

# urbis OUTLOOK PARKVILLE

A CONTEXT ON BUSINESS, CULTURE, LIFESTYLE AND RESIDENTIAL

*Parkville's apartment market is supported by strong amenity, proximity to the Melbourne CBD and extensive education and employment opportunities.*

JANUARY 2016

- A AUSTRALIA**  
Australia has enjoyed strong and stable economic growth.
- B MELBOURNE**  
Melbourne, the world's most liveable city, offers an affordable alternative to Sydney.
- C PARKVILLE & THE INNER NORTH**  
Parkville is self-contained in terms of amenity, including parks, healthcare and education, and the suburb is well connected to activity centres.
- D DEMOGRAPHICS**  
Parkville's demographics are highly suitable to apartment living, with 54% of households consisting of a lone person or a couple. Additionally, Parkville residents have higher annual incomes than the Greater Melbourne average.
- E EDUCATION**  
Parkville houses Australia's highest ranked university; the University of Melbourne.
- F EMPLOYMENT**  
The Parkville Employment Cluster is a hub for high value-add jobs, and employs 32,700 people.
- G RESIDENTIAL MARKET**  
Parkville is positioned just 2km from the CBD, and is more affordable than many other inner city suburbs despite annual growth in median apartment prices of 4.5% per annum over the past decade.
- H RENTAL MARKET**  
Parkville has a strong rental market, with one, two and three bedroom apartment rents growing at 3.5%, 4.3% and 6.2% per annum respectively over the past decade.

56% OF PARKVILLE IS OPEN SPACE.



PARKVILLE IS HOME TO AUSTRALIA'S NUMBER ONE RANKED UNIVERSITY; THE UNIVERSITY OF MELBOURNE.



THE PARKVILLE EMPLOYMENT CLUSTER IS A HUB FOR HEALTH, EDUCATION AND RESEARCH JOBS.



1 POP 2 INF 3 EMP

*Parkville accommodates all three of the Urbis economics and research fundamentals that make a sustainable suburb – 1. Population, 2. Infrastructure and 3. Employment.*

# ● AUSTRALIA

## ECONOMY

Australia has maintained strong economic growth over the last 10 years, performing well in economically turbulent times such as the 2008 GFC (Global Financial Crisis). This consistency can be attributed to prudent financial regulation, the fiscal monetary response and a strong resources sector. According to the Reserve Bank of Australia, inflation for the year ending September 2015 measured 1.5%, and, as of October 2015, the unemployment rate sat at 5.9%. This indicates that the Australian economy is strong and stable.

## EXCHANGE RATE

Following the GFC, as a result of Australia's particularly strong performance when compared with many other developed countries, the Australian dollar performed strongly against many major currencies. In early 2012, the AUD reached parity with the USD. However, since then, the US economy has recovered and demand for Australian commodities has softened, resulting in the AUD buying US\$0.70 as at the end of September 2015. Many Asian currencies are pegged to the USD, meaning the current exchange rate makes Australia an attractive investment proposition for international investors. This has resulted in increasing global capital flow to the Australian property market, further increasing demand.

## INTEREST RATES

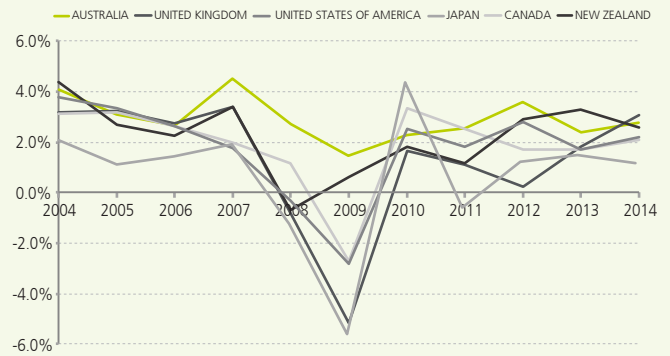
Australia's cash rate is at a historical low of 2%, following the Reserve Bank of Australia's decision to lower the rate in May 2015. This means the cost of borrowing is as low as it has ever been, stimulating economic activity and heightening real estate demand. Cheap credit has spurred demand for housing as the cost of credit has declined. Home loan rates are close to all-time lows and currently sit at 5.45% on average.

## POPULATION GROWTH

As a result of both a natural increase in population as well as immigration, Australia has experienced strong population growth in the past decade. This growth is particularly strong when compared with other developed countries. According to the ABS, the Australian population was approximately 23.9 million at the end of October 2015.

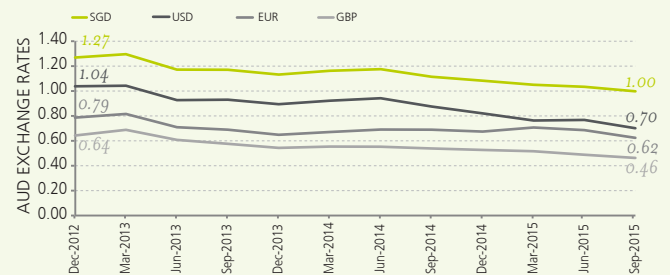
*Australia's economy has enjoyed stable, strong economic growth compared with the majority of the developed world.*

### REAL GDP GROWTH



Source: Economist Intelligent Unit: 2014

### AUSTRALIAN DOLLAR EXCHANGE RATE AUS vs USD, EUR, GBP & SGD



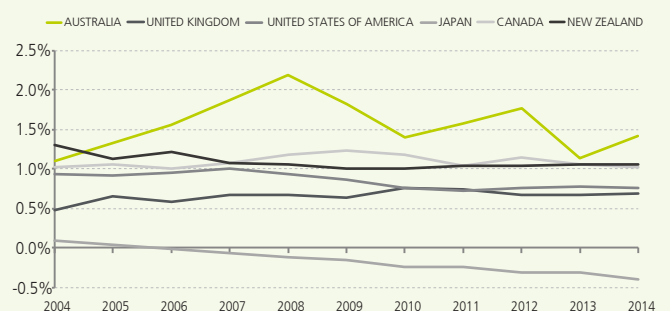
Source: Reserve Bank of Australia

### INTEREST RATES



Source: RBA

### POPULATION GROWTH



Source: Economist Intelligent Unit: 2014

*Melbourne's population is growing faster than every other capital city in Australia.*

# MELBOURNE

## POPULATION

The population of Greater Melbourne, which spans across the full metropolitan area surrounding Melbourne and is defined by the ABS, as at the end of June 2015 was just over 4.5 million residents. According to the ABS, this is expected to increase to almost 5.5 million residents by 2025, or one million additional residents over the next decade.

ABS population statistics show that Greater Melbourne is growing at a faster rate than any other capital city in Australia, with an expected average addition of 89,100 residents each year between 2015 and 2055. In 2053, Melbourne is expected to overtake Sydney as Australia's most populous city. Population growth adds to the demand for housing, translating to a valuable property market. The population growth is driven by Melbourne's strong healthcare, education and infrastructure which achieved perfect scores in the Economic Intelligence Unit's annual liveability rankings, of which Melbourne was ranked the most liveable city for the fifth consecutive year. Many of Australia's largest businesses are headquartered in Melbourne, including BHP Billiton, CSL Limited, ANZ Bank, National Australia Bank, Rio Tinto Group and Telstra.

## TOURISM

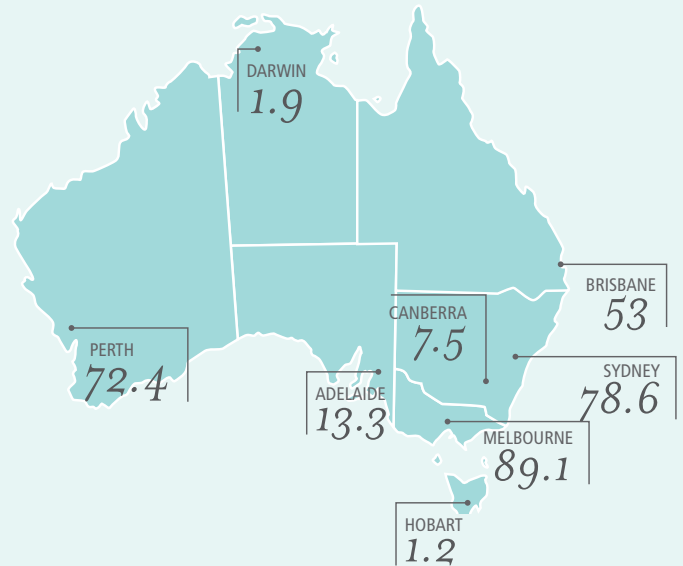
Tourism generates \$13.8 billion to the Melbourne economy, with over 26 million visitors in the year ending June 2015. Key tourist destinations include:

- National Gallery of Victoria
- Arts Centre Melbourne
- Queen Victoria Market
- Royal Botanic Gardens
- Royal Melbourne Zoo
- Albert Park
- St Kilda Beach
- Crown Casino
- Melbourne Convention and Exhibition Centre

Victoria also provides a variety of additional tourist attractions, such as:

- The Yarra Valley wine region
- Great Ocean Road
- Mornington Peninsula
- Phillip Island
- Wilsons Promontory
- Mount Buller
- The Grampians

### GREATER CITY – AVERAGE ANNUAL GROWTH FORECAST TO 2055 ('000)



*Prepared by Urbis; Source: RTA, realestate.com.au*

### TOURISM IN MELBOURNE FOR THE YEAR ENDING JUNE 2015



**26.4 million**  
TOURISTS



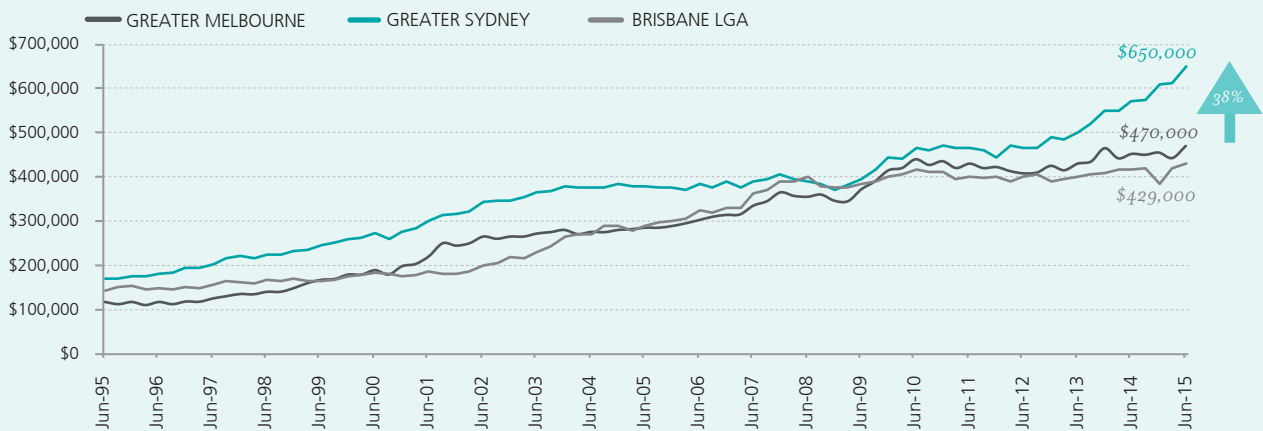
**\$13.8 billion**  
CONTRIBUTION TO  
THE ECONOMY

*Source: Tourism Research Australia*

## MELBOURNE'S AFFORDABILITY

Melbourne's median apartment price as at the end of June 2015 was \$470,000. When compared with Sydney, which had a median apartment price at the same time of \$650,000, median sales prices in Melbourne were 38% more affordable. Additionally, Greater Melbourne has achieved a 20 year annual median apartment price growth rate of 7.2%, compared with Greater Sydney and Greater Brisbane which achieved growth rates of 6.9% and 5.7% respectively. This illustrates Melbourne's potential as a relatively more affordable city with a track record of growth.

**MEDIAN APARTMENT PRICE**  
MELBOURNE VS. SYDNEY & BRISBANE



Source: RP Data CoreLogic; Urbis

## STAMP DUTY

Victorian property buyers that purchase off the plan property prior to the commencement of construction are permitted to substantial stamp duty concessions. These concessions are not offered in New South Wales or Queensland, leading to considerable savings on duty for Victoria as opposed to these other states. This adds to the affordability of Melbourne when compared with Sydney, and reduces the net difference in prices between Melbourne and Brisbane.

**STAMP DUTY**  
\$500,000 OFF-THE-PLAN PROPERTY\*



\*Calculation is based on an apartment yet to commence construction that is purchased as an investment property.  
Source: State Revenue Office Victoria, Queensland Office of State Revenue, NSW Office of State Revenue, Urbis.

*Parkville's demographics are highly suitable for apartment living.*

# DEMOGRAPHICS

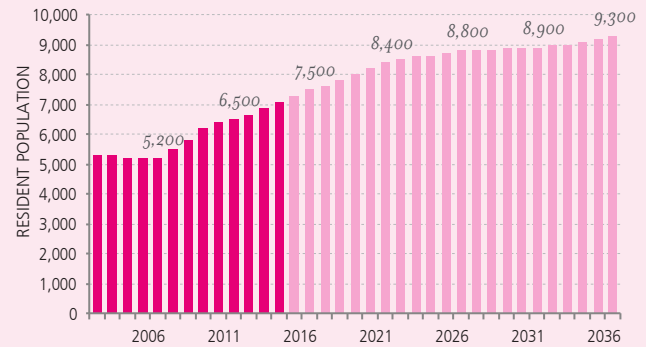
## POPULATION

As at 2014, there were 7,222 residents in Parkville, up 35% since 2001. Parkville's strong population growth relative to the inner north, which experienced 19% population growth since 2001, suggests demand for new dwellings is growing at a comparatively higher rate in Parkville. This growth can be attributed to Parkville's proximity to a range of amenity, including the University of Melbourne, the Parkville Employment Cluster, hospitals and parks. The Parkville population is expected to increase further to 8,843 by 2028, representing growth of 20% over this period.

## RESIDENT PROFILE

Of the employed residents of Parkville, there are a particularly high proportion of white collar professionals, with 89%, when compared to that of Greater Melbourne with 72%. This is primarily due to Parkville having easy access to the CBD and the Parkville Employment Cluster; both of which are major centres of high value employment. Some 54% of households within Parkville consist of either a lone person or a couple with no children, suggesting that the demographic within the area is suitable for apartment living. 45% of residents in Parkville are tertiary students, which is 39 percentage points higher than the Greater Melbourne average. This is due to the high level of dedicated student accommodation in and around local universities, such as RMIT and the University of Melbourne.

### POPULATION FORECAST PARKVILLE



Source: ABS, ForecastID, Urbis

### PARKVILLE RESIDENT PROFILE

	PARKVILLE	GREATER MELBOURNE
White Collar Professionals*	89%	72%
Tertiary Students	45%	7%
Lone Households & Couples with no Children	54%	48%
Renters	59%	28%

Source: ABS, Urbis.

\* Percentage of employed residents that are white collar professionals

## EDUCATION

Parkville is home to Australia's top ranked university, the University of Melbourne, which is ranked number 33 in the world according to Times Higher Education rankings, as well as Monash University's Parkville Campus. Additionally, it is in proximity to a variety of tertiary campuses located in the CBD, including RMIT and Victoria University. There are many schools located in and around Parkville, including University High School, Brunswick South West Primary School, Ascot Vale Primary School, Princes Hill Primary School, Brunswick Secondary College, Princes Hill Secondary College and Mount Alexander College.

## EMPLOYMENT

Plan Melbourne, which is the planning framework to guide Melbourne's growth, has identified Parkville as an existing employment cluster, meaning there is a high job concentration due to the number of businesses, institutions and level of employment in the suburb. Approximately 32,700 people are employed in the Parkville Employment Cluster according to Plan Melbourne, primarily in the education and medical sectors, due to the University of Melbourne, Royal Children's Hospital, Royal Women's Hospital and Royal Melbourne Hospital all being located in Parkville. CSL Limited and the Melbourne Zoo are other key employers within Parkville. In the surrounding suburbs, the Queen Victoria Market, the Victorian Comprehensive Cancer Centre and the Lygon Street Activity Centre all provide added employment opportunities for residents of Parkville, as does the nearby Melbourne CBD.

# EDUCATION & EMPLOYMENT

### THE UNIVERSITY OF MELBOURNE RANKING



### PARKVILLE EMPLOYMENT CLUSTER



Source: Plan Melbourne



# INNER NORTH

*The inner north has transformed into a region with a high proportion of white collar workers, strong population growth and significant income growth.*

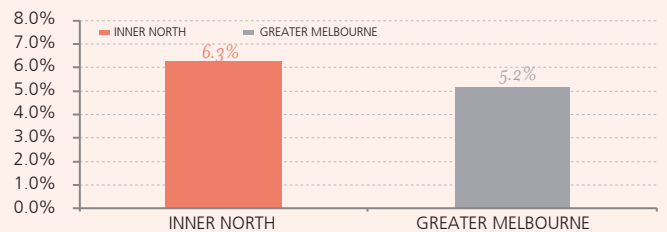
## INNER NORTH TRANSFORMATION

Due to the population growth of Melbourne, demand for dwellings has been high. This has translated into a requirement for former industrial inner-city areas to transform into residential and mixed-use regions. The inner north of Melbourne, as defined in the map below, typifies the shift towards high density housing in proximity to education, employment and entertainment. The inner north is more affordable than many suburbs of equal distance from the CBD in the south and east, and has strong transport infrastructure. This has helped drive the transformation that has occurred, which has seen much of the former industrial land in the area transformed into residential and mixed-use. As inner city apartment prices are rising and rents are often higher than those in the inner north, suburbs in the inner north represent an affordable alternative that is still in close proximity to the Melbourne CBD. This has been a key driver of demand, leading to increased development in the area. Parkville's location allows it to take full advantage of this development, which has precipitated increased amenity and infrastructure investment.

## PRICE GROWTH

Over the past decade, units in the inner north have achieved stronger price growth than the Greater Melbourne average. The median price of units in the inner north grew at an average rate of 6.3% per annum over this time, whilst the Greater Melbourne average unit price growth rate was 5.2%. This highlights the evolution of the inner north and how this evolution has translated into healthy demand for housing.

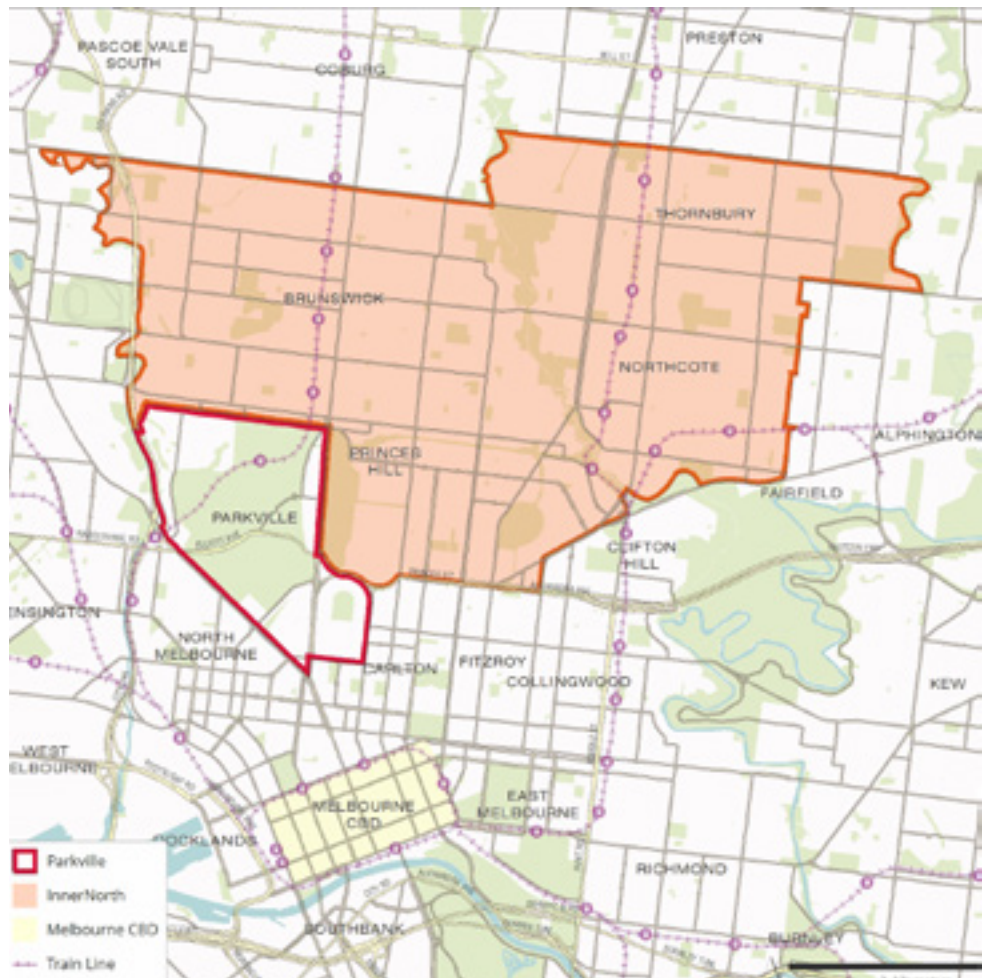
### ANNUAL CHANGE IN MEDIAN PRICE



Source : RP Data  
\*Inner North includes Brunswick East, Brunswick, Brunswick West, Northcote Thornbury, Thornbury, Fitzroy North and Carlton North. Princes Hill excluded due to insufficient data.

## DEMOGRAPHICS

Data published on the last ABS Census shows that the inner north has seen an increase in white collar workers as the region gentrifies. 38% of employed residents in the inner north are working as a manager or professional in 1996, compared with 54% in 2011. Further, in 2011, the percentage of managers and professionals in the inner north exceeded the Greater Melbourne percentage of 37%. The population in the inner north has grown 20% over the past 14 years. This trend is forecast to continue, with the number of residents projected to grow 23% over the next 14 years. Average per capita income for residents in the inner north measured \$18,349 in 1996, which was 7% above Melbourne's average. By 2011, per capita income measured \$42,121, which was 23% above the Melbourne average. The inner north is also a popular residential region for university students, given the presence of the University of Melbourne, RMIT and Victoria University. As of 2011, 11% of residents in the inner north were undertaking tertiary education, compared with 7% in Greater Melbourne.



*Parkville is undergoing significant infrastructure rejuvenation with a total value of \$3.28 billion worth of projects in the pipeline.*

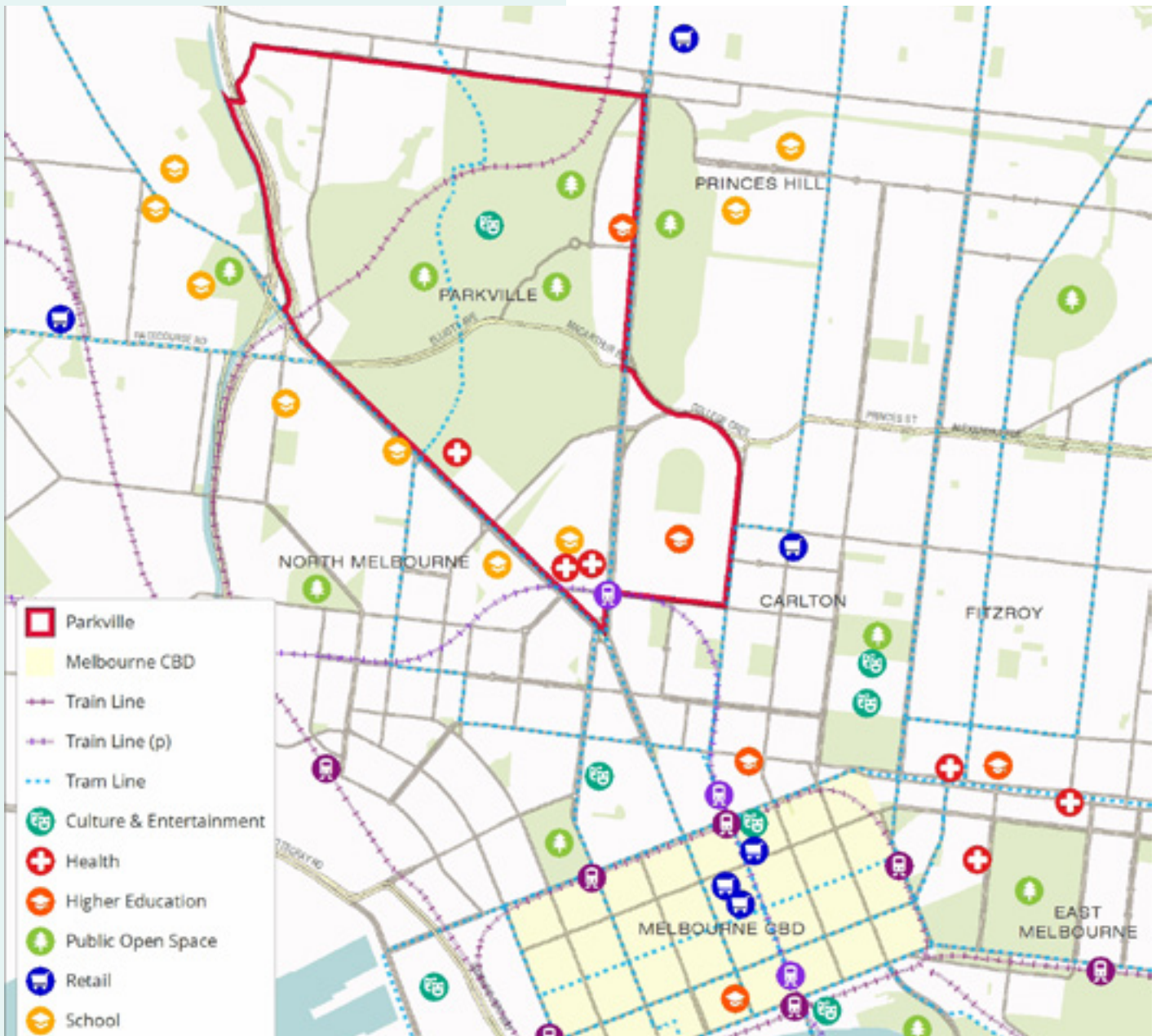
# INFRASTRUCTURE ●

## INFRASTRUCTURE & INVESTMENT

Parkville is experiencing significant infrastructure investment. Over the next six years, \$3.3 billion<sup>1</sup> worth of infrastructure investment is planned. Key projects include a \$2 billion redevelopment of the Royal Melbourne Hospital due for completion in 2020, the construction of the Victorian Comprehensive Cancer Centre due for completion in the middle of 2016 as well as the construction of new buildings in the University of Melbourne. In terms of public transport, Parkville is serviced by Royal Park and Flemington Bridge train stations and the West Coburg #55, the North Coburg #19 and the Airport West #59

trams, whilst there are 10 other lines that stop at the University of Melbourne. The route #401 and #505 buses also service Parkville. As well as the hospitals and education institutions, Melbourne's largest park, Royal Park, lies in the heart of Parkville. The park spans 181 hectares and is home to the Melbourne Zoo, the State Netball and Hockey Centre and Royal Park Golf Course. Given its proximity to the CBD, and the density of the surrounding suburbs, Parkville has an unusually large amount of open space, with 180 hectares and outdoor sports and recreation space throughout the suburb.

1. Source: Cordell, State of Victoria, Urbis.

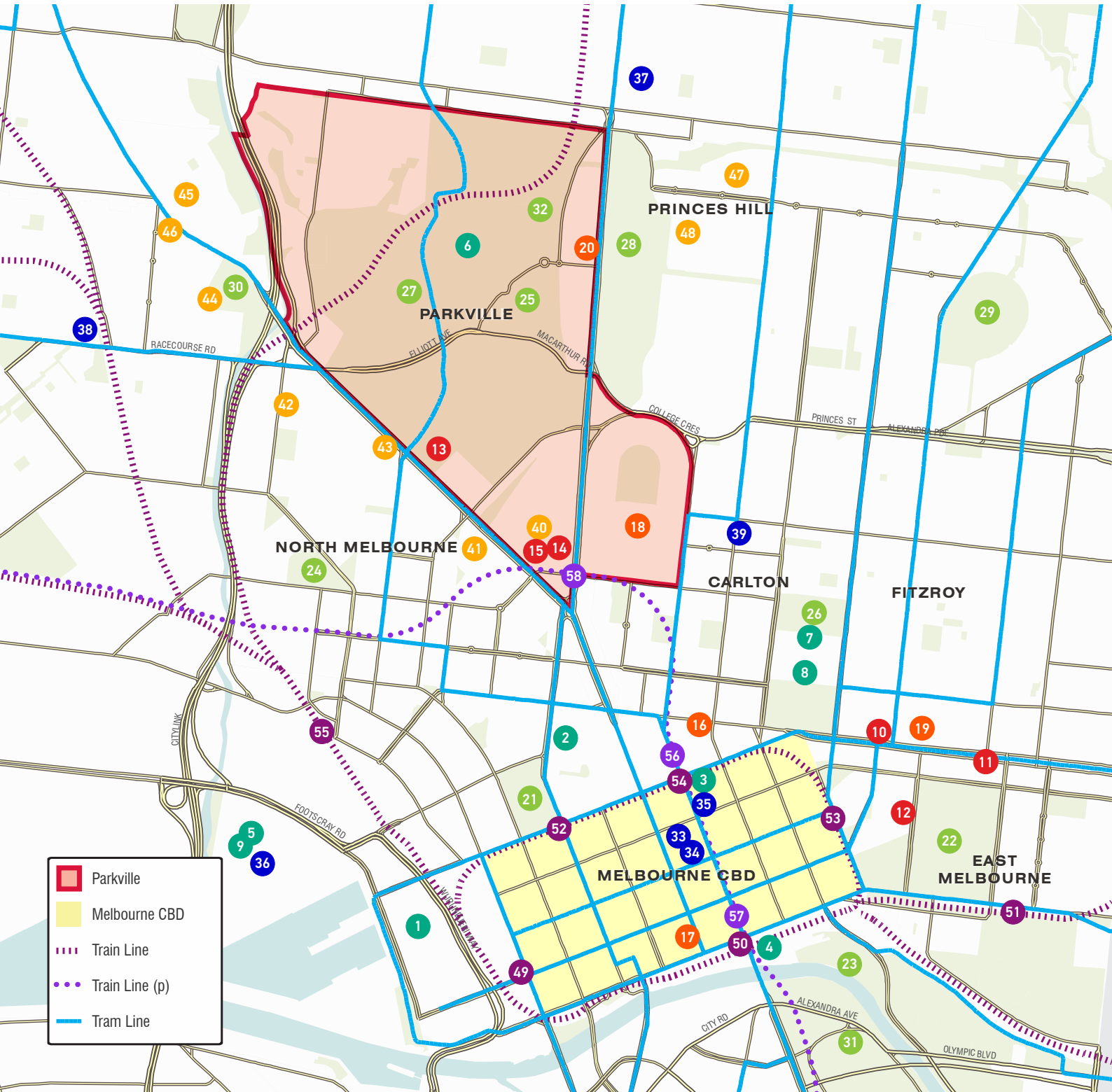




# CONNECTIVITY & AMENITY

## Parkville

*Parkville is well connected to a range of retail, dining, and entertainment amenity as well as an employment cluster.*





Parkville is an established suburb with a strong infrastructure network and an abundance of open space. This includes the University of Melbourne, the Royal Melbourne Hospital, the Royal Children's Hospital, the Royal Women's Hospital and Royal Park. Royal Park covers 181 hectares and is Melbourne's largest inner city park. It encompasses Melbourne Zoo, Royal Park Golf Course and the State Netball and Hockey Centre. Parkville is also home to the Parkville Employment Cluster which offers employment for approximately 32,700 people, with a focus on the education and medical sectors. It is also in close proximity to amenity and

entertainment. Both the Brunswick Activity Centre, which is the northern adjacent suburb to Parkville, and the Lygon Street Activity Centre, located in Carlton, which is the eastern adjacent suburb to Parkville, consist of many cafes, restaurants, bars, food retailers and fashion stores.

Parkville residents have easy access to Melbourne's public transport network, via buses, trams and trains, allowing quick access to the CBD.

## Legend



### Culture and Entertainment

- 1 Etihad Stadium
- 2 Queen Victoria Market
- 3 State Library of Victoria
- 4 Federation Square
- 5 Melbourne Star Observation Wheel
- 6 Melbourne Zoo
- 7 Melbourne Museum
- 8 Royal Exhibition Building
- 9 Docklands Ice-Skating Rink



### Public Open Space

- 21 Flagstaff Gardens
- 22 Fitzroy Gardens
- 23 Birrarung Marr Park
- 24 Gardiner Reserve & North Melbourne Football Ground
- 25 Royal Park
- 26 Carlton Gardens
- 27 State Netball and Hockey Centre
- 28 Princes Park
- 29 Edinburgh Gardens
- 30 Debney Park
- 31 Royal Botanic Gardens
- 32 Royal Park Golf Course



### School

- 40 The University High School
- 41 North Melbourne Primary School
- 42 St Aloysius College
- 43 St Michael's School
- 44 Debney Meadows Primary School
- 45 Flemington Primary School
- 46 Debney Park Secondary College
- 47 Princes Hill Primary School
- 48 Princes Hill Secondary College



### Health

- 10 St Vincent's Private Hospital Fitzroy
- 11 Epworth Freemasons Hospital
- 12 Peter MacCallum Cancer Institute
- 13 Royal Children's Hospital
- 14 Royal Melbourne Hospital
- 15 Royal Women's Hospital



### Retail

- 33 Emporium
- 34 Bourke Street Mall
- 35 QV
- 36 Harbour Town
- 37 Barkly Square
- 38 Newmarket Plaza
- 39 Lygon Court



### Station

- 49 Southern Cross
- 50 Flinders Street
- 51 Jolimont
- 52 Flagstaff
- 53 Parliament
- 54 Melbourne Central
- 55 North Melbourne



### Higher Education

- 16 RMIT University
- 17 Victoria University
- 18 University of Melbourne
- 19 Australian Catholic University
- 20 Monash University Pharmacology Campus



### Station (p)

- 56 CBD North (p)
- 57 CBD South (p)
- 58 Parkville (p)

# RESIDENTIAL MARKET

Parkville retains a lower median price than many suburbs in similar distance from the CBD, yet has experienced a stronger rate of price growth over the last decade.

## APARTMENT PRICES

According to RPData CoreLogic, the median apartment sales price in Parkville was \$502,500 in the six months to June 2015. The median price history for the past 10 years shows a significant spike in prices during 2010. This can be attributed to a variety of residential development project launches beginning to sell off-the-plan, many of which were on land that was previously Commonwealth Games athlete housing. There were 18 apartment sales that achieved prices over \$1 million in the five years to 2015, compared with eight for the previous five year period. This is indicative of a market where demand for high value apartments is growing. Urbis' Apartment Essentials research shows that of the off-the-plan apartment sales in the year to September 2015 across Parkville and the surrounding suburbs, prices achieved were generally above the median sales price of established units. This is indicative of the premium that off-the-plan dwellings achieve over established housing.

## MEDIAN PRICE GROWTH

The median sales price for units in Parkville has grown 4.5% annually over the 10 years to June 2015. For the same 10 year period, the Melbourne CBD also achieved an annual median apartment price growth of 4.5%, whilst Southbank, Docklands and Carlton all grew at a slower rate than Parkville, with 4.1%, 3.2% and 2.3% apartment price growth respectively.

## AFFORDABILITY

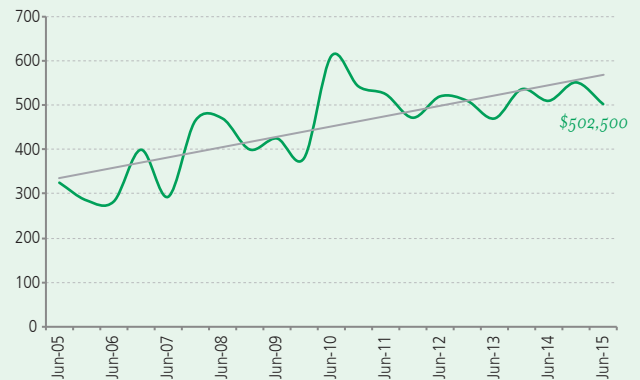
When compared with suburbs of equal or greater distance to the CBD, Parkville presents a more affordable option. Over the 12 month period to June 2015, Parkville's median apartment price was \$480,000. During that same time frame, the Kew median apartment sale price was \$697,500, Clifton Hill was \$612,500, Fitzroy North was \$600,000, South Yarra was \$550,000, Richmond was \$545,000, Prahran was \$533,000 and Hawthorn was \$511,000.

SUBURB	12 MONTH MEDIAN PRICE TO JUNE 2015	DISTANCE TO CBD (APPROX.)
PARKVILLE	\$480,000	2.1km
CLIFTON HILL	\$512,500	3.7km
FITZROY NORTH	\$600,000	3.7km
SOUTH YARRA	\$550,000	4.0km
RICHMOND	\$545,000	3.3km
PRAHRAN	\$533,000	4.9km
HAWTHORN	\$511,000	6.2km

Source: RP Data, Urbis

### MEDIAN APARTMENT SALE

(\$'000's)



Source: RP Data; Urbis

### OFF-THE-PLAN APARTMENT SALES

PARKVILLE AND SURROUNDING SUBURBS\*  
12 MONTHS TO SEPTEMBER 2015

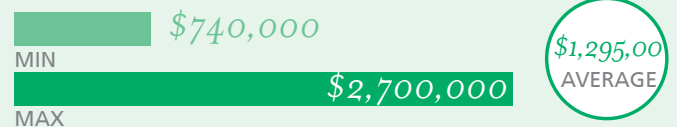
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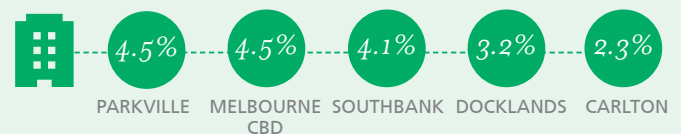
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Source: Urbis Apartment Essentials

\* Surrounding suburbs include Abbotsford, Brunswick, Brunswick East, Carlton, Fitzroy, North Melbourne

### 10 YEAR ANNUAL MEDIAN PRICE GROWTH, PARKVILLE & SURROUNDING SUBURBS (% p.a.)

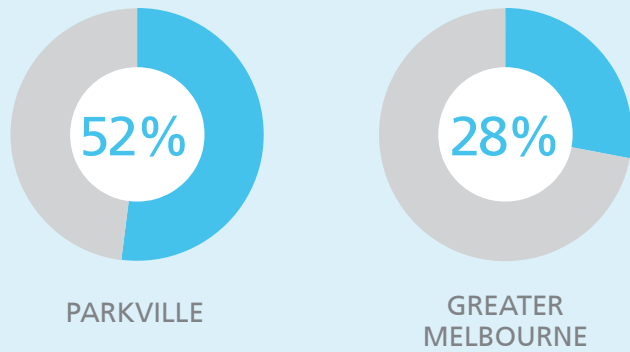


Source: RP Data, Urbis

Parkville is a popular suburb for investors, with strong rental demand, primarily due to the high proportion of students and professionals in the area.

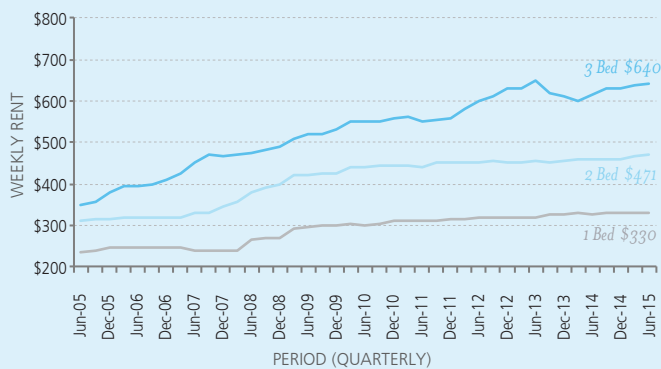
# RENTAL MARKET

## PERCENTAGE OF HOUSEHOLDS THAT RENT



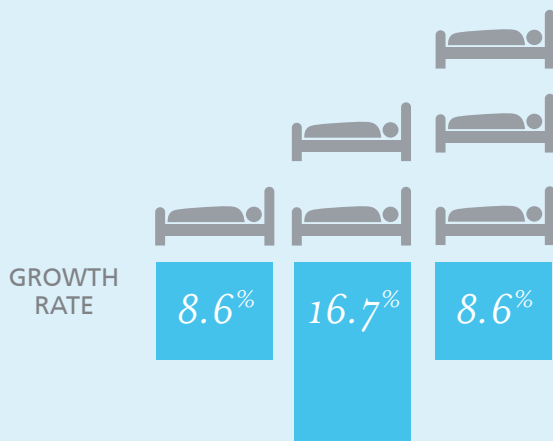
Source: ABS

## MEDIAN WEEKLY RENTS



Source: Department of Human Services, Urbis

## RENTAL CONTRACT GROWTH



Source: Department of Human Services, Urbis

## RENTAL MARKET

As well as a strong residential market for owner-occupiers, Parkville has a strong rental market, making it appealing to investors. Some 52% of residential properties in Parkville are rental properties. When compared with the overall Melbourne rental percentage, which is 28%, Parkville's high percentage of rental properties signifies a market that is popular with investors and renters compared to many other Melbourne suburbs.

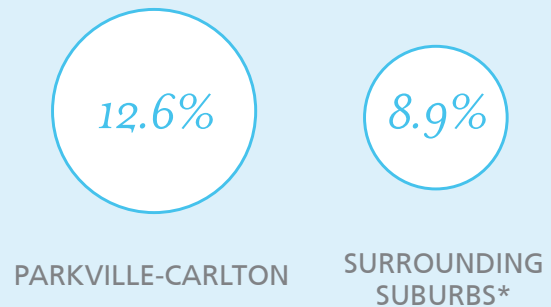
## MEDIAN WEEKLY RENTS

The rental rates of all apartment types in Parkville have grown steadily over the past decade. Between June 2005 and June 2015, one, two and three bedroom apartments have achieved average annual growth of 3.5%, 4.3% and 6.2% respectively. This suggests steady rental demand for apartments in Parkville.

## RENTAL CONTRACT GROWTH

The Department of Human Services (DHS) records new bonds lodged with the Rental Bond Authority. Data on the Parkville rental market is aggregated with Carlton. There has been strong rental contract growth in Parkville-Carlton over the five years to June 2015, with an average annual increase in rental contracts for one, two and three bedroom apartments of 8.6%, 16.7% and 8.9% respectively. Additionally, the new contract growth for all apartments in Parkville-Carlton was 12.6% per annum in the past decade, which exceeded that of the surrounding suburbs of 8.9% per annum. This is indicative of the health in the Parkville-Carlton rental market, which continues to attract robust demand.

## AREA RENTAL CONTRACT GROWTH



Source: Department of Human Services

\*This figure is a weighted average of the surrounding suburbs, including Carlton North, Flemington, Kensington, North Melbourne, West Melbourne, Brunswick West, Brunswick, Brunswick East, Moonee Ponds & Ascot Vale





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