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WEST ←

VS

→ EAST

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THE FIGHT IS ON!

Looking for value in Inner Melbourne is a challenge for homebuyers and investors alike. We compare two jewels: one established and the other emerging. The challenge is on! West Melbourne and East Melbourne are both small suburbs with only the CBD between the two. The urban character of these two inner suburbs reveals much about property prices in the past and helps provide a view into the future.

East Melbourne was initially planned in 1837 by Robert Hoddle and settled in 1840. The suburb housed many wealthy Melburnians, this being reflected in the prominent architecture seen throughout the area. In contrast, West Melbourne was established in 1937 with the opening of the West Melbourne Post Office. In the 20th century, West Melbourne was a haven for blue-collar workers who were employed in the shipping yards and other industrial sites.

The demographic profiles of the two suburbs are markedly different (refer to Tables 3 and 4). The characters of both East and West Melbourne were altered substantially during the 1960's and 70's, during which time older terraces were demolished to make way for new apartment buildings. However, in terms of heritage appeal, the streetscapes of East Melbourne are much more intact. Alternatively, the industrial character of West Melbourne is reflected in the large number of factories and warehouses now sought after for alternative uses, including residential, retail and hospitality.

The premium nature of East Melbourne is reflected in the very high price per square metre for land. The downsizing phenomena which is increasingly evident in Melbourne has seen wealthy individuals pay premium prices for inner city property on smaller land sizes, typically after selling large period homes in the eastern suburbs. This trend ensures that inner city localities, including those with industrial character, will continue to show strong capital growth relative to other areas. Taking this into account, West Melbourne is an attractive proposition for the careful investor. Period properties with character will attract premium prices. However, large scale 'off the plan' developments need to be assessed on a case by case basis, since build quality and the level of finishes can be an issue.

When one compares West Melbourne with localities such as South Melbourne, it would appear that creatives and avant-garde food entrepreneurs will be attracted to the edgy charm of the area. For this reason and given its proximity to the CBD, West Melbourne is one to watch on the property radar!

Table 2: West Melbourne and East Melbourne - Demographic Comparison

	West Melbourne	East Melbourne
Population	3,744	4,714
Median Age	30	36
Median Weekly Household Income	\$1,700	\$1,989
Average Number of People per Household	2.2	1.8

ABS Census Data, 2011.

Table 3: West Melbourne and East Melbourne - Property Pricing Comparison

	West Melbourne	East Melbourne
Square Metre Rate (Houses Only)	\$4,302 / Sqm	\$11,535 / Sqm
Median Sale Price (Houses Only)	\$755,000	\$1,950,000
Median Sale Price (Apartments)	\$445,000	\$564,000
Lowest Sale (Houses Only)	Ireland St - \$493,000	Charles St - \$1,560,000
Highest Sale (Houses Only)	Eades Pl - \$1,175,000	George St - \$3,487,250
Average Rent per Week (Houses)	\$550.24	\$806.88
Average Rent per Week (Apartments)	\$608.26	\$414.89

Data for the period April - September 2012.