SECRET
INSIDE PERSPECTIVE
AGENT

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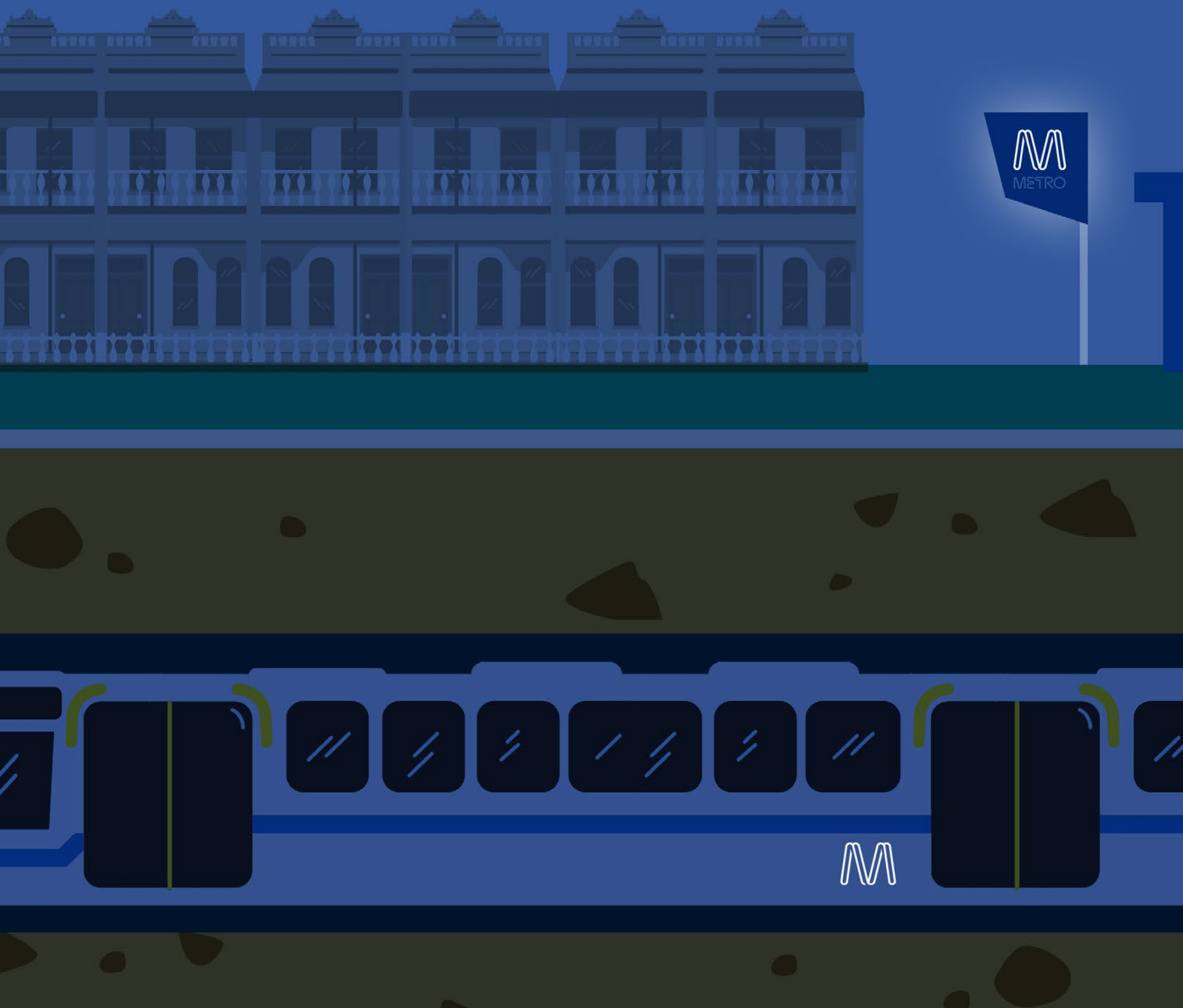
MELBOURNE METRO

REVISITED



The Inside Perspective

In this report, Secret Agent investigates the impact of the Melbourne Metro construction and how it compares to city transport systems in Sweden and Montreal.

"When a train goes through a tunnel and it gets dark, you don't throw away the ticket and jump off. You sit still and trust the engineer."

Corrie ten Boom

View our Scorecard summary online

Melbourne Metro:

Shaping Melbourne's Infrastructure in the 21st Century

by Daniel Schulz

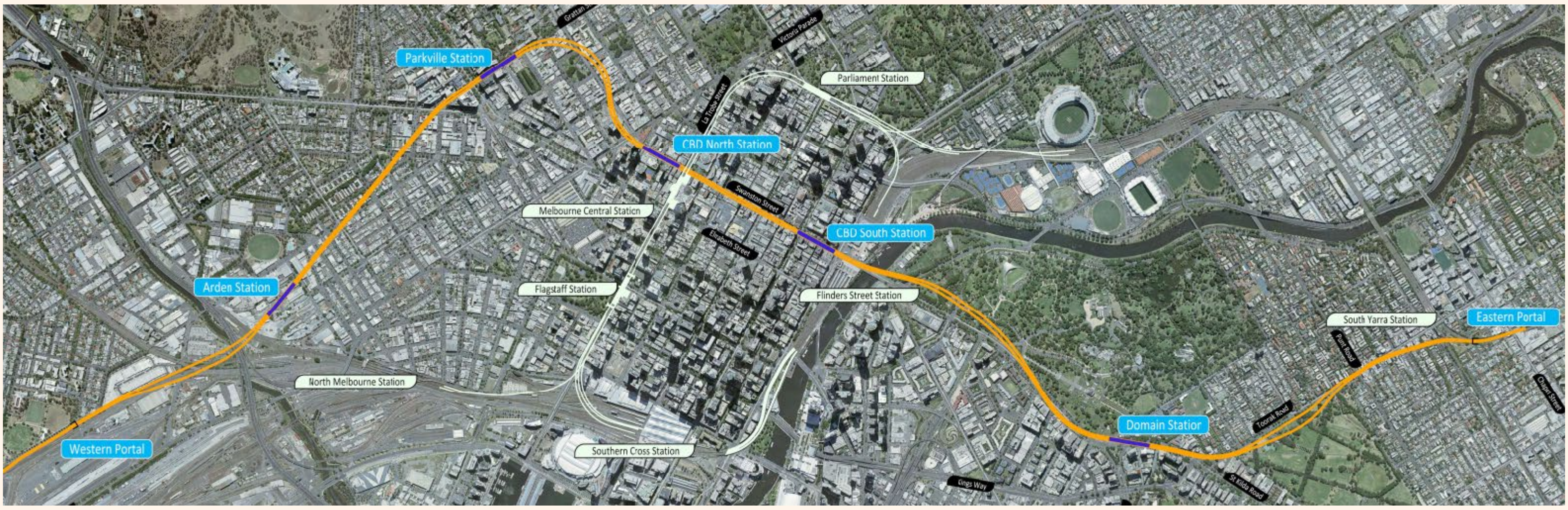


Figure 1 Proposed new stations for Melbourne Metro (Indicative Alignment Melbourne Metro Rail Authority)

The Melbourne Metro tunnel is an initiative launched by the Victorian Government in 2015, with construction already underway.

The project includes the addition of five new stations connected underground, with an expected completion in 2026.

There are clear benefits to the project, including an increased capacity of 36,000 passengers during peak periods, as well as easing overcrowding of the current city loop and the inner-city tram network.

While the social benefits are clear, the impact this project will have on properties near the construction and eventual completed infrastructure is unknown.

In this report, Secret Agent will investigate; how the construction will affect businesses, prices and buyer sentiment; what the tunnel will mean for new developments such as townhouses and apartment blocks and how the Melbourne Metro compares to other city transport systems such as the Scania region in Sweden and Montreal.

It is important to point out that Melbourne's rail network is a commuter network which is shared with the city loop and the to-be-built Melbourne Metro. Other cities generally have a dedicated underground rapid transit metro system and dedicated commuter line, which means there cannot be a direct comparison.

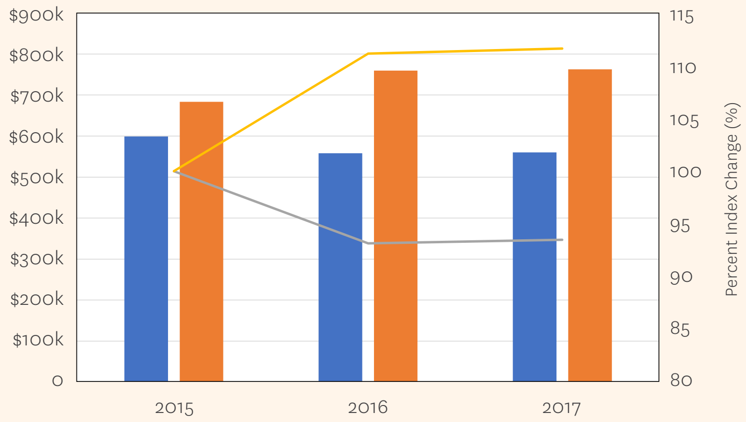
CURRENT IMPACT

To determine the current impact of the Metro project, the median price changes of properties near the five Melbourne Metro stations over the past three years were analysed. All properties sold within a 500-metre radius of the new stations were included in the study.

North Melbourne Station

For North Melbourne station, we see prices flattening out over the previous two years. This coincides with the fact that new developments are causing a glut of small apartments in the area. The construction works are likely to have a small to moderate impact on property prices.

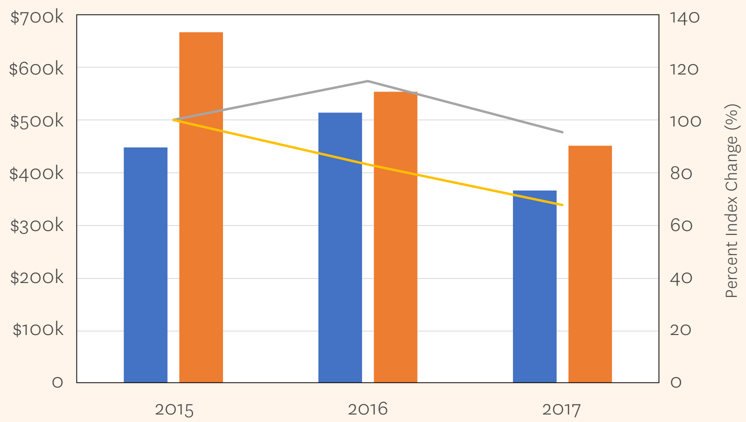
Figure 2 **North Melbourne Station Property Prices 2015-2017**



Parkville Station

For Parkville Station, we see prices declining over the past three years. This once again is due to an increased supply of apartments in the area coinciding with a reduction in the number of foreign investors buying property near the University of Melbourne. There is no doubt that the construction works of Parkville station have decreased the value of some properties in the area.

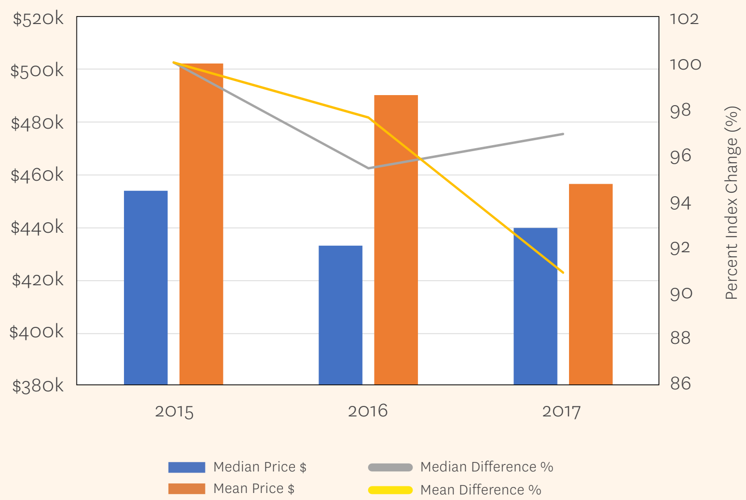
Figure 3 **Parkville Station Property Prices 2015-2017**



State Library Station

The State Library station is the least likely to be affected by the construction works, as there is already Melbourne Central station directly opposite the library. As such we see the general downward trend of 2015-2016 which was due to the influx of apartments in the Melbourne CBD, with median prices recovering over the past year. Additionally, works are not as invasive due to most properties being in highrises.

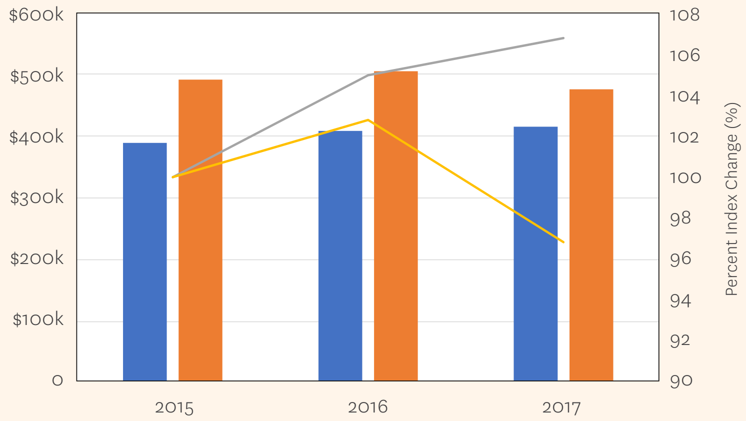
Figure 4 **State Library Station Property Prices 2015-2017**



Town Hall Station

We see a very slight growth for properties near Town Hall station – being very close to the State Library and Melbourne Central station, a similar rational exists: most properties are located within highrises, and thus works are mostly unnoticed by residents or prospective buyers alike.

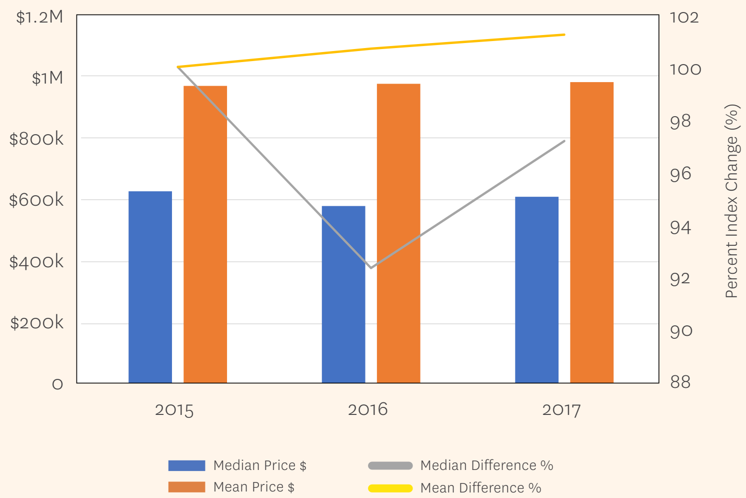
Figure 5 **Town Hall Station Property Prices 2015-2017**



ANZAC Station

For ANZAC station, we see a small decline over the past years. This may be attributed to the increase in the number of properties in the CBD. There is a minimal or negligible effect of ANZAC station works thus far. This may also be attributed to the station being located directly opposite the Shrine of Remembrance and the Royal Botanical gardens – both of which do not contain private properties. Prices may change as more works are underway in the future.

Figure 6 **ANZAC Station Property Prices 2015-2017**



REVIEW FROM 2015

In hindsight, we see predictions formed from the previous Secret Agent review of the Metro Tunnel project, were accurate to some degree.

Prices of property near North Melbourne station (previously known as Arden) have grown over the past 3 years, with most of the growth being in houses rather than apartments. In Parkville, we saw a steady decline already in 2014 and this has continued, mainly due to the number of smaller apartments in the area driving the median price down.

For State Library and Town Hall stations (previously known as CBD North and CBD South), negative impacts were predicted throughout construction. This has been true to some extent, however, a rebound is already coming into effect. Finally, for ANZAC station (previously known as Domain) price increases were predicted – while this is not the case yet, this is highly likely once construction in completed.

It should also be noted, that properties located on existing lines close to the CBD are likely to increase in value, due to the increase peak passenger loads possible as a result of the new tunnels. As an example, the Upfield line will be able to have a 71% higher peak load, making properties in the Northern suburbs of Melbourne more attractive.

FUTURE IMPACT

A report prepared for the Melbourne Metro Rail Authority (MMRA), considered many submissions from the public and businesses impacted by the rail works.

For businesses it found that Gross Value Added near the tunnels, State Library Station, Town Hall Station and ANZAC Station, had declined, ranging from -0.5% to -1.6%[1]. This is based on the increasing number of jobs found in Census of Land Use and Employment (CLUE) data. It suggests the impact while prevalent, is greatly outweighed by the overall impact and benefit once the Melbourne Metro is completed in 2026 and operational for 15 years.

Overall the total impact from all sites totals -$178.7 Million, during the construction period. The total benefits once completed is $810.1 Million for the entirety of Melbourne.

Interestingly, the total benefit from all sites directly related to the Melbourne Metro construction, is only projected to have a net $10.1 Million gross value added by 2041.

The major impacts include the disruption of business activity, change of business and land acquisition, as well as acquisition of dwellings which reduce the demand of local goods and services[2].

This seemingly looks as though the main productivity benefit (of reducing commute times) is not worth the potential problems, particularly in the short term.

These problems include the loss of business, the opportunity cost of missed business opportunities (due to the closure of retail/distribution businesses) and potential risks in the construction phase such as damaging critical infrastructure (phone lines, gas lines, water lines, etc). It is important to note the main benefit comes from the increased capacity of the entire train network within Melbourne, not just the immediate areas in which the new stations and tunnels are located. As such, when all things are considered there is a clear benefit for more people from all over Melbourne with the addition of the tunnels and new stations.

In terms of residential dwellings, the MMRA released a Residential Impact Mitigation Guide, which seeks to reduce the total impact for residents affected by the construction works, particularly due to the acquisitions of inner city property. This is only undertaken however, in some circumstances and is based on a cost-benefit analysis of the amount of spending including retail of the occupants of such dwellings. Actions to mitigate disturbances include[3]: works notifications – letting residents know ahead of time for "high impact activities" either physically by mail, phone calls or individual briefings; specific notifications – such as for respite offers, acoustic treatment or alternative accommodation.

The most significant problem is noise and different measures are taken to address this depending on the day. On weekdays and Saturday mornings, residents are issued with earplugs if there is more than 10 dB of noise for greater than 15 minutes (on average) or above 75 dB (whichever is higher). If they are above 30 dB during the evening or public holidays, double glazing may be installed to alleviate the noise or alternative accommodation may be offered.

COMPARISONS FROM AROUND THE WORLD

Sweden

For residents affected, such mitigation policies are at least somewhat comforting, however these provide little comfort to investors of property located near the works.

One study focussing on the impact of regional commuter trains on property prices for the Scania region of Sweden, found that property prices differ on a variety of factors including what type of metro system is used and which price segment the affected properties are located in. Most notably higher income households – and thus higher priced properties – are less affected than middle income households, as they offer a lesser importance[4].

Using two-stage special quantile regression – a form of quantitate prediction using geographical data;

– it was found that generally the threshold for not being affected by the negative externalities of a commuter line is approximately 100 – 200 metres.

Any properties located further than this, generally have positive impacts, rather than negative as there is far less noise pollution but still decreased commute times. Property size and detachedness are also important, with larger detached properties (that is free-standing) offering higher relative prices, which is to be expected.

Looking at various quantiles, the study showed that the station distance weighting (or coefficient) is most important to the lower 10th percentile in terms of household income. As these coefficients were un-normalised, a lower coefficient corresponded with a higher importance for a given percentile. It also showed that it is not necessarily linear, and that in fact the 90th percentile (the top 10th) has a higher weighting than the 70th percentile. This is somewhat counter-intuitive, as it would be expected that private transport would be the most dominant form of transport for the highest group. A similar phenomenon is seen when comparing highway distances. Once again these are most important for the lowest 10th percentile, but less important for the 90th percentile compared to the 80th.

What does this mean for the Melbourne Metro? As prices are most strongly correlated with lower socio-economic statuses, apartments would likely be influenced the greatest by the Melbourne metro project.

This would mean that during the construction phase, apartments would be most affected and highly likely to see a decrease in value. However, these properties will see the largest increase in value, once the works are complete.

This would mean apartments close to current works are in fact a long-term investment, due to the reduced commute time they will bring to tenants.

Townhouses and houses are likely to be the least affected by the works, if they are outside of the 100 – 200-metre noise pollution zone. They will also see an increase in value due to the project, however this will be less substantial compared to apartments, as those residing in such homes are more likely to use private transport.

Montreal

Another study, conducted between 1992 and 2009, also found that public transport creates externalities which affect real estate prices. It suggested that opening new train services generates a location premium in the station's vicinity which increases property prices and in turn increases property tax income for the involved municipalities[5].

It showed that in terms of walking distance, a premium of approximately 9.7% is applicable to properties within a 500-metre walking distance, compared to those located more that 1500 metres from a station.

Likewise, a premium of 6.6% was found for properties located 500 – 1000 metres from a new station, while a 2.7% premium was found for properties located within 1000 – 1500 metres.

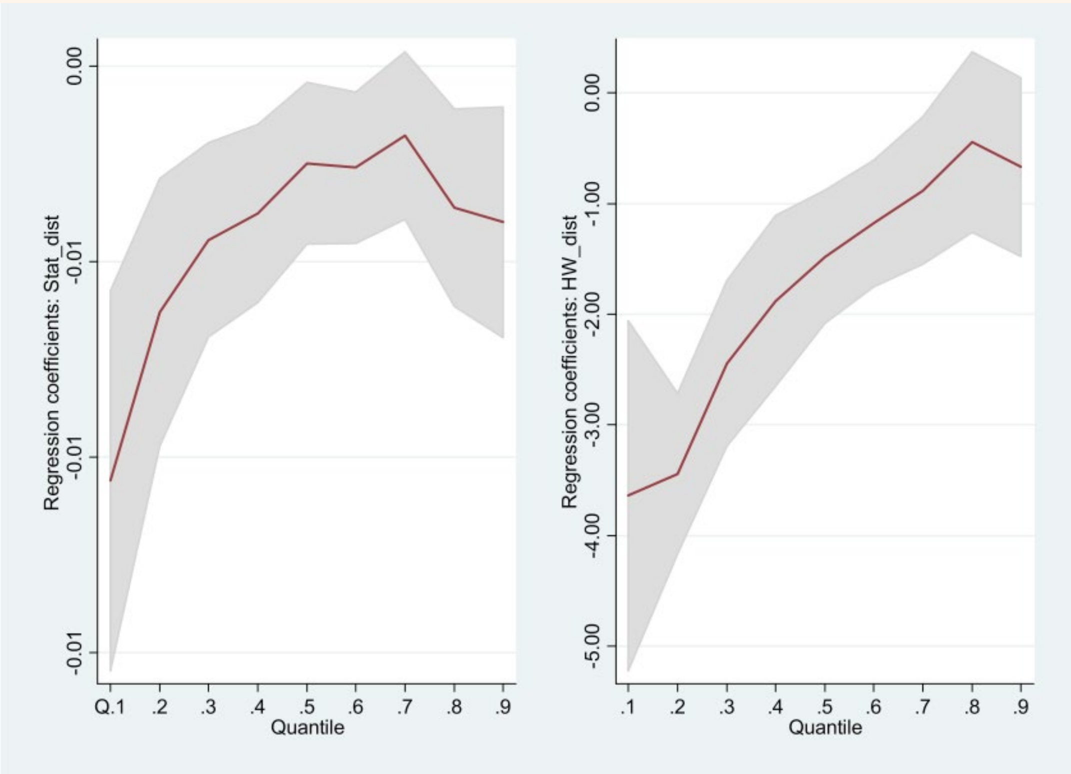


Figure 7
Station and Highway distances by Quantile (H. Bohman, D. Nilsson / Journal of Transport Geography 56 (2016) pp. 108)

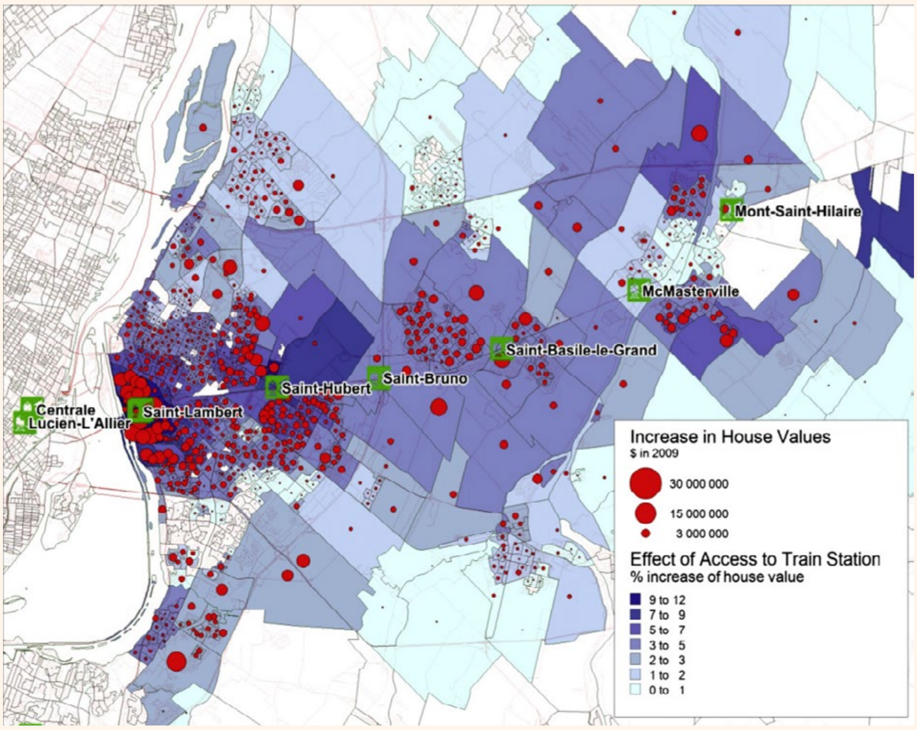


Figure 8
Estimated price effect of an improved access to the Montreal-Mont-Saint-Hilaire CRT rail service on the owner-occupied housing market of the Montreal South Shore (J. Dubé et al. / Transportation Research Part A 54 (2013) pp. 64)

While driving time was also included in the study, this bears little relevance to Melbourne Metro, as no stations have commuter parking.

Seeing the effect geo-spatially shows the significance of increased house prices. Not only does it depend on the property proximity to the station, but also the time taken for the train to reach the CBD or central part of the city (Centrale Lucien-L'Allier in this example).

Stations located closest to the CBD saw an average increase in house value of 9 – 12%, while those located further away, only saw a 2 – 3% increase.

This once again affirms the claim that properties located near the Melbourne Metro will see a rise in prices compared to those located further way. This is especially the case for Melbourne Metro as it is entirely contained within proximity to the CBD and thus could see even higher growth than that seen in Montreal. As such, purchasing a property close to a station in the next 8 years could be a good long-term investment. Purchasing one close to a tunnel might not be, due to the negative externalities such as noise and air pollution during the construction works. That being said some properties may still benefit due to the proximity of the tunnels to the new stations being built.

Final Thoughts and Conclusion

While the Melbourne Metro project has caused much angst for many residents and business owners, overall it can clearly be a net benefit both socially and economically. Those who are not informed of these benefits are likely to see the areas affected as being bad investments, due to the negative effects of construction, however these are only temporary and the long-term benefits far out way the short-term detractors. Savvy investors are likely to be keeping an eye out for any properties located within walking distance of the new stations provided that such properties have not been stated to be purchased and used by the MMRA.

*Please note that this is not financial advice. Infrastructure projects are highly uncertain in nature. Any prospective purchaser should make there own judgements and not rely on this report.

[1] pp. 7 Melbourne Metro Rail Project Business Impact https://www.planning.vic.gov.au/__data/assets/pdf_file/0024/4884/MM180_MMRA_Rawnsley__business_12-Aug.PDF

[2] pp. 4 – 8 Melbourne Metro Rail Project Business Impact Appendix http://metrotunnel.vic.gov.au/__data/assets/pdf_file/0012/51105/MMRP-Technical-Appendix-G-Business.pdf

[3] Residential Impact Mitigation Guidelines for Construction http://metrotunnel.vic.gov.au/__data/assets/pdf_file/0003/104529/MM-Report-201703-EMF-Residential-Impact-Management-Guidelines.pdf

[4] Helena Bohman, Désirée Nilsson, The impact of regional commuter trains on property values: Price segments and income, Journal of Transport Geography, Volume 56, 2016, pp. 102-109

[5] Jean Dubé, Marius Thériault, François Des Rosiers, Commuter rail accessibility and house values: The case of the Montreal South Shore, Canada, 1992–2009, Transportation Research Part A: Policy and Practice, Volume 54, 2013, Pages 49-66

Market Review

by Paul Osborne

Ten years ago marked a change in the Australian housing market. It was the first time that property had experienced a substantial reduction in prices in many decades. The subprime mortgage crisis was rippling through the USA which caused a global downturn and plunged world stock markets. Credit conditions contracted locally and interest rates marched forward reaching 7.25% (RBA cash rate) in August 2007. The value of homes and commercial properties were quickly reduced. Prices sharply rebounded as the government, as well as the RBA, acted aggressively to stop an incoming recession and protect the economy.

Fast forward ten years and asset prices have been on a tear. The property market in particular has performed much better than even the most optimistic forecasters would have predicted back in 2008. Unusual practices such as quantitative easing and record low interest rates took global economies from crisis to boom conditions including the Australian economy. From a property perspective, local home seekers capitalised on falling borrowing costs and investors became aggressive in their pursuit for yield, given that money invested in safe investments such as term deposits and government bonds returned very little.

Property investors that previously were seeking 6-8% net returns in commercial and industrial property started to get comfortable in accepting returns 2-5% net.

The tide has started to turn. Bond rates have started to notch upwards and this is changing investor expectations on their returns. Central bankers across the globe are reversing, or are set to reverse, on their previous loosening policies. The paradox is that while many economies are starting to show real strength in terms of employment, investments such as shares and property are starting to look weak due to shifting expectations on what type of return will be adequate to accept over the coming 5-10 year period.

Australia has had a fabulous run. Since 2008 we haven't just been driven by cheap credit conditions. Foreign investment has been strong and still should be for some time, even with a tapering in Chinese demand as restrictions on capital leaving China starts to bite. Urbanisation is another factor and is real.

The rush to the city core is a global trend and this makes the inner elite suburbs of Sydney and Melbourne likely to see only increased demand in the years to come. Proximity to higher paying jobs in the knowledge economy and a reluctance to "move out" from the inner core to suburban life for both younger and older demographics should only intensify.

However, the availability to obtain credit is becoming more difficult. This point is important because often a purchaser will borrow 70-80% of the price to fund the purchase. What we noticed late last year which we are continuing to see this year is:

(a) the reluctance of banks (Due to Apra) to provide interest only loans. This makes significant change to the repayments for an asset. The repayments become much higher for the purchaser.

(b) loan to value ratio. Many banks are requesting 20% as a down payment. New apartments can have much tougher restrictions including some banks not wanting to lend at all to people investing in high risk suburbs.

(c) the test for serviceability by banks is much firmer than in the past. Combining this with the need to service a principal and interest loan, is restricting credit for many buyers.

(d) foreign investors have very little options when it comes to financing a local purchase.

The next fear is that interest rates will start to increase at the commercial level well in advance of a RBA (Reserve Bank of Australia) official increase and this combination of events will dramatically reduce the appetite for local property.

Open inspections have been well attended so far in 2018. This is an early barometer for the auction season ahead with March set to be a pivotal month for the health of local property. Yet, as we've seen with the sharemarket, conditions can change very quickly. The stock market started the year strongly but has had a number of days of large falls which indicate a real crossroads for many assets.

The key question for property is this: will it still remain the pillar of strength that has been the hallmark of this asset class for many decades?

All markets can be volatile. Prices fluctuate and property is no exception. It is possible that prices could fall, over the course of this year. It could even be a sharp fall subject to external events or it could surprise on the upside, if interest rates were to be cut substantially should economic weakness materialise.

Yet, the risk to us, is that the downside risks look to outweigh the upside. Should a little bit of mean reversion start to take hold, then profits will be given back due to the outperformance over the past decade.

Taking in above, prospective buyers should be cautious. Purchasing a property with the idea of a “quick flip” is a dangerous proposition. If you were looking to purchase with the view of selling within a few years it may be prudent to rent instead of purcashing. A purchase within the current environment only makes sense if purchasing for the long term (10 years and beyond) or you have a very clear view of how to operate the property and improve the return. A speculator looking to buy and flip may be in the most dangerous part of the cycle and perhaps this should be avoided.

Below are some points to think about depending on the market participant.

Prospective Buyer:

- If purchasing a home be careful on the buy first / sell after, if relying on bridging financing. This could cause financial stress if conditions rapidly change between purchase and sale.
- Purchase with the long term view. Can you hold the asset for ten years and cope with rising interest rates whilst paying both interest and principal components of the loan?
- If purchasing to resell within 12-24 months, perhaps reconsider your plans.
- If purchasing a commercial asset, what can you do to add value and improve returns. How can you improve the yield and the quality of any prospective tenant.
- Purchasing at a price with a margin of safety to counter tougher times ahead.

Prospective Seller:

- Relying too much what the last comparable transaction sold for. One sale doesn’t create market value for your property. The market can disregard previous benchmark sales that hold greater weight when conditions are good.
- Now is a time to be commercial on reserve setting and price expectations. Previously a seller could hold out until the market had caught their price. This year, this seems unlikely to be the case.

What an incredible year in front of us all. None of us know truly what’s going to happen over this next 12 months. We may be surprised on the upside and the economic story if stronger growth takes hold and continues to propel things forward. Yet, while fortune favours the brave, now feels more like a time to be careful and considered with any prospective investment.

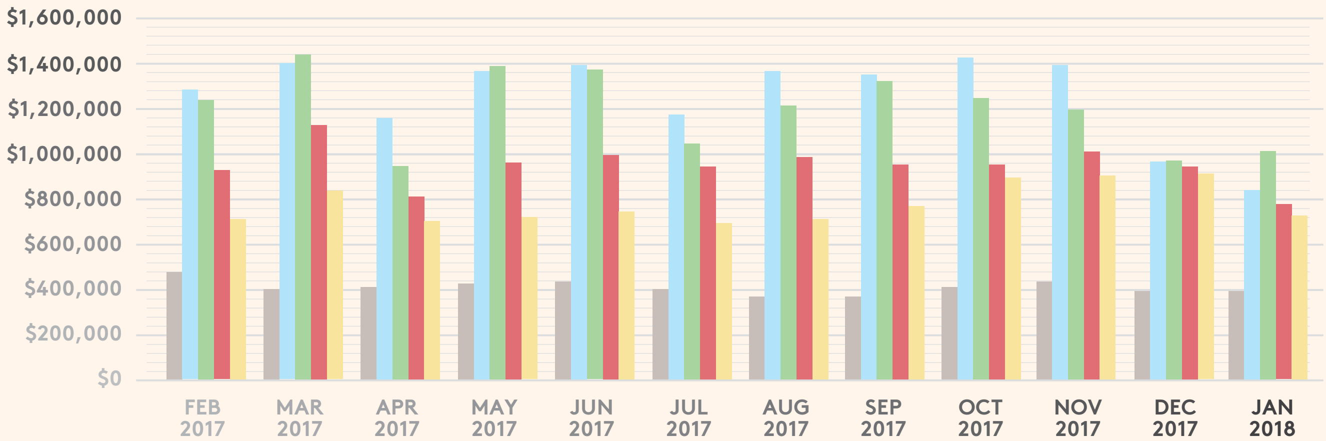
Quarterly Scorecard

NOV 2017 - JAN 2018

	Apartments			Houses			Townhouses		
QUARTERLY GROWTH/DECLINE	-1.80%		↓	-4.20%		↓	+0.60%		↑
MEDIAN PRICE	$535,000			$1,400,000			$1,042,500		
AVERAGE PRICE	$619,495			$1,605,381			$1,172,740		
MEDIAN SQM	-			$10,482	+12.10%	↑	$7,473	+8.70%	↑
STOCK INVENTORY	3,988	+0.40%	↑	724	+24.80%	↑	311	+3.50%	↑
BOOM	-			Fitzroy North South Yarra		↑ ↑	-		
BUST	Brunswick East Carlton Fitzroy Flemington North Melbourne Prahran Parkville		↓ ↓ ↓ ↓ ↓ ↓ ↓	Brunswick Clifton Hill Fitzroy Flemington Richmond		↓ ↓ ↓ ↓ ↓	-		

YEAR ON YEAR LOOK

Median Prices



FEB 2017 - JAN 2018 GROWTH/DECLINE

- -21.42% CBD Apartments
- -37.39% Inner South Apartments, Townhouses and Houses (A,T & H)
- -23.04% Inner East (A,T & H)
- -20.47% Inner North (A,T & H)
- -1.74% Inner West (A,T & H)

LEGEND

1. Inner Melbourne is defined by suburbs falling into the 8km radius of the CBD.
2. Overall growth/decline is based on changes in median price between quarters.
3. A boom! is recorded when a category records three consecutive quarters of positive growth.
4. A bust! is recorded when a category records two consecutive quarters of negative growth.

Quarterly Turnover

NOV 2017 - JAN 2018

		PREVIOUS QUARTER (AUG, SEP, OCT 2017)				CURRENT QUARTER (NOV, DEC 2017, JAN 2018)			
		Apartments	Apartments (by area)	Houses & Townhouses	Houses & Townhouses (by area)	Apartments	Apartments (by area)	Houses & Townhouses	Houses & Townhouses (by area)
Central	Docklands	1.10%	**1.12%**	2.22%	**13.45%**	0.65%	**0.68%**	4.44%	**28.15%**
	Melbourne	1.19%		-		0.71%		1.52%	
	Southbank	0.95%		-		0.62%		-	
Inner North	Brunswick	1.27%	**0.93%**	1.01%	**0.89%**	0.69%	**0.72%**	0.62%	**0.41%**
	Brunswick East	2.17%		1.16%		1.42%		0.56%	
	Carlton	0.61%		1.44%		0.37%		0.53%	
	Carlton North	0.95%		1.01%		0.38%		0.67%	
	Clifton Hill	0.20%		1.36%		0.80%		0.71%	
	Collingwood	1.85%		0.70%		1.15%		0.51%	
	Fitzroy	0.64%		2.03%		0.55%		0.89%	
	Fitzroy North	1.66%		0.87%		1.49%		0.59%	
	North Melbourne	0.55%		0.78%		0.77%		0.52%	
	Northcote	0.78%		0.65%		0.78%		0.82%	
	Parkville	0.70%		0.43%		0.82%		1.00%	
	Princes Hill	-		0.65%		-		0.32%	
Inner East	Abbotsford	4.85%	**1.17%**	1.67%	**1.08%**	2.08%	**0.78%**	0.64%	**0.26%**
	Burnley	0.68%		-		-		-	
	Cremorne	1.10%		1.38%		1.66%		0.39%	
	East Melbourne	0.69%		0.89%		0.50%		0.18%	
	Hawthorn	0.99%		1.05%		0.69%		0.48%	
	Prahran	1.34%		1.41%		0.78%		0.61%	
	Richmond	1.33%		1.02%		0.89%		0.88%	
	South Yarra	0.91%		1.24%		0.71%		0.80%	
Inner South	Albert Park	0.79%	**0.98%**	0.74%	**1.10%**	-	**0.63%**	0.24%	**0.74%**
	Middle Park	0.42%		0.77%		-		0.17%	
	Port Melbourne	1.35%		0.87%		0.72%		0.27%	
	South Melbourne	0.59%		1.33%		0.79%		0.35%	
Inner West	Flemington	0.59%	**0.80%**	1.58%	**1.00%**	0.30%	**0.68%**	0.58%	**1.35%**
	Kensington	0.48%		0.99%		0.95%		0.44%	
	Travancore	1.46%		0.74%		1.87%		0.74%	
	West Melbourne	1.30%		2.40%		0.35%		1.00%	

Total sales for the period against total housing supply. Table compiled from data collected from August 2017 to January 2018.
Total private dwellings information from the 2011 Census Report from the Australian Bureau of Statistics.

Apartments

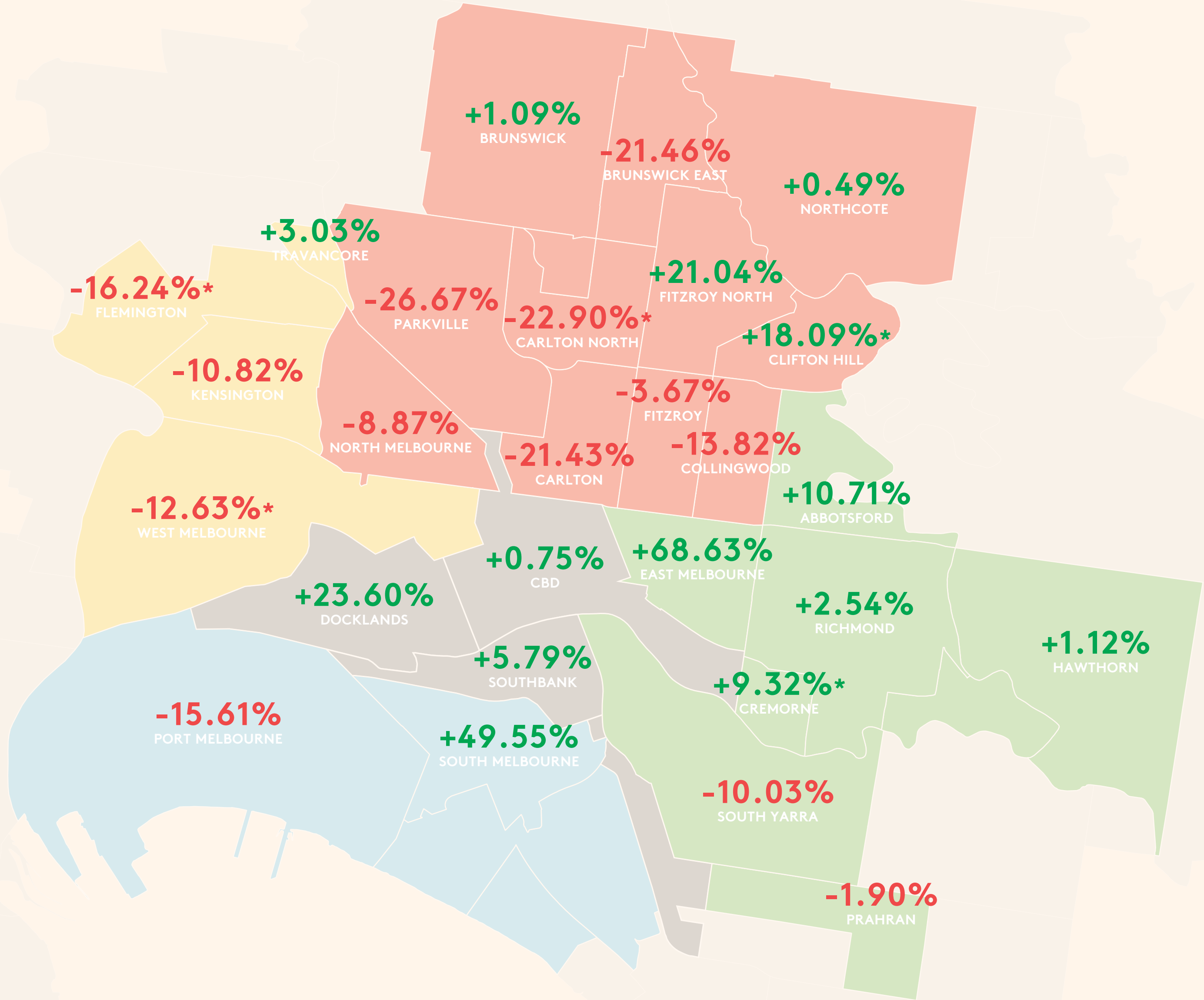
PRICE COMPARISONS BY ROLLING QUARTERS

	PREVIOUS QUARTER (AUG, SEP, OCT 2017)				CURRENT QUARTER (NOV, DEC 2017, JAN 2018)				
	Average Price	Median Price	Lowest Sale	Highest Sale	Average Price	Median Price	% change	Lowest Sale	Highest Sale
Docklands	$611,019	$445,000	$301,000	$1,320,000	$654,185	$550,000	↑ 23.60%	$350,000	$1,250,000
Melbourne	$586,001	$536,000	$142,000	$1,710,000	$676,057	$540,000	↑ 0.75%	$180,000	$2,250,000
Southbank	$561,670	$553,000	$325,000	$1,510,000	$560,740	$585,000	↑ 5.79%	$330,000	$950,000
Brunswick	$472,865	$460,000	$250,000	$1,030,000	$481,573	$465,000	↑ 1.09%	$322,000	$757,000
Brunswick East	$501,136	$522,000	$320,000	$662,000	$425,142	$410,000	↓ -21.46%	$297,000	$775,000
Carlton	$588,600	$490,000	$150,000	$1,325,000	$512,073	$385,000	↓ -21.43%	$150,000	$1,616,000
Carlton North	*$665,500	*$655,000	$502,500	$800,000	*$505,000	*$505,000	↓ -22.90%	$355,000	$655,000
Clifton Hill	*$550,000	*$550,000	$550,000	$550,000	*$713,500	*$649,500	↑ 18.09%	$555,000	$1,000,000
Collingwood	$749,205	$615,000	$335,000	$1,305,000	$618,625	$530,000	↓ -13.82%	$155,000	$1,287,000
Fitzroy	$715,291	$634,000	$335,000	$1,500,000	$743,916	$610,750	↓ -3.67%	$440,000	$1,850,000
Fitzroy North	$547,787	$537,000	$223,000	$1,350,000	$616,900	$650,000	↑ 21.04%	$350,000	$987,500
North Melbourne	$569,700	$530,000	$327,000	$1,080,000	$506,575	$483,000	↓ -8.87%	$176,000	$859,000
Northcote	$576,142	$561,250	$330,000	$917,000	$580,480	$564,000	↑ 0.49%	$375,000	$1,090,000
Parkville	$683,500	$630,000	$340,000	$1,203,000	$456,000	$462,000	↓ -26.67%	$350,000	$530,000
Princes Hill	-	-	-	-	-	-		-	-
Abbotsford	$604,938	$511,250	$300,000	$1,650,000	$607,187	$566,000	↑ 10.71%	$335,000	$940,000
Burnley	*$370,000	*$370,000	$370,000	$370,000	-	-		-	-
Cremorne	*$402,500	*$402,500	$395,000	$410,000	*$555,066	*$440,000	↑ 9.32%	$425,199	$800,000
East Melbourne	$933,200	$530,750	$195,000	$3,150,000	$914,285	$895,000	↑ 68.63%	$365,000	$1,415,000
Hawthorn	$612,976	$581,000	$252,500	$2,340,000	$609,046	$587,500	↑ 1.12%	$145,000	$1,500,000
Prahran	$575,483	$580,000	$326,000	$1,310,000	$543,700	$569,000	↓ -1.90%	$240,000	$806,000
Richmond	$515,518	$443,750	$282,000	$990,000	$514,415	$455,000	↑ 2.54%	$283,000	$1,240,000
South Yarra	$668,980	$628,000	$130,000	$1,630,000	$684,661	$565,000	↓ -10.03%	$95,000	$3,495,000
Albert Park	*$434,500	*$416,000	$335,000	$571,000	-	-		-	-
Middle Park	*$877,500	*$877,500	$750,000	$1,005,000	-	-		-	-
Port Melbourne	$783,099	$752,500	$420,000	$1,480,000	$1,085,326	$635,000	↓ -15.61%	$400,000	$3,500,000
South Melbourne	$640,863	$550,000	$285,000	$1,555,500	$830,850	$822,500	↑ 49.55%	$465,000	$1,272,000
Flemington	$433,928	$452,500	$259,000	$540,000	*$380,900	*$379,000	↓ -16.24%	$285,000	$540,500
Kensington	$525,666	$517,500	$405,000	$722,500	$447,208	$461,500	↓ -10.82%	$305,000	$520,000
Travancore	*$340,800	*$330,000	$325,000	$365,000	$388,950	$340,000	↑ 3.03%	$318,000	$530,050
West Melbourne	$691,550	$712,500	$435,000	$850,000	*$549,166	*$622,500	↓ -12.63%	$365,000	$660,000

Table compiled from data collected from August 2017 to January 2018. A dash indicates no recorded sales for the quarter, inability to show a quarterly change or no quarterly change. Directional arrows indicate change in comparison to the previous rolling quarter. * indicates an average or median value calculated using 5 sales or less.

Apartments

QUARTERLY MEDIAN CHANGE BY SUBURB



Based on data collected from August 2017 to January 2018. Princes Hill, Burnley, Albert Park and Middle Park were omitted due to insufficient data.
* indicates a median value calculated using 5 sales or less.

Houses

PRICE COMPARISONS BY ROLLING QUARTERS

	PREVIOUS QUARTER (AUG, SEP, OCT 2017)				CURRENT QUARTER (NOV, DEC 2017, JAN 2018)				
	Average Price	Median Price	Lowest Sale	Highest Sale	Average Price	Median Price	% change	Lowest Sale	Highest Sale
Docklands	-	-	-	-	-	-		-	-
Melbourne	-	-	-	-	-	-		-	-
Southbank	-	-	-	-	-	-		-	-
Brunswick	$1,264,500	$1,250,000	$605,000	$2,020,000	$1,190,696	$1,176,000	↓ -5.92%	$602,000	$1,910,000
Brunswick East	$1,262,052	$1,265,000	$860,000	$1,975,000	$1,191,545	$1,050,000	↓ -17.00%	$900,000	$1,895,000
Carlton	$1,397,633	$1,465,000	$840,000	$2,061,000	$2,684,166	$1,810,000	↑ 23.55%	$1,600,000	$5,460,000
Carlton North	$1,836,611	$1,575,000	$956,000	$3,320,000	$1,623,964	$1,552,500	↓ -1.43%	$925,000	$3,420,000
Clifton Hill	$1,645,609	$1,385,000	$692,000	$3,900,000	$1,276,666	$1,325,000	↓ -4.33%	$870,000	$1,720,000
Collingwood	$1,299,875	$1,252,500	$1,055,000	$1,750,000	$1,306,250	$1,193,500	↓ -4.71%	$1,079,500	$1,785,000
Fitzroy	$1,821,360	$1,630,000	$905,000	$3,575,000	$1,806,416	$1,567,500	↓ -3.83%	$950,000	$3,575,000
Fitzroy North	$1,702,721	$1,620,000	$920,000	$3,935,000	$1,822,722	$1,607,000	↓ -0.80%	$1,325,000	$2,710,000
North Melbourne	$1,484,000	$1,477,500	$1,167,000	$1,820,000	$1,347,000	$1,340,500	↓ -9.27%	$1,290,000	$1,406,000
Northcote	$1,519,805	$1,327,000	$750,000	$2,775,000	$1,524,764	$1,290,000	↓ -2.79%	$530,000	$3,400,000
Parkville	*$2,710,000	*$1,620,000	$910,000	$5,600,000	*$2,133,000	*$1,430,000	↓ -11.73%	$1,225,000	$3,460,000
Princes Hill	*$1,839,333	*$1,600,000	$938,000	$2,980,000	*$1,104,750	*$1,104,750	↓ -30.95%	$957,000	$1,252,500
Abbotsford	$1,322,631	$1,370,000	$655,000	$1,830,000	$1,369,428	$1,125,000	↓ -17.88%	$970,000	$2,585,000
Burnley	-	-	-	-	-	-		-	-
Cremorne	$1,216,166	$1,228,500	$1,080,000	$1,310,000	*$1,330,000	*$1,330,000	↑ 8.26%	$1,020,000	$1,640,000
East Melbourne	*$3,997,500	*$4,132,500	$2,850,000	$4,875,000	-	-		-	-
Hawthorn	$2,638,968	$2,585,000	$990,000	$6,560,000	$2,653,153	$2,650,000	↑ 2.51%	$1,200,000	$5,100,000
Prahran	$1,753,137	$1,485,000	$685,000	$4,200,000	$2,019,961	$1,852,500	↑ 24.75%	$1,120,000	$3,750,000
Richmond	$1,457,166	$1,261,500	$785,000	$3,380,000	$1,359,104	$1,290,000	↑ 2.26%	$755,000	$3,300,000
South Yarra	$2,529,269	$2,078,000	$1,213,000	$7,015,000	$2,202,437	$1,705,000	↓ -17.95%	$1,160,000	$5,600,000
Albert Park	$2,639,047	$2,225,000	$1,125,000	$5,025,000	$1,843,750	$1,890,000	↓ -15.06%	$1,135,000	$2,425,000
Middle Park	$3,761,666	$3,672,500	$1,865,000	$6,370,000	*$1,500,000	*$1,500,000	↓ -59.16%	$1,485,000	$1,515,000
Port Melbourne	$1,672,312	$1,492,500	$1,110,000	$4,750,000	$1,640,111	$1,753,000	↑ 17.45%	$1,100,000	$2,300,000
South Melbourne	$1,678,250	$1,670,000	$965,000	$3,825,000	$1,538,500	$1,177,500	↓ -29.49%	$1,071,000	$2,875,000
Flemington	$1,195,250	$1,105,000	$860,000	$1,810,000	$1,441,833	$1,302,500	↑ 17.87%	$905,000	$2,600,000
Kensington	$1,394,062	$1,215,500	$881,000	$2,500,000	$1,277,142	$1,380,000	↑ 13.53%	$778,000	$1,760,000
Travancore	*$771,250	*$771,250	$720,000	$822,500	*$1,655,000	*$1,655,000	↑ 114.59%	$1,655,000	$1,655,000
West Melbourne	$1,816,666	$1,725,000	$1,190,000	$2,430,000	*$1,590,000	*$1,590,000	↓ -7.83%	$1,470,000	$1,710,000

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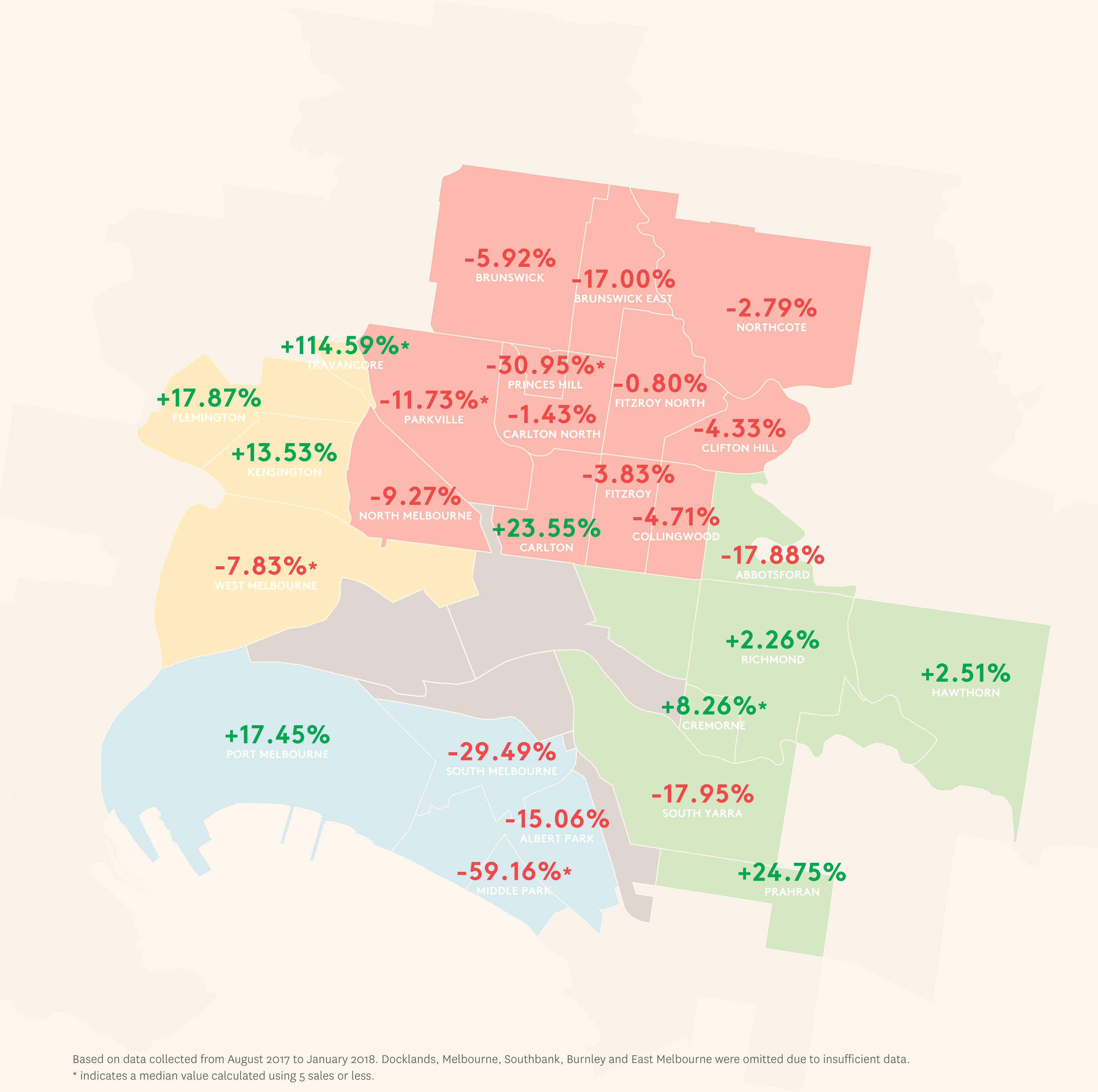
Houses

QUARTERLY MEDIAN CHANGE BY SUBURB



Based on data collected from August 2017 to January 2018. Docklands, Melbourne, Southbank, Burnley and East Melbourne were omitted due to insufficient data.
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Townhouses

PRICE COMPARISONS BY ROLLING QUARTERS

	PREVIOUS QUARTER (AUG, SEP, OCT 2017)				CURRENT QUARTER (NOV, DEC 2017, JAN 2018)				
	Average Price	Median Price	Lowest Sale	Highest Sale	Average Price	Median Price	% change	Lowest Sale	Highest Sale
Docklands	-	-	-	-	*$1,380,000	*$1,380,000		$1,380,000	$1,380,000
Melbourne	-	-	-	-	-	-		-	-
Southbank	-	-	-	-	-	-		-	-
Brunswick	$906,687	$917,500	$601,000	$1,470,000	*$859,250	*$879,500	↓ -4.14%	$700,000	$978,000
Brunswick East	$899,944	$935,000	$687,500	$1,053,000	*$811,666	*$720,000	↓ -22.99%	$715,000	$1,000,000
Carlton	*$1,414,400	*$1,079,700	$1,043,500	$2,120,000	-	-		-	-
Carlton North	*$912,000	*$912,000	$912,000	$912,000	-	-		-	-
Clifton Hill	*$1,057,500	*$1,032,500	$835,000	$1,330,000	*$1,146,250	*$900,000	↓ -12.83%	$888,750	$1,650,000
Collingwood	*$931,000	*$931,000	$931,000	$931,000	*$1,000,500	*$1,000,500	↑ 7.47%	$911,000	$1,090,000
Fitzroy	*$1,282,200	*$1,330,000	$1,111,000	$1,360,000	*$582,500	*$582,500	↓ -56.20%	$582,500	$582,500
Fitzroy North	*$819,333	*$840,000	$770,000	$848,000	*$1,200,000	*$1,200,000	↑ 42.86%	$1,200,000	$1,200,000
North Melbourne	$1,153,416	$1,220,000	$813,000	$1,425,000	*$1,353,333	*$1,400,000	↑ 14.75%	$850,000	$1,810,000
Northcote	$736,562	$780,750	$440,000	$865,000	*$982,500	*$980,000	↑ 25.52%	$770,000	$1,200,000
Parkville	-	-	-	-	*$1,136,000	*$1,136,000		$1,136,000	$1,136,000
Princes Hill	*$912,000	*$912,000	$912,000	$912,000	-	-		-	-
Abbotsford	*$1,187,500	*$1,187,500	$850,000	$1,525,000	-	-		-	-
Burnley	-	-	-	-	-	-		-	-
Cremorne	*$1,081,000	*$1,081,000	$1,081,000	$1,081,000	-	-		-	-
East Melbourne	-	-	-	-	-	-		-	-
Hawthorn	*$1,192,500	*$1,112,500	$830,000	$1,715,000	*$1,398,333	*$1,500,000	↑ 34.83%	$735,000	$1,960,000
Prahran	*$1,525,166	*$1,463,000	$1,385,000	$1,727,500	*$1,505,000	*$1,505,000	↑ 2.87%	$1,505,000	$1,505,000
Richmond	$1,253,250	$1,350,500	$735,000	$1,635,000	$1,174,583	$1,170,000	↓ -13.37%	$900,000	$1,500,000
South Yarra	*$1,738,400	*$1,405,000	$675,000	$3,510,000	*$1,688,400	*$1,531,000	↑ 8.97%	$981,000	$2,850,000
Albert Park	*$2,080,000	*$2,080,000	$1,440,000	$2,720,000	-	-		-	-
Middle Park	-	-	-	-	-	-		-	-
Port Melbourne	*$1,942,750	*$1,827,500	$1,190,000	$2,926,000	-	-		-	-
South Melbourne	*$1,348,333	*$1,300,000	$1,125,000	$1,620,000	*$2,215,000	*$2,215,000	↑ 70.38%	$2,215,000	$2,215,000
Flemington	*$976,250	*$976,250	$935,000	$1,017,500	*$866,250	*$866,250	↓ -11.27%	$757,500	$975,000
Kensington	$867,038	$865,000	$530,000	$1,300,000	$1,061,666	$1,012,000	↑ 16.99%	$806,000	$1,450,000
Travancore	-	-	-	-	*$962,500	*$962,500		$962,500	$962,500
West Melbourne	*$1,605,500	*$1,605,500	$1,461,000	$1,750,000	*$1,246,666	*$990,000	↓ -38.34%	$950,000	$1,800,000

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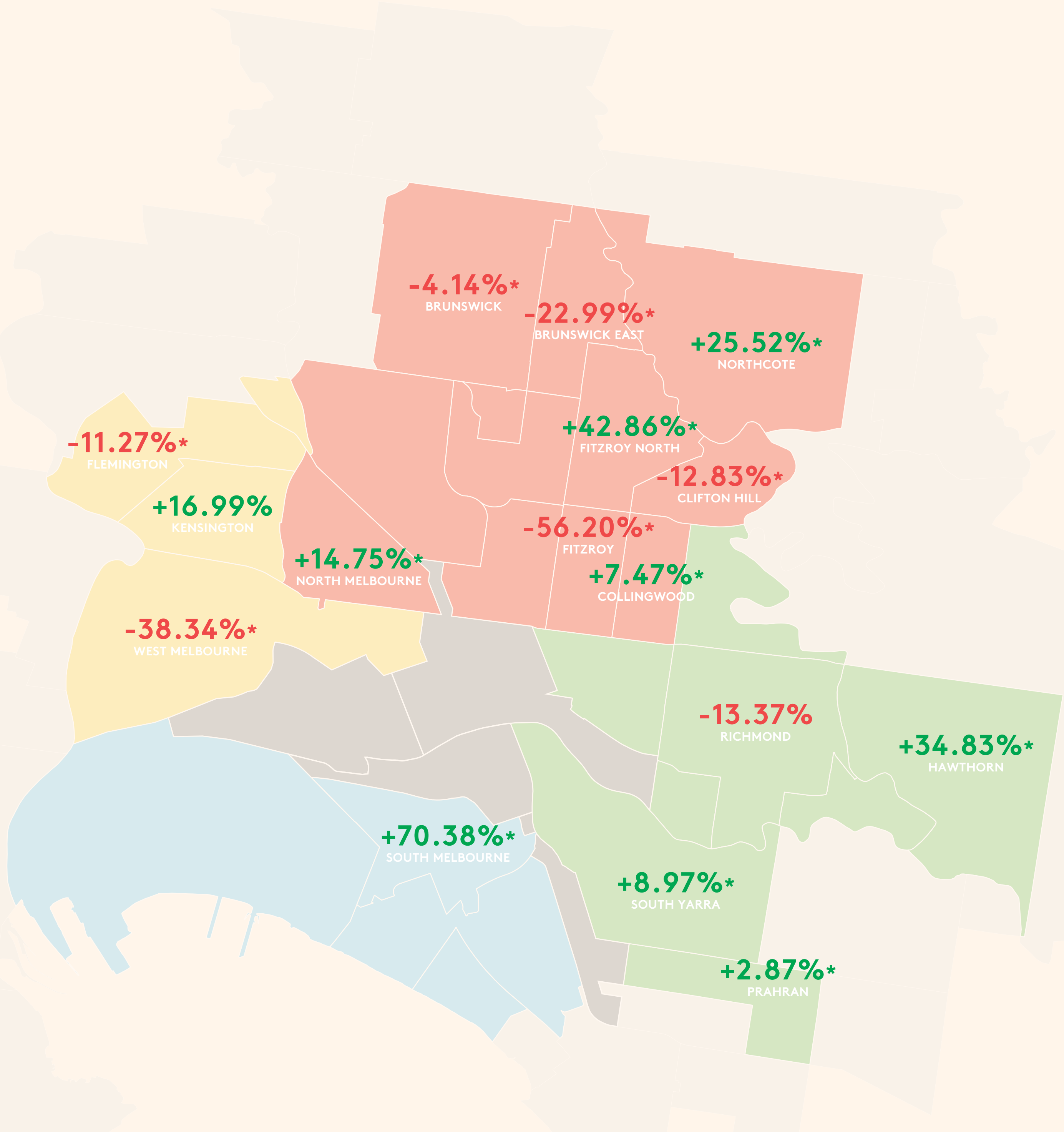
Townhouses

QUARTERLY MEDIAN CHANGE BY SUBURB



Based on data collected from August 2017 to January 2018. Docklands, Melbourne, Southbank, Carlton, Carlton North, Parkville, Princes Hill, Abbotsford, Burnley, Cremorne, East Melbourne, Albert Park, Middle Park, Port Melbourne and Travancore were omitted due to insufficient data. * indicates a median value calculated using 5 sales or less.

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The data upon which this report is based was sourced from: The Australian Bureau of Statistics (abs.gov.au/census), REIV (reiv.com.au/property-data/auction-results), The Department of Human Resources, Google Maps, Land Victoria (land.vic.gov.au), realestateview.com.au, realestate.com.au, domain.com.au, Fairfax, Residex, various individual real estate agents operating in inner Melbourne, and other specialised sources as noted in the content.

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