

END OF YEAR REVIEW
2016

"Before the discovery of Australia, people in the old world were convinced that all swans were white, an unassailable belief as it seemed completely confirmed by empirical evidence. [...] It illustrates a severe limitation to our learning from observations or experience and the fragility of our knowledge. One single observation can invalidate a general statement derived from millennia of confirmatory sightings of millions of white swans. All you need is one single (and, I am told, quite ugly) black bird."

"a Black Swan [...] is an event with the following three attributes. First, it is an outlier, as it lies outside the realm of regular expectations, because nothing in the past can convincingly point to its possibility. Second, it carries an extreme impact. Third, in spite of its outlier status, human nature makes us concoct explanations for its occurrence after the fact, making it explainable and predictable."

Excerpt from *The Black Swan* by Nassim Nicholas Taleb

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Apartments, houses and townhouses

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If you enjoyed this report, please share it with your colleagues, friends and family. The purpose of The Secret Agent Reports is to help buyers make better informed decisions in the Melbourne property market!

Overview of 2016

by Jodie Walker

We spend a lot of time making inferences about property at Secret Agent. These are often based on our experiences in the market. Analysing the right kind of data can confirm or invalidate our intuitions, and this helps us to forecast trends and patterns more accurately. However, we have also found that statistical models do come with their own weaknesses, failing in times of uncertainty. Some things we cannot predict using numbers and graphs alone. If the Black Swan events of 2016 are to teach us anything, it's to learn when to trust our gut and when to trust our graphs.

For Secret Agent, 2016 has been the year of data. With it we have been able to construct pricing indexes that help us better understand movements within property micro markets around inner Melbourne. Most importantly, it allows us to make more informed decisions for our clients.

Statistics provide an interpretation of data, but are often quite inaccurate, especially in the world of real estate. Our research on capital growth aimed to demonstrate the importance of not relying solely on averages as a point of reference when discussing property prices and growth rates.

Our apartment index confirms that Art Deco apartments in inner Melbourne are the most expensive per square metre. If capital growth is valuable to you, factor in location and car parking, as these heavily influence apartment growth rates. The inner West and North are still the most affordable areas to purchase an apartment.

In terms of the capital growth of houses, terraces outperformed non-terraces. Whilst these period terraces may seem overpriced, the price you pay is often good value. The cost to build an identical reproduction of a Victorian or Edwardian terrace was found to be more expensive than

actually purchasing a period home. There are many ways to determine the value of an asset and replacement costs can certainly put things into perspective.

Like value, data is best viewed from several angles. Looking at data on current demand without considering data on future supply is ignorant. Our Supply report highlighted the suburbs in which apartment supply will be high over the next 12 months. These suburbs include Southbank, Melbourne, Docklands, Footscray and Box Hill. New house or townhouse supply will be greatest in Glenroy, Reservoir, Pascoe Vale and the old industrial part of Port Melbourne.

With the rise in supply of apartments, houses and townhouses, sustainability has become more important than ever. Many newly built buildings incorporate sustainable features in their design. If you are looking to buy an older home, you can either choose a property that is already sustainable or add eco-friendly features to it. The best way to start is to swap all of your halogen lights with LED globes, replace your cleaning products with non-toxic varieties and install dual flush toilets and low flow shower heads in the bathrooms. Secret Agent has a full list of tips in our Sustainability report.

The next articles provide a deeper overview of the year in terms of the yield curve, capital growth and apartment price per square metre rates, concluding with an update of our rolling quarter data for each region.

From all of us at Secret Agent, we wish you a very happy holiday season!

The Year in Yields

by Richard Rossmann

Secret Agent takes a broader look at the major events in the year that took our yield curve on a wild spin around the block.

From Brexit to Trump, read on to find out what the current state of our bond yields can tell us about 2017.

Government bonds, especially in Australia, are seen as some of the safest places to put your money. To reflect the low risk, returns on these investments (measured in yield) are often lower than other, more risky classes like shares or real estate.

Bonds are where money goes during times of uncertainty. When more people buy bonds, the price of bonds goes up; as price increases, yield decreases. In most cases, a lower yield means lower confidence and growth expectations, while higher yields indicate the opposite.

Higher long-term yields: More pressure on RBA to lift official cash rate, more room for banks to increase their rates. Repayments on flexible loans become more expensive.

Lower long-term yields: More pressure on RBA to lower official cash rate, smaller profit margins for banks. Repayments on flexible loans become less expensive.

Figure 1 shows how the yield on the Australian Government's 10-year bond changed over the course of 2016. The major events that had an impact on the bond market were two RBA cash rate cuts (start of May and August), Brexit on June 23rd and the US election on November 8th (day after in Australia). Figures 2-5 show how the yield curve changed in response to each of these events.

Figure 1

Australian Government 10 Year Bond Yield (2016)

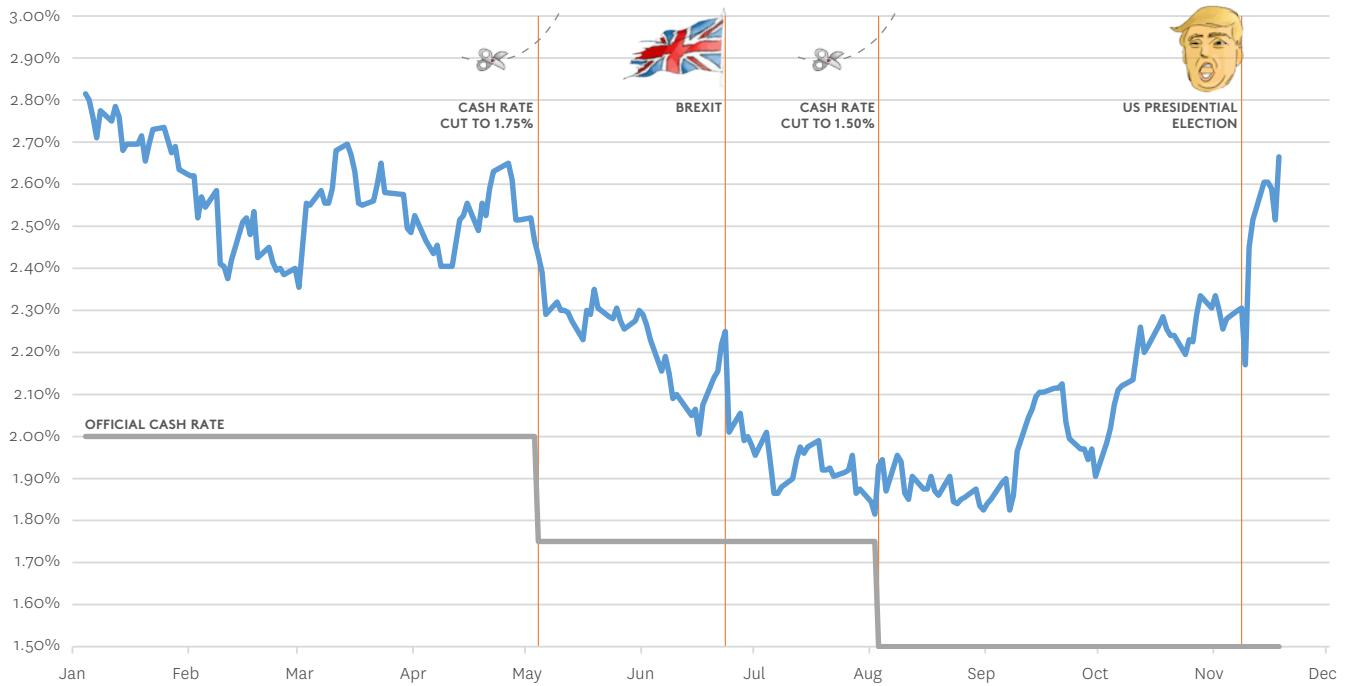


Figure 2

First Interest Rate Cut

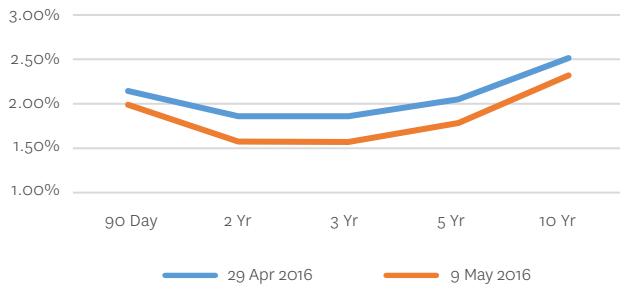


Figure 3

Second Interest Rate Cut

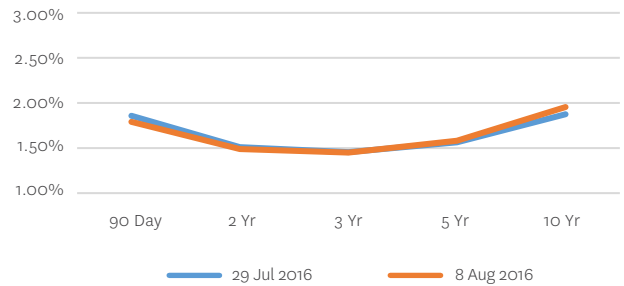


Figure 4

Brexit

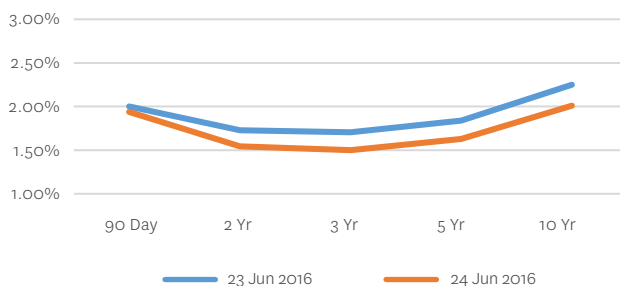
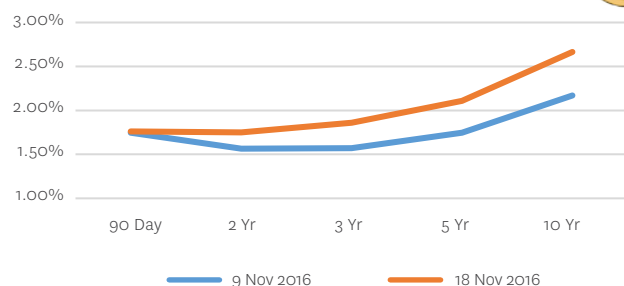


Figure 5

US Presidential Election





Interest Rate Cuts

2016 saw two interest rate cuts, one in May and one in August. The desired impact of such a move is to increase the spread (distance) between short-term and long-term rates. The bigger this gap, the more incentive for banks and other institutions to lend out money.

Figure 2 shows that the first interest rate cut in May was followed by a falling long-term yield, which more or less forced the second rate cut in August. While the first cut shifted the entire yield curve down (leaving the spread unchanged), the second interest rate cut had no impact on the yield curve, except to stop yield from plunging further (Figure 3).



Brexit

One of the reasons rates continued to decline after the May rate cut was the UK's decision to leave the EU in June, more commonly known as Brexit.

In anticipation of a no vote (remain in the EU), investors started selling bonds, which increased the yield (yields go up when prices go down). When the vote came in as yes (leave the EU), yields dropped sharply as people quickly shifted their money back to safer investments. In one day, 10-year bond yields dropped almost 25 basis points, a huge move for the bond market (Figure 4).



Trump Presidency

Another unlikely occurrence was the Trump presidency in the US. This had the opposite effect on bond yields: prices went down as investors began a mass-selling of long term bonds (Figure 5). Investors are anticipating higher US government spending and increased debt.

Additionally, the Federal Reserve is expected to lift rates at least once in 2017, which means that any new government bonds issued will erode the value of existing bonds.

Whilst 2016 has been tumultuous to say the least, long-term bond yields in Australia have ended up at almost the exact same point they were at in January. However, the distance between short-term and long-term rates (the interest spread) has almost doubled from 49 basis points in January to 91 midway through November.

This is a sign that investors have increased confidence in the growth potential of the Australian economy, but also makes an RBA rate hike in 2017 more likely. ♦

Annual Capital Growth Review

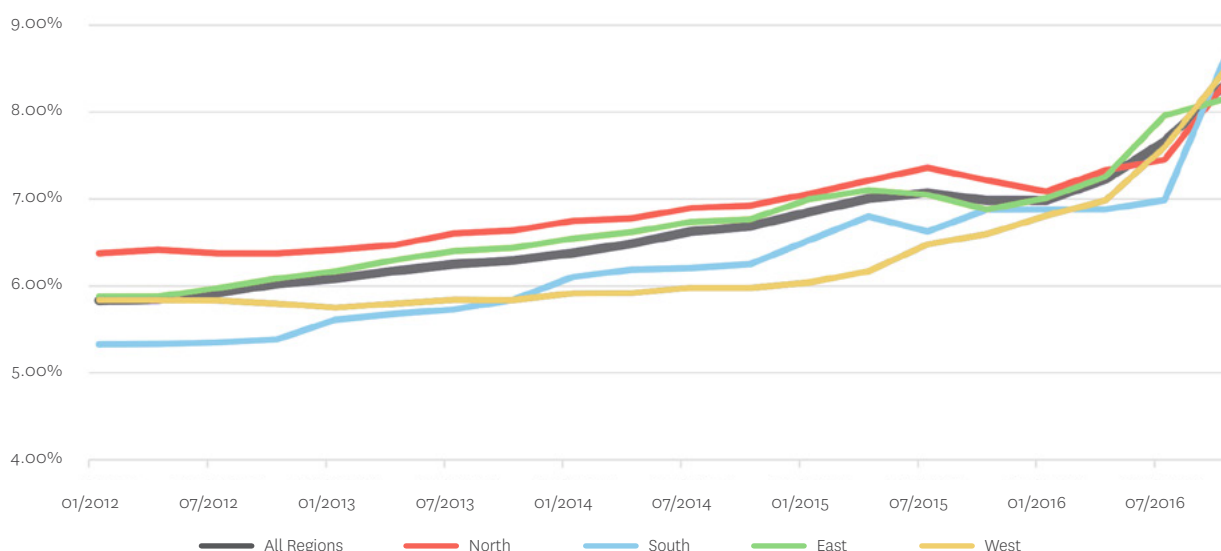
by Richard Rossmann

Table 1 **2016 Estimated Annualised Capital Growth for Inner Melbourne***

SUBURB	ALL REGIONS	NORTH	SOUTH	EAST	WEST	CENTRAL
Houses and Townhouses	7.54%	7.54%	7.33%	7.59%	7.46%	N/A
Apartments	2.96%	3.36%	3.26%	4.09%	1.38%	2.04%

Figure 6

House and Townhouse Annualised Capital Growth



This year has been full of surprises, both very large in terms of impact (Brexit) as well as very small in probability (Leicester City winning the EPL with 5000:1 odds) and a combination of both (Trump Presidency). Additionally, 2016 saw two interest rate cuts by the RBA, bringing official rates to 1.50%. Given all the tumult, Melbourne property prices have remained fairly stable.

The following capital growth analysis of inner Melbourne houses, townhouses and apartments provides a breakdown of results by region. It uses Secret Agent’s resale index, which tracks the sales of identical property (i.e. no renovations, demolitions, or other activities that add or remove value from the market) over time. This makes the figures more accurate than simple median or average growth price changes, which can often be skewed by large property sales or a general change in the underlying quality.

House and townhouse capital growth: Increasing at an increasing rate

Houses and townhouses have been on an upward trend since 2011. They have surged from annualised growth of around 7% earlier this year to over 8% (when converting the quarterly growth to an annual value) in Q4 of 2016. On average, all regions experienced similar capital growth over the year, between 7.33% in the inner South and up to 7.59% in the inner East.

Overall, **inner Melbourne house and townhouse investments grew by 7.54%**, beating the 5-year average (2011-2015) of 6.32% by 101 basis points. This is also well above the 2015 average annual growth across inner Melbourne of 6.98%. Tables 2-5 show annualised growth for each suburb in 2016. The 5-year average growth represents the average of all annual median capital growth between 2011 and 2015.

*These are estimates only. Additional sales in December may change the actual figures slightly. Annualised means quarterly growth rates are adjusted to annual growth rates. For example, 2% quarterly growth becomes 8.24%, the equivalent of 4 quarters of 2% growth. This is higher than 8% (four times quarterly growth) due to compounding. A basis point is 0.01%.

The inner North had a mixed 2016, with half the suburbs beating 2015 growth rates and two thirds improving on the average 5-year growth rate. The suburbs with the highest median growth in the inner North are Fitzroy and Fitzroy North, both at around 8% on an annual basis and well above the previous 5-year trend of 6.47% and 7.16% respectively. On the other hand, Collingwood (5.58%) and Carlton (5.43%) had the lowest capital growth over the year.

The inner South had an exceptional year in terms of capital growth, with suburbs growing at a faster pace than last year. The exception was Albert Park, which remained at its 2015 annual growth rate of 6.17%. Middle Park had the largest capital gains, growing at an annualised rate of 9.18%, over 2 percent higher than in 2015. Port Melbourne and South Melbourne also had high capital growth rates of around 7% each.

The best performing region for houses and townhouses for 2016 was the inner East, where all suburbs except South Yarra had stronger annual growth than in 2015.

Only South Yarra and East Melbourne's capital growth was slightly below the previous 5-year average. Cremorne topped the list with an impressive 10% capital growth. There is often more variance in smaller suburbs so this may have pushed up capital growth slightly here. Hawthorn, Prahran and Abbotsford follow at between 7-8% annualised growth each. Both Richmond and East Melbourne managed between 6-7% growth.

All four inner West suburbs increased on 2015 levels, although the results are less impressive when compared to the inner East and South. While Travancore had the smallest annualised growth rate in 2016 (5.39%), it is above the 2015 rate by 170 basis points. Overall, suburbs in the inner West managed to surpass 2015 growth rates by an average of 95.5 basis points.

Inner North Houses and Townhouses			Table 2
SUBURB	2016 GROWTH	2015 GROWTH	5 YR GROWTH
Fitzroy	8.16%	7.60%	6.47%
Fitzroy North	7.94%	7.15%	7.16%
Northcote	7.51%	7.86%	6.98%
North Melbourne	7.45%	6.84%	6.58%
Brunswick	6.92%	6.81%	6.71%
Clifton Hill	6.61%	6.42%	6.18%
Brunswick East	6.14%	6.20%	6.50%
Collingwood	5.58%	5.58%	5.54%
Carlton	5.43%	6.26%	5.91%
Princes Hill	N/A	6.28%	5.50%

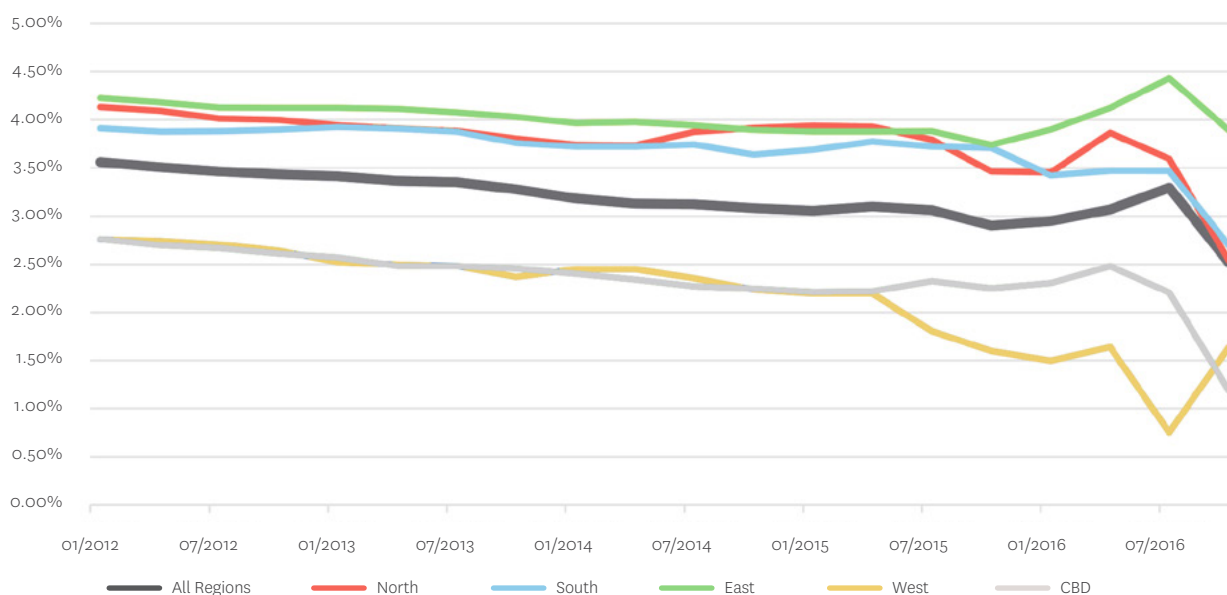
Inner South Houses and Townhouses			Table 3
SUBURB	2016 GROWTH	2015 GROWTH	5 YR GROWTH
Middle Park	9.18%	6.98%	5.85%
Port Melbourne	7.04%	6.89%	6.08%
South Melbourne	6.90%	6.60%	5.71%
Albert Park	6.17%	6.17%	6.00%

Inner East Houses and Townhouses			Table 4
SUBURB	2016 GROWTH	2015 GROWTH	5 YR GROWTH
Cremorne	10.02%	6.86%	6.37%
Hawthorn	7.97%	7.91%	6.87%
Prahran	7.62%	7.36%	6.38%
Abbotsford	7.46%	6.69%	6.30%
Richmond	6.76%	6.69%	6.29%
East Melbourne	6.18%	5.97%	6.55%
South Yarra	4.99%	6.25%	5.74%
Burnley	N/A	8.91%	7.43%

Inner West Houses and Townhouses			Table 5
SUBURB	2016 GROWTH	2015 GROWTH	5 YR GROWTH
Flemington	7.56%	6.93%	6.71%
West Melbourne	7.12%	6.09%	6.65%
Kensington	6.56%	6.10%	5.97%
Travancore	5.39%	3.69%	5.30%

Figure 7

Apartment Annualised Capital Growth



Apartment and unit capital growth: decreasing at a decreasing rate

On the other hand, capital growth for inner Melbourne apartments and units has been declining since Q2 2007, a trend that continued in 2016. **Apartments across inner Melbourne grew by 2.96% over the year**, below the previous 5-year average of 3.37% and the 2015 annual average of 3.03%.

For the first three quarters of 2016, capital growth remained at about the same level. All areas except the inner West experienced a downturn in the final quarter of the year. Note that these final quarter results may change slightly as the year comes to an end.

Apartments in the inner city all experienced capital growth in 2016 that was below the previous 5-year average. However, Southbank and the CBD managed to improve on last year's growth rates, showing a potential gain in momentum. Docklands apartments were below their 2015 growth rate of 1.40% by 14 basis points.

In the inner North, only Clifton Hill (which also topped the list at 5.75% annualised growth), Fitzroy and Brunswick East managed to beat their 2015 capital growth, while Fitzroy North retained its previous annual growth of 4.53%. Brunswick apartments had the greatest drop in capital growth rates since last year, falling by 80 basis points, followed by Parkville, where growth slowed by 70 basis points.

SUBURB	2016 GROWTH	2015 GROWTH	5 YR GROWTH
Southbank	2.74%	2.26%	2.76%
Melbourne CBD	2.44%	2.42%	2.94%
Docklands	1.26%	1.40%	1.48%

SUBURB	2016 GROWTH	2015 GROWTH	5 YR GROWTH
Clifton Hill	5.75%	4.38%	4.70%
Fitzroy	4.79%	4.65%	4.91%
Fitzroy North	4.53%	4.53%	4.65%
Collingwood	4.16%	4.44%	4.07%
North Melbourne	4.14%	4.36%	4.48%
Parkville	4.01%	4.71%	4.87%
Brunswick East	3.74%	3.03%	3.47%
Northcote	2.68%	3.32%	3.90%
Brunswick	2.68%	3.48%	3.78%
Carlton	2.00%	2.25%	2.69%
Carlton North	N/A	5.54%	5.52%
Princes Hill	N/A	N/A	6.56%

Inner South apartments had a mixed 2016, with half of the suburbs growing at a faster pace than last year and the other half slowing down. In Albert Park, apartments and units actually outperformed houses and townhouses by about 30 basis points. South Melbourne apartments grew in value only slightly above inflation at 2.69%, down from 3.03% last year and 3.89% on average between 2011 and 2015.

Compared to other regions, apartments and units in the inner East performed relatively well. Cremorne has topped both the house/townhouse and apartment growth lists, growing at an annual rate just below 6% in the latter. All other suburbs except South Yarra (3.85%) and Prahran (2.50%) managed capital gains between 4-5%.

The inner West had the smallest capital gains in 2016. Travancore, which in previous years had seen declining growth rates, was the only suburb which managed to surpass its 5-year average growth. No suburb had annual growth higher than 3%. West Melbourne came closest at 2.86%. Kensington was second on the list with 2.27%, a gain of 56 basis points over last year's capital growth. ♦

Inner South Apartments and Units			Table 8
SUBURB	2016 GROWTH	2015 GROWTH	5 YR GROWTH
Albert Park	6.46%	6.91%	5.25%
Middle Park	4.74%	4.53%	3.92%
Port Melbourne	3.68%	3.62%	3.78%
South Melbourne	2.69%	3.03%	3.89%

Inner East Apartments and Units			Table 9
SUBURB	2016 GROWTH	2015 GROWTH	5 YR GROWTH
Cremorne	5.71%	2.60%	2.71%
East Melbourne	4.73%	5.24%	5.07%
Burnley	4.12%	4.32%	4.49%
Abbotsford	4.11%	4.72%	4.88%
Richmond	4.05%	3.40%	3.71%
Hawthorn	4.03%	3.91%	4.18%
South Yarra	3.85%	4.07%	4.35%
Prahran	2.50%	2.97%	3.46%

Inner West Apartments and Units			Table 10
SUBURB	2016 GROWTH	2015 GROWTH	5 YR GROWTH
West Melbourne	2.86%	3.48%	3.71%
Kensington	2.27%	1.71%	2.34%
Flemington	1.00%	2.71%	3.24%
Travancore	0.52%	-0.14%	-0.16%

Appendix: Methodology

To establish the inner Melbourne index and quarterly capital growth values, over 76,000 house and townhouse sales, as well as about 163,000 apartment sales from 01/01/2000 to 28/11/2016 were used. These were matched based on address to establish repeat sales, which left a sample set of 45,000 house/townhouse, and 86,000 apartment sales. Using a compounding growth formula, quarterly growth was established between all sale dates of properties with the same addresses. The following suburbs were selected for each region:

Inner North: Brunswick, Brunswick East, Carlton, Carlton North, Collingwood, Clifton Hill, Fitzroy, Fitzroy North, North Melbourne, Northcote, Parkville, Princes Hill.

Inner South: Albert Park, Middle Park, Port Melbourne, South Melbourne.

Inner East: Abbotsford, Burnley, Cremorne, East Melbourne, Hawthorn, Prahran, Richmond, South Yarra.

Inner West: Flemington, Kensington, West Melbourne, Travancore.

CBD: Melbourne, Docklands, Southbank

Inner Melbourne was defined as including all of the above suburbs.

To minimise the impact of major structural changes between sales, any housing sales that changed in price by two or more standard deviations over any quarter between sale dates were removed. Also, if the same property had a turnover of less than one year it was removed. This is justified by both the likelihood of the sale being entered incorrectly (i.e. twice on the same day), and the lack of measurable, meaningful price changes in the short term.

Next, the capital growth of each remaining property was assigned to each period between and including the first and last time the property was sold. So if a house was bought in February 2014 and sold again in June 2015, with a quarterly growth of 2.5%, then 2.5% would be added to Q1, Q2, Q3 and Q4 of 2015, as well as Q1 and Q2 in 2015. Once all houses had their growth assigned to all time periods that apply, the median growth in each quarter was established and presented graphically.

Apartment Price Per Square Metre Index

by Richard Rossmann

Secret Agent collected data on all apartments sold during 2016 to construct the most comprehensive guide on apartment square metre prices in inner Melbourne. In total, data on 1,276 sales across 30 inner Melbourne suburbs since January 2016 were collected. The following analysis summarises our findings.

In 2016, the **average inner Melbourne apartment was sold at \$8,415 per square metre** of internal space. Outdoor space was expected to increase sale price by \$1,529 per square metre. This included any private balcony or terrace.

Breaking it down by type, Art Deco apartments fetched a higher price per square metre than other styles (post-90s, 60s-80s brick and warehouse conversions) in 70% of suburbs where data was available. Although there could be some correlation between the style and other factors (e.g. cost of construction), the data suggests that:

An Art Deco apartment will sell for \$80,000 more than other types on average, holding all else constant.

Other factors that had a significant impact on expected sale price were location and car parking.

Having a car park is expected to increase the average sale price by \$62,521.

Figure 8 shows the areas with the least and most expensive apartments per square metre. The full list of average price per square metre rates by suburb, number of bedrooms and apartment styles are outlined in Table 13.

Table 11

Suburbs with significantly higher than average expected price per square metre prices (internal area):

SUBURB	\$ / SQM
Albert Park	\$13,276
East Melbourne	\$11,914

Table 12

Suburbs with significantly lower than average expected price per square metre prices (internal area):

SUBURB	\$ / SQM
Brunswick	\$7,454
Brunswick East	\$7,627
Flemington	\$7,079
Kensington	\$6,869
Travancore	\$6,563

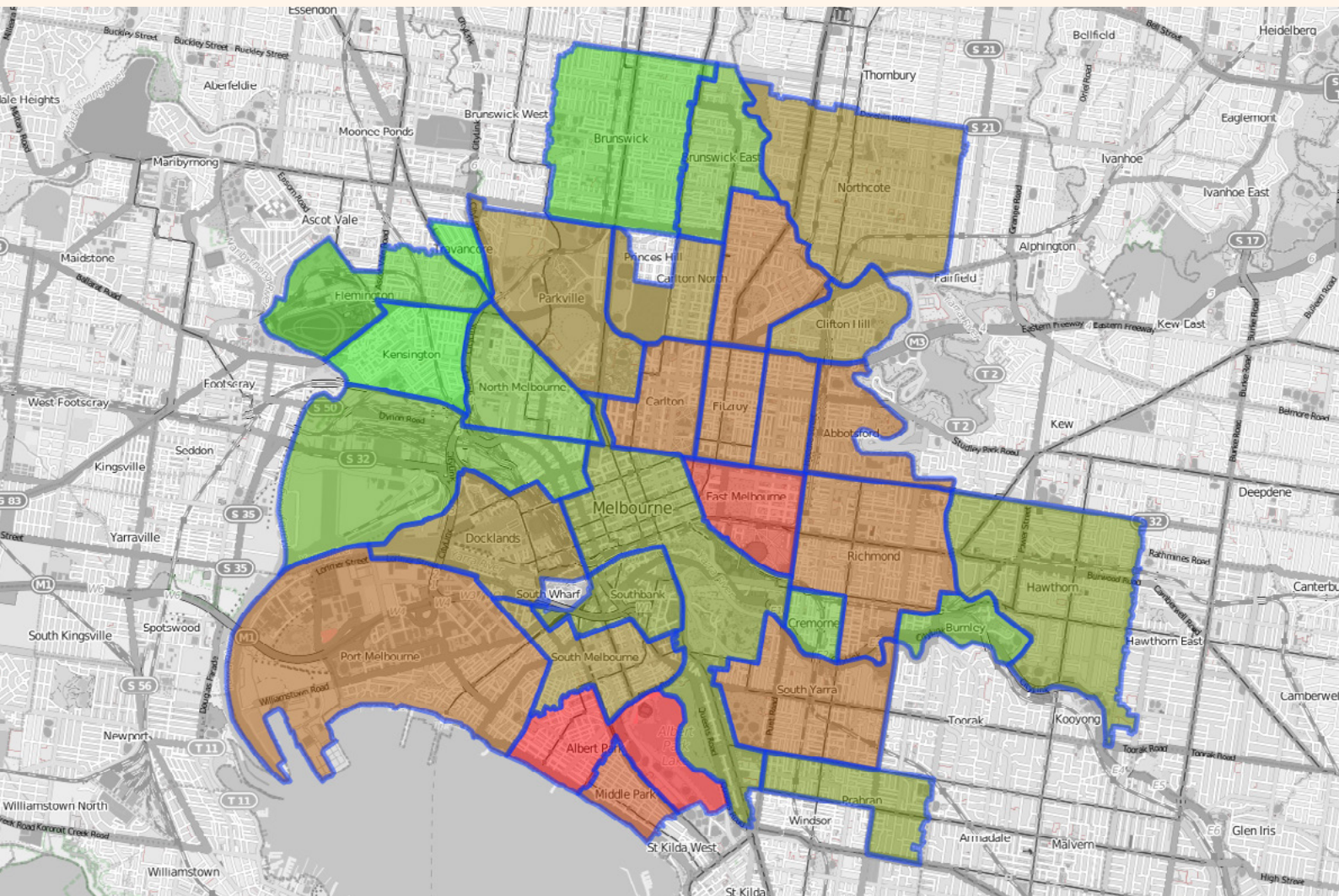
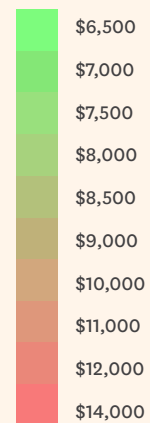


Figure 8
Inner Melbourne suburbs and the maximum average apartment price per square metre

Average Apartment Price Per Square Metre Maximum



The inner East, North-East and South attracted the highest average prices per square metre, while the inner West and North offered the lowest average rates.

In the inner city, Docklands was on average more expensive than Melbourne CBD and Southbank. Note that the map does not illustrate the quality of apartments, which of course would have a significant impact on average sale prices.

Nonetheless, suburbs along the bay and in the inner East and North-East appear to be the preferred locations for buyers.

Table 13 Full results of price per square metre rates by suburb, number of bedrooms and apartment type

SUBURB	SUBURB AVERAGE	BY NUMBER OF BEDROOMS					BY APARTMENT TYPE			
	TOTAL	STUDIO	1 BEDROOM	2 BEDROOM	3 BEDROOM	4 BEDROOM	ART DECO	60S-80S	POST-90S	WAREHOUSE
DOCKLANDS	\$8,561	-	\$8,059	\$8,544	\$9,156	\$9,344	-	-	\$8,561	-
MELBOURNE	\$8,415	\$8,565	\$7,930	\$8,500	\$9,608	\$9,671	\$8,546	\$8,697	\$8,352	\$9,355
SOUTHBANK	\$8,464	-	\$8,499	\$8,456	\$8,339	\$9,569	-	-	\$8,478	\$7,639
BRUNSWICK	\$7,454	\$9,821	\$8,229	\$7,236	\$6,590	-	\$6,860	\$7,979	\$7,290	\$6,337
BRUNSWICK EAST	\$7,627	-	\$7,849	\$7,708	\$6,569	-	\$9,955	\$8,343	\$7,519	-
CARLTON	\$9,597	\$11,073	\$8,271	\$9,831	\$10,331	-	\$10,652	\$8,806	\$9,864	\$9,217
CARLTON NORTH	\$8,925	-	\$9,087	\$8,795	-	-	\$9,083	\$8,880	-	-
COLLINGWOOD	\$8,815	-	\$8,558	\$9,125	\$9,780	-	-	\$8,786	\$9,225	\$6,907
CLIFTON HILL	\$9,082	-	\$8,393	\$8,973	-	-	-	\$9,441	\$9,347	\$8,433
FITZROY	\$9,549	\$13,025	\$8,309	\$9,966	\$9,302	-	-	\$7,898	\$9,475	\$9,895
FITZROY NORTH	\$9,258	\$10,013	\$9,840	\$8,850	\$5,779	-	-	\$9,544	\$8,773	\$10,000
NORTHCOTE	\$7,984	-	\$9,022	\$8,351	\$6,583	-	\$8,075	\$7,995	\$7,947	\$8,333
NORTH MELBOURNE	\$8,616	-	\$9,105	\$7,713	\$7,448	-	-	\$8,538	\$8,684	\$8,604
PARKVILLE	\$8,916	-	\$9,942	\$8,505	\$7,698	-	\$9,287	\$8,694	\$8,706	-
PRINCES HILL	-	-	-	-	-	-	-	-	-	-
ABBOTSFORD	\$9,296	-	\$9,247	\$9,477	\$7,132	-	-	\$9,533	\$9,164	\$9,438
BURNLEY	\$7,660	-	-	\$7,660	-	-	-	\$7,660	-	-
CREMORNE	\$7,966	-	\$7,966	-	-	-	-	-	\$7,966	-
EAST MELBOURNE	\$11,914	-	\$12,412	\$11,204	\$11,933	\$14,812	\$12,345	\$12,804	\$12,094	\$9,117
HAWTHORN	\$8,485	-	\$8,358	\$8,644	\$7,373	\$8,542	\$8,732	\$8,288	\$8,763	-
PRAHRAN	\$8,415	-	\$8,780	\$7,934	\$8,603	-	\$8,893	\$8,428	\$8,352	\$7,074
RICHMOND	\$9,137	\$7,397	\$9,276	\$9,104	\$8,865	-	-	\$8,916	\$9,338	\$8,030
SOUTH YARRA	\$9,486	\$9,725	\$9,045	\$9,643	\$10,260	-	\$11,840	\$8,751	\$9,877	\$8,392
ALBERT PARK	\$13,276	-	\$16,058	\$12,581	-	-	\$15,839	\$10,439	\$13,827	-
MIDDLE PARK	\$10,720	-	\$8,836	\$11,347	-	-	\$11,152	\$10,575	-	-
PORT MELBOURNE	\$9,682	-	\$9,818	\$9,413	\$13,371	-	-	-	\$9,687	\$9,463
SOUTH MELBOURNE	\$8,786	-	\$8,911	\$8,457	\$9,255	-	\$9,225	\$9,743	\$8,666	\$7,690
FLEMINGTON	\$7,079	\$9,422	\$7,322	\$6,831	\$6,007	-	-	\$7,313	\$6,650	-
KENSINGTON	\$6,869	-	\$7,102	\$6,830	\$6,144	-	-	\$7,998	\$6,596	\$6,592
TRAVANCORE	\$6,563	-	-	\$6,630	\$5,963	-	\$8,628	\$6,533	\$6,309	-
WEST MELBOURNE	\$7,952	-	\$8,073	\$8,053	\$8,112	\$5,570	\$8,422	-	\$7,908	\$8,133

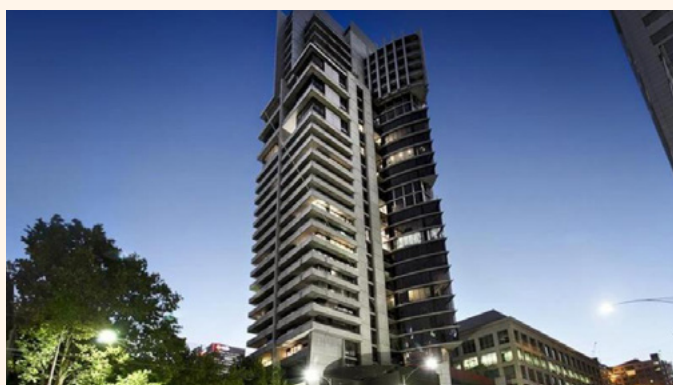
Student accommodation was excluded from this study. The data above represents all secondary apartment sales since 1 January 2016. A dash indicates that there was insufficient information to produce any data.

Do people pay more per m² for \$2 million+ properties?

Out of the entire sample, only 13 apartments sold for more than \$2 million, for an **average price per square metre of \$11,841** for internal space only, and \$10,318 when including outdoor space.

While it appears that the most expensive apartments also sold for more per square metre, the sample is too small to be conclusive about this. Here we highlight the most and least affordable properties in this category.

Most affordable apartments above \$2 million



\$9,165 per m²

153-154/299 Queen Street, Melbourne

\$2,600,000

Indoor area: 284m², Outdoor area: 23m²

PPSM including outdoor area: \$8,477 per m²

Least affordable apartments above \$2 million



\$16,189 per m²

801/65 Beach Street, Port Melbourne

\$2,260,000

Indoor area: 140m², Outdoor area: 92m²

PPSM including outdoor area: \$9,750 per m²



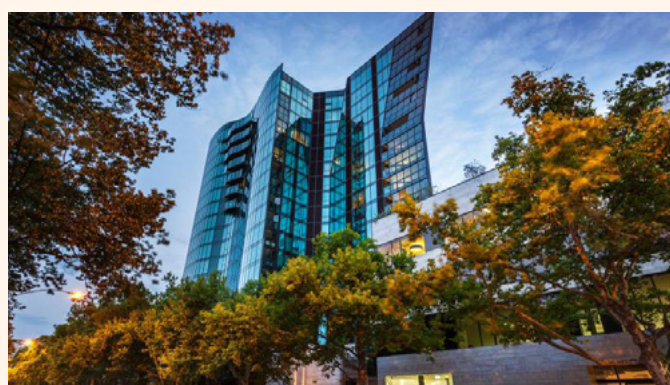
\$9,302 per m²

8/144 George Street, Fitzroy

\$2,000,000

Indoor area: 215m², Outdoor area: 6m²

PPSM including outdoor area: \$9,050 per m²



\$15,832 per m²

1101/279 Wellington Pde, East Melbourne



\$2,275,000

Indoor area: 144m², Outdoor area: 0m²

Quarterly Scorecard

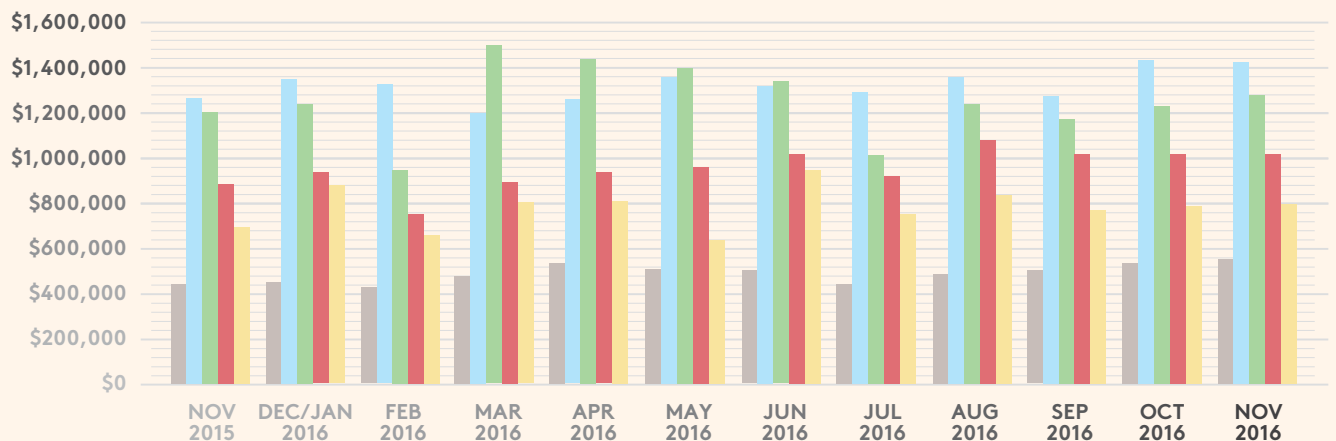
End of Year Review
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SEP - NOV 2016

	Apartments	Houses	Townhouses
QUARTERLY GROWTH/DECLINE	+6.63% ↑	+1.89% ↑	+4.37% ↑
MEDIAN PRICE	\$555,000	\$1,350,000	\$920,000
AVERAGE PRICE	\$674,682	\$1,593,704	\$1,052,289
MEDIAN SQM	\$8,415	\$6,951 +3.19% ↑	\$8,821 +0.96% ↑
STOCK INVENTORY	3423 -1.33% ↓	392 +9.19% ↑	121 -4.72% ↓
 BOOM	Melbourne ↑	Brunswick East ↑	-
	Middle Park ↑	Clifton Hill ↑	-
	Port Melbourne ↑	Cremorne ↑	-
	Richmond ↑	Port Melbourne ↑	-
	West Melbourne ↑	Richmond ↑	-
		Travancore ↑	-
 BUST	Brunswick ↓		
	Brunswick East ↓	North Melbourne ↓	
	Northcote ↓	Northcote ↓	
	Parkville ↓		
	Southbank ↓		

YEAR ON YEAR LOOK

Median Prices



NOV 2015 - NOV 2016 GROWTH/DECLINE



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

SEP - NOV 2016

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		PREVIOUS QUARTER (JUN, JUL, AUG 2016)				CURRENT QUARTER (SEP, OCT, NOV 2016)			
		Apartments	Apartments (by area)	Houses & Townhouses	Houses & Townhouses (by area)	Apartments	Apartments (by area)	Houses & Townhouses	Houses & Townhouses (by area)
Central	Docklands	1.66%		0.00%		1.74%		2.22%	
	Melbourne	0.99%	1.04%	1.52%	12.18%	1.06%	1.12%	1.52%	14.71%
	Southbank	0.87%		0.79%		0.99%		0.79%	
Inner North	Brunswick	1.05%		0.68%		1.34%		1.12%	
	Brunswick East	1.23%		0.64%		1.32%		1.04%	
	Carlton	0.50%		0.91%		0.50%		0.30%	
	Carlton North	0.38%		0.72%		0.76%		0.67%	
	Clifton Hill	0.80%		0.60%		1.20%		1.31%	
	Collingwood	1.50%	0.68%	0.19%	0.60%	1.59%	0.93%	1.15%	1.01%
	Fitzroy	0.46%		1.02%		0.50%		1.08%	
	Fitzroy North	0.41%		0.48%		0.50%		1.13%	
	North Melbourne	0.48%		0.68%		1.07%		1.04%	
	Northcote	0.52%		0.58%		1.29%		1.01%	
	Parkville	0.82%		0.72%		1.17%		1.15%	
Princes Hill	0.00%		0.16%		NA%		0.49%		
Inner East	Abbotsford	2.43%		1.12%		2.77%		1.20%	
	Burnley	0.00%		0.49%		0.68%		0.49%	
	Cremorne	0.00%		0.59%		0.55%		2.17%	
	East Melbourne	1.00%	1.03%	1.07%	0.81%	0.94%	1.34%	0.53%	0.82%
	Hawthorn	1.04%		0.73%		1.23%		0.95%	
	Prahran	0.86%		1.21%		1.27%		1.73%	
	Richmond	1.03%		0.99%		1.51%		1.50%	
	South Yarra	1.03%		0.80%		1.36%		1.20%	
Inner South	Albert Park	0.39%		0.59%		0.79%		0.95%	
	Middle Park	1.26%	1.01%	0.94%	0.31%	1.88%	1.64%	1.02%	1.74%
	Port Melbourne	1.03%		0.87%		2.32%		1.20%	
	South Melbourne	1.08%		0.35%		0.74%		1.19%	
Inner West	Flemington	0.48%		0.36%		0.48%		1.73%	
	Kensington	1.99%	1.03%	0.65%	1.35%	0.87%	0.89%	1.43%	1.35%
	Travancore	1.04%		1.49%		2.49%		0.74%	
	West Melbourne	0.71%		0.80%		0.83%		1.20%	

Total sales for the period against total housing supply. Table compiled from data collected from June to November 2016.
Total private dwellings information from the 2011 Census Report from the Australian Bureau of Statistics.

Apartments

End of Year Review
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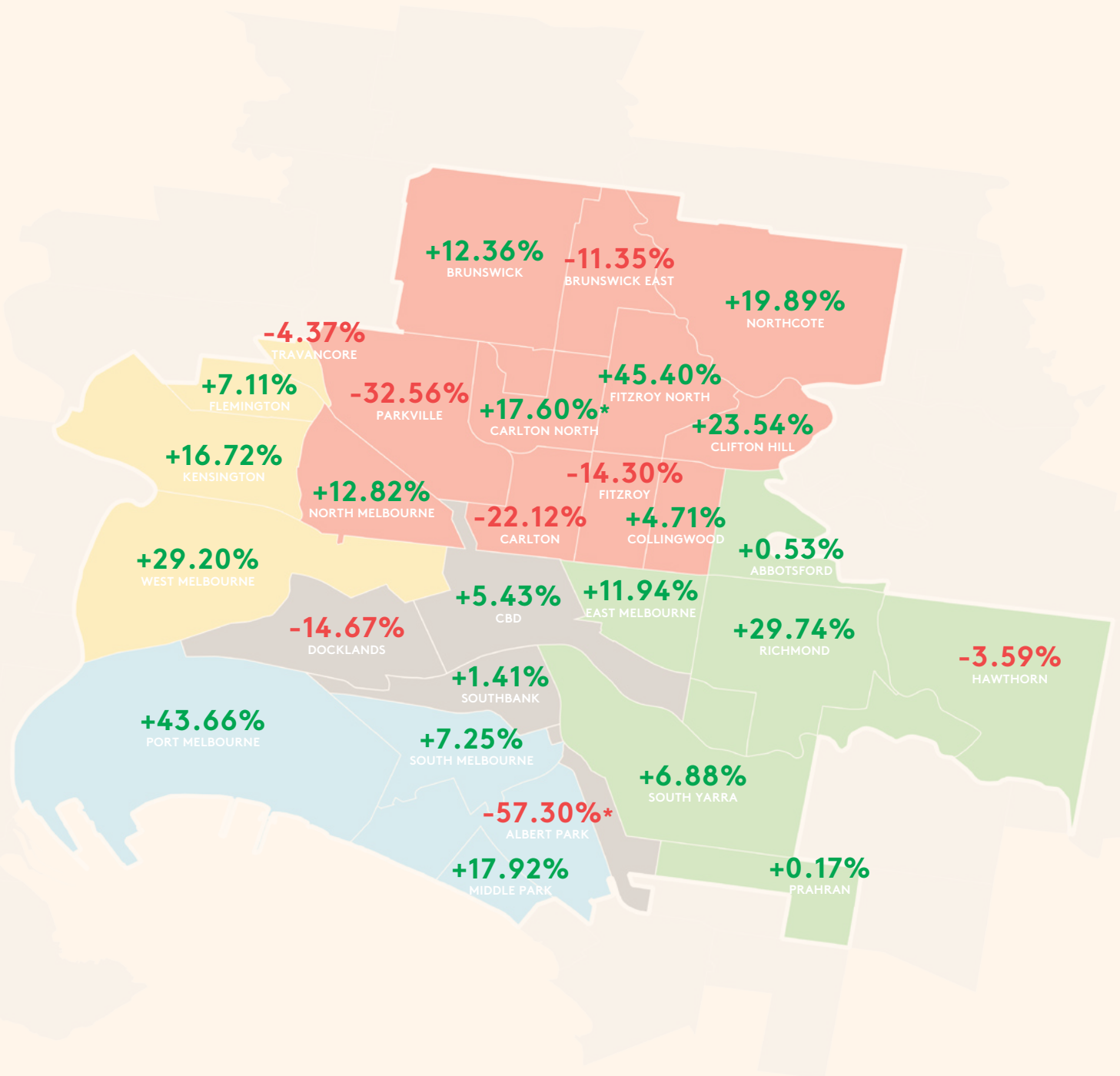
PRICE COMPARISONS BY ROLLING QUARTERS

	PREVIOUS QUARTER (JUN, JUL, AUG 2016)				CURRENT QUARTER (SEP, OCT, NOV 2016)				
	Average Price	Median Price	Lowest Sale	Highest Sale	Average Price	Median Price	% change	Lowest Sale	Highest Sale
Docklands	\$785,560	\$750,000	\$324,000	\$1,900,000	\$846,610	\$640,000	↓ -14.67%	\$358,000	\$2,710,000
Melbourne	\$540,292	\$460,000	\$185,000	\$2,138,000	\$685,100	\$485,000	↑ 5.43%	\$161,000	\$8,100,000
Southbank	\$666,144	\$586,750	\$300,500	\$2,700,000	\$666,580	\$595,000	↑ 1.41%	\$350,000	\$1,325,000
Brunswick	\$534,515	\$441,000	\$271,000	\$1,700,000	\$517,930	\$495,500	↑ 12.36%	\$279,500	\$1,100,000
Brunswick East	\$597,772	\$520,000	\$338,000	\$930,000	\$483,923	\$461,000	↓ -11.35%	\$390,000	\$660,000
Carlton	\$459,289	\$400,000	\$155,000	\$925,000	\$446,138	\$311,500	↓ -22.12%	\$161,000	\$1,190,000
Carlton North	*\$480,000	*\$480,000	\$390,000	\$570,000	*\$563,833	*\$564,500	↑ 17.60%	\$437,000	\$690,000
Clifton Hill	*\$522,125	*\$429,000	\$345,000	\$885,500	\$683,333	\$530,000	↑ 23.54%	\$435,000	\$1,580,000
Collingwood	\$689,925	\$605,000	\$360,000	\$1,500,000	\$715,888	\$633,500	↑ 4.71%	\$372,000	\$1,340,000
Fitzroy	\$643,700	\$657,500	\$458,000	\$810,000	\$631,125	\$563,500	↓ -14.30%	\$299,000	\$1,252,000
Fitzroy North	*\$446,800	*\$435,000	\$317,000	\$602,000	\$547,500	\$632,500	↑ 45.40%	\$345,000	\$660,000
North Melbourne	\$468,177	\$487,500	\$140,000	\$587,134	\$533,505	\$550,000	↑ 12.82%	\$320,000	\$770,000
Northcote	\$470,333	\$455,000	\$350,000	\$601,000	\$553,527	\$545,500	↑ 19.89%	\$357,500	\$810,000
Parkville	\$700,085	\$734,000	\$526,000	\$1,040,000	\$533,388	\$495,000	↓ -32.56%	\$291,000	\$1,403,000
Princes Hill	-	-	-	-	-	-	-	-	-
Abbotsford	\$519,576	\$470,000	\$312,000	\$1,200,000	\$516,937	\$472,500	↑ 0.53%	\$300,000	\$1,325,000
Burnley	-	-	-	-	*\$527,500	*\$527,500	-	\$527,500	\$527,500
Cremorne	-	-	-	-	*\$546,000	*\$546,000	-	\$546,000	\$546,000
East Melbourne	\$1,028,925	\$795,050	\$425,000	\$3,500,000	\$869,769	\$890,000	↑ 11.94%	\$400,000	\$1,400,000
Hawthorn	\$599,483	\$571,000	\$198,888	\$1,015,000	\$614,205	\$550,500	↓ -3.59%	\$292,000	\$1,860,000
Prahran	\$564,766	\$574,500	\$240,000	\$1,400,000	\$551,894	\$575,500	↑ 0.17%	\$300,000	\$814,000
Richmond	\$504,662	\$417,750	\$190,000	\$1,400,000	\$589,453	\$542,000	↑ 29.74%	\$265,000	\$1,830,000
South Yarra	\$668,645	\$560,000	\$220,000	\$2,100,000	\$775,023	\$598,500	↑ 6.88%	\$235,000	\$6,000,000
Albert Park	*\$1,850,000	*\$1,850,000	\$1,850,000	\$1,850,000	*\$751,750	*\$790,000	↓ -57.30%	\$452,000	\$975,000
Middle Park	\$582,583	\$618,000	\$377,500	\$800,000	\$1,206,562	\$728,750	↑ 17.92%	\$400,000	\$3,070,000
Port Melbourne	\$650,825	\$568,000	\$347,500	\$1,405,000	\$1,040,298	\$816,000	↑ 43.66%	\$390,000	\$2,600,000
South Melbourne	\$743,250	\$555,000	\$375,000	\$2,355,000	\$691,607	\$595,250	↑ 7.25%	\$400,000	\$1,450,000
Flemington	\$390,062	\$355,250	\$240,000	\$556,000	\$395,375	\$380,500	↑ 7.11%	\$265,000	\$620,000
Kensington	\$454,043	\$430,500	\$312,000	\$666,000	\$472,800	\$502,500	↑ 16.72%	\$315,000	\$625,000
Travancore	*\$377,000	*\$366,000	\$330,000	\$435,000	\$369,111	\$350,000	↓ -4.37%	\$320,000	\$475,000
West Melbourne	\$488,500	\$476,000	\$418,000	\$601,000	\$614,142	\$615,000	↑ 29.20%	\$370,000	\$860,000

Table compiled from data collected from June to November 2016. 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 June to November 2016. Princes Hill, Burnley and Cremorne were omitted due to insufficient data.

* indicates a median value calculated using 5 sales or less.

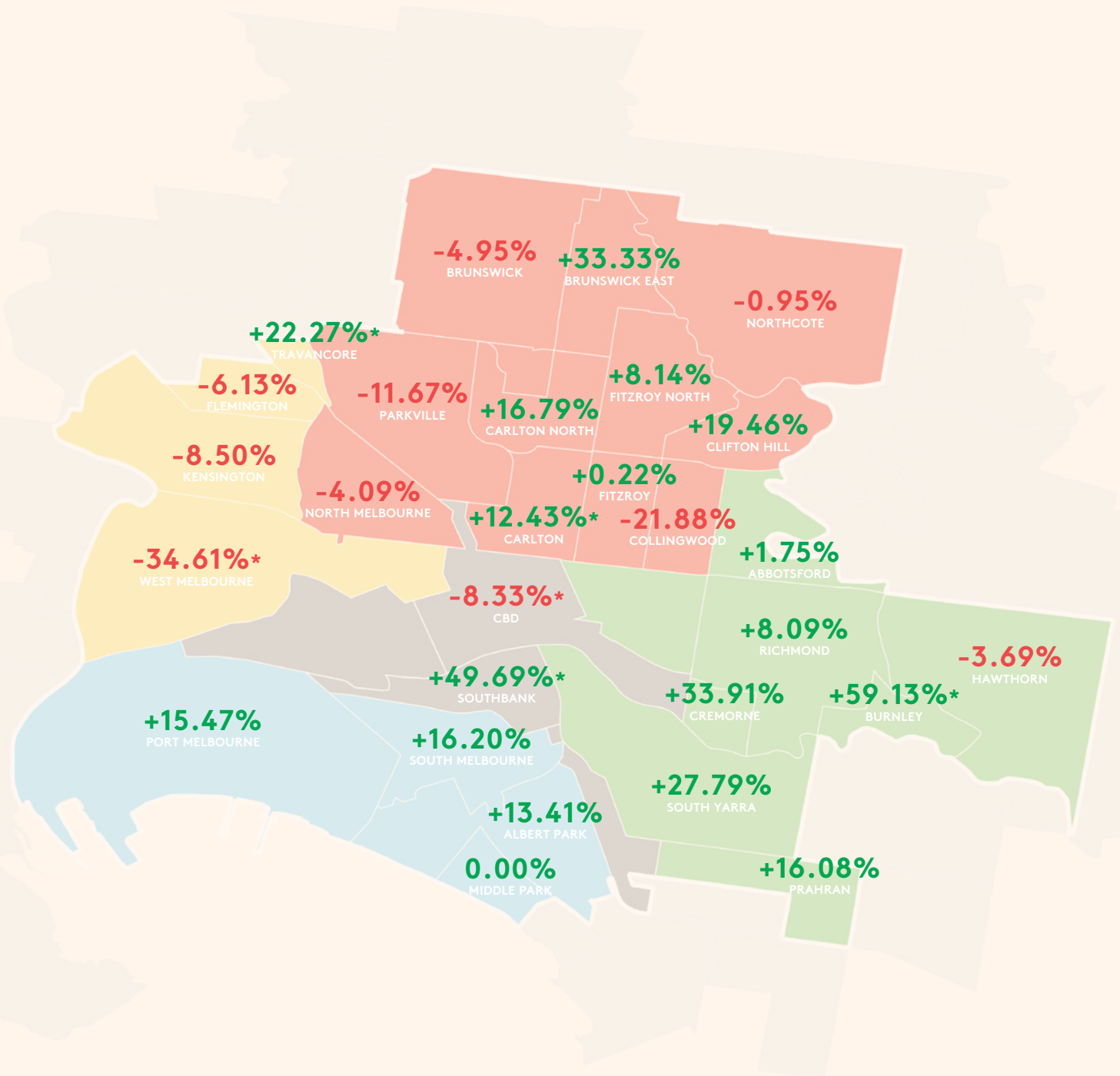
PRICE COMPARISONS BY ROLLING QUARTERS

	PREVIOUS QUARTER (JUN, JUL, AUG 2016)				CURRENT QUARTER (SEP, OCT, NOV 2016)				
	Average Price	Median Price	Lowest Sale	Highest Sale	Average Price	Median Price	% change	Lowest Sale	Highest Sale
Docklands	-	-	-	-	-	-	-	-	-
Melbourne	*\$2,100,000	*\$2,100,000	\$2,100,000	\$2,100,000	*\$1,925,000	*\$1,925,000	↓ -8.33%	\$1,925,000	\$1,925,000
Southbank	*\$815,000	*\$815,000	\$815,000	\$815,000	*\$1,220,000	*\$1,220,000	↑ 49.69%	\$1,220,000	\$1,220,000
Brunswick	\$1,187,328	\$1,110,000	\$755,000	\$1,875,000	\$1,118,025	\$1,055,000	↓ -4.95%	\$770,000	\$2,500,000
Brunswick East	\$1,116,222	\$1,050,000	\$600,000	\$1,815,000	\$1,320,502	\$1,400,000	↑ 33.33%	\$320,000	\$1,975,000
Carlton	\$1,670,375	\$1,512,000	\$957,000	\$2,850,000	*\$1,983,250	*\$1,700,000	↑ 12.43%	\$1,162,000	\$3,371,000
Carlton North	\$1,445,133	\$1,340,000	\$876,000	\$2,550,000	\$1,708,291	\$1,565,000	↑ 16.79%	\$1,055,000	\$2,400,000
Clifton Hill	\$1,149,888	\$1,195,000	\$780,000	\$1,380,000	\$1,642,444	\$1,427,500	↑ 19.46%	\$905,000	\$3,020,000
Collingwood	*\$1,280,000	*\$1,280,000	\$1,280,000	\$1,280,000	\$1,234,461	\$1,000,000	↓ -21.88%	\$715,000	\$3,560,000
Fitzroy	\$1,552,750	\$1,367,000	\$715,000	\$3,310,000	\$1,806,178	\$1,370,000	↑ 0.22%	\$677,000	\$4,011,000
Fitzroy North	\$1,472,366	\$1,216,000	\$769,000	\$4,135,000	\$1,538,758	\$1,315,000	↑ 8.14%	\$750,000	\$2,910,000
North Melbourne	\$1,487,625	\$1,320,000	\$815,000	\$3,500,000	\$1,449,181	\$1,266,000	↓ -4.09%	\$990,000	\$2,920,000
Northcote	\$1,465,214	\$1,312,500	\$875,000	\$2,785,000	\$1,426,175	\$1,300,000	↓ -0.95%	\$745,000	\$4,300,000
Parkville	*\$1,996,750	*\$2,043,500	\$965,000	\$2,935,000	\$1,744,714	\$1,805,000	↓ -11.67%	\$1,230,000	\$2,375,000
Princes Hill	*\$1,041,000	*\$1,041,000	\$1,041,000	\$1,041,000	-	-	-	-	-
Abbotsford	\$1,182,062	\$1,174,500	\$882,500	\$1,510,000	\$1,268,600	\$1,195,000	↑ 1.75%	\$890,000	\$1,985,000
Burnley	*\$1,128,000	*\$1,128,000	\$1,128,000	\$1,128,000	*\$1,795,000	*\$1,795,000	↑ 59.13%	\$1,795,000	\$1,795,000
Cremorne	*\$870,000	*\$870,000	\$725,000	\$1,015,000	\$1,165,600	\$1,165,000	↑ 33.91%	\$800,000	\$1,610,000
East Melbourne	*\$2,621,000	*\$1,560,000	\$1,450,000	\$5,100,000	-	-	-	-	-
Hawthorn	\$2,289,541	\$2,032,500	\$1,155,000	\$4,300,000	\$2,378,035	\$1,957,500	↓ -3.69%	\$1,180,000	\$5,250,000
Prahran	\$1,648,423	\$1,430,000	\$952,750	\$3,890,000	\$1,626,830	\$1,660,000	↑ 16.08%	\$428,000	\$3,027,000
Richmond	\$1,274,734	\$1,175,000	\$720,000	\$2,240,000	\$1,314,653	\$1,270,000	↑ 8.09%	\$800,000	\$2,260,000
South Yarra	\$1,698,961	\$1,655,000	\$1,036,500	\$3,880,000	\$3,337,571	\$2,115,000	↑ 27.79%	\$1,230,000	\$12,150,000
Albert Park	\$1,884,571	\$1,521,000	\$985,000	\$3,755,000	\$1,811,480	\$1,725,000	↑ 13.41%	\$1,000,000	\$2,600,000
Middle Park	\$2,314,714	\$2,360,000	\$1,130,000	\$3,950,000	\$3,066,666	\$2,360,000	↑ 0.00%	\$1,280,000	\$5,670,000
Port Melbourne	\$1,463,690	\$1,351,000	\$875,000	\$3,850,000	\$1,680,696	\$1,560,000	↑ 15.47%	\$825,000	\$3,705,000
South Melbourne	*\$1,651,800	*\$1,420,000	\$1,139,000	\$2,475,000	\$1,896,447	\$1,650,000	↑ 16.20%	\$1,026,000	\$4,360,000
Flemington	*\$1,029,900	*\$1,012,000	\$757,500	\$1,315,000	\$1,024,921	\$950,000	↓ -6.13%	\$730,000	\$1,805,000
Kensington	\$1,124,541	\$1,232,250	\$732,000	\$1,370,000	\$1,150,875	\$1,127,500	↓ -8.50%	\$785,000	\$1,795,000
Travancore	*\$1,215,750	*\$1,178,500	\$756,000	\$1,750,000	*\$1,441,000	*\$1,441,000	↑ 22.27%	\$1,320,000	\$1,562,000
West Melbourne	*\$1,806,000	*\$1,806,000	\$1,242,000	\$2,370,000	*\$1,181,000	*\$1,181,000	↓ -34.61%	\$1,181,000	\$1,181,000

Table compiled from data collected from June to November 2016. 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.

Houses

QUARTERLY MEDIAN CHANGE BY SUBURB



Based on data collected from June to November 2016. Docklands, Princes Hill and East Melbourne were omitted due to insufficient data.

* indicates a median value calculated using 5 sales or less.

Townhouses

End of Year Review
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PRICE COMPARISONS BY ROLLING QUARTERS

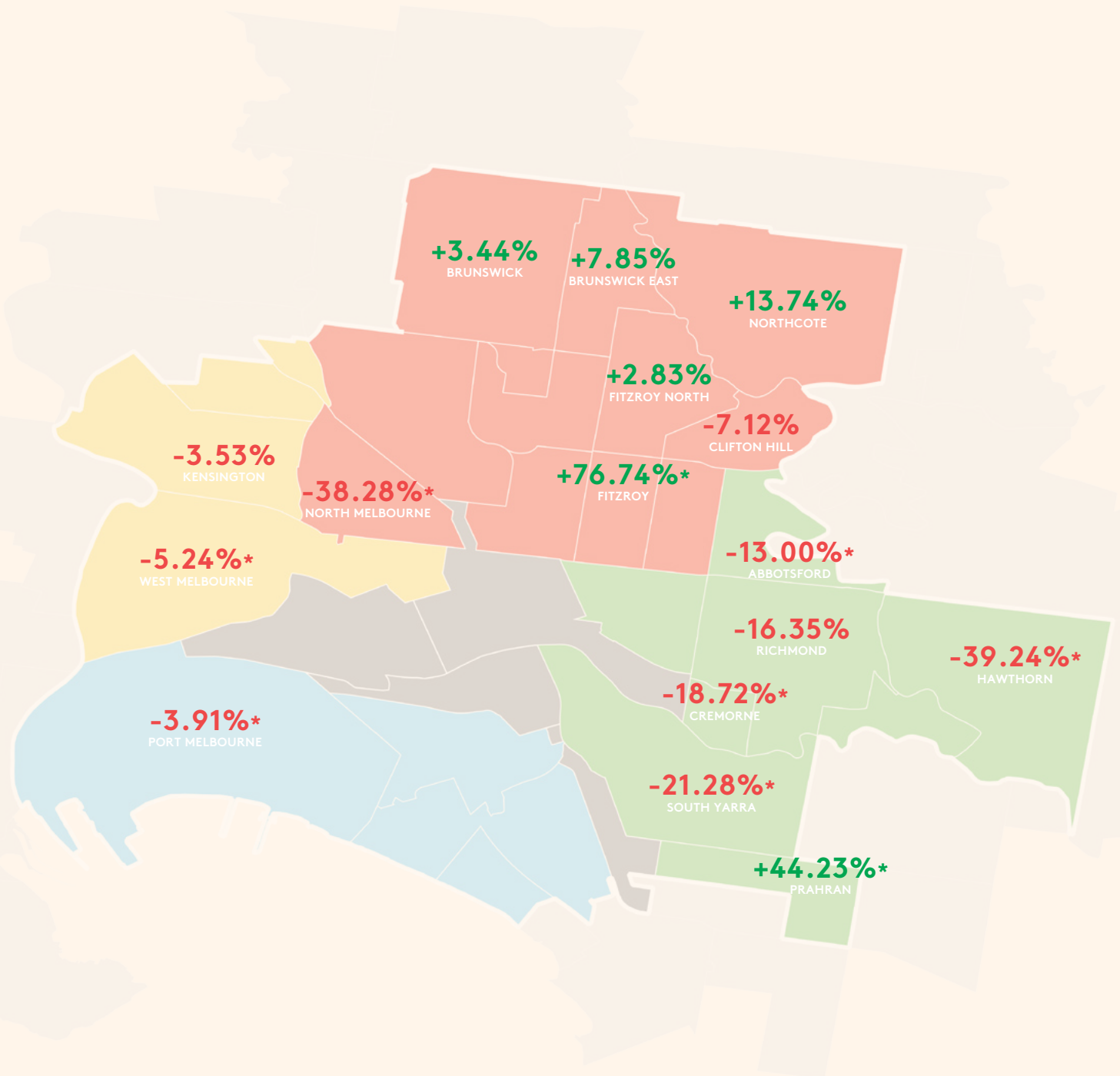
	PREVIOUS QUARTER (JUN, JUL, AUG 2016)				CURRENT QUARTER (SEP, OCT, NOV 2016)				
	Average Price	Median Price	Lowest Sale	Highest Sale	Average Price	Median Price	% change	Lowest Sale	Highest Sale
Docklands	-	-	-	-	*\$4,250,000	*\$4,250,000		\$4,250,000	\$4,250,000
Melbourne	-	-	-	-	-	-		-	-
Southbank	-	-	-	-	-	-		-	-
Brunswick	\$859,857	\$800,000	\$665,000	\$1,252,000	\$1,064,082	\$827,500	↑ 3.44%	\$630,000	\$2,100,150
Brunswick East	\$805,000	\$802,500	\$677,000	\$940,000	\$865,750	\$865,500	↑ 7.85%	\$665,000	\$1,065,000
Carlton	*\$1,169,333	*\$1,281,000	\$872,000	\$1,355,000	-	-		-	-
Carlton North	-	-	-	-	*\$765,000	*\$765,000		\$765,000	\$765,000
Clifton Hill	*\$975,750	*\$975,750	\$881,500	\$1,070,000	\$906,833	\$906,250	↓ -7.12%	\$647,500	\$1,226,000
Collingwood	-	-	-	-	\$1,004,800	\$1,051,000		\$750,000	\$1,260,000
Fitzroy	*\$816,666	*\$860,000	\$710,000	\$880,000	*\$1,520,000	*\$1,520,000	↑ 76.74%	\$1,520,000	\$1,520,000
Fitzroy North	*\$1,025,000	*\$1,025,000	\$915,000	\$1,135,000	\$1,000,714	\$1,054,000	↑ 2.83%	\$671,000	\$1,150,000
North Melbourne	*\$1,118,666	*\$1,280,000	\$701,000	\$1,375,000	\$812,200	\$790,000	↓ -38.28%	\$690,000	\$900,000
Northcote	\$776,166	\$760,500	\$658,500	\$905,000	\$895,909	\$865,000	↑ 13.74%	\$695,000	\$1,102,000
Parkville	-	-	-	-	*\$1,717,500	*\$1,717,500		\$1,717,500	\$1,717,500
Princes Hill	-	-	-	-	-	-		-	-
Abbotsford	*\$829,750	*\$846,000	\$700,000	\$927,000	*\$736,000	*\$736,000	↓ -13.00%	\$727,000	\$745,000
Burnley	-	-	-	-	-	-		-	-
Cremorne	*\$1,175,000	*\$1,175,000	\$1,175,000	\$1,175,000	*\$955,000	*\$955,000	↓ -18.72%	\$955,000	\$955,000
East Melbourne	-	-	-	-	*\$1,650,000	*\$1,650,000		\$1,650,000	\$1,650,000
Hawthorn	*\$1,505,000	*\$1,505,000	\$950,000	\$2,060,000	*\$1,008,000	*\$914,500	↓ -39.24%	\$752,000	\$1,451,000
Prahran	*\$780,000	*\$780,000	\$780,000	\$780,000	*\$1,125,000	*\$1,125,000	↑ 44.23%	\$1,050,000	\$1,200,000
Richmond	*\$1,234,000	*\$1,315,000	\$1,012,000	\$1,375,000	\$1,191,357	\$1,100,000	↓ -16.35%	\$750,000	\$1,795,000
South Yarra	*\$1,490,333	*\$1,661,000	\$1,010,000	\$1,800,000	*\$1,365,000	*\$1,307,500	↓ -21.28%	\$1,215,000	\$1,630,000
Albert Park	*\$1,148,750	*\$1,148,750	\$927,500	\$1,370,000	-	-		-	-
Middle Park	-	-	-	-	-	-		-	-
Port Melbourne	*\$1,330,000	*\$1,330,000	\$1,035,000	\$1,625,000	*\$1,419,100	*\$1,278,000	↓ -3.91%	\$779,000	\$2,125,000
South Melbourne	-	-	-	-	*\$1,280,333	*\$1,150,000		\$891,000	\$1,800,000
Flemington	-	-	-	-	*\$874,000	*\$833,000		\$625,000	\$1,205,000
Kensington	\$700,142	\$750,000	\$533,000	\$790,000	\$738,038	\$723,500	↓ -3.53%	\$542,000	\$1,000,000
Travancore	-	-	-	-	-	-		-	-
West Melbourne	*\$1,087,000	*\$1,087,000	\$914,000	\$1,260,000	*\$1,116,600	*\$1,030,000	↓ -5.24%	\$850,000	\$1,638,000

Table compiled from data collected from June to November 2016. 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.

Townhouses

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QUARTERLY MEDIAN CHANGE BY SUBURB



Based on data collected from June to November 2016. Docklands, Melbourne, Southbank, Carlton, Carlton North, Collingwood, Parkville, Princes Hill, Burnley, East Melbourne, Albert Park, Middle Park, South Melbourne, Flemington and Travancore were omitted due to insufficient data. * indicates a median value calculated using 5 sales or less.

SECRET

INSIDE PERSPECTIVE

AGENT



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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
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