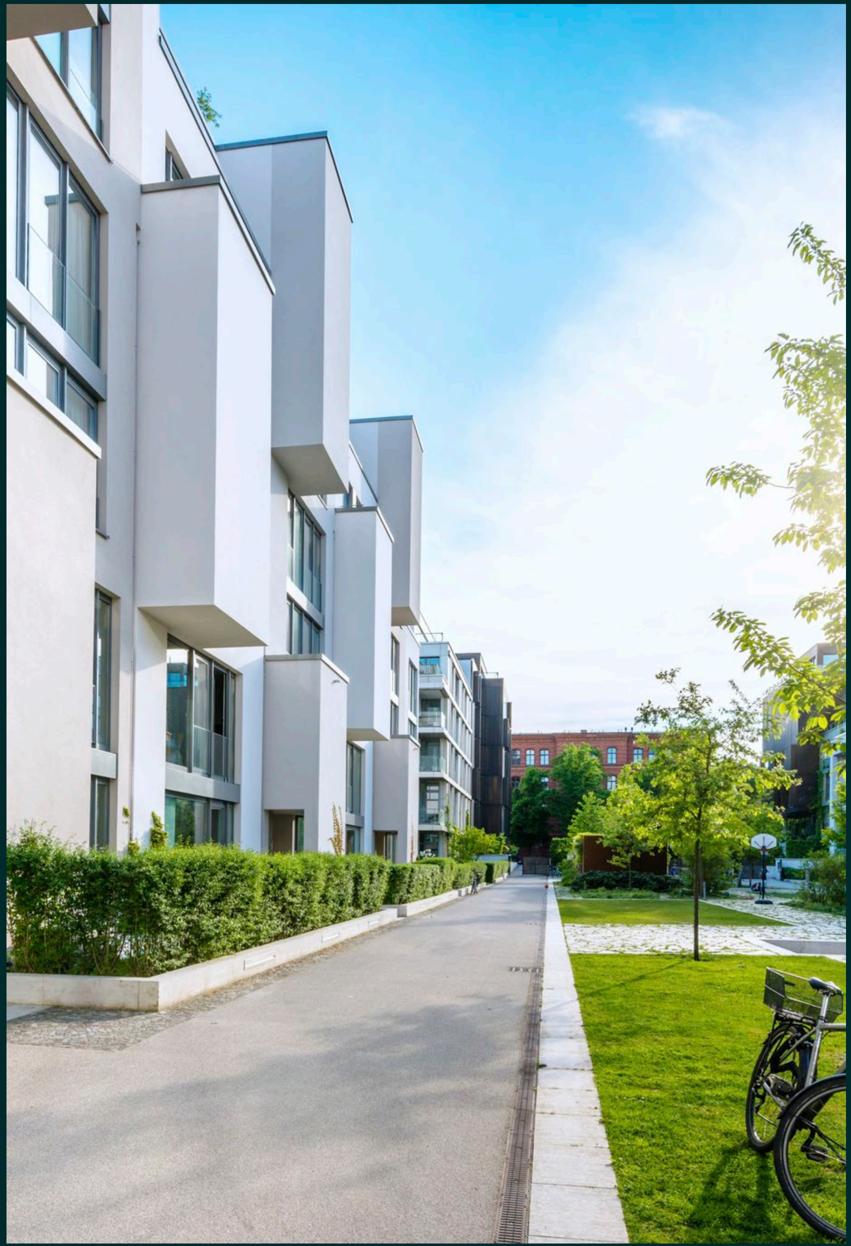
Dwelling value growth and decline, major Australian markets



Source: CoreLogic; CBRE Research interpretation

2

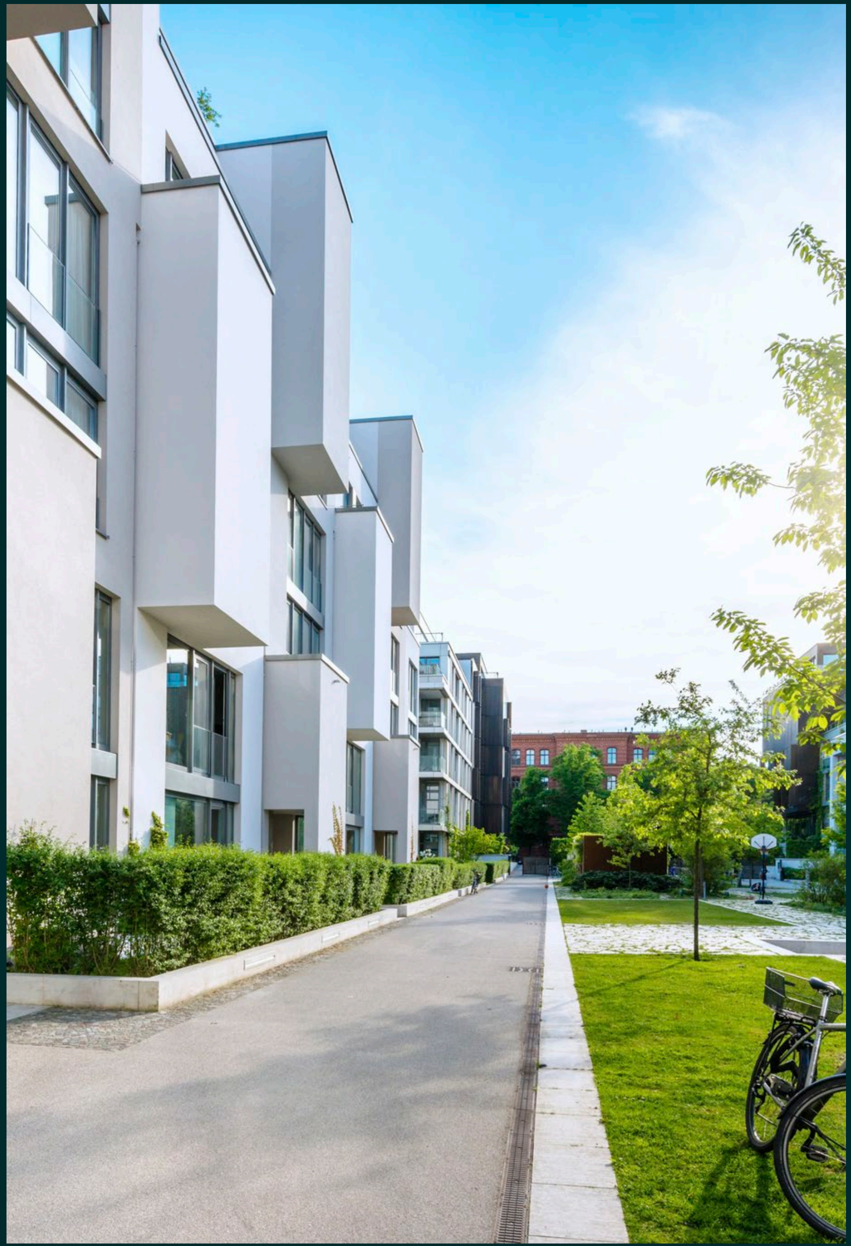
Detailed Drivers and Indicators



2a

Detailed Drivers and Indicators –

Economy and Population



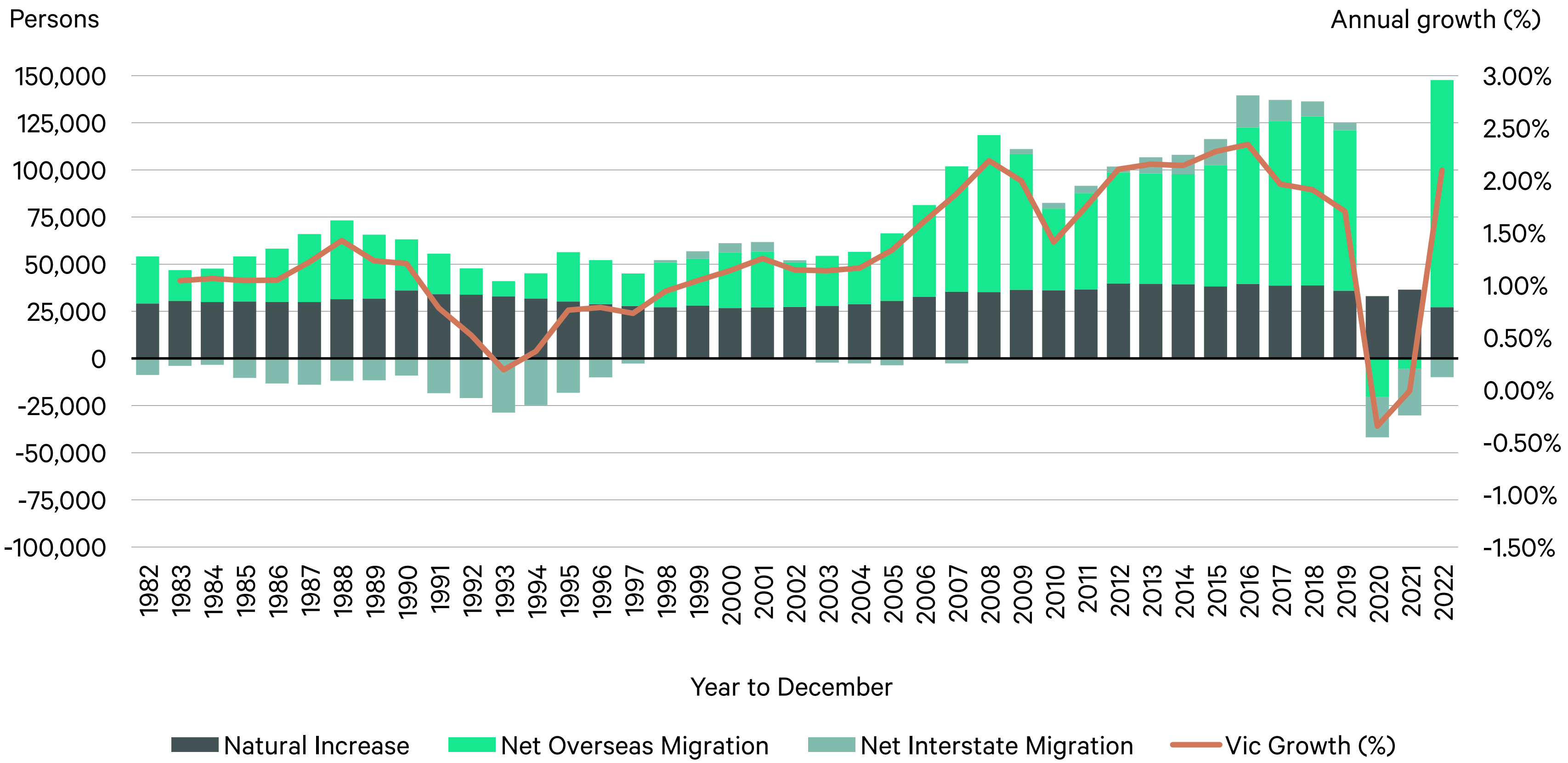
DETAILED DRIVERS AND INDICATORS

Victoria population growth rate and components

The return of overseas migration has seen annual growth jump back to 2.1% - in line with longer term trend.

A record high net move of 120,500 in 2022.

Interstate migration has still been negative, but the negative shift is slowing.



Source: Australian Bureau of Statistics

Greater Melbourne forecast population growth, 2020-21 to 2032-33

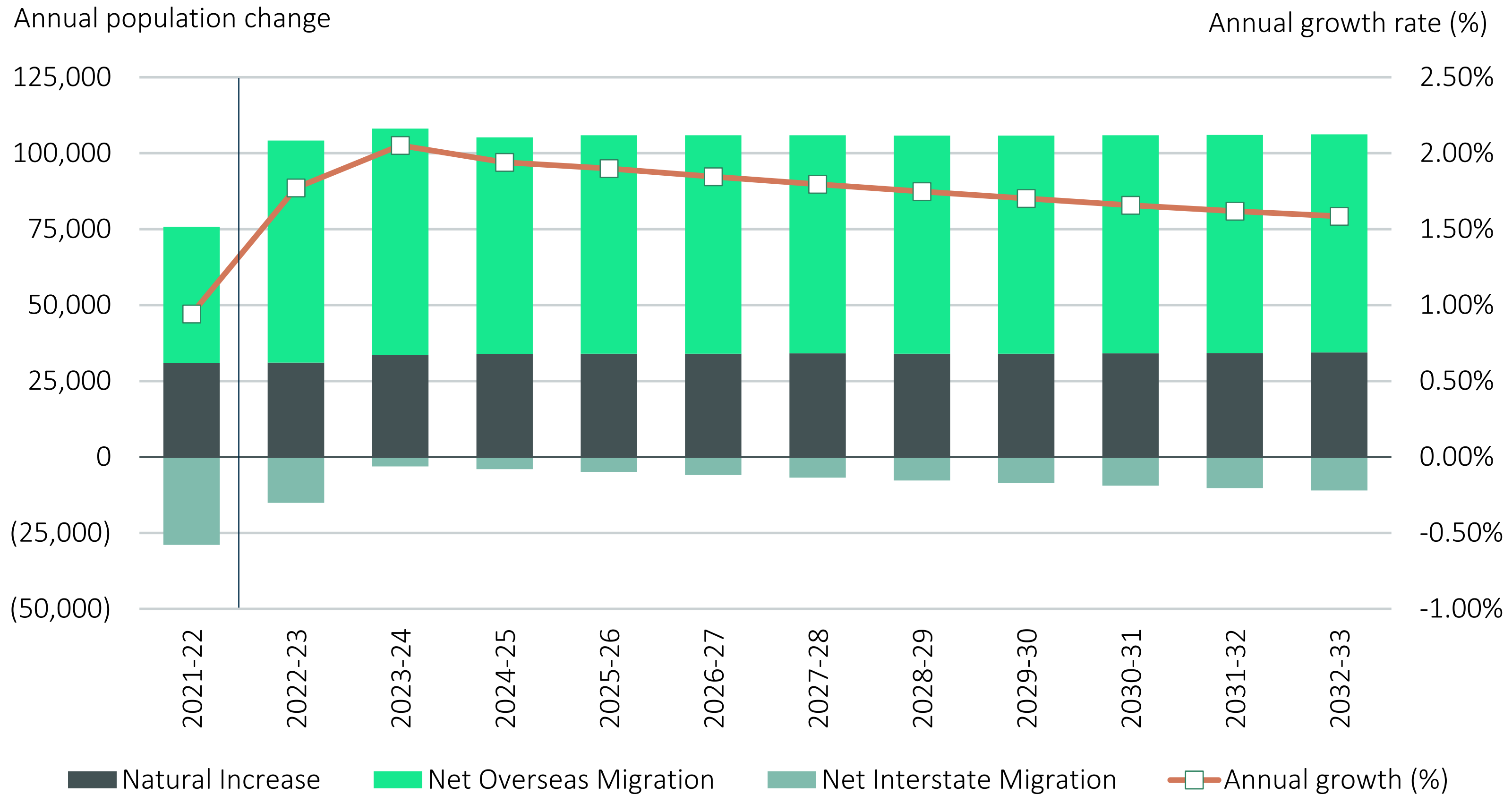
Overseas migration will return as the key population growth driver from 2022-23.

Net interstate migration outflow is easing

Long-term growth rate at circa 1.7% per annum.

Melbourne expected to overtake Sydney by the end of the forecast period.

Forecasts have been upgraded with the earlier than anticipated return of overseas migration – further upside potential.



Source: Australian Federal Government Population Statement, 2022
Note: These forecasts were produced prior to the May Federal budget

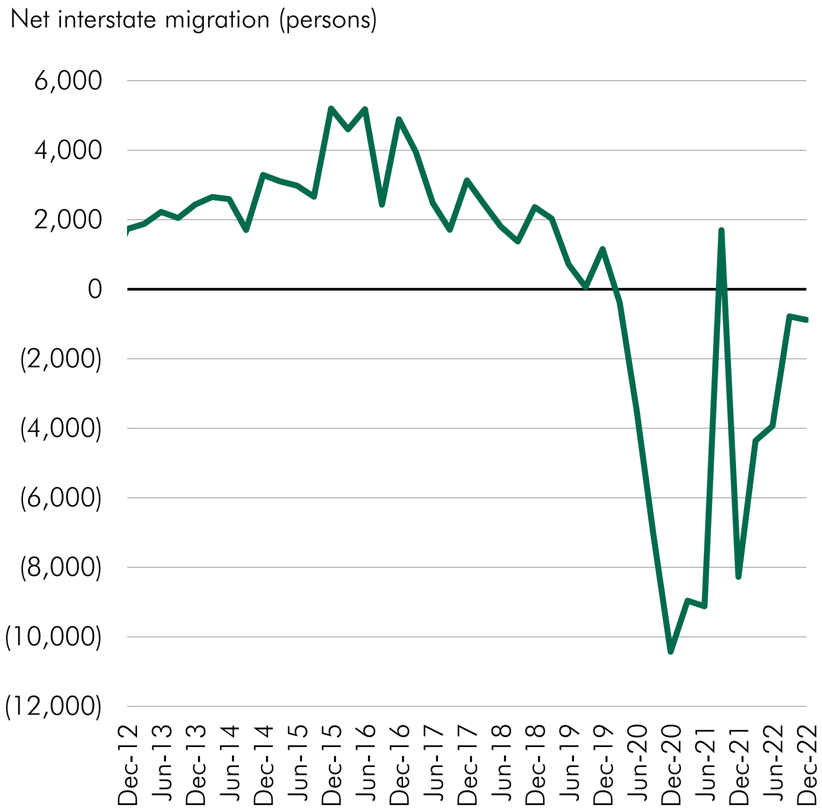
CURRENT MARKET PERFORMANCE

Nationally, there has been a shift away from Sydney and Melbourne.

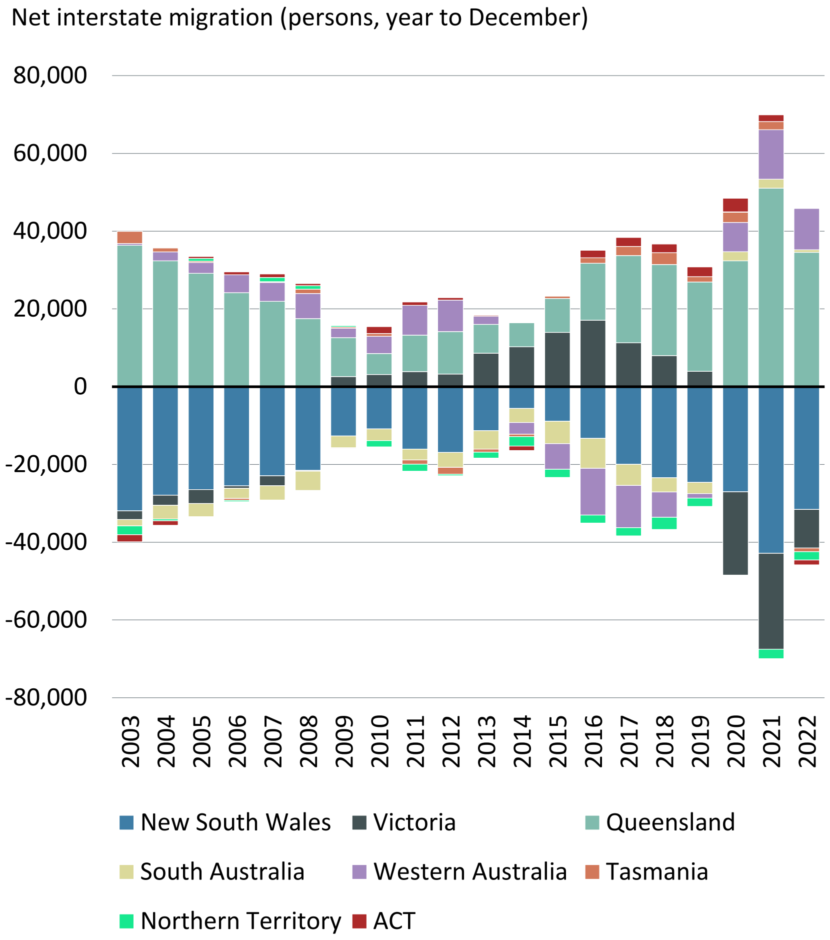
More affordable markets have been benefitting.

Starting to return to longer terms trend after COVID-burst.

Net interstate migration from/to Victoria (quarterly)



Australian net interstate migration

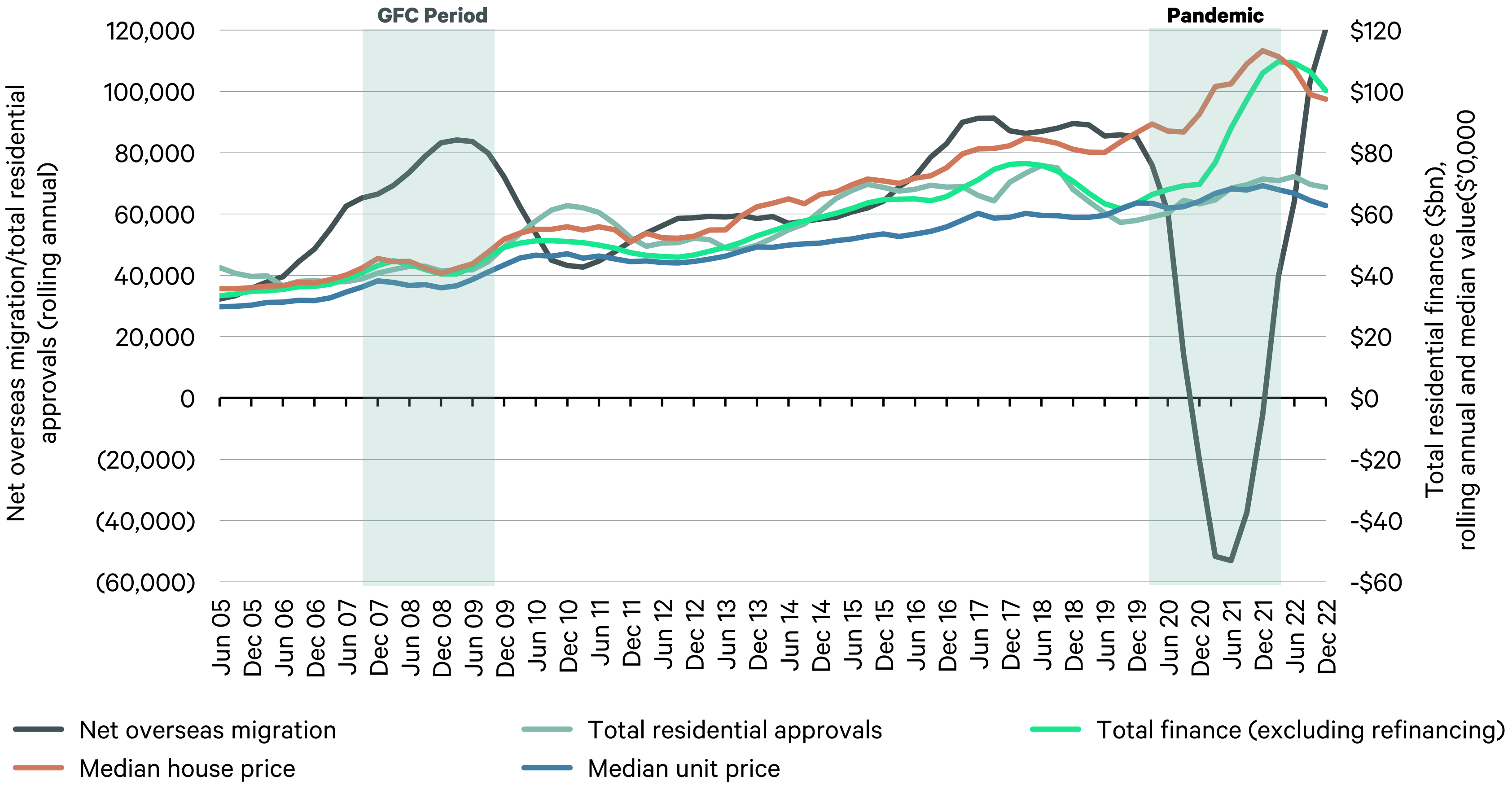


Source: Australian Bureau of Statistics

Overseas migration had helped drive residential approvals and lending over past cycles.

We are now heading into a period of record/near record high overseas migration.

Victoria overseas net migration and residential indicators

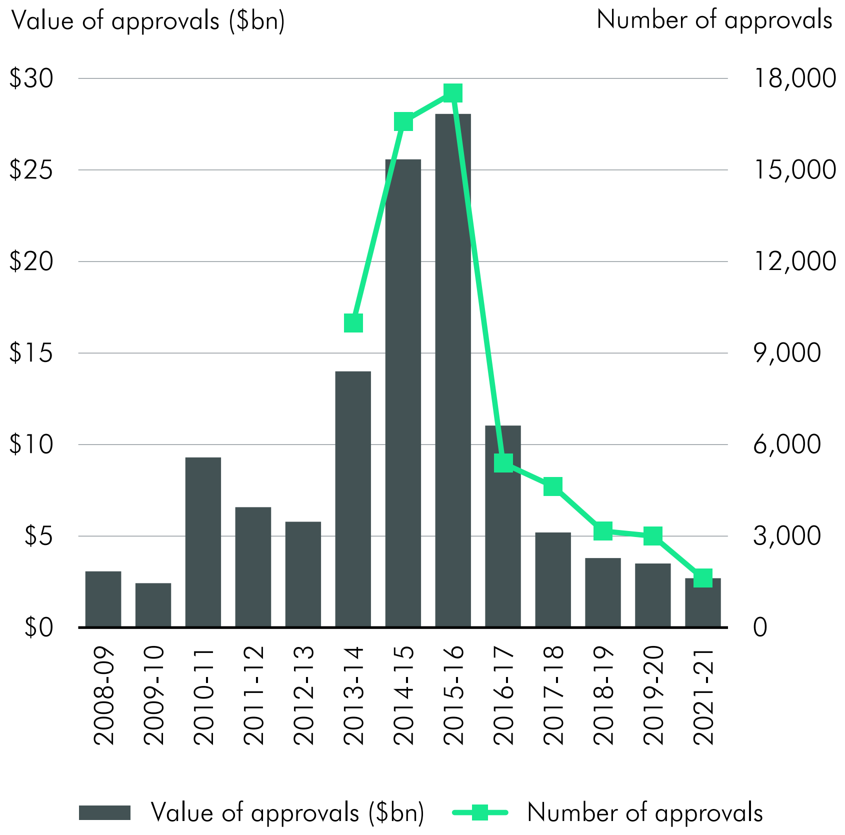


Source: Australian Bureau of Statistics; REIA; CBRE Research

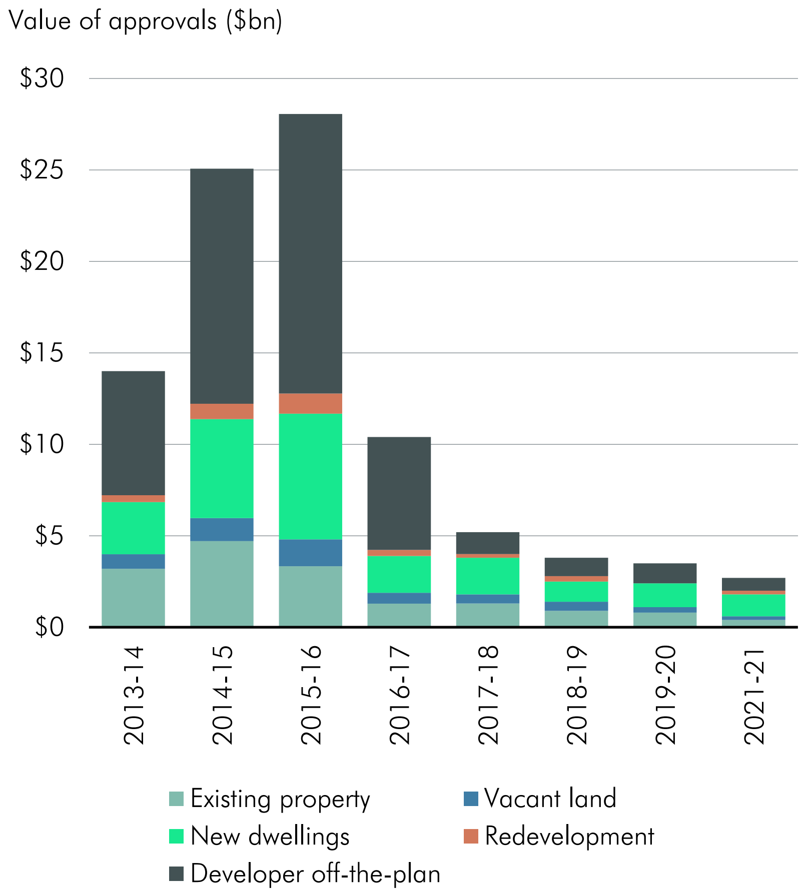
DETAILED DRIVERS AND INDICATORS

Foreign investment has dropped to below $4bn over the past three years

Residential foreign investment in Victoria



Residential foreign investment in Victoria by category



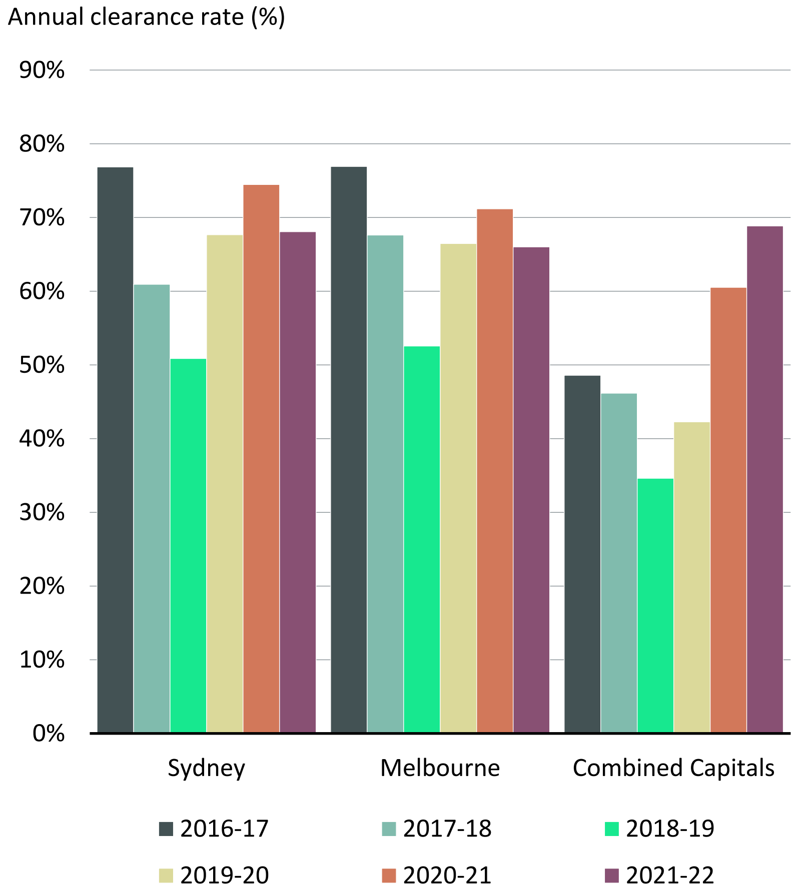
Source: Foreign Investment Review Board

(note: excludes various category, where the approved proposal covers investment in more than one state or territory)

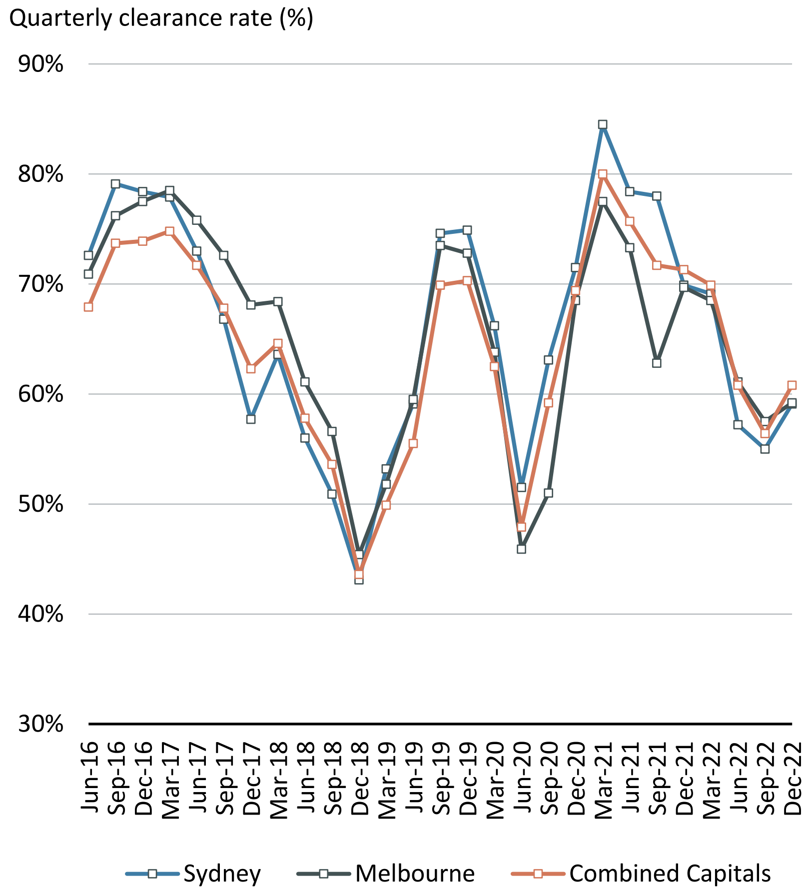
Auction clearance rates have dropped again as markets cool.

Some early signs in Q4, however, that sellers are starting to meet the market.

Auction clearance rates (annual)



Auction clearance rates (quarterly)

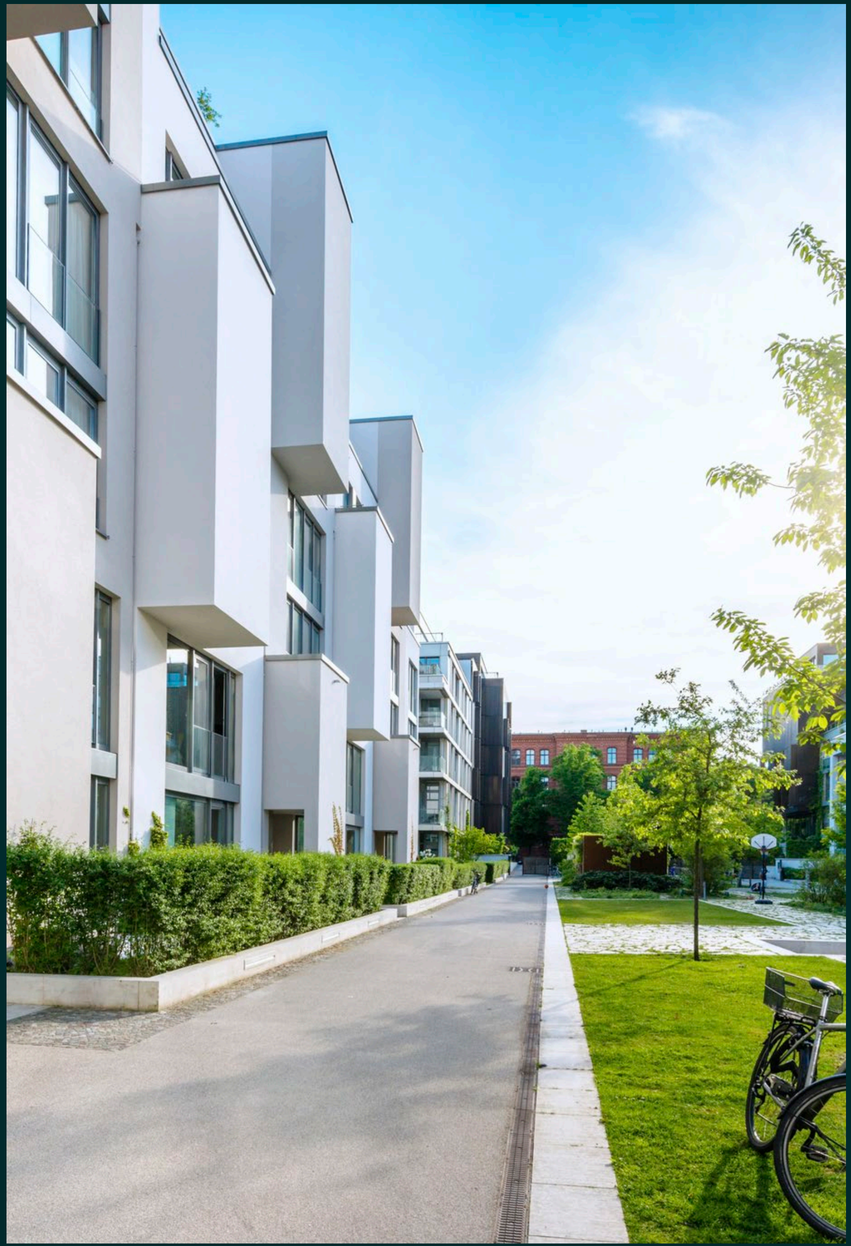


Source: Corelogic

2b

Detailed Drivers and Indicators –

Sales Volumes and Pricing

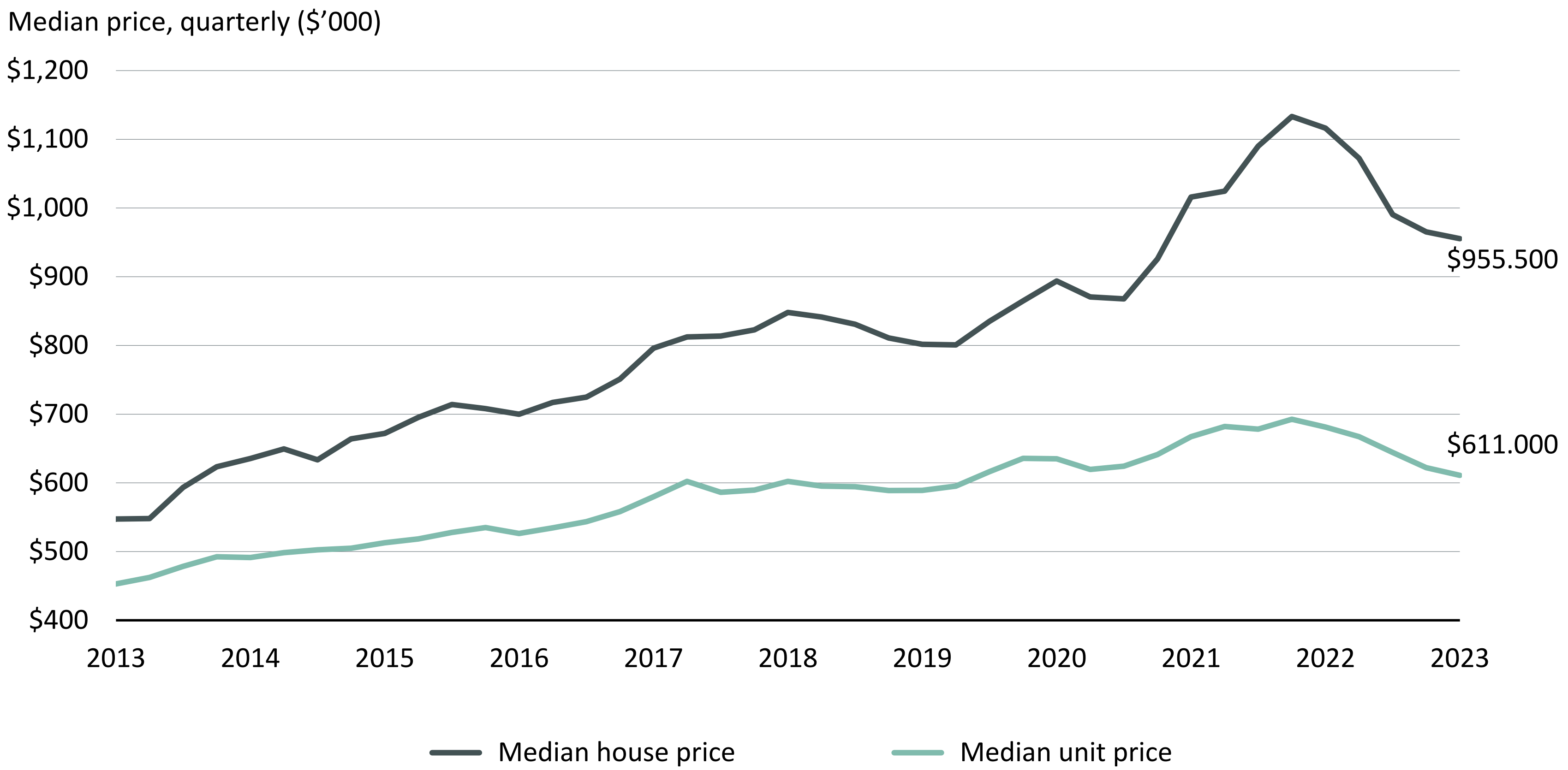


DETAILED DRIVERS AND INDICATORS

Price recovery pushed medians to record levels at the end of 2021.

Prices have corrected – but are starting to stabilise post Q1.

Melbourne median house and unit prices (to December 2022)

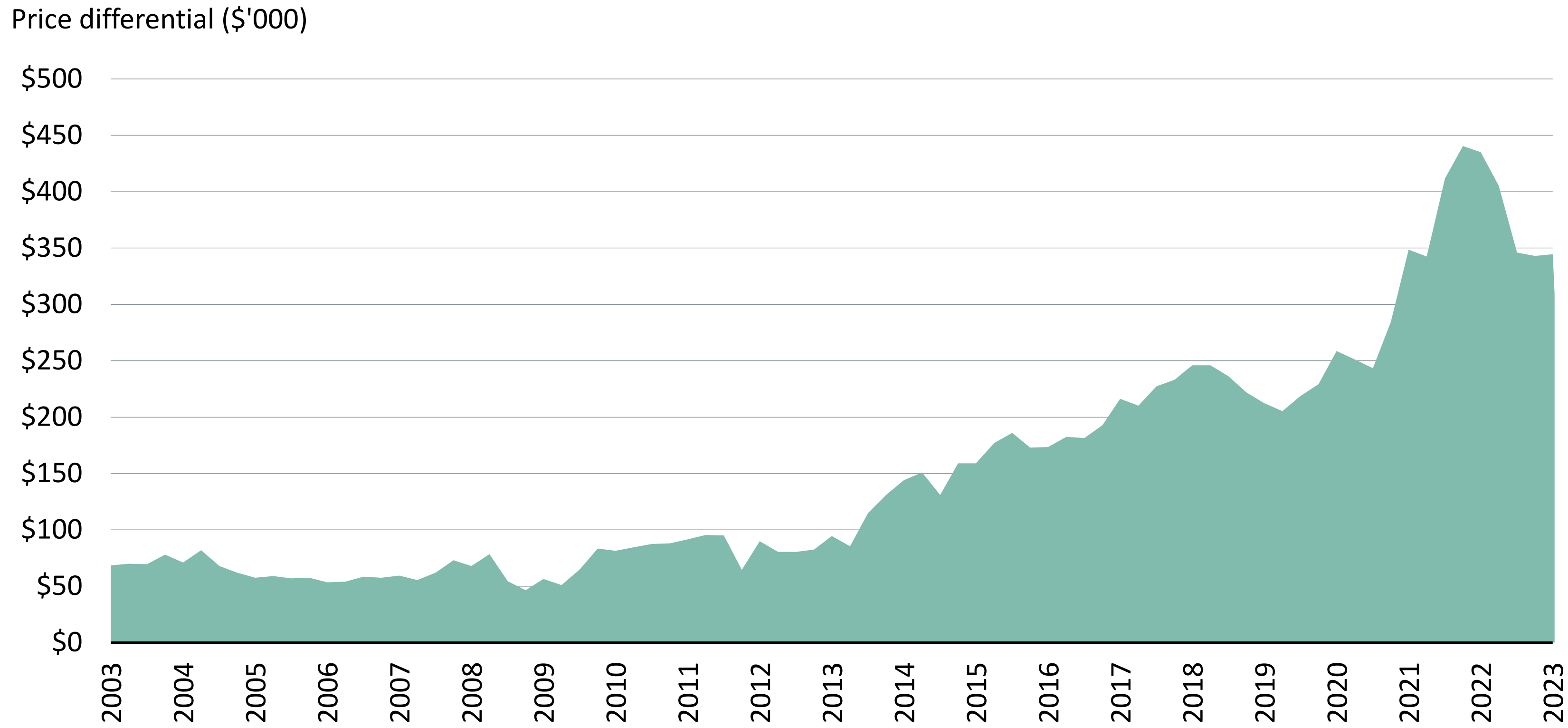


Source: Real Estate Institute of Australia

Melbourne residential prices differential – houses –vs- units (to March 2023)

Median price spread between houses and units spiked to over $440,000 at the end of 2021.

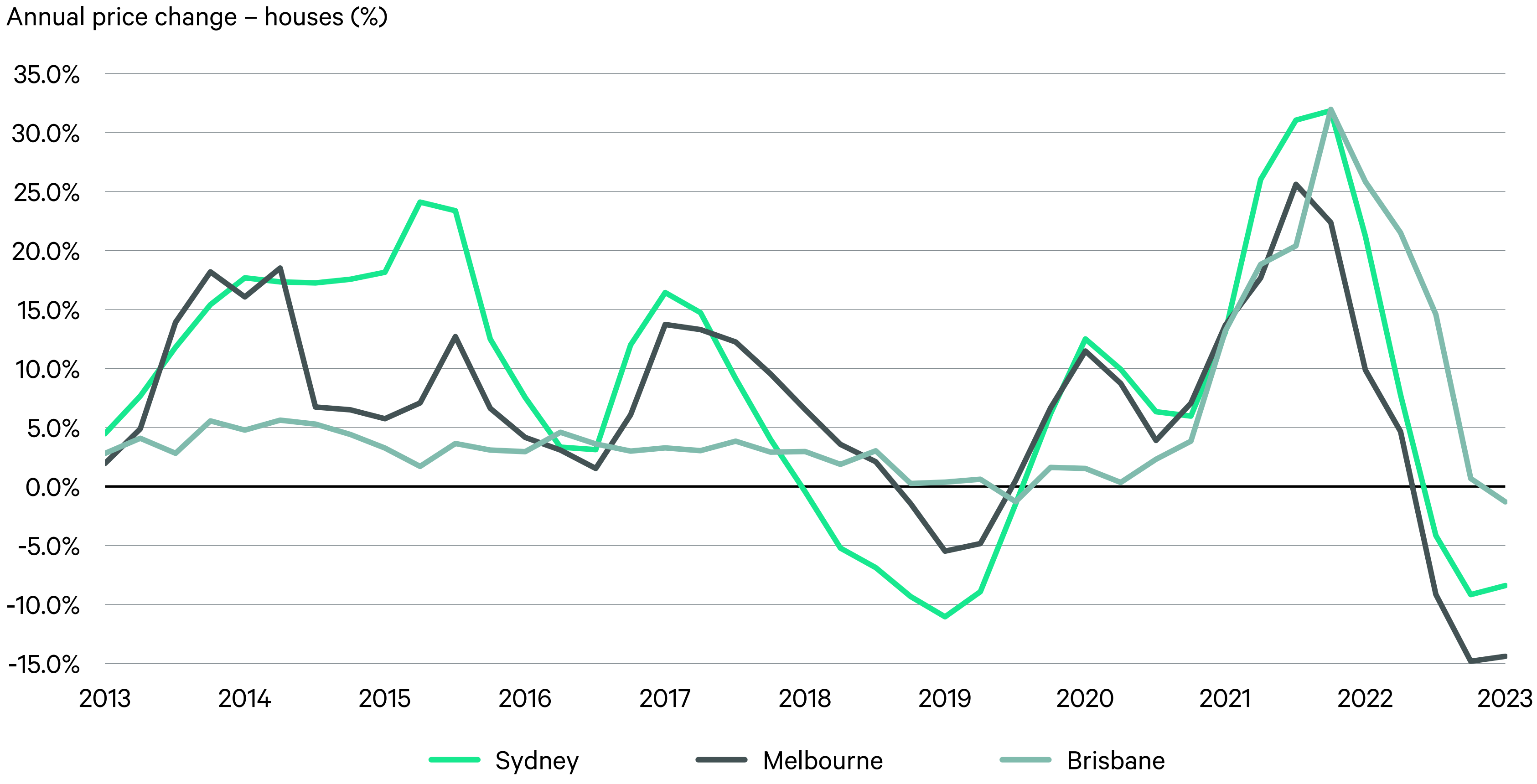
Still wide (over $340,000) but dropped by almost $100,000 during 2022.



Source: Real Estate Institute of Australia

Melbourne residential market – pricing (to March 2023)

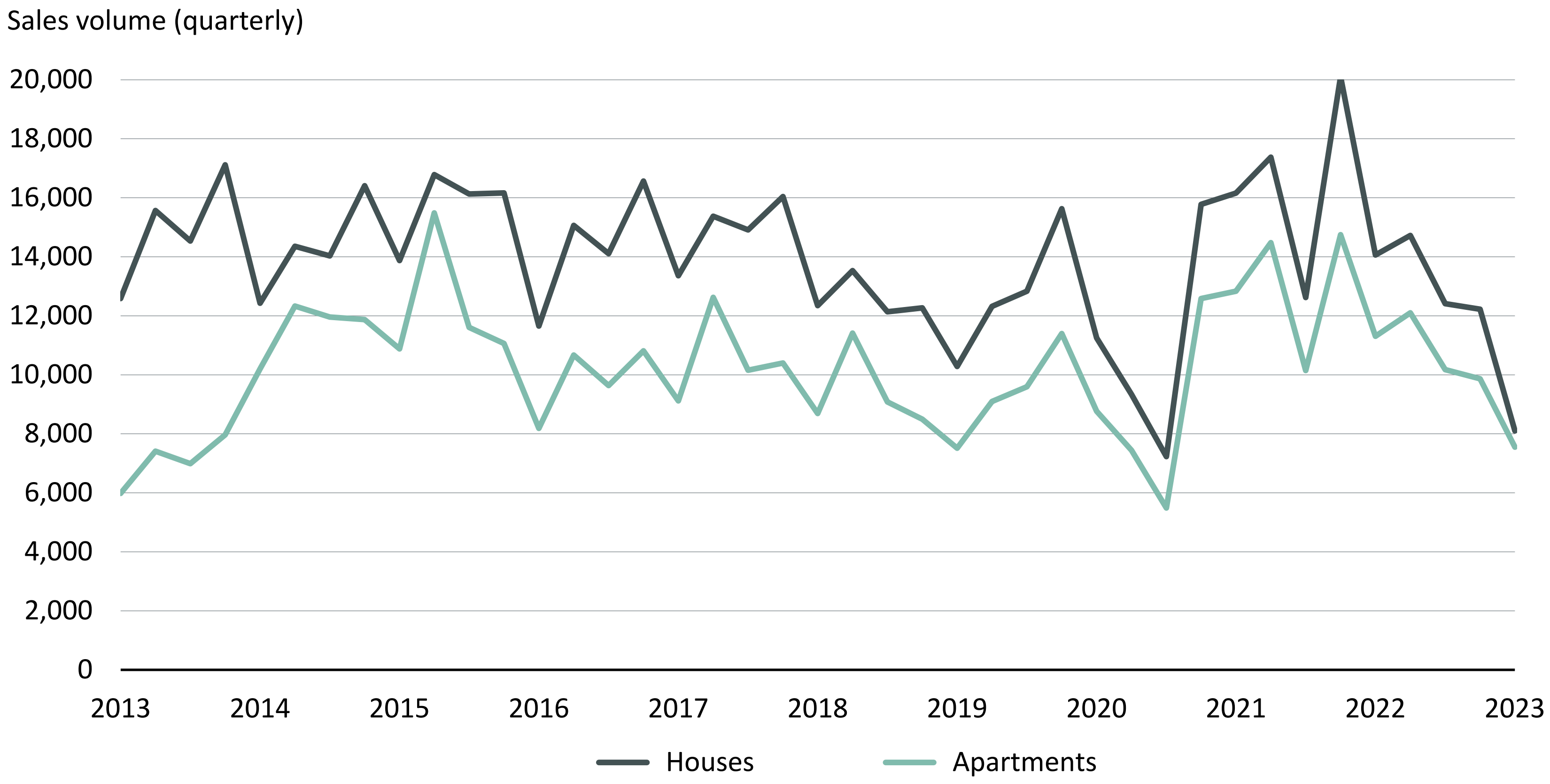
10 year growth rates second only to Sydney amongst the major capital city markets.



Source: Real Estate Institute of Australia

Quarterly sales volumes have dropped heading into 2023

Melbourne residential market - sales volumes (quarterly)

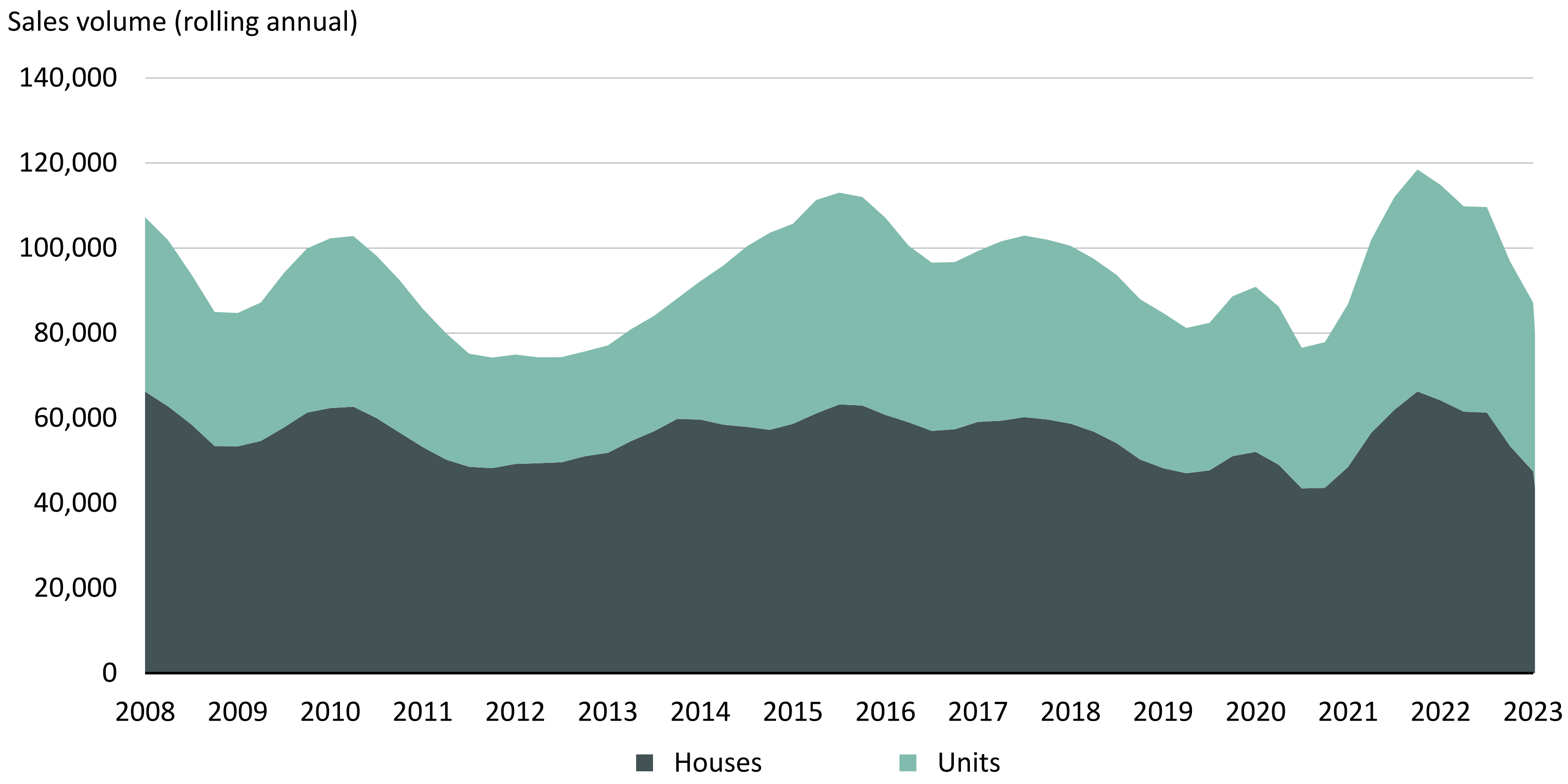


Source: Australian Bureau of Statistics (Note, March quarter data is preliminary and will be revised up).

DETAILED DRIVERS AND INDICATORS

Quarterly sales volumes have dropped heading into 2023

Melbourne residential market - sales volumes (annual)

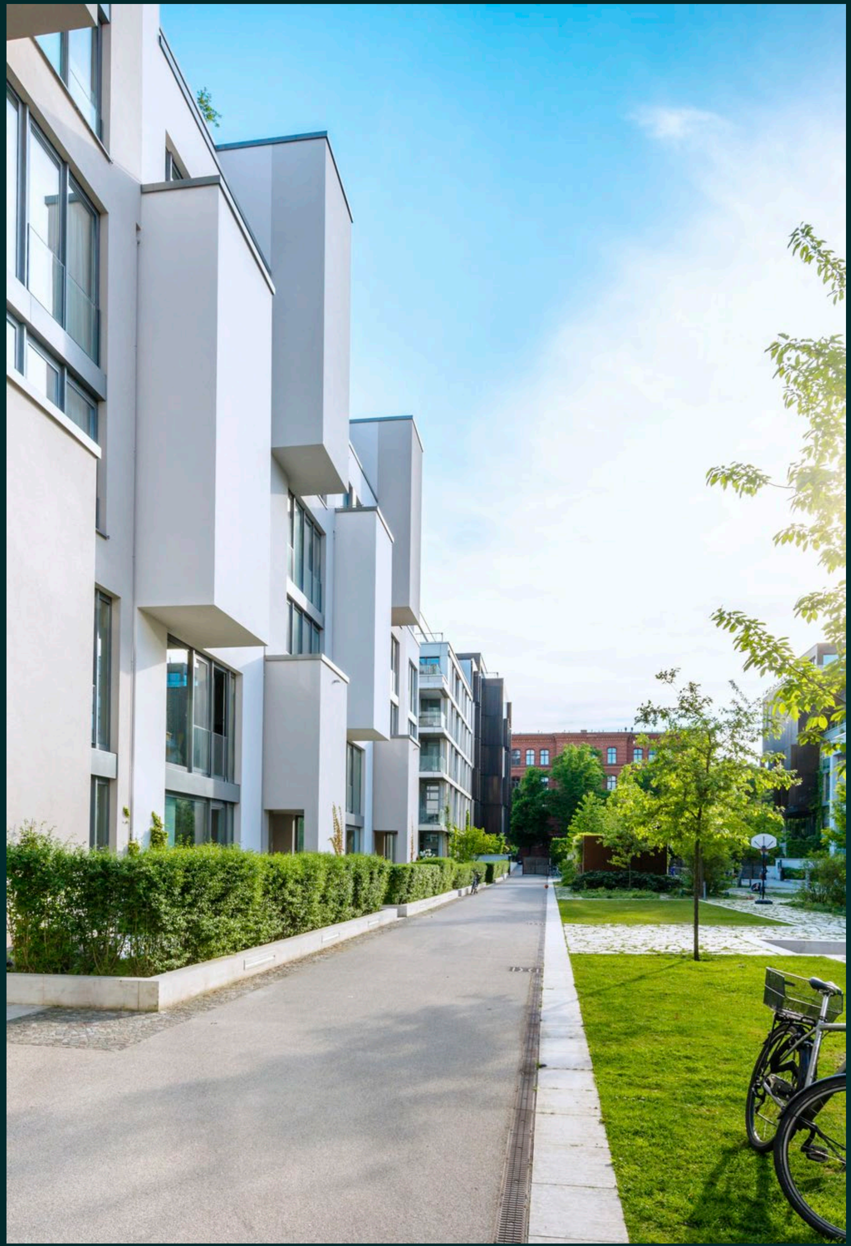


Source: Australian Bureau of Statistics (Note, March quarter data is preliminary and will be revised up).

2c

Detailed Drivers and Indicators –

Vacancy and Rents



Melbourne residential market – vacancy

Vacancy spiked during COVID but has now dropped towards 1.0%.

Undersupply drives rental growth.

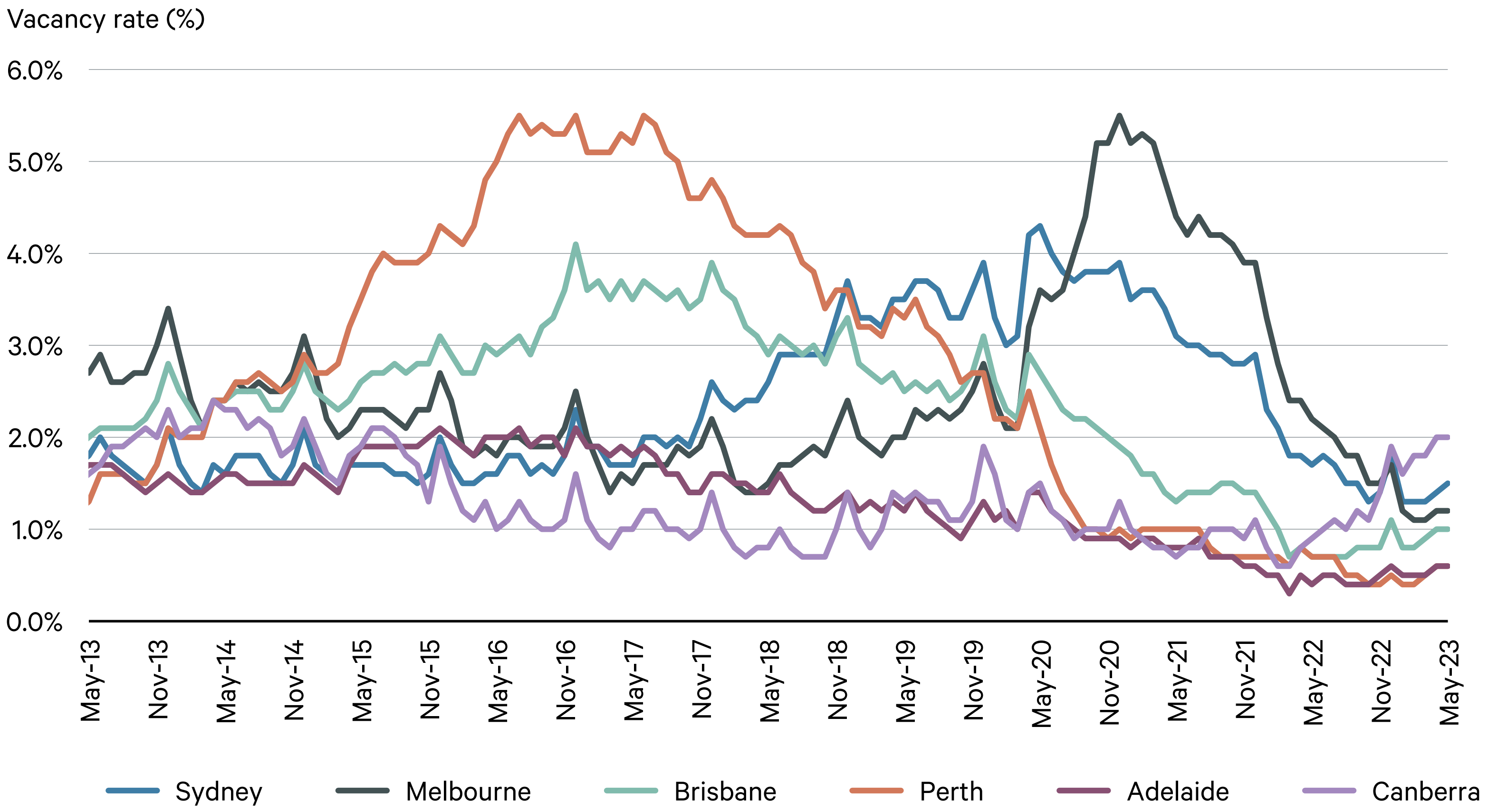
Source: SQM Research

Australian residential market – metropolitan vacancy rates

National vacancy rate has dropped to its lowest level in more than 16 years.

Sydney and Melbourne had been under pressure but have quickly returned to undersupply.

Brisbane, Perth and Adelaide, are in chronic undersupply.



Source: SQM Research

With vacancy low, rental growth has been strong – slight seasonal pause in December

Inner City areas, where pandemic disruption was the highest, have now seen asking rents generally return to or exceed pre-pandemic levels – the return of overseas migration/students will see conditions remain under pressure.

Australian residential market – rental growth, March quarter 2023

Median house rent

Market	Mar 2023	Dec 2022	Mar 2022	Q-o-Q % change	Y-o-Y % change
Sydney	**$660**	**$650**	**$600**	**1.5%**	**10.0%**
Melbourne	$500	$480	$450	4.2%	11.1%
Brisbane	$560	$550	$500	1.8%	12.0%
Adelaide	$520	$500	$460	4.0%	13.0%
Perth	$550	$530	$480	3.8%	14.6%
Hobart	$550	$550	$523	0.0%	5.3%
Canberra	$690	$690	$690	0.0%	0.0%
Darwin	$650	$523	$600	4.4%	8.3%
National	**$565**	**$550**	**$500**	**2.7%**	**13.0%**

Median unit rent

Market	Mar 2023	Dec 2022	Mar 2022	Q-o-Q % change	Y-o-Y % change
Sydney	**$620**	**$580**	**$500**	**6.9%**	**24.0%**
Melbourne	$480	$450	$390	6.7%	23.1%
Brisbane	$500	$480	$430	4.2%	16.3%
Adelaide	$420	$400	$370	5.0%	13.5%
Perth	$450	$430	$400	4.7%	12.5%
Hobart	$480	$470	$450	2.1%	6.7%
Canberra	$550	$560	$540	-1.8%	1.9%
Darwin	$520	$520	$490	0.0%	6.1%
National	**$550**	**$500**	**$450**	**10.0%**	**22.2%**

Source: Domain Group

Australian residential historic median rental growth (to December 2022)

Rental growth pressures are increasing across all markets.

Market	Product	Quarterly Median Rent ($/week)	Quarterly Growth (%)	Annual Growth (%)	5-year growth (% p.a.)	10-year growth (% p.a.)	20-year growth (% p.a.)
National	Houses	$524	1.3%	11.3%	4.4%	3.1%	4.5%
	Units	$511	2.9%	17.1%	3.5%	2.7%	4.6%
Sydney	Houses	$600	0.0%	9.1%	3.3%	3.6%	4.6%
	Units	$600	3.4%	20.0%	1.8%	2.5%	4.1%
Melbourne	Houses	$450	1.1%	7.1%	2.6%	2.8%	3.9%
	Units	$460	2.2%	15.0%	1.8%	2.8%	4.4%
Brisbane	Houses	$510	2.0%	21.4%	6.1%	3.5%	4.8%
	Units	$500	4.2%	22.0%	5.6%	3.3%	5.2%
Adelaide	Houses	$475	3.3%	13.1%	6.6%	4.0%	4.7%
	Units	$400	5.3%	14.3%	6.6%	4.0%	5.2%
Perth	Houses	$495	5.3%	15.1%	8.4%	1.0%	5.2%
	Units	$450	0.0%	11.7%	8.1%	1.2%	6.0%
Canberra	Houses	$648	-0.3%	5.4%	6.0%	3.7%	4.7%
	Units	$580	0.0%	3.6%	6.7%	2.8%	4.6%

Source: Real Estate Institute of Australia

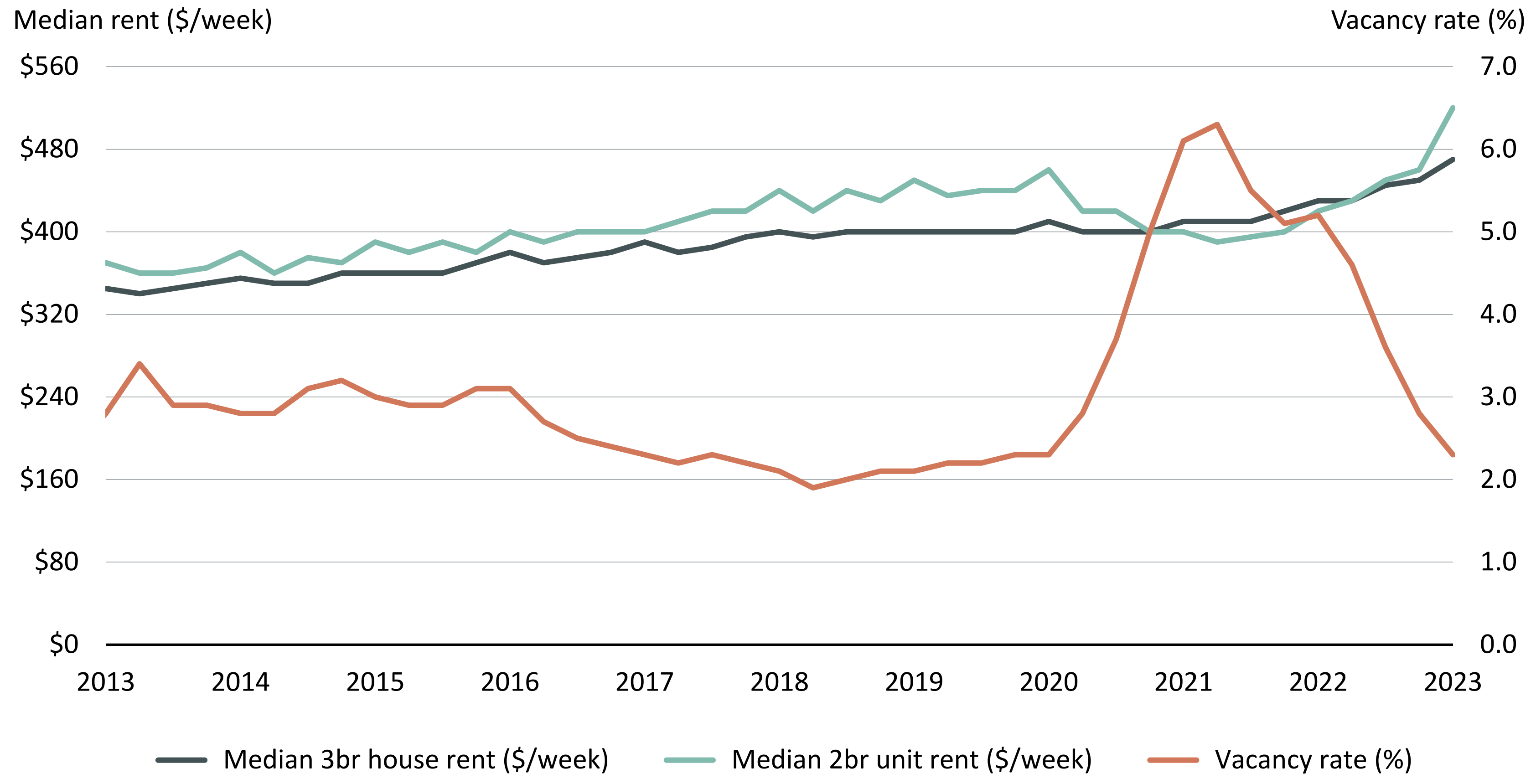
DETAILED DRIVERS AND INDICATORS

Melbourne residential vacancy rates and median rents (to March 2023

Rents adjusted as vacancy pressure increased with the biggest impact on units – but rents have now grown to record highs.

Median unit rent fell by $70 per week over the 18-months to June 2021 but has now jumped to $520/week (March 2023) – 23.8% y-o-y rise.

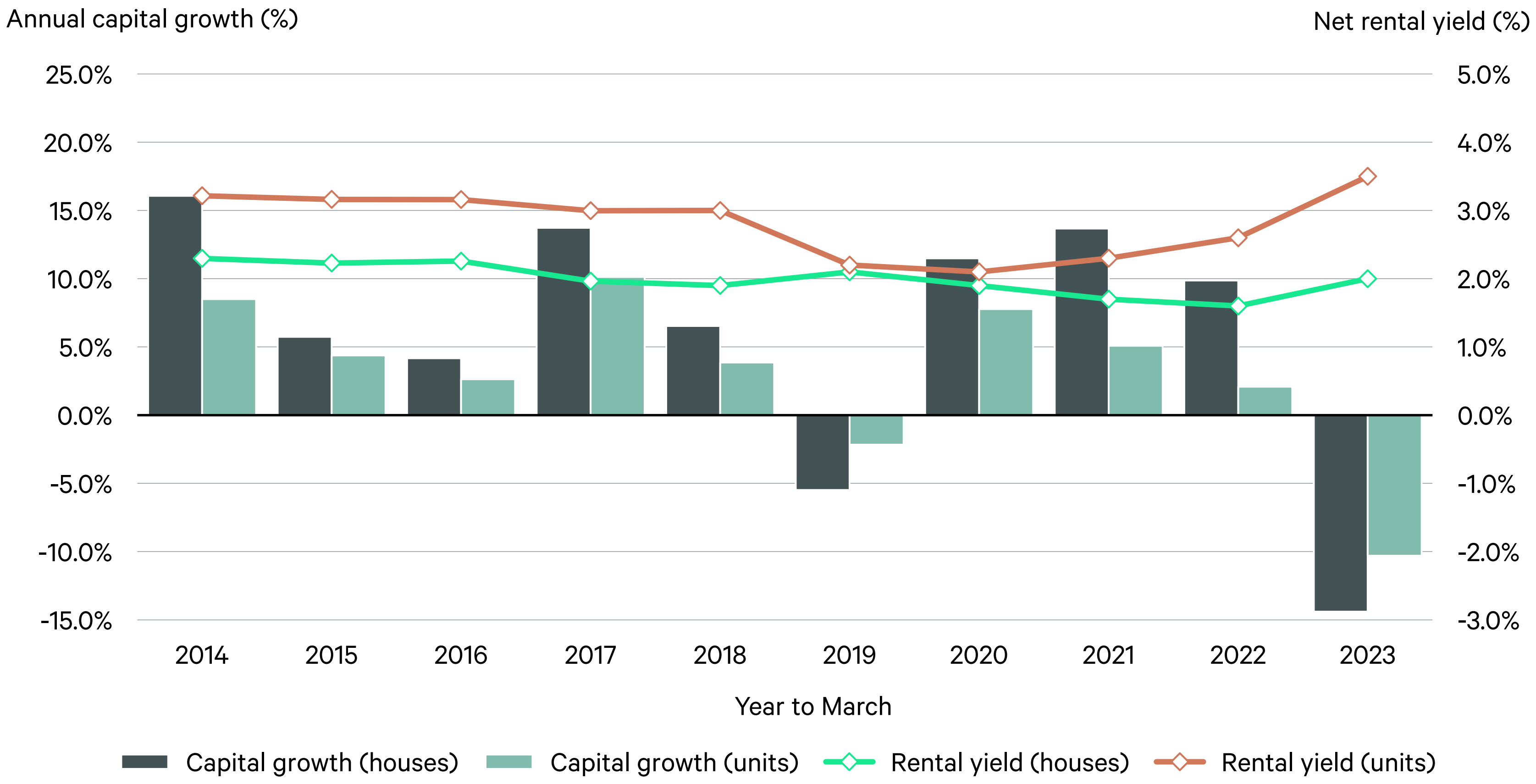
Median house rent held relatively well and has now jumped to $470/week – 9.3% y-o-y rise.



Source: Real Estate Institute of Australia

Strong rent growth combined with the price correction has driven rental yields higher.

Melbourne residential market – yields and capital growth

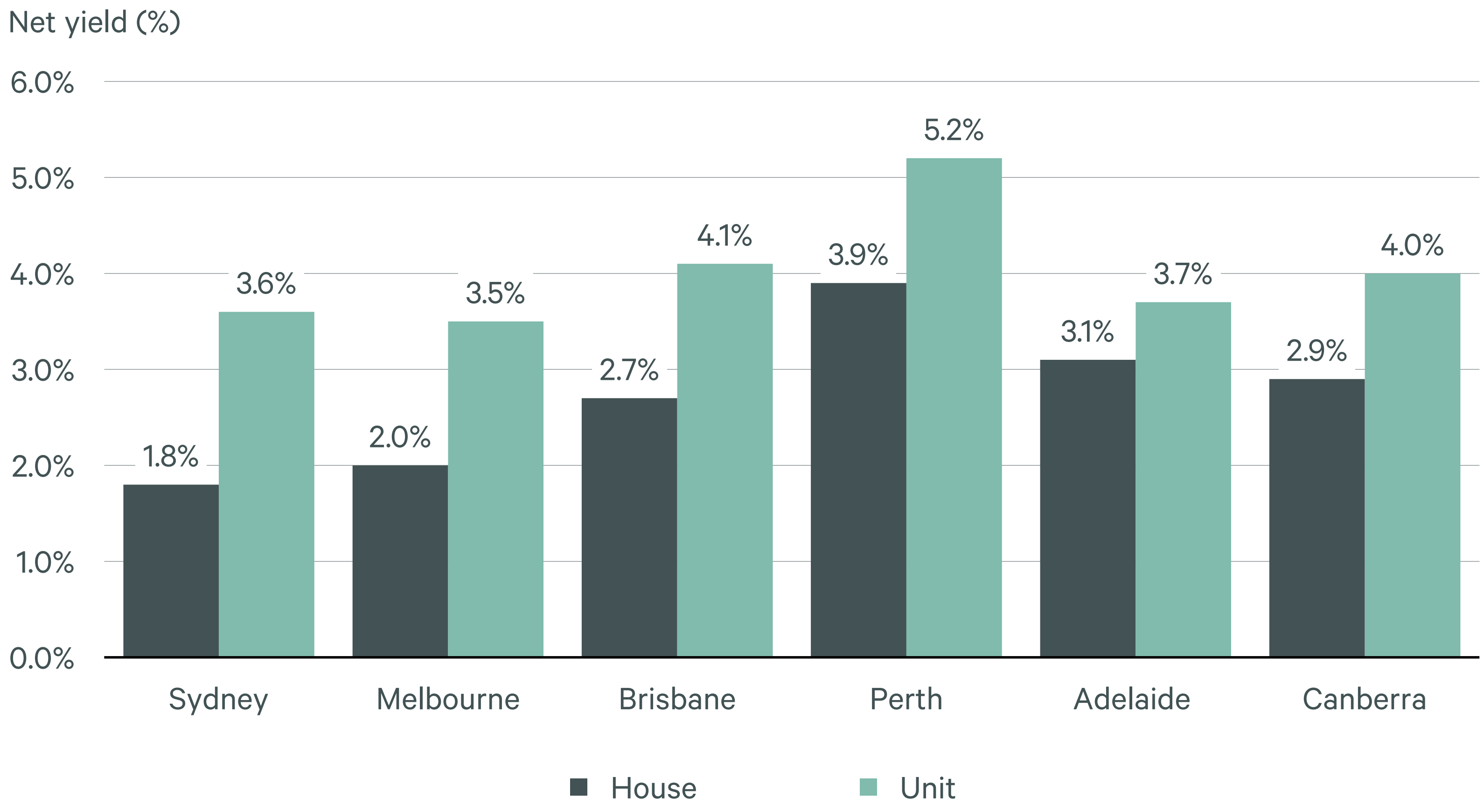


Source: Real Estate Institute of Australia

Yields are low in comparison with more affordable markets.

Medium-term, rental growth has been kept in check while prices had been rising.

Melbourne residential market – yield comparison (at March 2023)



Source: Real Estate Institute of Australia (at March 2023)

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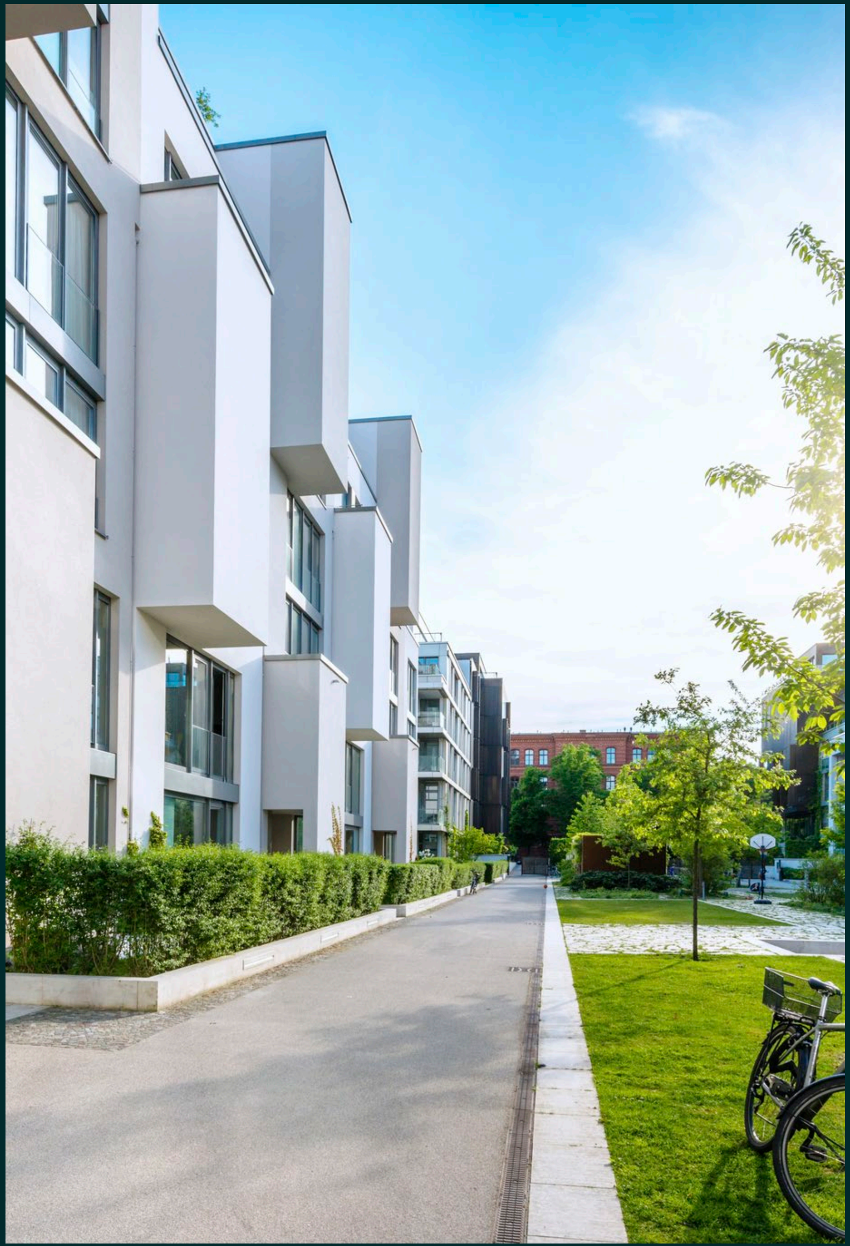
Detailed Drivers and Indicators –

Lending



Victorian residential finance

Lending surge had been driven by owner-occupiers (particularly first home buyers). Investor volumes had also started to grow, however.

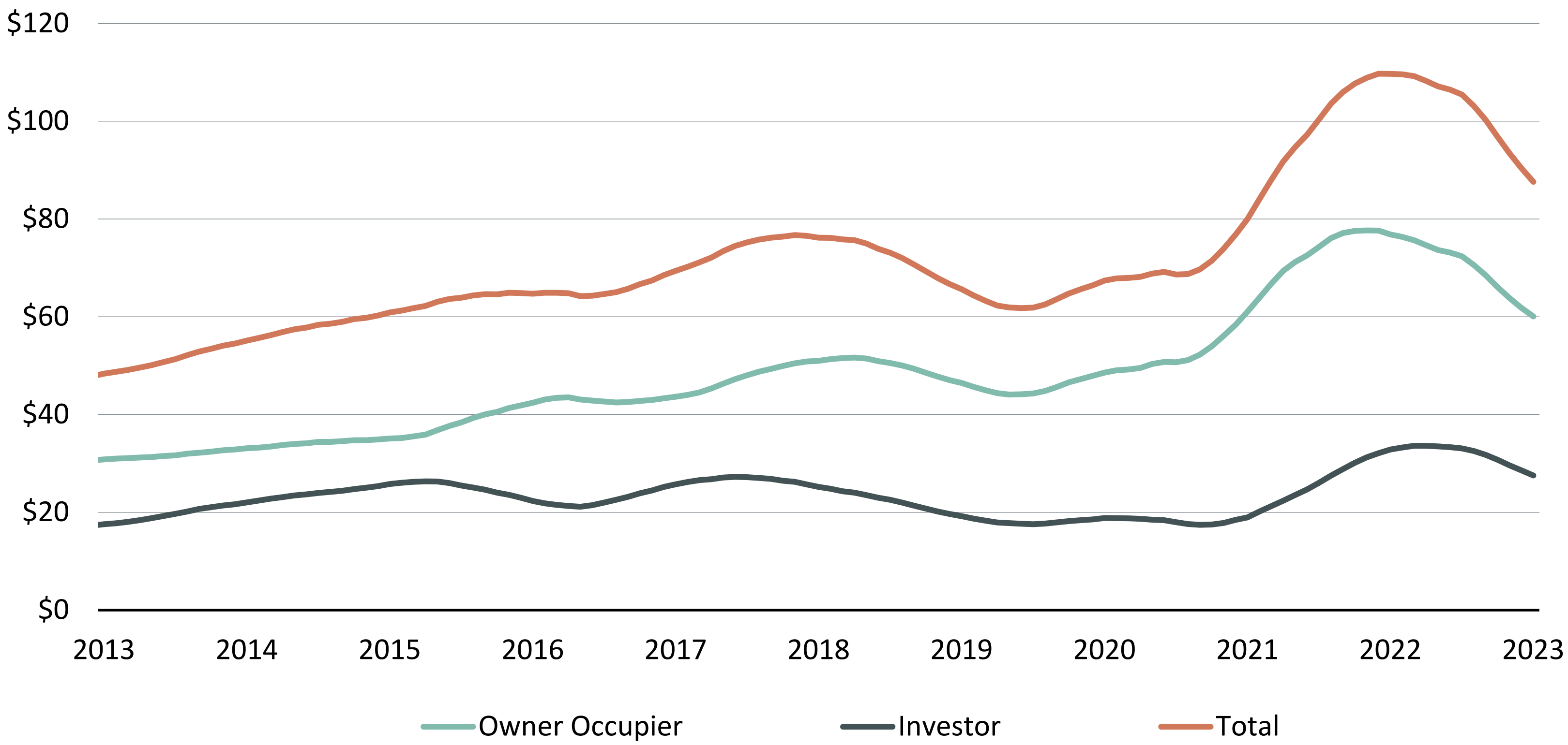
Both are now impacted by higher interest rates.

$60.1 owner-occupier (annual to April) – had surged to record levels from late 2020 – monthly volume has dropped towards $4bn after approaching $7bn.

$27.5bn investor (annual to April) – had strengthened from early 2021 with monthly record of $3.1bn in the first three months of 2022. Also now falling - $1.9bn to $2bn per month in 2023.

Investor share looks to have bottomed out at around 24%. Compares with the 2015 peak of 42.6%. Now approaching 32%.

Value of new loans ($bn rolling annual, excluding refinancing)

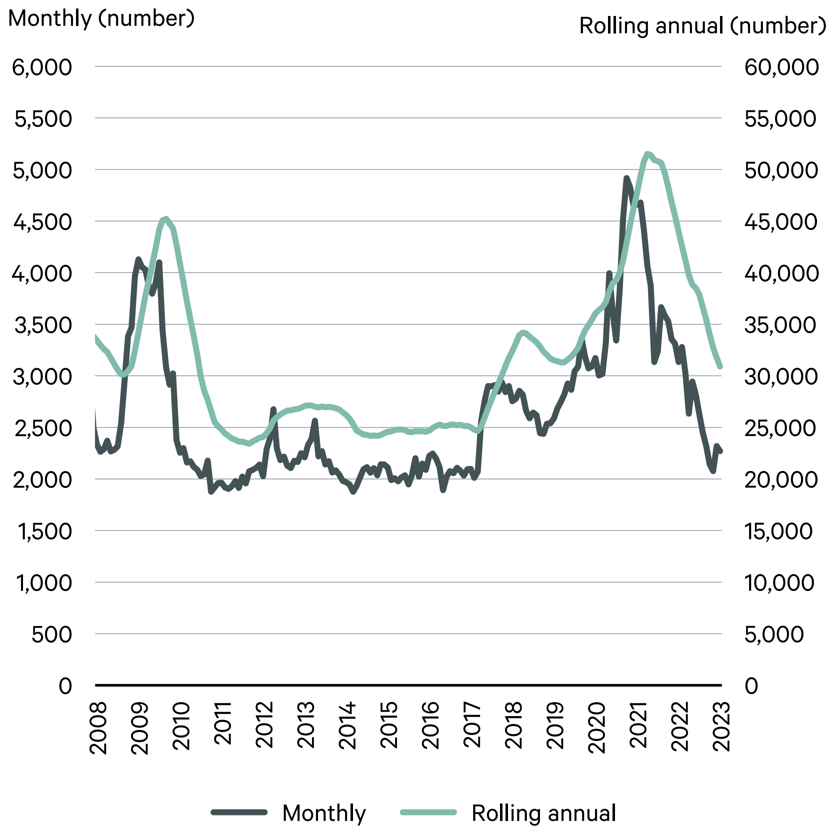


Source: Australian Bureau of Statistics

First home-buyer activity had been boosted by homebuilder package and other government support.

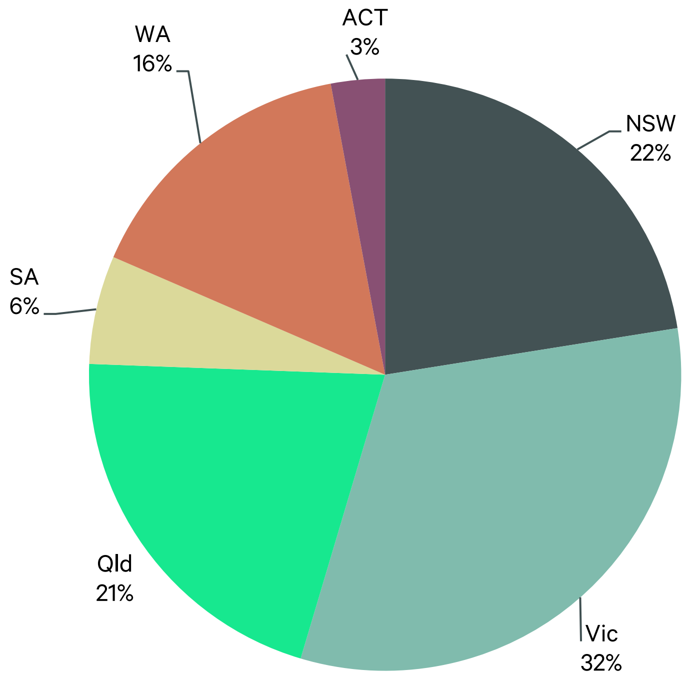
Monthly numbers dropped significantly, but have edged a little higher since March.

Victoria Owner Occupier FHB Commitments



Source: Australian Bureau of Statistics

Owner Occupier First Home-Buyer Commitments (year to April 2023)

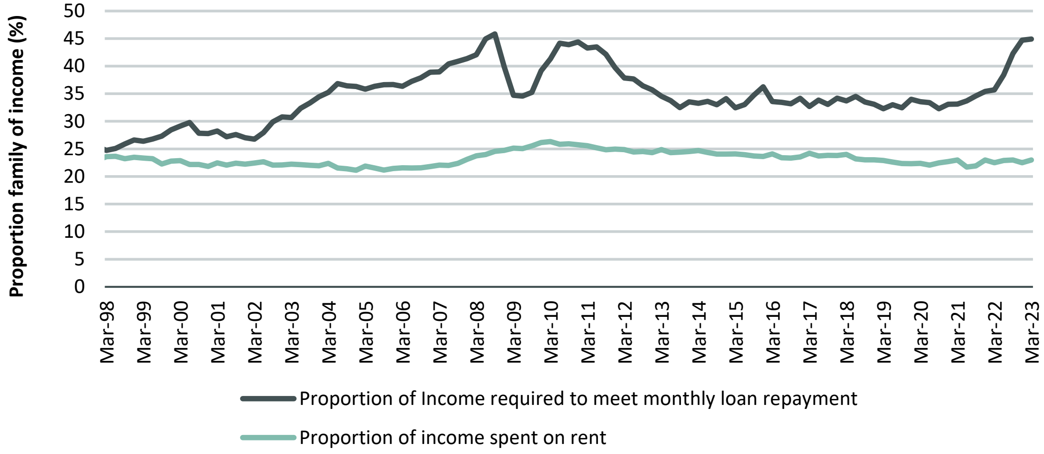


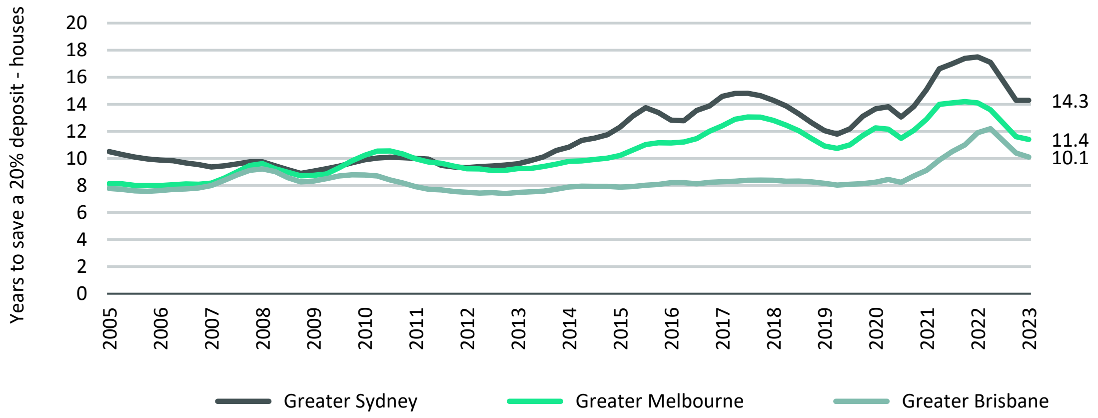
National residential affordability, March quarter 2023

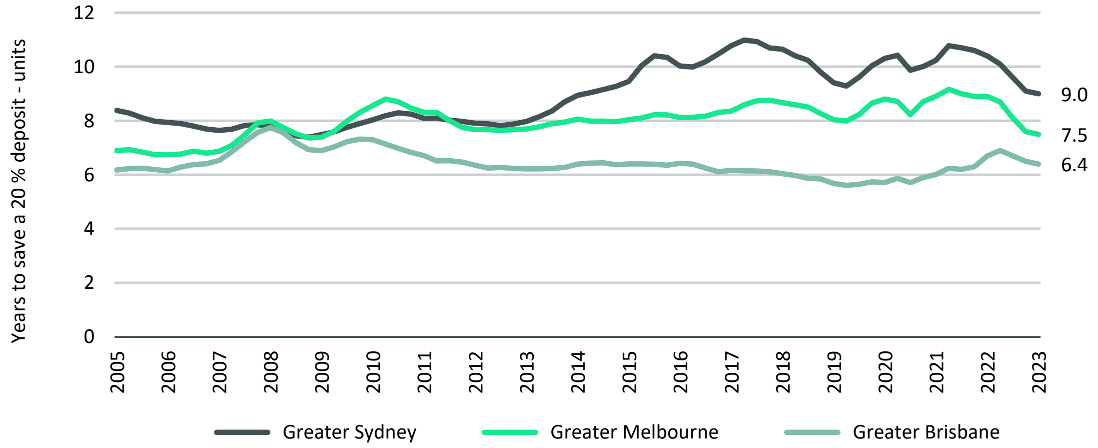
Low affordability remains largely a Sydney and Melbourne issue – Brisbane has worsened

Nationally, according to CoreLogic and ANZ Bank, the dwelling value to income ratio reached a record high 8.5 at June 2022 (i.e. dwelling values were 8.5 times higher than the gross annual income), well above the decade average of circa 6.8. Has now eased to 7.3.

Further, they have calculated that it now (at March 2023) still takes a typical household 9.8 years to save a 20% deposit for an Australian dwelling (110.5 years for house and 9.3 years for units). Has improved with the recent price correction cycle – circa in line with decade average – but the proportion of income required to service a loan has reached its highest point since 2008.







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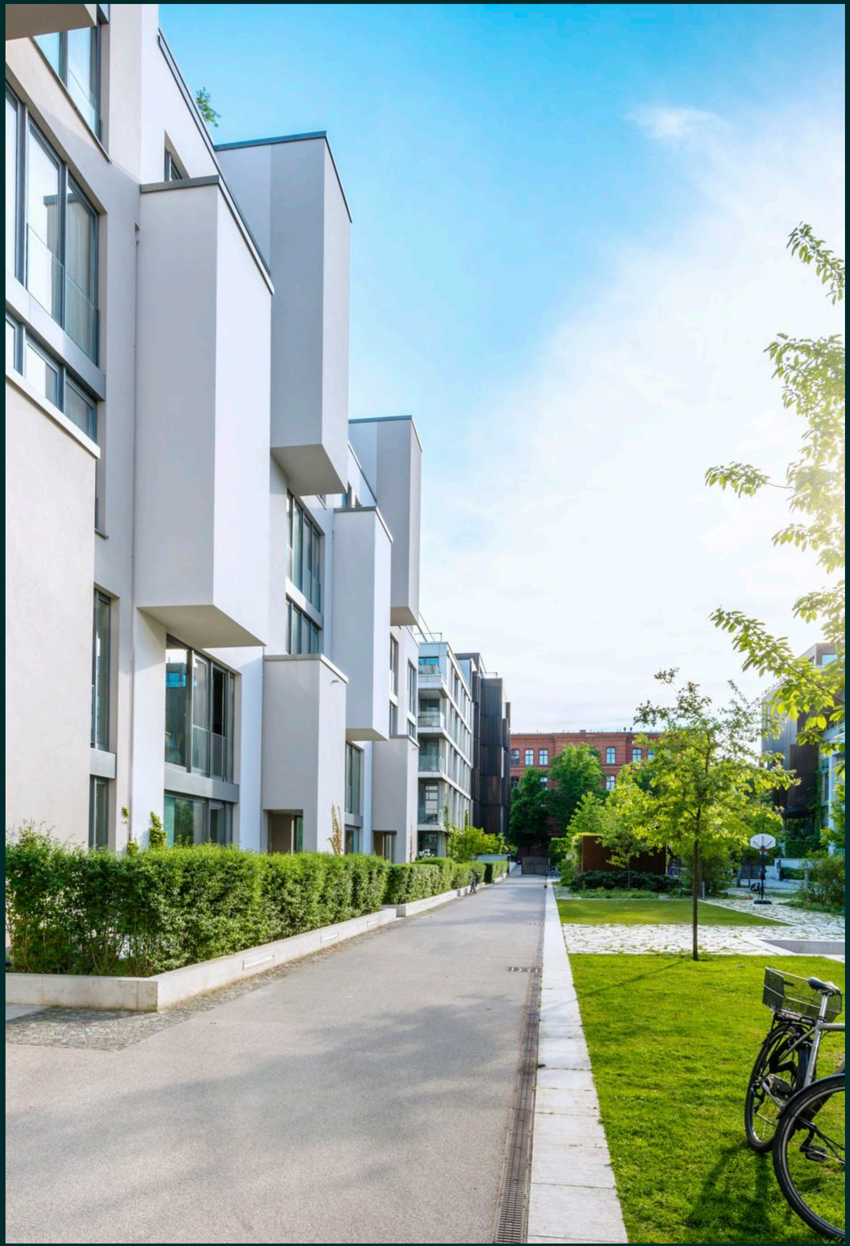
Detailed Drivers and Indicators –

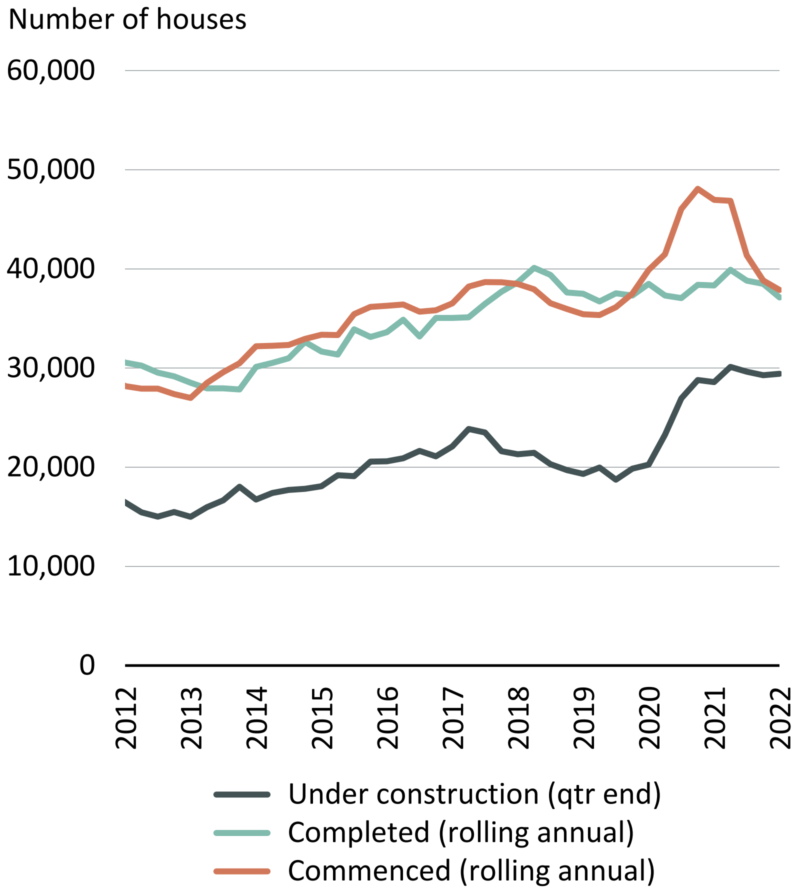
Supply



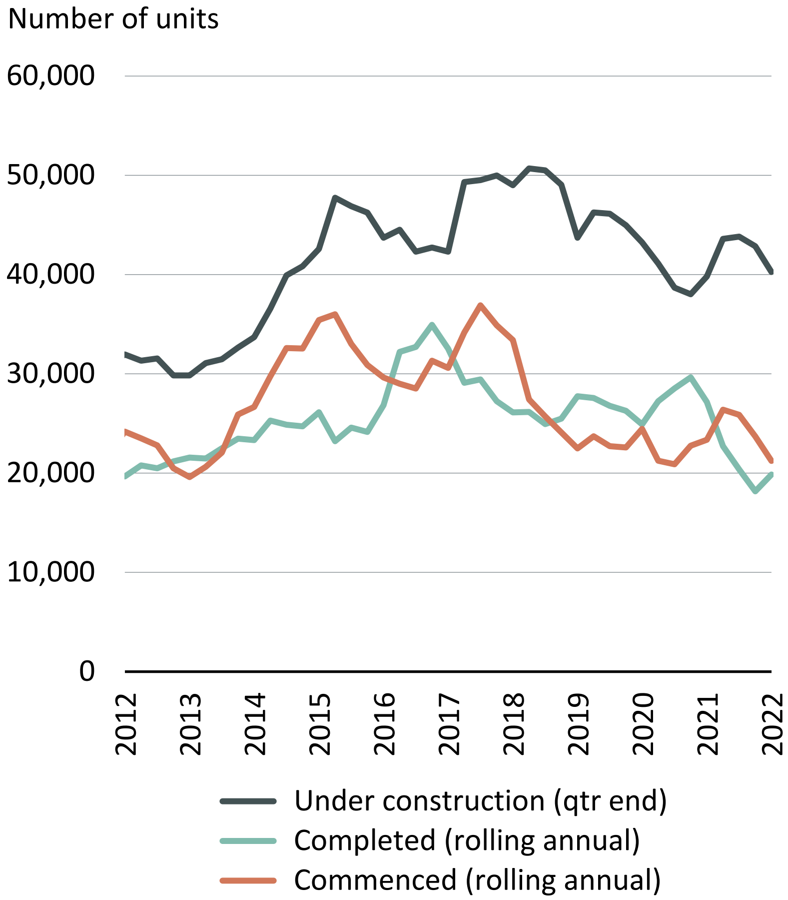
Unit pipeline remained elevated through 2020, but has dropped.

Homebuilder package will boost detached dwelling completions into 2023 - but will drop - commencements already are.

House supply pipeline – Victoria



Non-house supply pipeline – Victoria



Source: Australian Bureau of Statistics

DETAILED DRIVERS AND INDICATORS

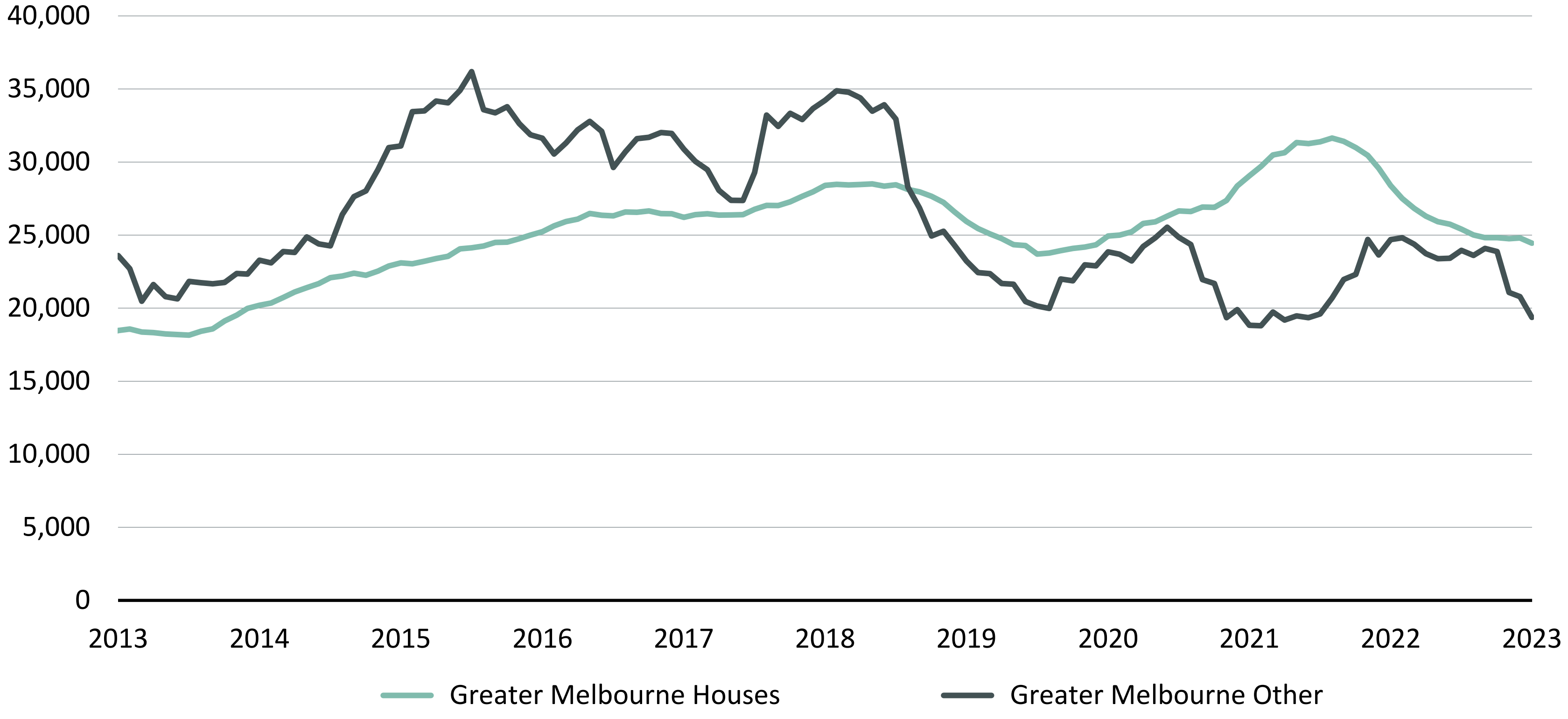
Melbourne residential market - building approvals

Unit approvals rose in 2022 – back to late-2020 levels

Annual **unit** approvals volume to April 2023 at 19,365 – dipping again in 2023.

24,444 - annual **house** approvals to April 2023. Fallen from peak with HomeBuilder package benefits passing.

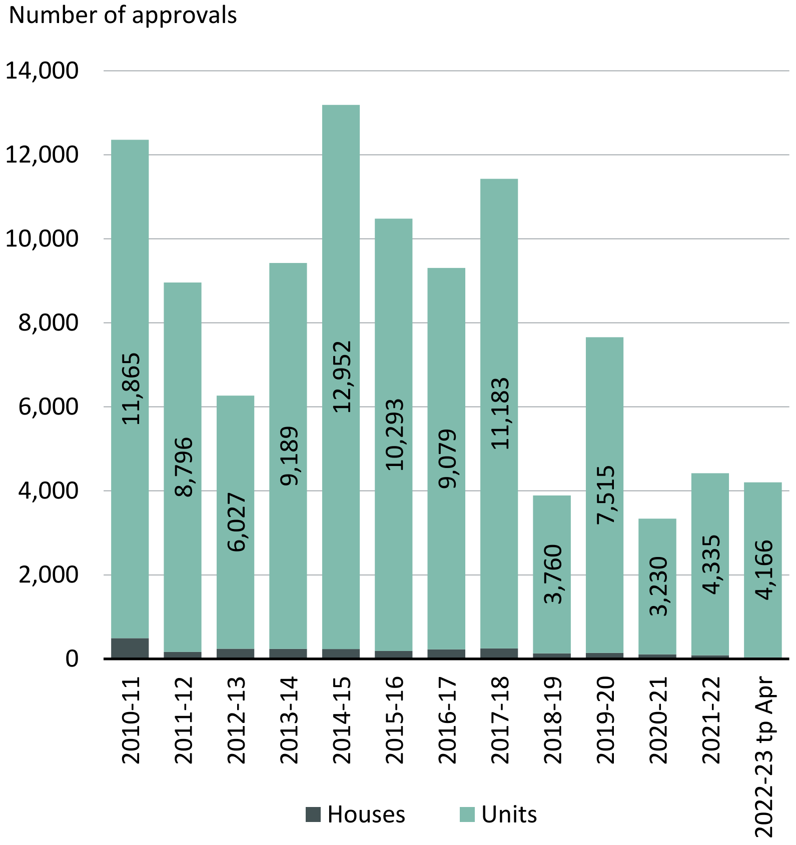
Greater Melbourne rolling 12-month approvals



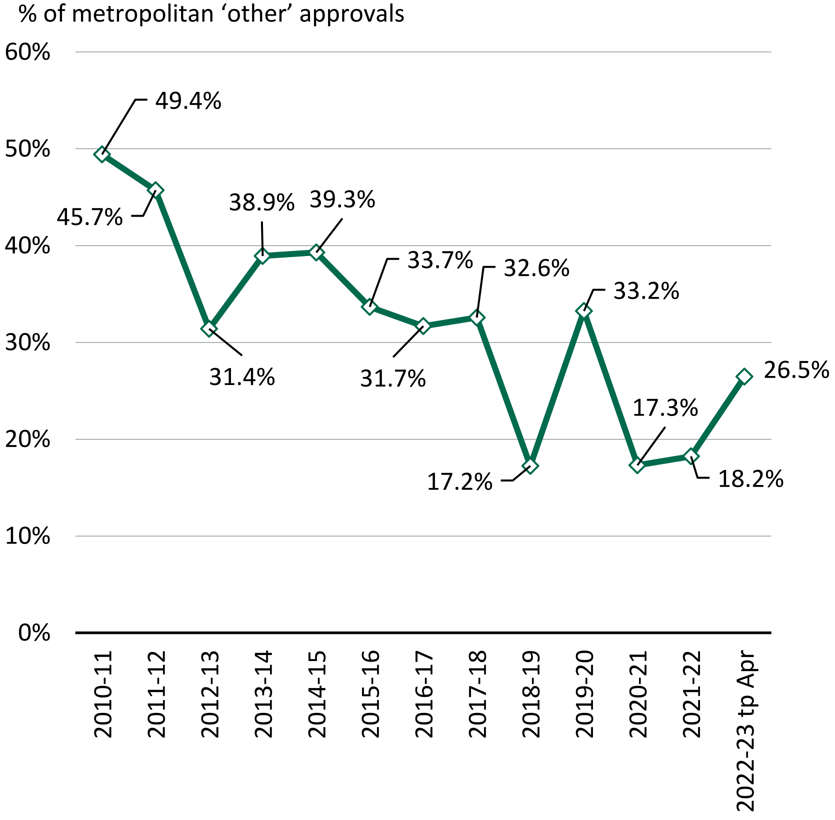
Source: Australian Bureau of Statistics

Inner city unit approvals volume has fallen back in recent years.

Melbourne inner city building approvals



Melbourne building approvals – inner share (%)

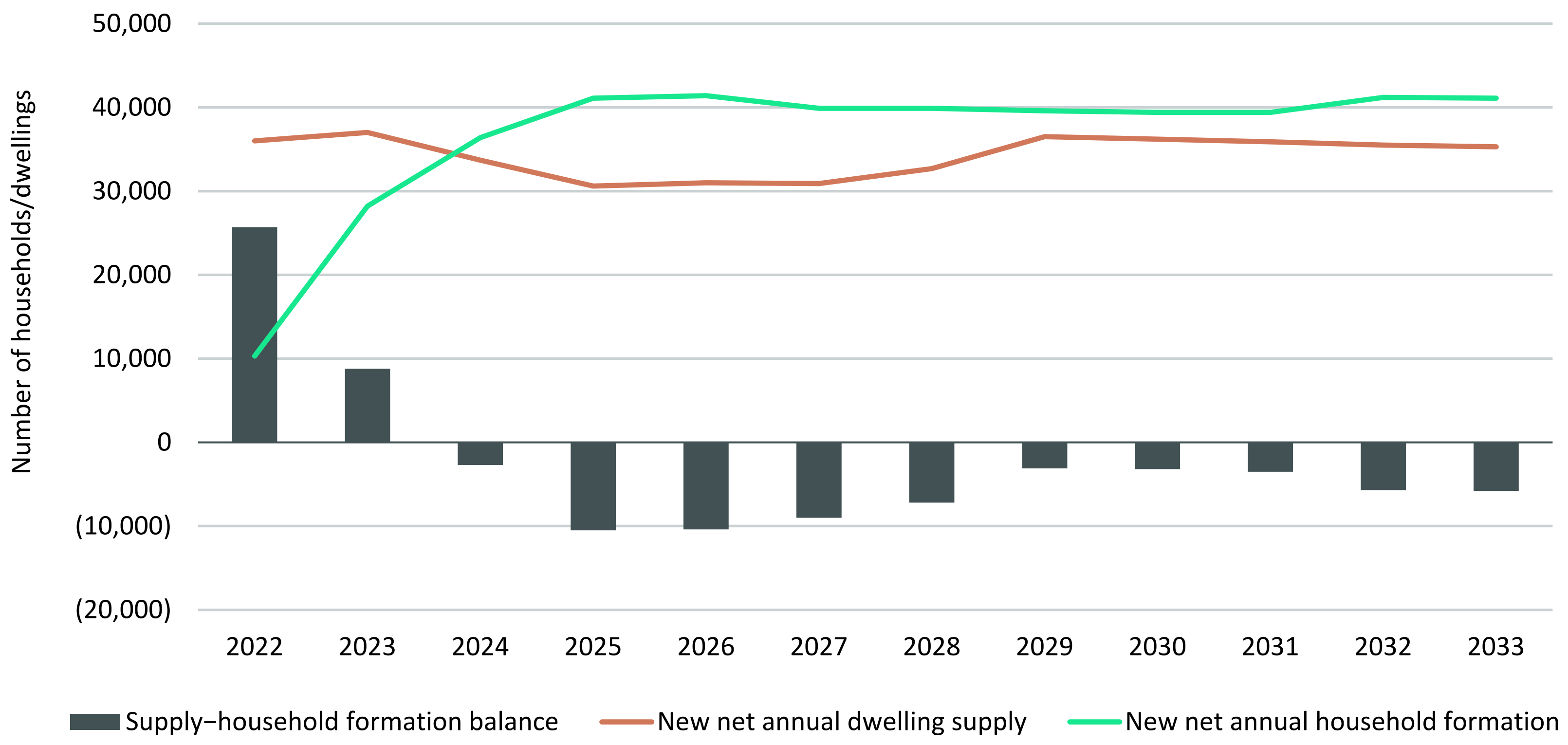


Source: Australian Bureau of Statistics; CBRE Research
Note: Data covers approximately a 5 kilometre radius of the CBD

Oversupply in the short term but undersupply re-emerges from 2023-24 as demand strengthens with the return of overseas migration but supply lags.

Undersupply likely understated with even higher net overseas migration targets now set.

Annual change in supply, demand and supply-demand balance, total dwellings (Melbourne)



Source: NHFIC, State of the Nation's Housing Report, 2022-23 (April 2023)

Brisbane to remain in undersupply throughout the decade.

Sydney and Melbourne to worsen as migration returns – undersupply likely to be brought forward.

(refers to total dwellings, so Sydney and Melbourne have been boosted in the short term by Homebuilder)

Cumulative dwelling imbalance, total dwellings (Sydney, Melbourne and Brisbane), 2022 to 2023

Source: NHFIC, State of the Nation's Housing Report, 2022-23 (April 2023)

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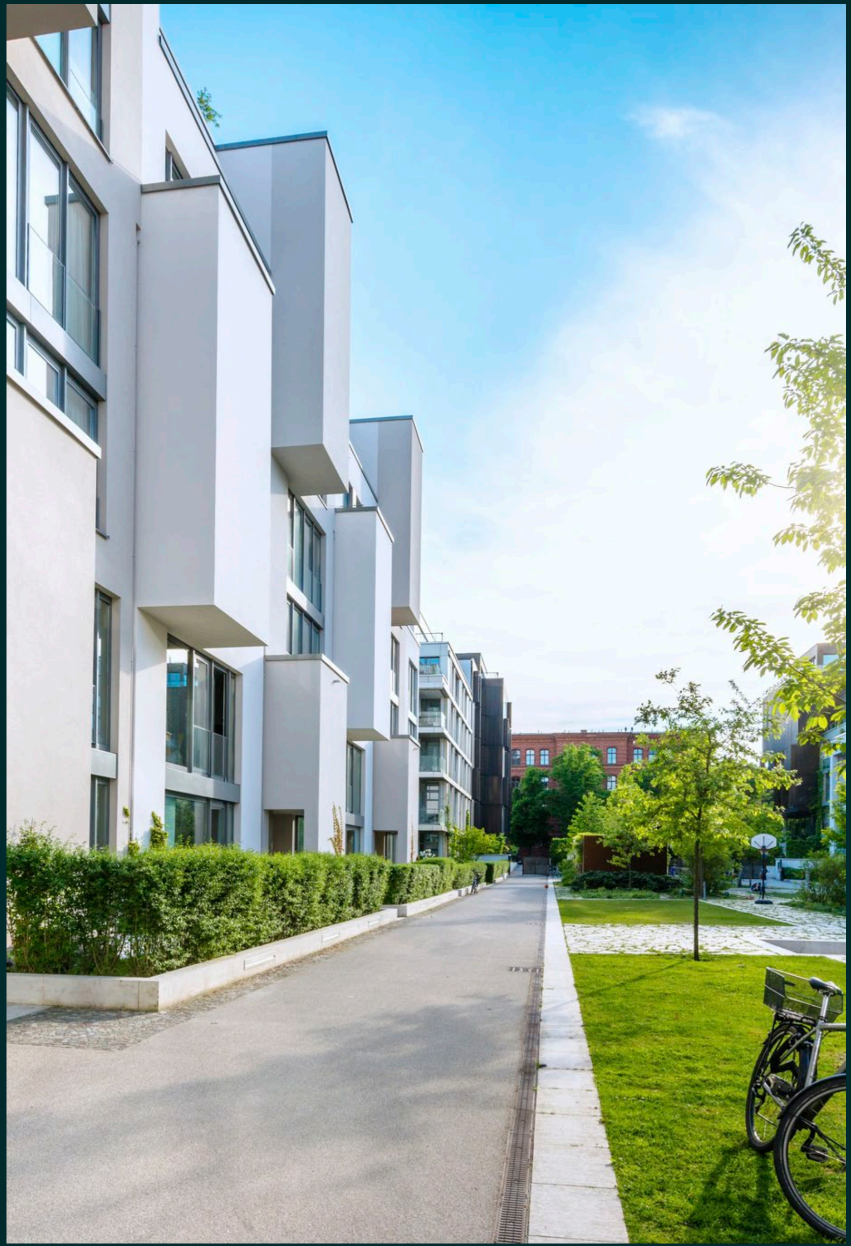
Ranking Tables



RANKING TABLES

Melbourne residential market – houses
Key markets by median price (high) – year to Feb. 2023, 10 sales minimum

	SALES VOLUME			MEDIAN PRICE					LISTINGS			
SUBURB	ANNUAL	CHANGE	TURNOVER RATE	12 MONTH	QTR	ANNUAL CHANGE	5-YR PA GROWTH	10-YR PA GROWTH	ANNUAL	CHANGE	DAYS ON MARKET	VENDOR DISCOUNT
Toorak	118	-25.3%	4.3%	**$5,800,000**	-1.7%	-5.7%	4.7%	7.3%	157	-12.1%	33	-5.9%
East Melbourne	20	-4.8%	3.2%	**$3,737,500**	7.9%	6.8%	0.3%	3.7%	38	8.6%	42	0.0%
Portsea	21	-59.6%	1.7%	**$3,600,000**	0.7%	-2.0%	11.6%	10.2%	32	-45.3%	41	0.0%
Brighton	218	-36.1%	3.7%	**$3,428,500**	0.7%	-2.2%	3.5%	6.7%	309	-11.5%	29.5	-5.5%
Flinders	21	-19.2%	2.8%	**$3,351,000**	-6.8%	12.4%	16.7%	15.7%	29	-16.2%	27	0.0%
Canterbury	93	-8.8%	4.1%	**$3,222,000**	-7.3%	-8.9%	2.6%	6.0%	115	12.7%	26	-2.3%
Malvern	104	-33.8%	4.0%	**$2,985,000**	-1.3%	-3.7%	3.0%	7.0%	123	-20.1%	27	-5.2%
Deepdene	15	-50.0%	2.5%	**$2,970,000**	-1.0%	-9.0%	1.5%	4.6%	21	5.0%	29.5	0.0%
Balwyn	156	-24.6%	4.5%	**$2,899,000**	1.2%	3.5%	4.5%	8.1%	180	-11.5%	25.5	-2.9%
Kew	264	-17.5%	4.3%	**$2,850,000**	0.7%	6.5%	5.0%	6.5%	301	-10.9%	29	-5.8%
Camberwell	248	-18.2%	4.2%	**$2,650,000**	1.0%	3.3%	3.8%	7.4%	284	-8.0%	26	-4.1%
Middle Park	68	-2.9%	5.4%	**$2,650,000**	-3.6%	-13.5%	1.4%	7.1%	79	12.7%	25	-2.9%
St Kilda West	16	-11.1%	3.7%	**$2,637,500**	9.9%	-20.1%	0.2%	7.2%	22	-15.4%	29	0.0%
Elwood	102	-23.9%	4.8%	**$2,617,500**	3.5%	19.9%	7.8%	7.5%	125	6.6%	50.5	-4.4%
Hawthorn	161	-22.2%	3.9%	**$2,602,000**	-6.7%	-8.1%	1.9%	7.0%	198	-10.2%	28	-5.4%

Melbourne residential market – houses

RANKING TABLES

Key markets by median price (low) – year to Feb. 2023, 10 sales minimum

	SALES VOLUME			MEDIAN PRICE					LISTINGS			
SUBURB	ANNUAL	CHANGE	TURNOVER RATE	12 MONTH	QTR	ANNUAL CHANGE	5-YR PA GROWTH	10-YR PA GROWTH	ANNUAL	CHANGE	DAYS ON MARKET	VENDOR DISCOUNT
Melton	165	-17.5%	5.9%	**$490,000**	-1.9%	5.7%	5.2%	7.2%	211	-5.3%	28	-3.2%
Melton South	190	-30.1%	5.0%	**$506,150**	-1.7%	7.6%	5.4%	7.8%	282	-14.6%	28.5	-4.2%
Coolaroo	31	-35.4%	3.1%	**$520,000**	0.0%	2.0%	2.5%	6.4%	32	-31.3%	26	0.0%
Dallas	76	-29.6%	4.1%	**$520,000**	-2.3%	-1.9%	3.4%	6.6%	97	-17.6%	41	-6.4%
Kurunjang	174	-22.7%	5.4%	**$550,000**	-1.3%	7.8%	7.2%	7.0%	232	-6.4%	24	-3.8%
Melton West	162	-26.0%	5.6%	**$550,500**	0.1%	5.9%	5.6%	6.9%	201	-17.4%	29	-3.6%
Meadow Heights	132	-19.5%	3.8%	**$565,000**	-2.6%	-1.1%	3.6%	6.2%	163	-9.2%	42	-4.8%
Weir Views	96	-20.7%	5.1%	**$570,000**	-1.7%	6.1%	4.7%	0.0%	165	1.8%	24	-2.3%
Brookfield	173	-30.5%	5.8%	**$575,000**	0.0%	4.5%	5.6%	5.7%	240	-8.9%	25.5	-2.5%
Wyndham Vale	446	-8.0%	6.4%	**$580,000**	0.2%	8.4%	5.4%	7.5%	543	-9.4%	23	-2.7%
Laverton	70	-26.3%	4.1%	**$587,500**	-2.9%	-5.2%	1.3%	6.3%	141	0.7%	59	-3.8%
Harkness	209	-26.1%	6.0%	**$591,000**	0.4%	8.2%	6.7%	6.0%	291	-2.6%	22	-3.1%
Mount Cottrell	14	75.0%	10.0%	**$593,750**	-4.5%	0.0%	0.0%	0.0%	19	-26.9%	0	0.0%
Millgrove	34	-34.6%	4.8%	**$595,000**	-1.1%	3.9%	10.5%	9.5%	37	0.0%	21	-3.6%
Broadmeadows	116	-16.5%	4.2%	**$600,000**	-1.6%	0.0%	1.8%	7.0%	179	1.7%	37	-6.0%

RANKING TABLES

Melbourne residential market – houses
Key markets by median price growth – year to Feb. 2023, 10 sales minimum

	SALES VOLUME			MEDIAN PRICE					LISTINGS			
SUBURB	ANNUAL	CHANGE	TURNOVER RATE	12 MONTH	QTR	ANNUAL CHANGE	5-YR PA GROWTH	10-YR PA GROWTH	ANNUAL	CHANGE	DAYS ON MARKET	VENDOR DISCOUNT
Cape Schanck	10	-33.3%	3.3%	$2,280,000	87.7%	**65.2%**	18.0%	12.9%	23	33.3%	0	0.0%
Shoreham	15	36.4%	3.3%	$2,515,000	14.7%	**54.8%**	9.4%	15.1%	20	53.8%	56	0.0%
Bonnie Brook	12	-25.0%	2.0%	$667,000	0.8%	**49.8%**	0.0%	0.0%	43	87.5%	20	0.0%
Research	23	-32.4%	3.2%	$1,550,000	6.3%	**27.5%**	0.0%	9.4%	32	-27.3%	32	0.0%
Officer South	19	11.8%	5.2%	$875,000	3.6%	**23.1%**	0.0%	0.0%	37	137.5%	15.5	0.0%
Garfield	30	-25.0%	5.3%	$895,100	1.3%	**21.9%**	14.4%	10.3%	40	-8.9%	29.5	0.0%
Elwood	102	-23.9%	4.8%	$2,617,500	3.5%	**19.9%**	7.8%	7.5%	125	6.6%	50.5	-4.4%
Avonsleigh	14	-17.6%	5.1%	$910,000	10.3%	**19.7%**	10.0%	10.3%	22	22.2%	29	0.0%
Beaconsfield Upper	21	-22.2%	2.9%	$1,300,000	7.9%	**18.2%**	9.0%	9.1%	38	-13.6%	20	-4.7%
Narre Warren North	73	0.0%	4.2%	$1,690,000	5.6%	**17.4%**	9.0%	12.1%	107	-11.2%	59	-5.6%
Sassafras	12	-42.9%	3.2%	$1,037,500	5.2%	**16.6%**	6.3%	8.7%	17	-29.2%	23.5	0.0%
Eumemmerring	17	-37.0%	3.8%	$745,500	1.1%	**14.7%**	7.8%	0.0%	29	-3.3%	45	0.0%
Lyndhurst	95	-40.6%	4.1%	$965,000	1.7%	**14.5%**	8.7%	7.9%	118	-35.9%	32	-3.5%
Rockbank	66	-10.8%	4.3%	$617,500	-0.4%	**14.4%**	5.3%	8.9%	149	8.2%	50	-3.3%
Wonga Park	37	0.0%	3.5%	$1,640,000	14.4%	**12.7%**	9.8%	9.8%	55	-11.3%	27	-8.3%

RANKING TABLES

Melbourne residential market – houses

Key markets by median price decline – year to Feb. 2023, 10 sales minimum

	SALES VOLUME			MEDIAN PRICE					LISTINGS			
SUBURB	ANNUAL	CHANGE	TURNOVER RATE	12 MONTH	QTR	ANNUAL CHANGE	5-YR PA GROWTH	10-YR PA GROWTH	ANNUAL	CHANGE	DAYS ON MARKET	VENDOR DISCOUNT
Glen Huntly	17	30.8%	3.3%	$1,440,000	-3.2%	**-21.4%**	3.7%	7.6%	19	11.8%	0	0.0%
St Kilda West	16	-11.1%	3.7%	$2,637,500	9.9%	**-20.1%**	0.2%	7.2%	22	-15.4%	29	0.0%
Flemington	53	-25.4%	3.7%	$1,070,000	-10.1%	**-19.2%**	-0.3%	5.0%	64	-22.9%	28.5	-2.1%
Selby	24	14.3%	4.5%	$793,750	-1.2%	**-18.2%**	3.9%	6.9%	35	2.9%	30.5	-2.4%
Parkville	19	-26.9%	2.7%	$1,869,000	-4.2%	**-17.8%**	-7.1%	3.0%	39	5.3%	55	0.0%
Red Hill South	10	-9.1%	3.3%	$1,890,000	0.0%	**-16.0%**	0.0%	0.0%	13	25.0%	0	0.0%
Burnley	11	-21.4%	5.1%	$1,355,000	-13.7%	**-15.8%**	0.0%	5.2%	12	-20.0%	0	0.0%
South Kingsville	15	-37.5%	3.0%	$885,000	-1.1%	**-14.5%**	-1.2%	3.8%	26	23.8%	0	0.0%
Nunawading	98	-12.5%	3.2%	$1,107,250	-5.8%	**-14.2%**	0.3%	6.8%	118	-2.4%	27	-4.4%
Rosanna	86	-9.5%	3.6%	$1,200,000	-4.9%	**-14.0%**	0.6%	6.3%	96	0.0%	28	-4.7%
Middle Park	68	-2.9%	5.4%	$2,650,000	-3.6%	**-13.5%**	1.4%	7.1%	79	12.7%	25	-2.9%
Essendon West	20	-20.0%	4.8%	$1,233,014	-15.7%	**-13.2%**	-1.1%	5.2%	18	-25.0%	0	0.0%
Ripponlea	11	-15.4%	4.2%	$1,560,000	-5.8%	**-12.6%**	-1.1%	0.0%	16	33.3%	0	0.0%
Seddon	88	10.0%	5.1%	$1,100,000	0.0%	**-12.4%**	2.3%	5.1%	105	35.0%	41	-3.5%
Tecoma	27	-25.0%	3.8%	$833,000	-7.3%	**-12.3%**	3.1%	7.5%	31	-32.6%	23	-6.0%

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Melbourne residential market – houses
Key markets by sales volume – year to Feb. 2023, 10 sales minimum

	SALES VOLUME			MEDIAN PRICE					LISTINGS			
SUBURB	ANNUAL	CHANGE	TURNOVER RATE	12 MONTH	QTR	ANNUAL CHANGE	5-YR PA GROWTH	10-YR PA GROWTH	ANNUAL	CHANGE	DAYS ON MARKET	VENDOR DISCOUNT
Point Cook	**1,051**	-26.0%	5.6%	$770,000	0.7%	4.1%	4.9%	5.6%	1,298	-21.0%	31	-4.1%
Tarneit	**1,040**	-14.2%	6.1%	$650,000	0.0%	5.5%	4.5%	6.2%	1,424	-14.1%	34	-2.7%
Pakenham	**949**	-29.5%	6.0%	$650,000	-0.8%	5.3%	5.8%	6.9%	1,155	-20.3%	14	-2.3%
Werribee	**835**	-13.8%	5.4%	$607,500	-1.2%	3.8%	5.5%	7.4%	1,007	-8.8%	28	-3.2%
Craigieburn	**808**	-25.2%	4.8%	$655,000	-0.8%	3.6%	4.8%	6.5%	1,084	-15.9%	29	-2.9%
Berwick	**676**	-29.5%	4.6%	$880,000	-0.8%	4.8%	5.4%	6.9%	927	-14.7%	23	-3.6%
Sunbury	**588**	-15.6%	4.7%	$660,000	0.0%	1.5%	5.3%	6.5%	744	-2.8%	23	-4.2%
Clyde North	**581**	-15.3%	5.6%	$730,000	-1.4%	5.0%	9.0%	6.5%	849	0.3%	28	-3.6%
Truganina	**562**	-21.1%	5.2%	$660,000	-0.8%	5.5%	4.7%	6.7%	822	-14.8%	33.5	-2.9%
Hoppers Crossing	**542**	-20.6%	4.9%	$620,000	0.0%	3.3%	3.2%	7.0%	611	-17.5%	29	-2.8%
Frankston	**495**	-32.0%	4.3%	$750,000	-2.0%	-1.8%	4.5%	8.3%	622	-15.7%	26	-4.3%
Wyndham Vale	**446**	-8.0%	6.4%	$580,000	0.2%	8.4%	5.4%	7.5%	543	-9.4%	23	-2.7%
Glen Waverley	**432**	-25.8%	3.7%	$1,583,000	-1.1%	-1.5%	3.2%	7.9%	516	-12.2%	28	-3.8%
Reservoir	**417**	-22.5%	3.3%	$915,000	-3.2%	-3.7%	2.6%	7.0%	569	-3.8%	30	-5.5%
Doreen	**410**	-25.0%	5.2%	$748,975	0.5%	3.9%	5.4%	5.2%	446	-27.6%	16	-3.1%

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Melbourne residential market – units
Key markets by median price (high) – year to Feb. 2023, 10 sales minimum

	SALES VOLUME			MEDIAN PRICE					LISTINGS			
SUBURB	ANNUAL	CHANGE	TURNOVER RATE	12 MONTH	QTR	ANNUAL CHANGE	5-YR PA GROWTH	10-YR PA GROWTH	ANNUAL	CHANGE	DAYS ON MARKET	VENDOR DISCOUNT
Beaumaris	64	4.9%	4.8%	**$1,302,500**	-1.0%	4.2%	7.9%	6.4%	82	9.3%	27.5	-2.9%
Black Rock	51	-13.6%	4.3%	**$1,300,000**	-7.0%	-2.3%	8.1%	6.9%	72	1.4%	29	-5.0%
Albert Park	13	-55.2%	2.4%	**$1,275,000**	0.0%	31.4%	16.8%	5.6%	17	-51.4%	0	0.0%
Canterbury	44	33.3%	4.8%	**$1,229,000**	4.2%	29.0%	6.2%	7.0%	51	51.4%	37.5	0.0%
Brighton East	61	-25.6%	3.4%	**$1,221,500**	-0.9%	10.0%	5.0%	5.4%	91	-29.5%	28	-6.5%
Caulfield South	84	-27.6%	4.5%	**$1,152,500**	0.2%	-2.2%	6.9%	6.0%	98	-10.1%	31	-5.9%
Brighton	190	-12.0%	4.0%	**$1,150,000**	0.0%	-5.7%	0.9%	3.7%	258	-8.6%	34.5	-4.0%
Toorak	190	-12.0%	4.0%	**$1,141,000**	-9.4%	-23.0%	1.1%	3.9%	272	-13.2%	42	-4.4%
Mont Albert North	31	-31.1%	4.3%	**$1,135,000**	0.0%	-6.2%	2.6%	6.3%	44	-17.0%	41	0.0%
Ashburton	18	-53.8%	2.8%	**$1,115,000**	-10.8%	-7.1%	-2.5%	5.4%	23	-48.9%	0	0.0%
Vermont South	11	-15.4%	2.2%	**$1,065,000**	0.0%	13.9%	6.7%	0.0%	21	-16.0%	56	0.0%
Bentleigh East	166	-32.0%	4.0%	**$1,058,000**	-3.4%	-3.8%	8.6%	7.7%	227	-6.5%	26	-5.7%
Balwyn	105	-13.9%	4.1%	**$1,047,500**	-0.2%	16.4%	5.9%	6.7%	122	-10.6%	40	-2.4%
Mckinnon	46	-22.0%	4.0%	**$1,034,000**	3.4%	3.4%	5.3%	6.0%	70	-17.2%	30	-2.5%
Deepdene	14	27.3%	4.9%	**$1,032,500**	-20.6%	-36.3%	0.0%	0.0%	16	13.3%	0	0.0%

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Melbourne residential market – units
Key markets by median price (low) – year to Feb. 2023, 10 sales minimum

SUBURB	SALES VOLUME			MEDIAN PRICE					LISTINGS		DAYS ON MARKET	VENDOR DISCOUNT
	ANNUAL	CHANGE	TURNOVER RATE	12 MONTH	QTR	ANNUAL CHANGE	5-YR PA GROWTH	10-YR PA GROWTH	ANNUAL	CHANGE		
Junction Village	11	-8.3%	6.5%	**$310,000**	0.0%	10.7%	0.0%	0.0%	10	66.7%	0	0.0%
Travancore	75	11.9%	6.9%	**$340,000**	0.6%	-22.7%	-0.9%	-3.8%	86	7.3%	34	-5.2%
Melton South	50	0.0%	7.1%	**$354,000**	1.1%	4.1%	4.6%	5.2%	55	-12.5%	25	-6.0%
Melton	26	-35.0%	4.6%	**$377,750**	1.4%	7.9%	5.6%	5.2%	41	-10.6%	23	0.0%
Mernda	20	-59.2%	3.7%	**$384,632**	-2.1%	-11.6%	1.9%	2.7%	50	-24.2%	29	0.0%
Kurunjang	19	0.0%	9.8%	**$385,000**	0.0%	-9.4%	5.0%	4.2%	29	11.5%	22	0.0%
Wollert	24	-25.0%	3.0%	**$395,000**	-2.6%	-4.2%	-0.2%	1.8%	120	68.4%	34	-3.6%
Essendon North	52	-22.4%	4.6%	**$397,000**	0.5%	-23.7%	-2.0%	-1.7%	89	-6.3%	49	-3.5%
Carlton	207	6.7%	2.2%	**$400,000**	-11.1%	-18.4%	0.3%	-0.9%	396	10.0%	54	-5.5%
Notting Hill	64	56.1%	7.4%	**$405,000**	3.8%	-2.4%	3.5%	0.9%	51	57.6%	79	-4.2%
Williams Landing	16	6.7%	4.2%	**$410,000**	-1.2%	-25.7%	1.1%	0.0%	42	16.2%	39.5	0.0%
Dandenong	300	-3.5%	3.9%	**$416,750**	-1.9%	-4.2%	3.7%	3.6%	505	-10.1%	44	-3.4%
Tarneit	55	-27.6%	6.1%	**$420,000**	-0.1%	-4.4%	2.2%	3.8%	89	-25.0%	44	-1.2%
Flemington	35	-22.2%	1.5%	**$420,000**	-2.2%	-11.9%	-1.4%	0.2%	98	-19.5%	37	-4.8%
Melbourne	874	17.5%	2.3%	**$421,400**	-3.1%	0.3%	-2.1%	-0.7%	1,643	6.7%	47	-4.6%

Melbourne residential market – units

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Key markets by median price growth – year to Feb. 2023, 10 sales minimum

SUBURB	SALES VOLUME ANNUAL	CHANGE	TURNOVER RATE	MEDIAN PRICE 12 MONTH	QTR	ANNUAL CHANGE	5-YR PA GROWTH	10-YR PA GROWTH	LISTINGS ANNUAL	CHANGE	DAYS ON MARKET	VENDOR DISCOUNT
Albert Park	13	-55.2%	2.4%	$1,275,000	0.0%	**31.4%**	16.8%	5.6%	17	-51.4%	0	0.0%
Blackburn South	36	-30.8%	4.4%	$975,000	3.5%	**30.2%**	4.9%	6.7%	61	-6.0%	28.5	0.0%
Canterbury	44	33.3%	4.8%	$1,229,000	4.2%	**29.0%**	6.2%	7.0%	51	51.4%	37.5	0.0%
Cremorne	24	-46.7%	3.2%	$787,500	1.9%	**25.9%**	0.6%	2.5%	33	-29.8%	43	0.0%
Chirnside Park	22	-51.1%	5.9%	$705,000	1.6%	**17.5%**	5.3%	8.2%	25	-30.6%	38.5	0.0%
Mount Eliza	28	-34.9%	4.4%	$875,000	0.0%	**16.7%**	11.0%	7.0%	43	4.5%	25	0.0%
Balwyn	105	-13.9%	4.1%	$1,047,500	-0.2%	**16.4%**	5.9%	6.7%	122	-10.6%	40	-2.4%
Harkness	22	-26.7%	9.4%	$430,000	5.3%	**16.2%**	5.2%	5.0%	31	-36.7%	17	0.0%
Taylors Hill	10	-52.4%	6.3%	$573,500	-1.5%	**14.7%**	3.8%	0.0%	19	-5.0%	0	0.0%
Vermont South	11	-15.4%	2.2%	$1,065,000	0.0%	**13.9%**	6.7%	0.0%	21	-16.0%	56	0.0%
Springvale South	34	-12.8%	3.3%	$600,000	-3.5%	**12.8%**	5.7%	7.0%	54	0.0%	30	0.0%
Patterson Lakes	48	-32.4%	4.5%	$697,500	2.6%	**11.6%**	4.8%	6.7%	64	-20.5%	28	-4.0%
Point Cook	91	-28.9%	6.8%	$570,000	1.8%	**11.5%**	5.6%	6.1%	160	-17.8%	41	-3.6%
Somerville	35	-35.2%	5.2%	$580,000	1.4%	**11.3%**	5.7%	6.5%	44	-10.0%	21.5	-3.9%
Cranbourne East	20	33.3%	5.2%	$505,000	1.0%	**11.0%**	3.7%	3.4%	37	21.9%	31	0.0%

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Melbourne residential market – units
Key markets by median price decline – year to Feb. 2023, 10 sales minimum

	SALES VOLUME			MEDIAN PRICE					LISTINGS			
SUBURB	ANNUAL	CHANGE	TURNOVER RATE	12 MONTH	QTR	ANNUAL CHANGE	5-YR PA GROWTH	10-YR PA GROWTH	ANNUAL	CHANGE	DAYS ON MARKET	VENDOR DISCOUNT
Gardenvale	10	0.0%	2.8%	$510,000	0.0%	**-54.4%**	9.1%	3.8%	14	16.7%	0	0.0%
Deepdene	14	27.3%	4.9%	$1,032,500	-20.6%	**-36.3%**	0.0%	0.0%	16	13.3%	0	0.0%
Eaglemont	16	-11.1%	4.7%	$873,000	0.1%	**-35.0%**	0.0%	1.4%	27	35.0%	24	0.0%
Spotswood	10	-33.3%	2.8%	$501,250	-1.7%	**-32.3%**	-5.3%	0.0%	16	0.0%	0	0.0%
Caulfield East	21	75.0%	4.5%	$455,000	-20.8%	**-31.6%**	-1.1%	0.6%	25	-3.8%	0	0.0%
Sunshine	52	36.8%	4.5%	$427,750	-9.5%	**-31.1%**	2.1%	2.6%	91	17.5%	89	-7.3%
Williams Landing	16	6.7%	4.2%	$410,000	-1.2%	**-25.7%**	1.1%	0.0%	42	16.2%	39.5	0.0%
Wantirna South	62	-23.5%	3.6%	$520,000	-11.5%	**-25.7%**	0.0%	2.2%	96	-17.1%	40	-2.9%
Ormond	80	-14.0%	3.8%	$587,500	-4.7%	**-25.6%**	0.9%	2.5%	109	1.8%	32	-7.1%
Rye	16	-33.3%	3.6%	$720,000	0.0%	**-23.8%**	7.9%	6.3%	15	-37.5%	32	0.0%
Essendon North	52	-22.4%	4.6%	$397,000	0.5%	**-23.7%**	-2.0%	-1.7%	89	-6.3%	49	-3.5%
Toorak	190	-12.0%	4.0%	$1,141,000	-9.4%	**-23.0%**	1.1%	3.9%	272	-13.2%	42	-4.4%
Travancore	75	11.9%	6.9%	$340,000	0.6%	**-22.7%**	-0.9%	-3.8%	86	7.3%	34	-5.2%
Yarraville	72	-20.0%	4.0%	$583,500	-5.9%	**-20.4%**	2.3%	1.6%	97	-21.3%	48	-3.8%
Malvern East	155	-21.7%	3.5%	$689,000	-3.6%	**-20.0%**	1.9%	4.7%	253	-6.8%	37	-6.3%

Melbourne residential market – units

Key markets by sales volume – year to Feb. 2023, 10 sales minimum

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	SALES VOLUME			MEDIAN PRICE					LISTINGS			
SUBURB	ANNUAL	CHANGE	TURNOVER RATE	12 MONTH	QTR	ANNUAL CHANGE	5-YR PA GROWTH	10-YR PA GROWTH	ANNUAL	CHANGE	DAYS ON MARKET	VENDOR DISCOUNT
Melbourne (pc 3000)	874	17.5%	2.3%	$421,400	-3.1%	0.3%	-2.1%	-0.7%	1,643	6.7%	47	-4.6%
St Kilda	550	-5.0%	4.6%	$511,750	-1.6%	-7.0%	0.5%	1.3%	682	-2.4%	43	-3.8%
South Yarra	539	-2.4%	3.4%	$575,000	0.0%	-7.3%	-1.2%	0.7%	841	-6.3%	46.5	-4.8%
Southbank	478	14.9%	2.4%	$541,800	-2.1%	-1.0%	-0.5%	0.0%	981	12.9%	37	-3.6%
Docklands	475	10.2%	4.1%	$640,000	0.3%	5.8%	1.0%	1.1%	593	-5.0%	44	-2.9%
Melbourne (pc 3004)	354	-13.7%	4.2%	$623,750	-1.0%	-2.1%	-0.2%	1.3%	253	-0.4%	54	-4.2%
Richmond	342	-17.8%	3.5%	$622,250	-5.5%	-8.6%	2.0%	1.3%	486	-7.2%	35	-4.5%
Frankston	335	-21.4%	6.1%	$530,000	-3.6%	-2.8%	5.5%	6.9%	365	-10.6%	27	-4.3%
Reservoir	334	-26.6%	3.7%	$605,000	-1.3%	-3.2%	3.5%	5.6%	512	-21.3%	31	-2.6%
Brunswick	327	-4.9%	4.7%	$559,500	-5.2%	-7.5%	2.5%	2.2%	418	-7.1%	38	-4.5%
Port Melbourne	305	-13.1%	5.3%	$726,500	-2.5%	-7.5%	1.6%	1.4%	322	-15.9%	33	-3.5%
Hawthorn	302	-21.8%	3.4%	$585,000	-0.8%	-3.2%	0.1%	2.4%	514	-4.6%	31	-4.2%
Dandenong	300	-3.5%	3.9%	$416,750	-1.9%	-4.2%	3.7%	3.6%	505	-10.1%	44	-3.4%
Doncaster	285	-22.8%	5.2%	$630,000	-4.5%	-9.9%	1.4%	2.2%	426	-10.8%	47	-3.7%
Glenroy	275	-24.9%	6.2%	$585,000	-2.8%	-4.1%	2.7%	4.8%	359	-15.2%	33	-4.0%

Thank-you