Local Market Intelligence

Residential Market Overview

Parkville (Melbourne)

July 2018

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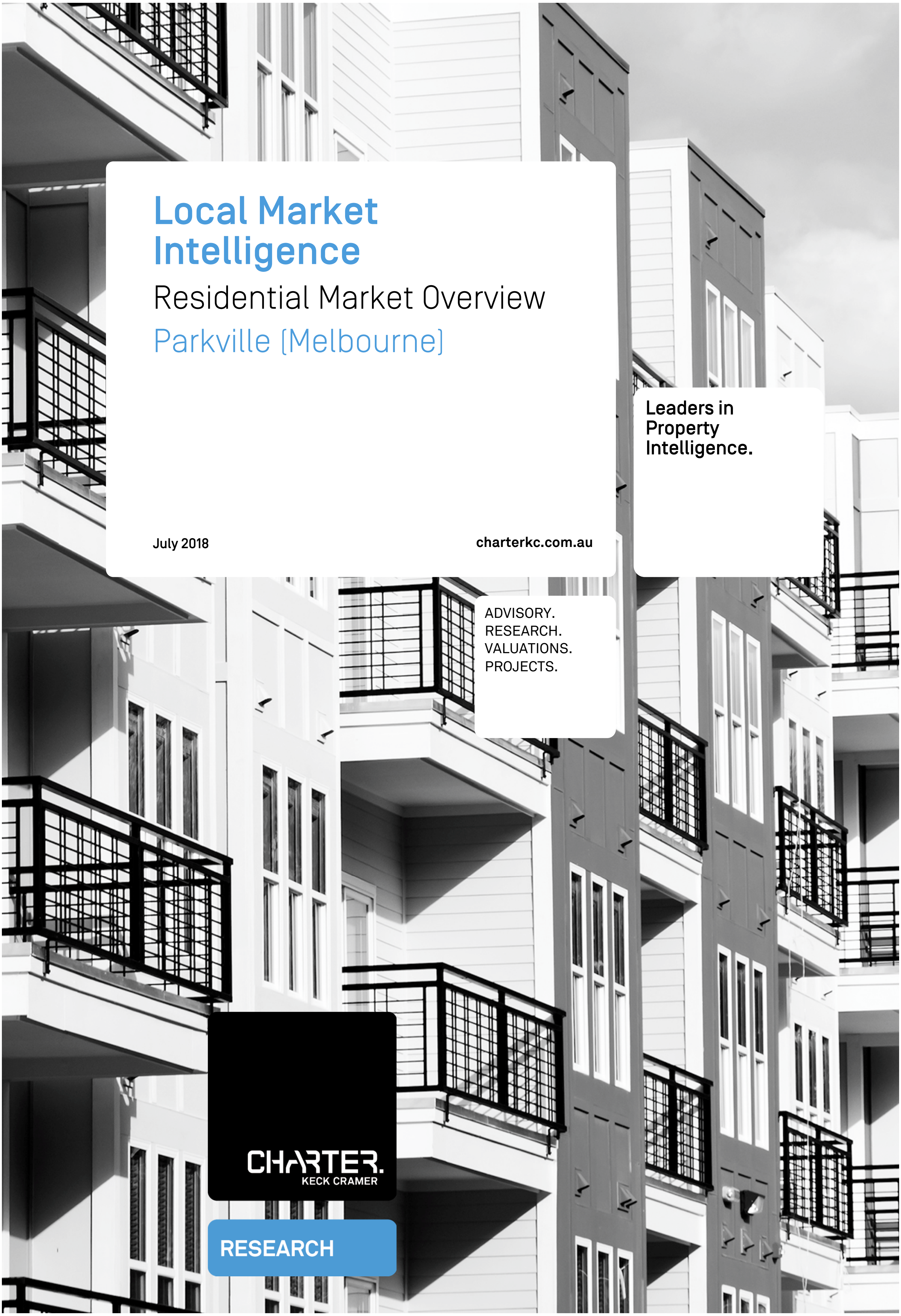

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RESEARCH

The Melbourne Story
Metropolitan Melbourne: Key Considerations

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INTRODUCTION

Melbourne is emerging as a city of international significance. It has been ranked as the World's Most Liveable City for the last 7 years.*

Melbourne is outperforming the wider Australian economy and is Australia's second largest economic region.

It is also undoubtedly the sports, cultural and events capital of Australia which attracts global attention and investment.

Melbourne is evolving at a rapid rate. With this comes opportunities not available elsewhere in Australia.

Liveability

World's Most Liveable City

[7 Consecutive Years, 2011-2017]

Education

2 Universities in the Top 100 Global Universities

[University of Melbourne = 32nd and Monash University = 80th]

Economic Activity

+2.8%	**19.2%**
[Economic Growth FY 16/17]	[Share of National Economy Gross Domestic Product FY16/17]
Australia = +2.0%	

Key Attractions

Sports, Cultural and Events Capital of Australia

DEMAND CONSIDERATIONS

Melbourne is the fastest growing city in Australia and it is projected to be larger than Sydney by 2051), The State Government's metropolitan plan, forecasts that there will be a requirement for an additional 1.6 million dwellings to 2051.

Melbourne is extremely multicultural with a large number of migrants coming to the city. There is also a diverse employment base and the economy is not reliant on a single industry of employment.

With an increase in the population, who are employed across several industries, comes the demand for additional and diverse ranges of housing.

Population Growth

Recent [2016]	Future [2012-2051]
+2.2% p.a.	**+1.8% p.a.**
Australia = + 1.9% p.a.	Australia = + 1.6% p.a.

Future Housing Requirements

1.6 Million Dwellings

Metropolitan Melbourne's Requirements 2011 - 2051

Multicultural City

[Increase in Non-Australian Born Population, 2006-2016]

+45%

Australia = + 40%

Economic Opportunities

Diversity of Employment

[Not reliant on a Single Industry of Employment]

SUPPLY CONSIDERATIONS

Melbourne still has a large amount of its housing stock in the form of detached housing (68%) **however there are policy aspirations in Plan Melbourne (2014) and Plan Melbourne Refresh (2017) to achieve greater levels of higher and medium density dwellings by 2051.**

Melbourne's apartment market is still maturing with a comparatively low number of apartments in the city relative to comparable global cities.

Existing Housing Composition

15% : 17% : 68%

[Higher Density] :[Medium Density]:[Detached Houses] [2016]

Composition of Future Housing Supply

31% : 36% : 34%

[Higher Density]:[Medium Density]:[Detached Houses] [2011-2051]

House Price Growth

[3 Year Annual Average]	[10 Year Annual Average]
+8.2% p.a.	**+7.1% p.a.**
Australia = + 4.5% p.a.	Australia = + 4.8% p.a.

Apartment Market Maturity

6% of Housing Stock [1]

[North American Cities of Similar Population Size = 20%-35% are Apartments]

1 As at the 2016 Census. Additionally, apartments are dwellings in buildings with 4 or more levels.

*Refer to end of report for all sources used in compiling this report.

Local Market Intelligence
Parkville (Melbourne)

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KEY CONSIDERATIONS

HOUSING MARKET: More prestigious housing options than adjoining suburbs evidenced by higher house prices.

MELBOURNE UNIVERSITY : Global top 50 university enhances international reputation as a residential location.

RETAIL: This suburb can be overlooked by purchasers as it does not contain a defined retail precinct like those in Carlton or Brunswick.

MARKET INDICATORS

$515,000

2017 median unit price
(Metro Melbourne = $505,000).

+10.9% p.a.

10 year ave annual house price growth
(Metro Melbourne = 7.1% p.a.).

$2.38 Million

2017 median house price
(Metro Melbourne = $688,000.).

(See page 2 for more info.)

DEMAND INDICATORS

18 – 24 year olds

The predominant age cohort accounting for 40% of all residents. Recent growth has been highlighted by an increase in the number 25-34 year olds (Parkville, 2006-2011).

Lone Person Households

Largest household type accounting for 31% of all households.
(Parkville 2016).

(See page 3 for more info.)

SUPPLY INDICATORS

Apartments: 62%

Proportion of dwelling stock, 2016.
(Metro Melbourne = 15%).

Tightly Held

(69 total dwelling sales over 2017).

Low Short Term Supply

(Only 2,400 dwellings present within the suburb (mostly apartments).

(See page 4 for more info.)

SUBURB CONTEXT & FUNDAMENTALS

- Parkville is a suburb located approximately 4km north of the Melbourne CBD.
- The suburb is dominated by Royal Park which comprises a total of 170 hectares and includes the Melbourne Zoo and State Netball and Hockey Centre.
- Parkville contains a small pocket of residential dwellings in the southern portion of the suburb at the rear of the Royal Melbourne Hospital.
- Parkville is one of Melbourne's oldest suburbs with housing development beginning in 1860s shortly after the opening of the University of Melbourne.

APARTMENT MARKET FUNDAMENTALS

- The fundamentals to support apartment development including access to amenity, schools, transport shops and proximity to the CBD exist in and around Parkville.

LIVEABILITY AND LIFESTYLE

An abundance of parkland and sporting facilities exist within Royal Park including sports ovals, Royal Park Tennis Club, Royal Park Golf Club and State Netball and Hockey Centre.
Melbourne Zoo located in the heart of the suburb.
Princes Park located adjacent to suburb.

Closest shopping centres include Barkly Square (Brunswick), Melbourne Central (Melbourne) and Woolworths Carlton (Carlton). Additional retail offerings nearby include Queen Victoria Market, Syndey Road (Brunswick), Lygon Street (Carlton) and the Melburne CBD.

Closest schools are North Melbourne Primary, Princes Hill Primary, University High School and Princes Hill Secondary.

The Victorian State Government recognises the Parkville precinct as one the world's largest biomedical centres.

CONNECTIVITY

4km North of the Melbourne CBD.

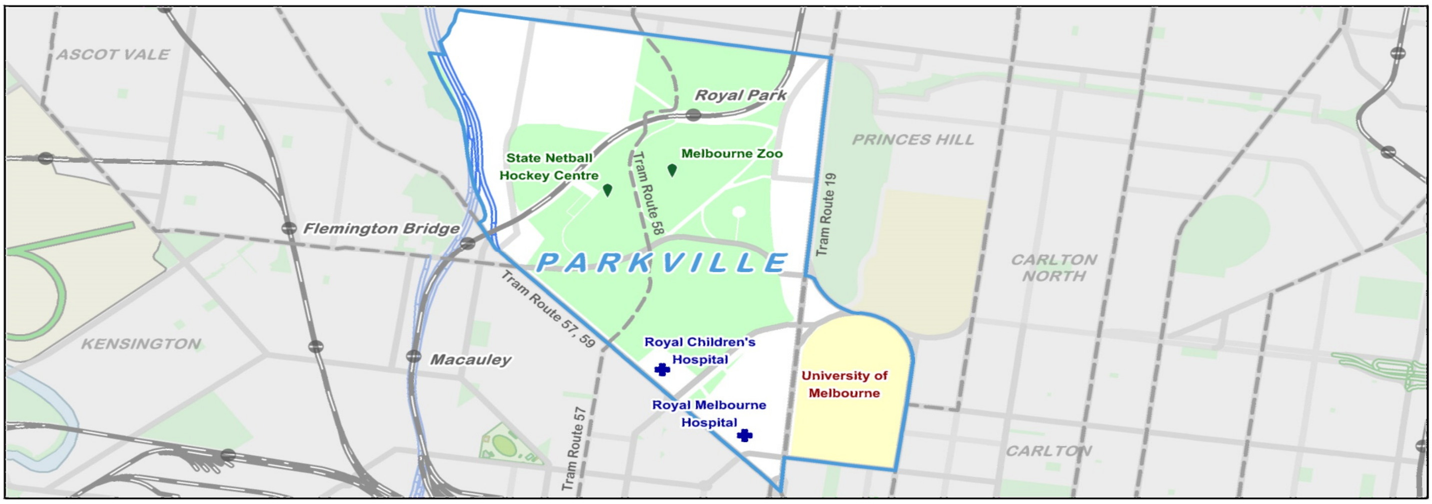
Direct connectivity to the CBD, via Royal Parade and Flemington Road.

Proximity to the Melbourne CBD the second largest employment cluster in Australia containing more than 450,000 jobs behind only the City of Sydney which contains approximately 500,000 jobs.

The Upfield Line provides a direct connection to the Melbourne CBD as do the numerous tram routes (Routes 19,57,58 and 59) which run throughout the suburb.

The Moonee Ponds Creek and Upfield Bike Trails provide access to the CBD and northern suburbs.

79 out of 100. Very Walkable (most errands accomplished on foot).

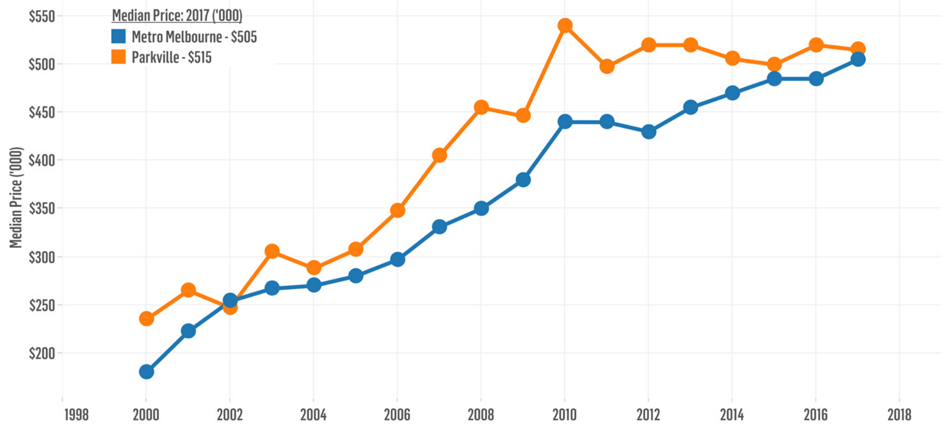


PRICE INDICATORS

The 2017 median unit price in Parkville was $515,000 which is slightly higher than that of metropolitan Melbourne ($505,000).

Dwelling prices are a gauge of overall market conditions. Historically Parkville's unit price has represented a premium in comparison to metropolitan Melbourne indicating greater levels of demand.

MEDIAN UNIT PRICE (ALL BEDROOMS) – PARKVILLE (2000 - 2017)



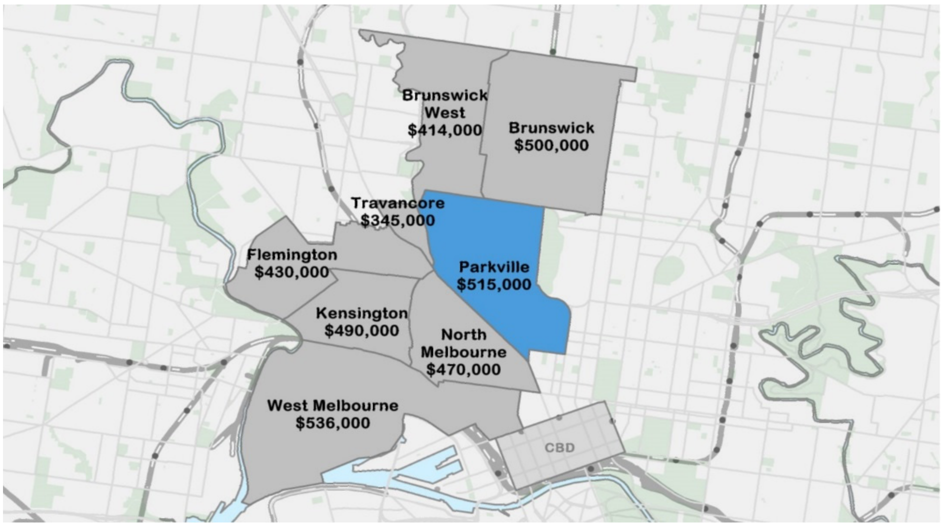
*These are the figures from APM and reflect the transacted and settled sales recorded by APM.

PRICE RELATIVITY

In comparison to other suburbs within Melbourne's Inner North and West, Parkville with a 2017 median of $515,000 contains a higher median unit price than a majority of suburbs in the region.

Parkville contains greater amenity than the other suburbs given its extensive parkland, proximity to the CBD and proximity to Melbourne University. As a result purchasers have shown a willingness to pay a premium in order to access this amenity.

MEDIAN 2017 UNIT PRICE (ALL BEDROOMS) - PARKVILLE & SURROUNDING SUBURBS



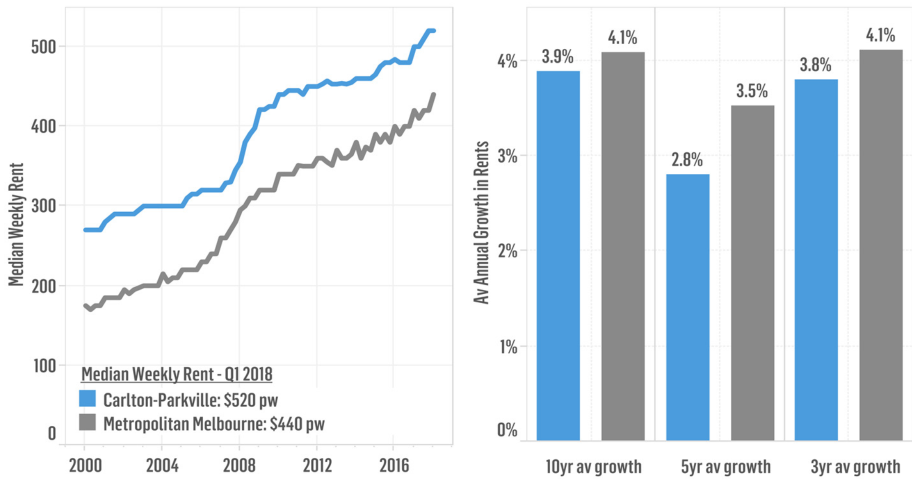
RENTAL MARKET INDICATORS

At the end of Q1-2018, median weekly rents for 2 bedroom units in Carlton - Parkville ($520 p.w.) were greater than the metropolitan Melbourne equivalent ($440 p.w.).*

The growth in rents for 2 bedrooms units over the short and longer term in Carlton - Parkville has been lower than the metropolitan Melbourne equivalent.

Despite the lower rental growth for 2 bedroom units across Parkville has maintained its historical premium in comparison to metropolitan Melbourne indicating demand from the rental market is still strong.

MEDIAN WEEKLY RENTS & AVERAGE ANNUAL % CHANGE (UNITS - 2 BEDROOMS)*



*These rents are taken from the Department of Human Services (DHS), and are based on the DHS geographies. The DHS does not separately classify Parkville in its data and so the surrounding area of 'Carlton - Parkville' has been used as a proxy for market rents.

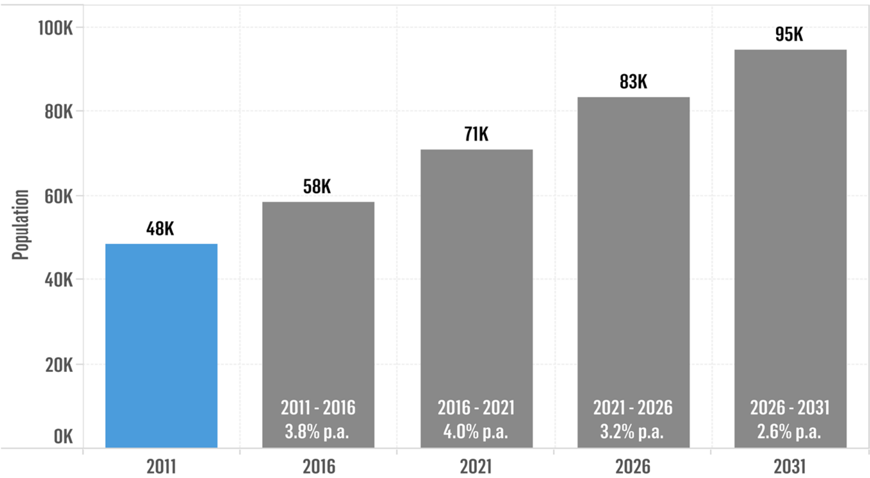
POPULATION INDICATORS

Based on the State Government Projections *Victoria in Future (VIF) 2016* figures, the population in the Parkville – West Melbourne VIFSA* is growing strongly with the strongest growth likely to be observed over 2016-2021 at +4.0% p.a.

Population growth in inner city suburbs such as Parkville, will only occur if new housing opportunities are made available.

Housing preferences in Melbourne continue to change, with house prices reaching a point where alternative forms of accommodation (such as apartments) are becoming attractive.

POPULATION GROWTH – PARKVILLE – WEST MELBOURNE, (2011-2031)



VIFSA*Refers to Victoria in Future Small Areas

DEMOGRAPHIC INDICATORS

At the 2016 Census, the largest segment of the population in Parkville was *18-24 year olds* (41%), whilst the predominant household type was *Single/Lone Person Households* (31%).

Between 2011 - 2016, the largest increase in household type in Parkville was *Single/Lone Person* (+196 households) followed by *Group Households* (+113 households).

Apartments are an attractive form of accommodation and will suit the financial, lifestyle and functional needs of these household types.

DEMOGRAPHIC DRIVERS OF DEMAND, PARKVILLE (2011-2016)

LARGEST SEGMENT OF POPULATION
SOURCE - ABS [2016]
18-24 Years

Suburb	Metro Melbourne
41%	10 %

PREDOMINANT HOUSEHOLD TYPE
SOURCE - ABS [2016]
Single/Lone Person

Suburb	Metro Melbourne
31%	23%

LARGEST INCREASE IN POPULATION
SOURCE - ABS [2016]
20-29 Years
Parkville
+507 Residents

LARGEST HOUSEHOLD INCREASE (2011-2016)
SOURCE - ABS [2016]
Lone Person
Parkville
+196 Households

SOCIO-ECONOMIC INDICATORS

The primary occupation for residents in Parkville in 2016 was *Professionals* (20%) and the primary industry of employment was *Education &Training* (19%).

The median annual household income of residents in Parkville was $84,000 in 2016 which was higher than the than the metropolitan Melbourne equivalent ($80,000).

Parkville contains a large percentage of residents born in China (8.4%), Malaysia (4.4%) and England (3.2%) most of whom are likely international students given the suburb's proximity to key universities and young age profile.

SOCIO-ECONOMIC DRIVERS OF DEMAND, PARKVILLE (2016)

PRIMARY OCCUPATION
SOURCE - ABS [2016]
Professionals

Parkville	Metro Melbourne
43%	25%

PRIMARY INDUSTRY OF EMPLOYMENT
SOURCE - ABS [2016]
Education & Training

Parkville	Metro Melbourne
19%	9%

MEDIAN HOUSEHOLD INCOME
SOURCE - ABS [2016]

Parkville	Metro Melbourne
$84,000 p.a.	$80,000 p.a.

TOP 3 COUNTRIES OF BIRTH
(NON-AUSTRALIAN RESIDENTS, % OF POPULATION)
SOURCE - ABS [2016]

China, Malaysia & England	Metro Melbourne
16%	11%

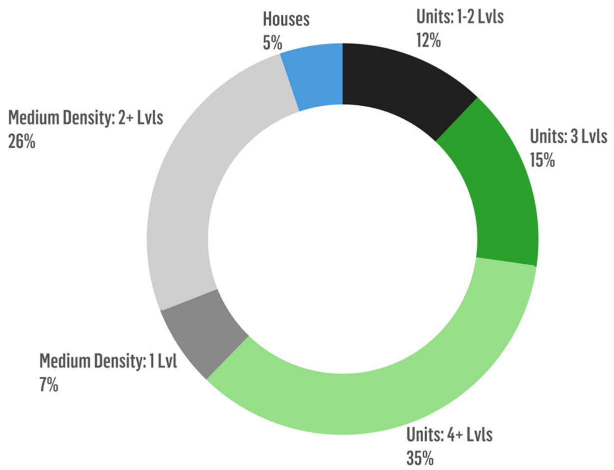
DWELLING MIX

Parkville contains a low proportion of detached housing (5%) with its dwelling mix predominantly apartments (62%) and townhouses (33%).

Over 60% of dwellings in Parkville are either high rise apartments (4 or more levels) or multi storey townhouses. This differs greatly from metropolitan Melbourne where detached housing is the primary dwelling type but is similar to that of other suburbs found across Inner Melbourne.

Given the high proportion of apartments already present within Parkville future increases in apartment supply will likely be accepted by the market. Purchasers will be willing to trade dwelling size in order to access the increased amenity offered by Parkville.

DWELLING MIX, PARKVILLE (2016)*



*Units = flats, units and apartments.
Medium Density = semi-detached, row, terrace or townhouses.

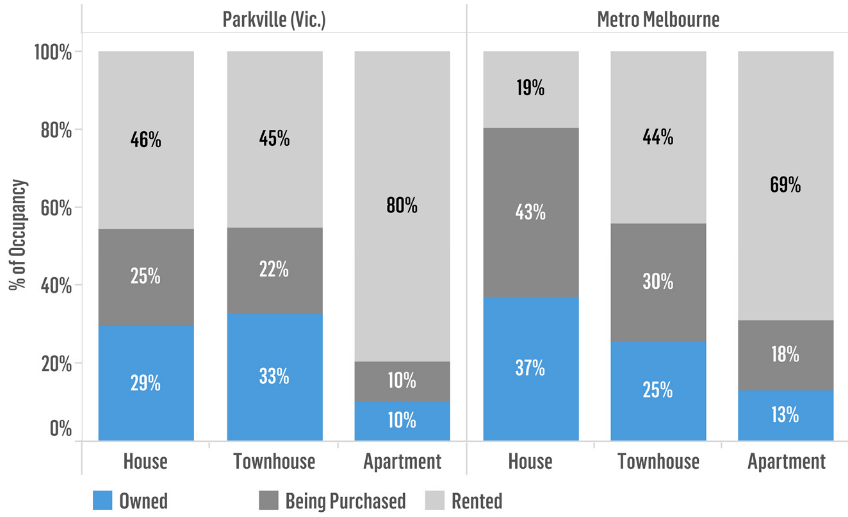
HOME OWNERSHIP

Parkville is predominantly a rental market with 80% of apartments (the primary dwelling type) currently being rented. Conversely townhouses (the secondary dwelling type) are more likely to be held by owner occupiers.

Across metropolitan Melbourne apartments are primarily occupied by renters (69%) albeit this proportion is lower in comparison to Parkville (80%).

Across Parkville apartments are predominantly rented indicating a popularity with young age cohorts likely comprised of university students and young professionals.

HOME OWNERSHIP, PARKVILLE (2016)



NEW SUPPLY - CONTEMPORARY APARTMENTS

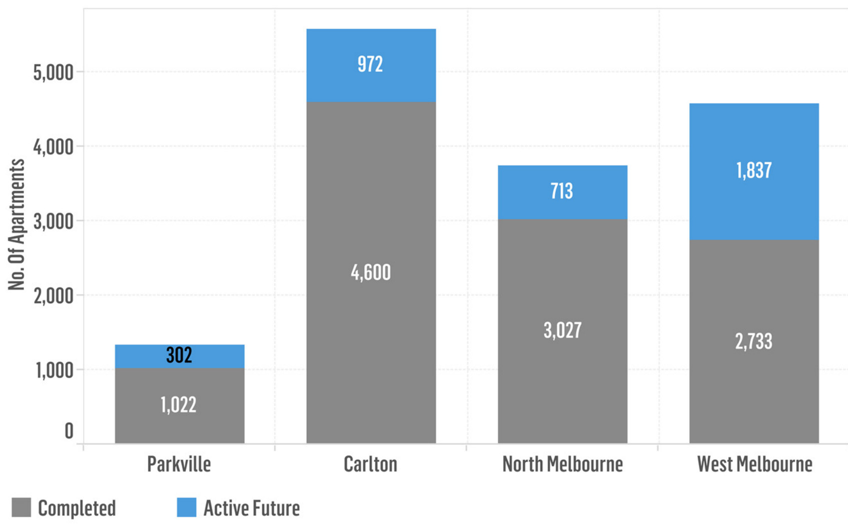
Since 2013 Parkville has received 6 new apartment projects containing more than 10 apartments with the largest project comprising 175 apartments.

Parkville presently has 2 projects in the future apartment pipeline with one at the marketing stage and the other under contruction. Combined these projects are slated to add an additional 302 apartments.

In comparison to the neighbouring suburbs of Carlton, North Melbourne and West Melbourne, Parkville contains a much smaller apartment market.

Parkville continues to possess a strong demand for contemporary apartments given the scarcity of new projects due for completion in the short term. Any additional new apartment product is likely to be well received by the market.

CONTEMPORARY APARTMENTS - PARKVILLE (2018 – 2020(f))*



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Sources: Charter Keck Cramer, Australian Bureau of Statistics, Forecast.id, Department of Human Services , APM, SQM Research, walkscore.com, Google maps, VIF 2016, City of Melbourne, Economist Intelligence Unit, Times Higher Education World University Rankings 2016-17, SGS Australian Cities Accounts 2015-16, Plan Melbourne 2014 and Plan Melbourne Refresh 2015.

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