



SECRET

INSIDE PERSPECTIVE

AGENT



## THE SECRET AGENT REPORT

VOLUME 9 - JULY 2013

# THE VALUE OF VEGETATION

GARDENS. MEDIAN STRIPS AND STREET TREES

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The data upon which this report is based was sourced from: The Australian Bureau of Statistics ([www.abs.gov.au/census](http://www.abs.gov.au/census)), The Department of Human Resources, Google Maps ([maps.google.com.au](http://maps.google.com.au)), [propertydata.com.au](http://propertydata.com.au), Land Victoria ([www.land.vic.gov.au](http://www.land.vic.gov.au)), [realestateveiw.com.au](http://realestateveiw.com.au), Domain ([domain.com.au](http://domain.com.au)), [realestate.com.au](http://realestate.com.au), [rpdata.com](http://rpdata.com), Fairfax, Residex and various individual real estate agents operating in inner Melbourne.

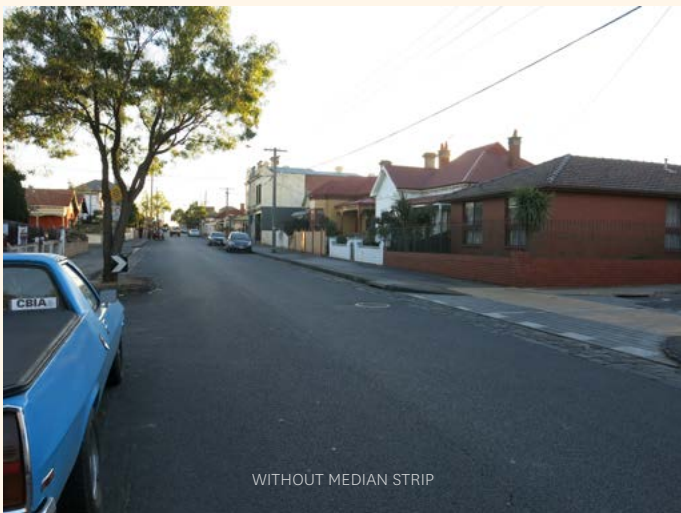
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## THE VALUE OF VEGETATION: Gardens, Median Strips and Street Trees.

JODIE WALKER, OLIVER LOCK & JULIAN FAELLI

Location, style and condition. These are often the first things prospective buyers consider when purchasing a house. In a competitive market it is the less obvious features that may be even more important to take notice of.

This report takes an in depth look into how median strips, front gardens and vegetation affect property prices based on 2100 housing sales in 2012. It would be thought that these features would automatically add value to the property, however, this was not the case in all suburbs.



## Median Strips

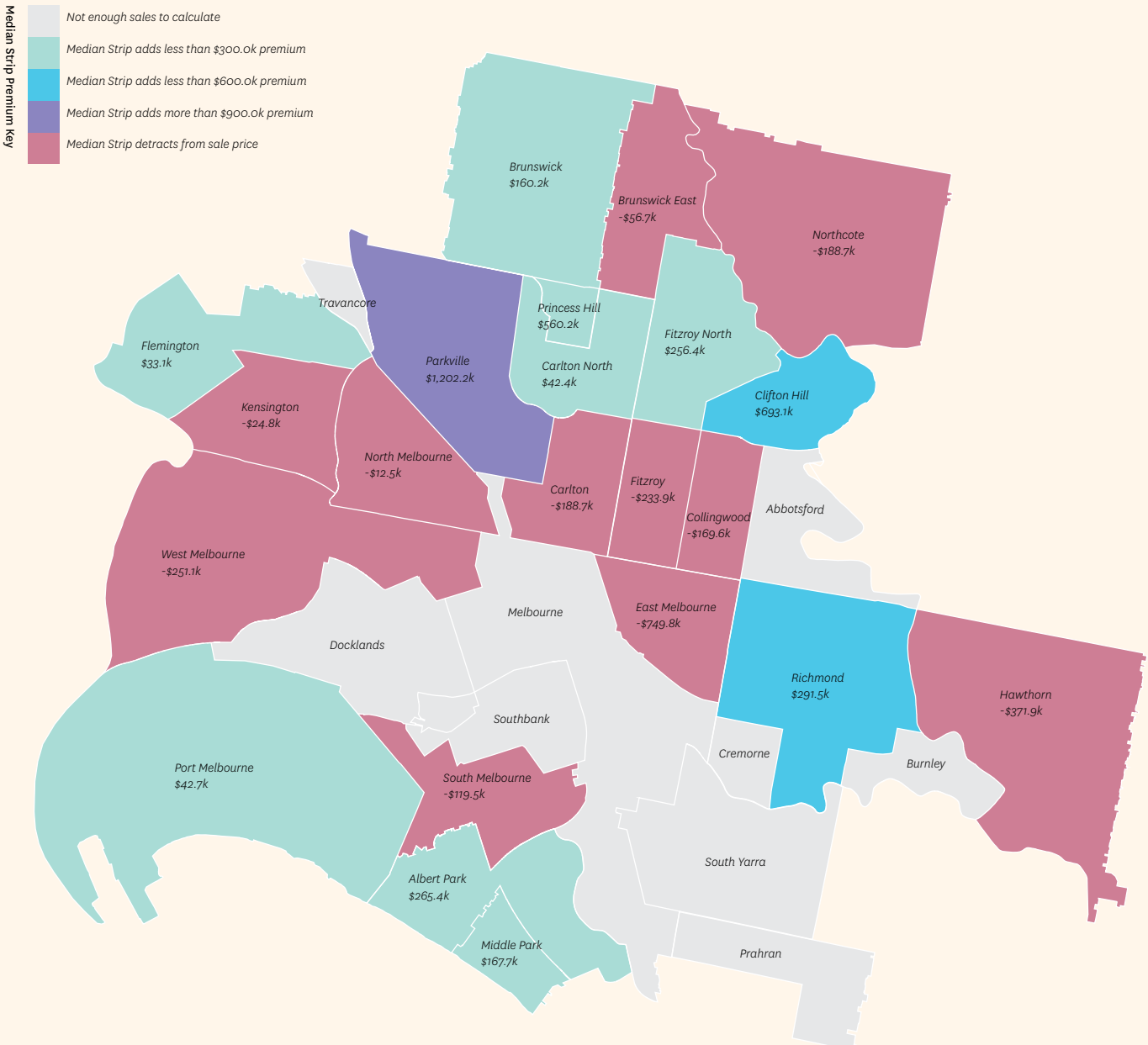
They make the road visually appealing. Most of us, as pedestrians, have used them to safely cross to the other side of the road. We don't really have control over whether they are there or not but potential property buyers should consider how a median strip affects house prices in the suburb of interest because it can make a huge difference.

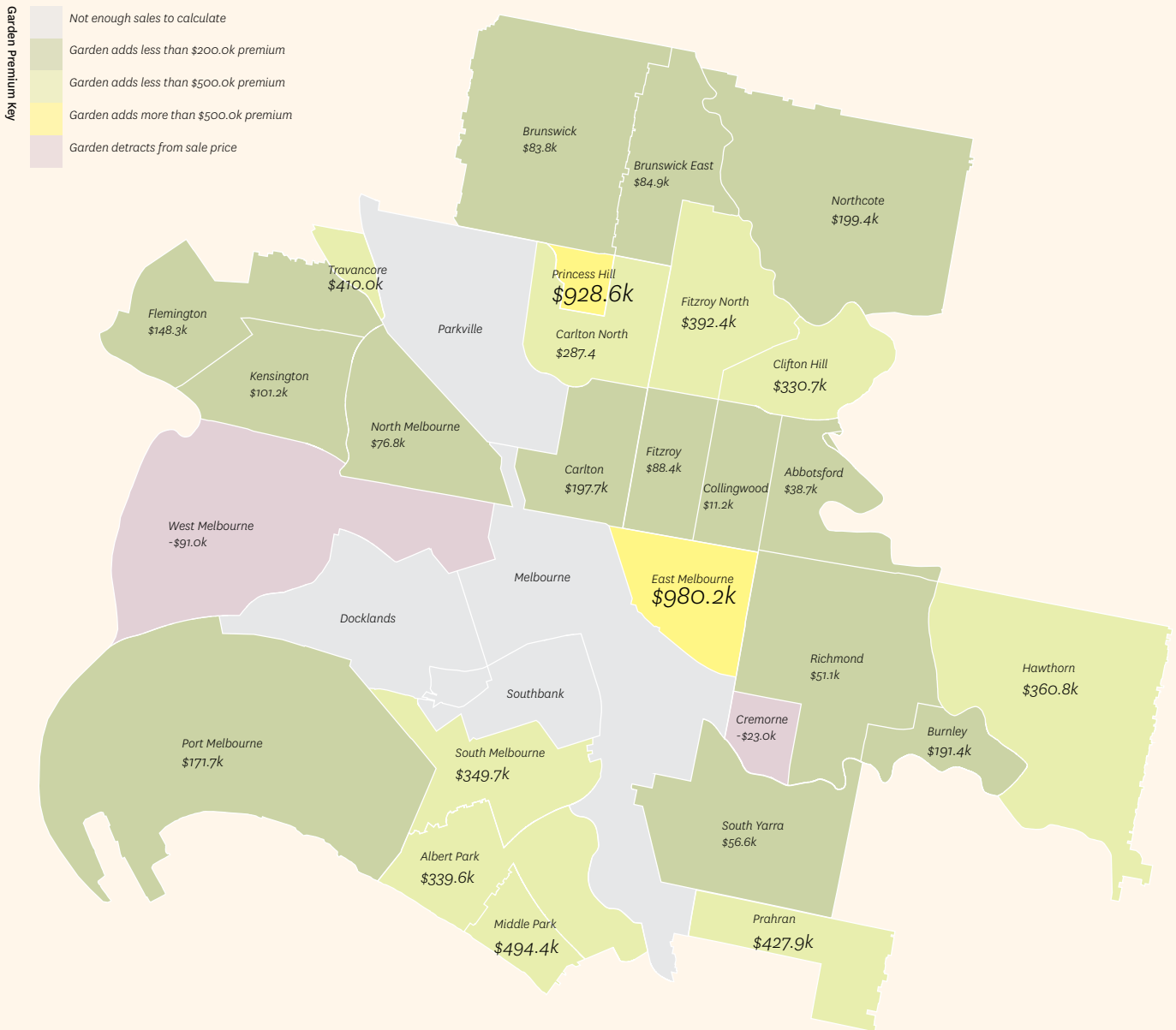
Based on their visual and safety benefits you would think that houses built on streets with median strips would be more valuable than those that are not. This was generally the case for the 28 inner city suburbs surveyed. For example, if you wanted to purchase a house in Clifton Hill, on average you would pay \$695,000 more if the house was exposed to a median strip. In the most extreme case, a house in Parkville on a street with a median strip could cost you over 1 million dollars more than a house on a street with no median strip.

However, in some suburbs, the absence of median strips was more valuable than the presence. Again, at the extreme end of the spectrum, a house in East Melbourne without a median strip was approximately \$750,000 more valuable than one with a median strip. Similarly, Hawthorn houses without a median strip were \$370,000 more expensive.

Overall, based on 2100 housing sales in 2012, a house with exposure to a median strip was on average \$90,000 more valuable. The difference between having a median strip or not was less than \$50,000 for Brunswick East, Carlton North, Flemington, Kensington, North Melbourne and Port Melbourne.

The extreme differences observed are most likely a result of a lack of sales in the low turnover suburbs such as East Melbourne. In other words data was not sufficient enough to produce generalizable results. Also, properties included in the data may have been those that face a median strip and a park. Thus these properties would have had value added primarily from the park view rather than being on a street with a median strip. In other words, it is necessary to consider the other contextual factors that may play a part in the sale in addition to the presence or absence of median strip.





**Front Gardens**

When present, front gardens can be an attractive first impression of a house. However, if not maintained, they may become untidy and cause the house to lose visual appeal and value. The setback of buildings from the street is a predetermined characteristic of the neighborhood and must be strictly adhered to. This means that after purchasing a property, changing whether or not you have a front garden may not always be possible.

According to the analysis of 2100 housing sales in 2012, Cremorne and West Melbourne were the only suburbs in which having a front garden did not add value to the property. In fact, having a front garden in these suburbs caused a loss of \$23,000 and \$91,000 in value for Cremorne and West Melbourne respectively. Houses in the other 26 suburbs surveyed all sold for an average of \$230,000 more with a front garden than those without.

The biggest difference was in East Melbourne where you can expect to pay up to \$980,000 more if you want a house with a front garden. To gain meaning from this result it is necessary to think about the style of houses that were sold. In the highly industrialized suburbs of Cremorne and West Melbourne, converted warehouses contribute to the sales. Hence an old run down house with a front garden probably will not sell for as much as a newly renovated, modern warehouse which is built on the boundary and for that reason is without a front garden. In the other inner city suburbs such as East Melbourne, having a house with a large setback from the street was considered a valuable aspect when these properties were built and this value has carried through to this day.

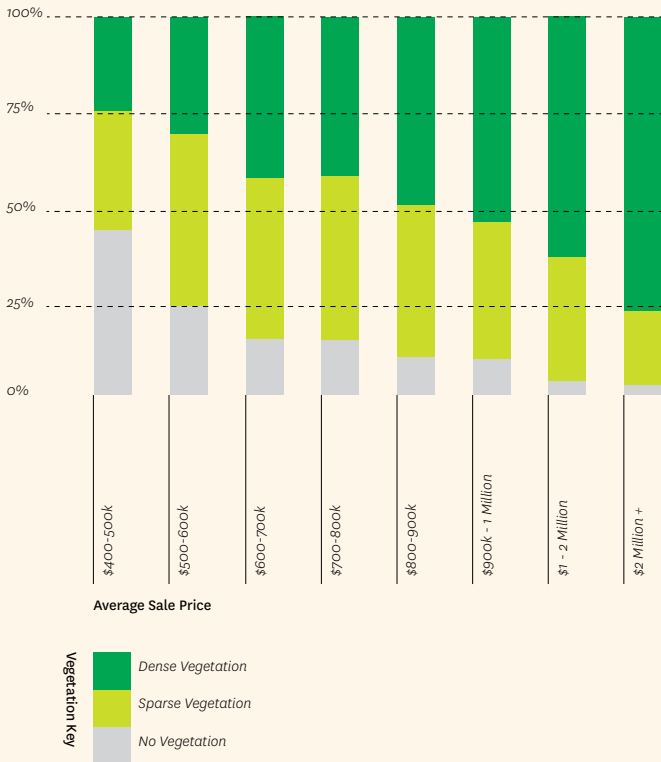
## Vegetation

Whether walking or driving, there is something special about turning into a tree lined street. Other than being aesthetically pleasing, vegetation increases surrounding air quality, decreases criminal behaviour such as vandalism and provides shade to a building thereby reducing the demand for air conditioning. Hence it is not surprising that there is a positive correlation between density of trees in the area and property value.

This study analysed 2100 property sales and categorised these based on vegetation levels. Vegetation was labelled as either non-existent, sparse, or dense. It was found that those houses in the midst of dense vegetation sold for approximately \$340,000 more than those with no vegetation. Even houses with sparse vegetation yielded an extra \$135,000 on average. In other words, the more trees in the street, the higher the sale price of the adjacent property.

Looking at the data from a pricing angle showed this even more dramatically. When categorised into pricing brackets it was found that houses above \$900,000 are more likely to have dense street vegetation, whereas houses in between \$400,000 and \$700,000 have sparse or no vegetation. Approximately 75% of the market with sparse or no vegetation were those houses selling for between \$400,000 and \$500,000 and 75% of the market with characteristically dense vegetation were those houses in the \$2,000,000+ bracket.

There could be a few reasons for the above findings. If we take a step back in time to when these inner city properties were first been built, it is easy to imagine that the wealthy families of the time chose to build there majestic homes in the greener areas of the city. Or on the other hand, it could be that builders in the past spent just as much time creating a lush environment around a property and thus the wealthier owners not only built better houses but also more vegetation around their home. From a current perspective, this may come down simply to human nature. Evolution has shaped our desire for green and lush areas and thus we are willing to pay more for property surrounded by dense nature.



## JUNE 2013 IN REVIEW

FROM THE FOUNDER OF SECRET AGENT, PAUL OSBORNE

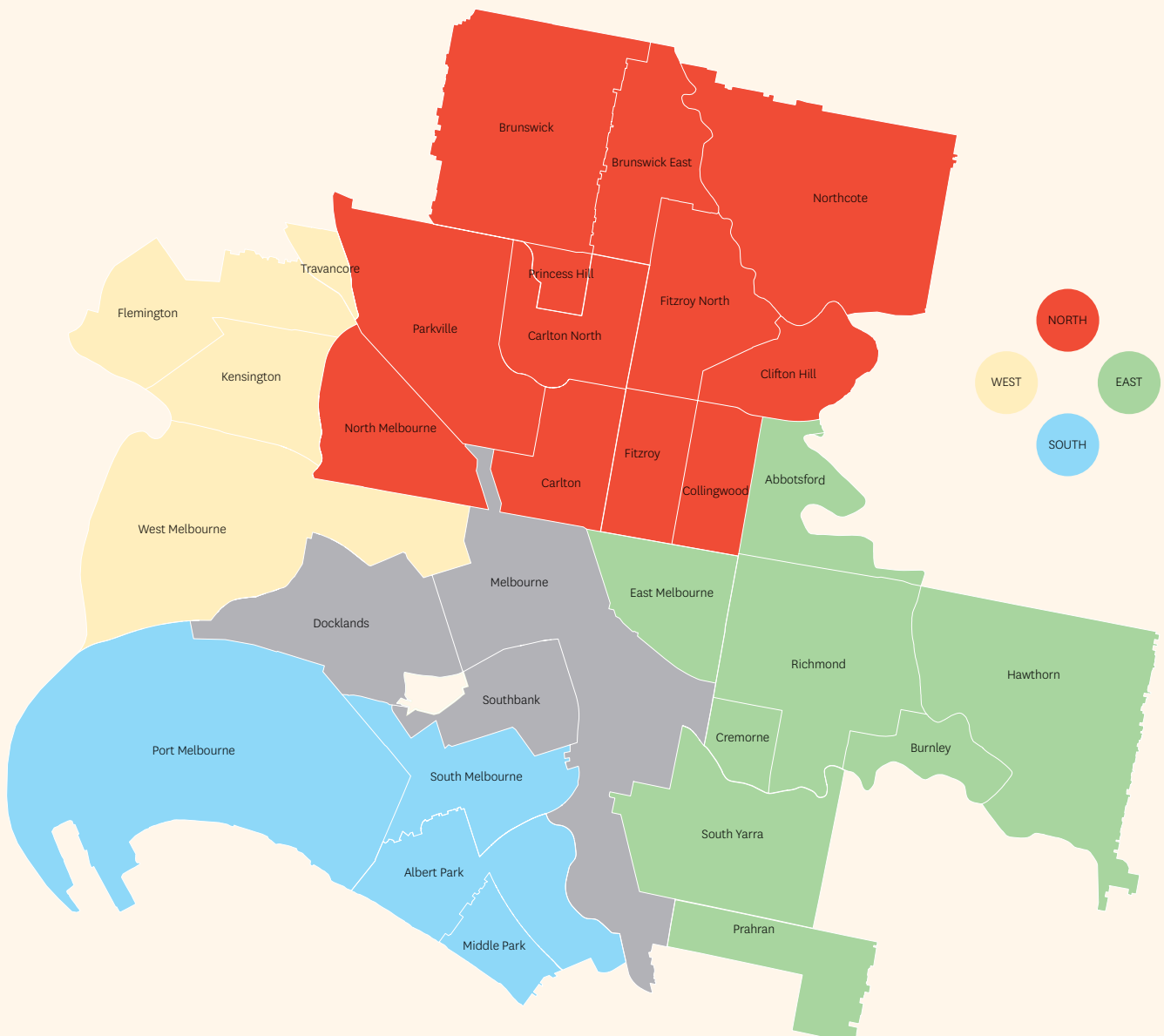
Welcome to the new financial year for 2013/2014.

We've hit a true winter market with reduced stock flow occurring over the past month. While not unexpected, the tightness in stock has bitten hard and has meant frustrations for those seeking a family home or quality investment property.

The first home buyer market was highly active leading up to the ending of the \$7000 cash bonus on the 30th June for established property. It will be interesting to observe the affects on the \$600k and below marketplace over the coming quarter. The incentives now shift to brand new dwellers or off the plan purchasers, in an attempt by authorities to boast this struggling section of the market.

Self managed super funds were noticeable players in the market over the past 6 months. This looks likely to continue and perhaps expand further. Commercial and industrial property has received stung interest from these sectors, especially assets with secure long term tenancies in place.

Some key sales are highlighted for the month. The inner city produced further strong sales throughout its borders. Some noticeable large CBD apartment sales also took place. The CBD remains an interesting market with more buyers seeking this location providing the quality and space requirements are prevalent.



## NOTABLE SALES - JUNE 2013

PAUL OSBORNE



**136 Powlett Street East Melbourne**

One of the best streets in Melbourne. Original terrace requiring some needed improvements.



**1-7/106 Kent Street Richmond (Undisclosed)**

Entire blocks are hard to find within the inner city. On 453 sqm of land, these seven apartments on one title were an attractive investment proposition.



**151 - 155 Kerr Street Fitzroy**

Warehouse conversion in the heart of Fitzroy. Dual revenue streams and plenty of off street parking.



**187 Gertrude Street, Fitzroy**

Investment into one of Melbourne's hottest retail strips.



**312 Albert Street South Melbourne**

Double fronted period home within the much in demand South Melbourne.



**725 Rathdowne Street Carlton North**

Boom style Victorian within the Rathdowne village. Competitive auction too.



## INNER MELBOURNE APARTMENTS PRICE COMPARISONS BY ROLLING QUARTERS



Table 1: Inner Melbourne Apartments - Price Comparisons

	PREVIOUS QUARTER (JAN, FEB & MAR 2013)				QUARTER (APR, MAY & JUN 2013)			
	Average Price	Median Price	Lowest Sale	Highest Sale	Average Price	Median Price	Lowest Sale	Highest Sale
Docklands	696,121	601,500	295,000	3,495,000	557,308	540,000	285,000	1,200,000
Melbourne	557,810	450,000	120,000	4,080,000	525,955	459,000	188,000	2,400,000
Southbank	614,036	535,000	200,000	2,600,000	579,171	560,000	362,500	945,000
Brunswick	460,148	447,500	268,000	775,000	469,886	510,500	225,000	770,000
Brunswick East	472,200	450,000	190,000	710,000	480,822	450,000	370,000	670,000
Carlton	447,878	347,000	150,000	2,680,000	331,633	330,000	162,500	664,000
Carlton North	443,750	460,000	380,000	475,000	442,500	452,500	385,000	480,000
Clifton Hill	-	-	-	-	586,000	586,000	515,000	657,000
Collingwood	588,500	551,000	287,500	1,512,000	536,250	530,000	520,000	565,000
Fitzroy	591,000	620,000	409,000	825,000	529,000	551,000	265,000	771,000
Fitzroy North	547,800	625,000	412,000	642,000	387,300	407,000	266,000	507,500
North Melbourne	437,389	417,000	315,000	554,500	453,654	430,000	287,000	641,000
Northcote	470,708	515,500	302,500	640,000	438,273	414,000	312,000	600,000
Parkville	479,833	484,500	315,000	657,000	466,000	483,000	303,000	595,000
Princes Hill	330,500	330,500	320,000	341,000	-	-	-	-
Abbotsford	470,000	472,500	415,000	520,000	516,286	455,000	429,000	681,000
Burnley	387,000	387,000	387,000	387,000	352,500	352,500	320,000	385,000
Cremorne	405,000	405,000	400,000	410,000	420,000	420,000	420,000	420,000
East Melbourne	702,446	550,000	250,000	1,640,000	1,196,429	668,000	398,000	6,175,000
Hawthorn	463,755	422,400	230,000	815,000	546,559	500,000	330,000	1,090,000
Prahran	485,369	490,000	214,000	815,000	536,214	547,500	252,000	1,315,000
Richmond	546,228	512,500	299,500	1,585,000	454,787	451,000	272,000	637,500
South Yarra	625,574	506,000	221,500	2,250,000	597,355	547,500	235,000	1,610,000
Albert Park	522,857	480,000	300,000	905,000	615,000	615,000	615,000	615,000
Middle Park	664,500	701,000	500,000	756,000	713,333	680,000	660,000	800,000
Port Melbourne	641,809	600,000	382,300	1,365,000	818,654	711,500	397,000	1,965,000
South Melbourne	649,753	490,000	300,000	2,530,000	522,500	547,000	352,500	668,000
Flemington	354,694	359,000	285,000	462,000	273,000	278,000	220,000	317,000
Kensington	404,100	404,100	280,000	491,000	423,800	420,000	375,000	460,000
Travancore	336,092	330,275	325,000	353,000	495,000	495,000	495,000	495,000
West Melbourne	456,500	494,500	267,000	570,000	557,600	555,000	438,000	680,000

Table compiled from data collected from January to June 2013. A dash indicates no recorded sales for the quarter. This table does not include student housing apartments.



Table 2: Inner Melbourne Apartments - Quarterly Median Prices

	150,000	175,000	200,000	225,000	250,000	275,000	300,000	325,000	350,000	375,000	400,000	425,000	450,000	475,000	500,000	525,000	550,000	575,000	600,000	625,000	650,000	675,000	700,000	725,000	750,000	775,000	800,000	825,000	850,000	875,000								
Docklands																																		540,000				
Melbourne														459,000																								
Southbank																																			560,000			
Brunswick																																			510,500			
Brunswick East														450,000																					450,000			
Carlton									330,000																										330,000			
Carlton North																																				452,500		
Clifton Hill																																				586,000		
Collingwood																																				530,000		
Fitzroy																																				551,000		
Fitzroy North													407,000																							407,000		
North Melbourne																																					430,000	
Northcote																																					414,000	
Parkville																																					483,000	
Abbotsford																																					455,000	
Burnley																																					352,500	
Cremorne																																					420,000	
East Melbourne																																						668,000
Hawthorn																																						500,000
Prahran																																						547,500
Richmond																																						451,000
South Yarra																																						547,500
Albert Park																																						615,000
Middle Park																																						680,000
Port Melbourne																																						711,500
South Melbourne																																						547,000
Flemington																																						278,000
Kensington																																						420,000
Travancore																																						495,000
West Melbourne																																						555,000

Table compiled from data collected from April to June 2013. This table does not include student housing apartments. Princes Hill was omitted due to insufficient data.

## INNER MELBOURNE TOWNHOUSES PRICE COMPARISONS BY ROLLING QUARTERS



Table 3: Inner Melbourne Townhouses - Price Comparisons

	PREVIOUS QUARTER (JAN, FEB & MAR 2013)				QUARTER (APR, MAY & JUN 2013)			
	Average Price	Median Price	Lowest Sale	Highest Sale	Average Price	Median Price	Lowest Sale	Highest Sale
Brunswick	-	-	-	-	657,800	507,000	507,000	741,000
Brunswick East	649,625	596,000	570,000	730,000	613,000	600,000	580,000	665,000
Carlton	769,000	769,000	769,000	769,000	750,000	750,000	750,000	750,000
Carlton North	587,000	587,000	587,000	587,000	621,000	621,000	621,000	621,000
Clifton Hill	800,000	775,000	645,000	980,000	806,500	806,500	762,500	850,500
Collingwood	-	-	-	-	800,000	800,000	800,000	800,000
Fitzroy	728,500	728,500	715,000	742,000	-	-	-	-
Fitzroy North	880,000	790,000	725,000	1,215,000	869,667	850,000	791,000	909,000
North Melbourne	699,714	730,000	598,000	910,000	779,750	680,000	620,000	999,000
Northcote	684,350	628,500	570,500	875,000	712,250	707,500	586,000	1,100,000
Parkville	955,667	1,012,000	490,000	1,365,000	730,000	730,000	730,000	730,000
Princes Hill	-	-	-	-	-	-	-	-
Abbotsford	610,000	610,000	610,000	610,000	-	-	-	-
Burnley	-	-	-	-	850,000	850,000	850,000	850,000
Cremorne	1,025,000	737,500	625,000	1,600,000	860,000	-	860,000	860,000
East Melbourne	-	-	-	-	1,275,000	1,275,000	1,275,000	1,275,000
Hawthorn	776,500	776,500	635,000	918,000	1,046,000	945,000	770,000	1,370,000
Prahran	-	-	-	-	949,667	940,000	919,000	990,000
Richmond	789,563	715,000	600,000	1,019,000	877,045	797,500	640,000	1,625,000
South Yarra	1,173,200	1,012,500	751,000	1,820,000	1,161,333	952,500	710,000	2,320,000
Albert Park	2,170,000	2,170,000	1,290,000	3,050,000	-	-	-	-
Middle Park	-	-	-	-	1,150,250	1,150,250	1,050,500	1,250,000
Port Melbourne	1,088,500	1,000,000	875,000	1,410,000	1,175,571	1,135,000	1,022,000	1,330,000
South Melbourne	-	-	-	-	-	-	-	-
Flemington	600,000	600,000	600,000	600,000	-	-	-	-
Kensington	597,222	590,000	503,000	808,000	638,167	627,000	501,000	808,000
Travancore	535,000	535,000	535,000	535,000	-	-	-	-
West Melbourne	978,000	978,000	956,000	1,000,000	669,333	618,000	585,000	805,000

Table compiled from data collected from January to June 2013. A dash indicates no recorded sales for the quarter.



Table 4: Inner Melbourne Townhouses - Quarterly Median Prices

	400,000	450,000	500,000	550,000	600,000	650,000	700,000	750,000	800,000	850,000	900,000	950,000	1,000,000	1,050,000	1,100,000	1,150,000	1,200,000	1,250,000	1,300,000	1,350,000	1,400,000	1,450,000	1,500,000	1,550,000	1,600,000	1,650,000	1,700,000	1,750,000	1,800,000	1,850,000 +				
Brunswick	507,000																																	
Brunswick East		600,000																																
Carlton							750,000																											
Carlton North		621,000																																
Clifton Hill								806,500																										
Collingwood								800,000																										
Fitzroy North									850,000																									
North Melbourne			680,000																															
Northcote										707,500																								
Parkville										730,000																								
Burnley										850,000																								
East Melbourne																																		
Hawthorn											945,000																							
Prahran											940,000																							
Richmond												797,500																						
South Yarra																																		
Middle Park																																		
Port Melbourne																																		
Kensington																																		
West Melbourne																																		

Table compiled from data collected from April to June 2013. Fitzroy, Princes Hill, Abotsford, Cremorne, Albert Park, South Melbourne, Flemington and Travancore were omitted due to insufficient data.

## INNER MELBOURNE HOUSES PRICE COMPARISONS BY ROLLING QUARTERS



Table 5: Inner Melbourne Houses - Price Comparisons

	PREVIOUS QUARTER (JAN, FEB & MAR 2013)				QUARTER (APR, MAY & JUN 2013)			
	Average Price	Median Price	Lowest Sale	Highest Sale	Average Price	Median Price	Lowest Sale	Highest Sale
Brunswick	784,903	686,000	370,000	1,505,000	726,063	680,000	430,000	1,301,000
Brunswick East	839,667	745,500	710,000	1,020,000	931,100	906,750	580,000	1,257,000
Carlton	1,042,150	1,073,000	665,000	1,426,000	1,114,615	880,000	715,000	1,800,000
Carlton North	936,572	894,000	635,000	1,760,000	961,222	885,000	755,000	1,242,500
Clifton Hill	862,333	770,000	675,000	1,425,000	930,273	880,000	728,000	1,176,000
Collingwood	801,308	780,000	599,000	1,240,000	717,857	750,000	530,000	825,000
Fitzroy	845,600	827,500	612,000	1,260,000	1,075,583	947,500	646,000	1,750,000
Fitzroy North	1,108,083	1,017,500	655,000	1,900,000	1,085,679	913,000	600,000	2,225,000
North Melbourne	1,442,909	665,000	393,000	4,680,000	1,013,155	900,000	621,500	1,901,000
Northcote	977,143	840,000	480,000	2,390,000	883,686	810,000	601,750	2,125,000
Parkville	-	-	-	-	1,134,000	1,193,000	675,000	1,475,000
Princes Hill	1,301,500	955,500	920,000	2,375,000	1,005,125	1,048,000	682,000	1,242,500
Abbotsford	891,429	855,000	607,000	1,180,000	831,636	774,000	618,000	1,383,000
Burnley	-	-	-	-	1,740,000	1,740,000	1,740,000	1,740,000
Cremorne	823,500	823,500	572,000	1,075,000	781,000	789,500	710,000	835,000
East Melbourne	3,890,000	3,890,000	2,625,000	5,155,000	2,382,500	2,275,000	1,380,000	3,620,000
Hawthorn	1,718,303	1,452,000	785,000	4,500,000	1,610,996	1,467,500	805,000	3,200,000
Prahran	1,011,400	870,000	645,000	1,955,000	1,203,375	826,500	650,000	4,690,000
Richmond	1,063,643	860,000	572,000	3,065,000	939,860	832,000	615,888	2,200,000
South Yarra	1,562,056	981,000	660,000	4,365,000	1,329,200	1,165,000	735,000	2,200,000
Albert Park	1,659,692	1,000,000	730,000	3,340,000	1,636,146	1,207,500	582,500	4,300,000
Middle Park	1,330,833	1,160,000	1,040,000	2,205,000	1,638,250	1,420,000	1,215,000	2,750,000
Port Melbourne	1,002,981	960,000	570,000	1,550,000	967,440	885,000	600,000	1,712,000
South Melbourne	1,142,068	1,025,000	539,000	2,200,000	1,300,692	880,500	620,000	4,525,000
Flemington	764,433	755,500	477,500	971,000	685,688	697,500	550,000	890,000
Kensington	800,962	643,000	485,000	1,500,000	828,471	721,500	535,000	1,350,000
Travancore	892,500	892,500	880,000	905,000	1,425,000	1,425,000	950,000	1,900,000
West Melbourne	1,170,667	1,031,000	1,031,000	1,450,000	952,667	819,000	780,000	1,220,000

Table compiled from data collected from January to June 2013. A dash indicates no recorded sales for the quarter.



Table 6: Inner Melbourne Houses - Quarterly Median Prices

	400,000	450,000	500,000	550,000	600,000	650,000	700,000	750,000	800,000	850,000	900,000	950,000	1,000,000	1,050,000	1,100,000	1,150,000	1,200,000	1,250,000	1,300,000	1,350,000	1,400,000	1,450,000	1,500,000	1,550,000	1,600,000	1,650,000	1,700,000	1,750,000	1,800,000	1,850,000 +		
Brunswick								680,000																								
Brunswick East																																
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Albert Park																																
Middle Park																																
Port Melbourne																																
South Melbourne																																
Flemington																																
Kensington																																
Travancore																																
West Melbourne																																

Table compiled from data collected from April to June 2013. Burnley was omitted due to insufficient data.

# SECRET INSIDE PERSPECTIVE AGENT



**THE SECRET AGENT REPORT**  
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