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AGENT



THE SECRET AGENT REPORT

VOLUME 25 - NOVEMBER 2014

784



FROM RAGS TO RICHES

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"CITIES HAVE THE CAPABILITY OF PROVIDING SOMETHING FOR EVERYBODY, ONLY BECAUSE, AND ONLY WHEN, THEY ARE CREATED BY EVERYBODY."

- JANE JACOBS

COVER IMAGE

Our cover image this month has been created by one of Secret Agent's own connections. The house pictured is in Drummond Street Carlton North. The rooftop pictures are also in Carlton North. The celebration is not with champagne - but with a found litre of rotten milk!



WWW.INSTAGRAM.COM/CURATION1

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

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FROM RAGS TO RICHES

PAUL OSBORNE & JODIE WALKER

The extraordinary changes to our inner cities and downtowns are unprecedented in modern times.

The movement to the inner city is not just a local phenomenon but a worldwide trend that can be observed whether you are in London, San Francisco, New York, Sydney or Melbourne. This phenomenon was highlighted in Secret Agent's Urbanisation Report;

IT IS IMPORTANT TO REALISE THAT WHAT IS BEING DISCUSSED HERE IS NOT A GENERAL MOVEMENT TO A CITY, RATHER, THIS TREND IS A MOVEMENT TO THE REAL INNER CORE OF THE CITY. AS CITIES GROW THE DENSITY OF THEIR CORES INCREASE AND AT THE SAME TIME THE DENSITY FALLS IN THEIR PERIPHERIES.

This story looks at the consequences of urbanisation. It is about the extreme premiums being paid to be in a position that is highly walkable, close to the commerce opportunities of the CBD, rich in transportation options and a way of avoiding traffic congestion.

The drastic changes in sale prices as a result of the urbanisation trend have been none larger than Melbourne's very own CBD and surrounds. In the 90s and early to mid 2000s the focus of the property market was on the tremendous change in rezoned farm land on the fringes of Melbourne. People could buy property or land cheaply and chose to set up their dream homes in the outer suburbs. Now, the focus has shifted and has become more about the centre of each capital city as waves of foreign investment clashes with local resources to secure prime centralised real estate in the inner city regions.

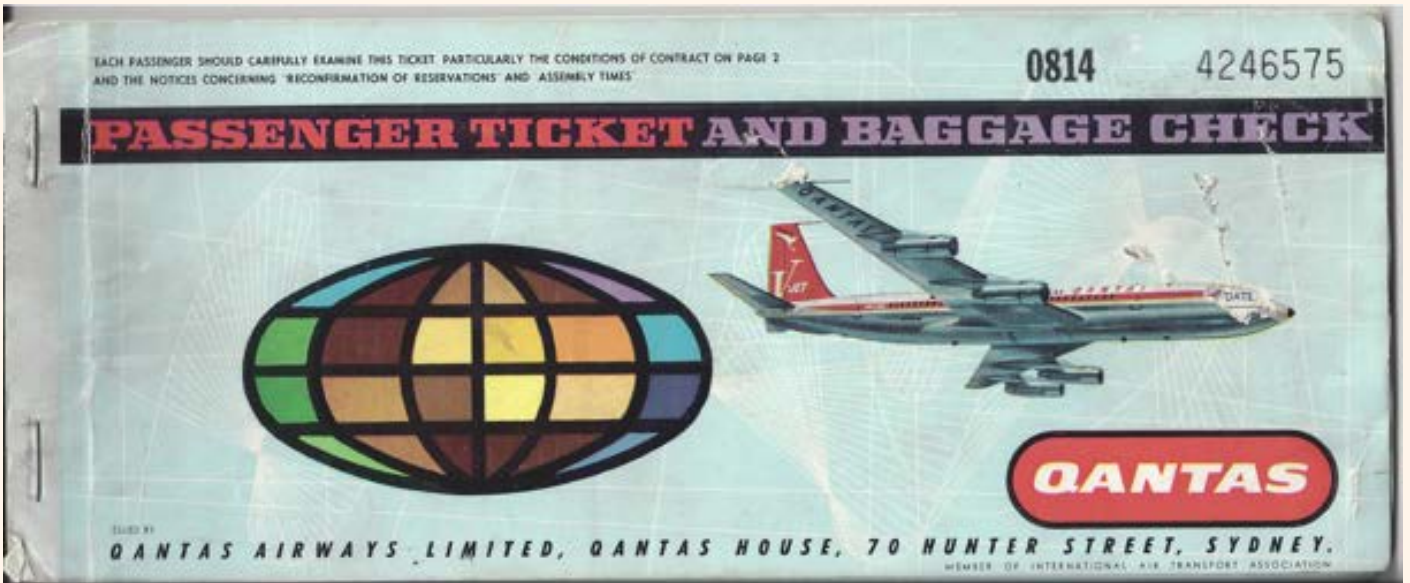
Let's go back in time to the year 1969, when the Soviet Union launched Venera 6 towards Venus, Nixon became President of the United States of America and Rod Laver won the Grand Slam for a record-breaking second occasion. It was a simpler life. A time when the humble restaurant menu had three choices. When coffee was coffee, and not spoken about as if it were a tropical fruit, "...sweet and well rounded with hints of pineapple, apple and red berries, with subtle vanilla on the

finish." Many of Melbourne's young and adventurous creatives, artists, and bohemians embraced living in the inner city suburbs, while others fled to escape the dirt and slums that had developed.



Drummond Street

In 1969, you could buy a terrace like the one pictured above in Drummond Street Carlton North, for a modest \$7,000. The surroundings were a little less comfortable back then and the neighbourhood was truly edgy. Edgy back then was more of a negative connotation rather than how we would use the term today as a positive description of many inner city pockets. This was a time when gentrification wasn't even in the vocabulary.



Carlton slums

To put the sale price for the property in perspective, consider the cost of a round the world airline ticket at that time. An airline ticket of this kind (like the one pictured above) could be purchased in 1967 for \$567 - roughly a tenth of the value of the North Carlton terrace. The same type of airline ticket is now valued at four times the 1969 price.

ON THE OTHER HAND, THE \$7,000 TERRACE IS NOW WORTH ALMOST A MILLION DOLLARS WHICH IS 142 TIMES THE ORIGINAL PRICE PAID. EVEN AFTER ADJUSTING FOR INFLATION, THE HOUSE HAS EXPERIENCED AN EXTREMELY LARGE TURNAROUND. \$7000 IN 1969 IS APPROXIMATELY \$76,000 IN TODAY'S DOLLARS. IN INFLATION ADJUSTED TERMS A TERRACE IN CARLTON NORTH WOULD STILL BE VALUED AT OVER 13 TIMES THAT OF THE ONE PURCHASED IN 1969.

The cost of airline tickets is becoming cheaper and cheaper whilst house prices in the inner city continue to rise steadily.

The question on everyone's mind is will this huge change in property value be repeated?

This story is not unique to Melbourne. Many other international cities have seen price rises of this kind and some have seen them on an even greater scale. In New York for example, a young photographer named Jay Maisel purchased a decrepit ruin at 190 Bowery Manhattan in 1966. The price paid was \$102,000 and it remains the principal home of Jay, his wife and daughter to this day. The property has been appraised at forty million dollars which is almost 400 times the value in 1966.

Mr Maisel makes the following comment to New York Magazine:

"THE MAIN FLOOR WAS KNEE-DEEP IN GARBAGE AND COATED IN SOOT. I HAD TO SHOVEL SHIT AGAINST THE TIDE, EVERY SINGLE THING THAT CAN COME OUT OF A HUMAN BODY HAS BEEN LEFT ON MY DOORSTEP. BUT IT WAS MORE DISGUSTING THAN DANGEROUS."

At a similar time over in London, Notting Hill was not known as a nice place to live or even visit. In 1968, Tim and Penny Hicks purchased their dilapidated terrace at 157 Portland Road Notting Hill for 11,750 pounds which is now worth an estimated two million pounds.

Inner cities have reversed. They were once desirable, then with industry moving in to surround the CBD areas and the invention of the motor car, the suburbs became supreme. They were the idyllic locations to live. Now, gentrification is not just a word in the dictionary but rather a common topic of conversation. It is a real life scenario we see happening every day. Over the next few decades at least, it seems that the revival of the inner city is due to run its course.



190 Bowery Manhattan



157 Portland Road, London

The answer to whether a significant increase in value is likely to happen again is an interesting one to predict. The last five decades have seen a dramatic change in cities and the desirability to live in them. Since 1973 each Australian state has seen its population percentage shift to its capital with the exception of Brisbane. If we look at Victoria alone, its population has become increasingly concentrated in Melbourne. Before 1986, the rest of Victoria had a greater annual population growth rate than Melbourne did. This is almost unbelievable to anyone born in the past decade or two. The extent of this change in population growth patterns in Melbourne compared to the rest of Victoria is shown in the Figure 1 below. From 2006 to 2011, Melbourne's average annual growth was almost 2.0% compared to the rest of Victoria's which was just over 0.5%.

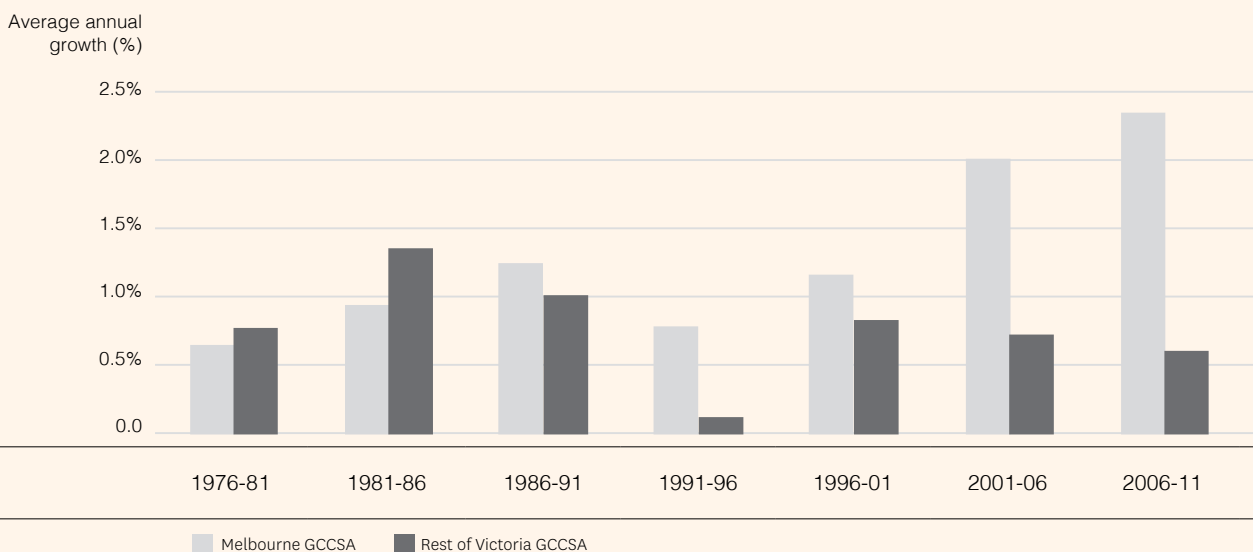
Regional Victoria aside, if we look at what is happening to inner Melbourne compared to the middle and outer suburbs the same results can be observed. The density of inner Melbourne CBD has increased strongly over the past decade. A comparison of the 2006 and 2011 census results show that there were 20,360 people residing in the CBD in 2006 and 28,371 people in 2011.

The inner suburbs of Brunswick, Carlton and Footscray all grew by approximately 2000 residents between 2006 and 2011. Growth in the outer suburbs has been much slower over this period. For example, Frankston grew from 34,457 residents in 2006 to just 35,009 residents in 2011. Similarly, Greensborough residents increased from 20,214 to 20,552 residents and out west Laverton residents increased from 4,508 to 5,351 residents.

The daily population growth of capital cities is exploding. Melbourne city has seen its daytime population increase slightly from 771,000 people in 2008, to 782,000 people in 2010. Since then the population has swelled dramatically to the most recently cited figure of 844,000 people in 2012. Secret Agent expects this now to be over the 900,000 mark per day. A daytime population of 1,000,000 people in Melbourne is only a short time away.

The positive feedback loop of people moving close to the city grid to be nearer to employment will continue to drive the inner city pricing trend for a long time to come. This means that the extreme changes in price may continue well into the future. That one million dollar property on Drummond Street Carlton may be worth an inconceivable figure in another fifty years!

Figure 1: Average annual ERP growth, Melbourne and regional Victoria, 1976 to 2011



RESIDENTIAL UPDATE

Paul Osborne

Stock levels have continued to rise in the inner city as the late rush before the year closes out reaches fever pitch.

House choice across the suburbs we track within 8km's of Melbourne CBD was up 28.9% while apartments (+8.1%) and townhouses (+8.3%) were also in more abundance.

Naturally, increased levels of choice don't always equate to more choice in quality. The quality is still lacking in much of the inner city marketplace. This might be a common theme as owners within inner city environments are less likely to budge from their quality offerings, knowing how hard it is to buy back in to the same quality they have become accustomed to.

From a point of observation, many property buyers have grown tired of constantly missing out. This has led to properties being sold below expectation, as prospective purchasers have refused to turn up to auction. Competitive board room auctions following failed auctions have also emerged.

The Median price of the suburbs tracked by The Secret Agent Report has grown by 2.61% for the present rolling quarter. Apartment value shrank 1.73% while townhouses declined by 3.52%. The m² land value for townhouses did fall considerably suggesting that while higher values have been experienced, we have perhaps seen an overall softening starting to occur. There is no doubt that some incredible prices paid a number of months ago on tiny land parcels have slowed down. Similarly many of the quality offerings have disappeared from the market. We will need to observe this trend much more closely over the coming months.

The m² land value for houses was up 1.4% which aligns with the recent trend of purchasers valuing the quality of housing structure and improvements over the traditional strong preference for land component.

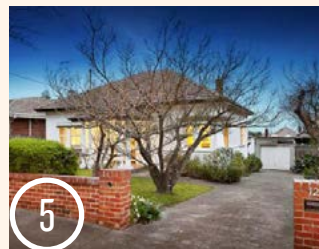
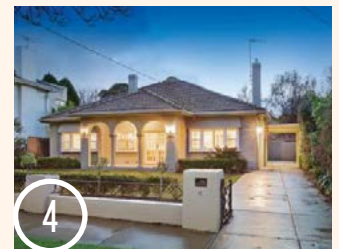
Secret Agent's BOOM and BUST suburbs for the month are another interesting dimension to this report. We've made a small alteration to the way we collect this data. We've decided not to adjust against real terms which takes into account for inflation. This is to keep it simple and allows the reader to take this into account from their own perspective.

The areas with momentum in their housing prices are Clifton Hill, Parkville, Princes Hill, Abbotsford and Burnley- all five suburbs experienced 3 straight rolling quarters of positive house growth.

Apartment growth tended towards the more affordable inner city suburbs of West Melbourne and Brunswick while townhouses were strong in South Yarra and Brunswick East.

Our BUST suburbs for the quarter were some of the finest; Fitzroy North, South Melbourne and West Melbourne. A likely cause is some of the supreme sale prices achieved mid way through the year as well as quality taking a backward step. We note that Prahran, South Yarra, Albert Park and North Melbourne have experienced two rolling quarters of falling house prices and are close to our classification for a BUST suburb.

The apartment market of Docklands, Clifton Hill and Richmond have all experienced three falling quarters of growth highlighting the oversupply within the market.



① 2 Canning Street, Brunswick East - \$2,000,000

② 4 St Vincent Place, Albert Park - \$1,810,000

③ 6/112 Walsh Street, South Yarra - \$1,730,000

④ 11 Jessamine Avenue, Prahran- \$3,100,000

⑤ 12 View Street, Hawthorn - \$1,960,000

⑥ 27 Cunningham Street, South Yarra - \$1,785,000

COMMERCIAL UPDATE

JODIE WALKER

October saw another active month in the commercial market with substantial results for a number of sales.

Richmond was the suburb of the month with two sites selling for over the \$3Million mark and another two sites selling around the \$1Million mark. The 1,200sqm showroom at 525 Church Street achieved \$6.6Million and was newly leased to a long standing tenant for a further 8 years. The site was returning \$375,000 per annum allowing for a net return of 5.6%. On another popular street of Richmond, 220-222 Swan Street sold for \$3.5Million and again newly leased to a long standing tenant for a further 7 years. Sites with tenants already in place are again more attractive than those that are vacant. The modern office space at 31 Dover Street, Richmond performed well yet not as strongly as Church and Swan Street, selling for a more modest amount of \$1.2Million despite having amazing city views. The space of approximately 344sqm was sold with vacant possession.

To the south of the city, a 700sqm site in Middle Park produced another outstanding result of \$5.5Million. This secure investment, in a prime location, had tenants in place and was returning \$216,803 per annum. The site had two street frontages and further development potential.



- ① 525 Church Street, Richmond - \$6,600,000
- ② 220-222 Swan Street, Richmond - \$3,500,000
- ③ 11&12/46-50 Regent Street, Richmond - \$770,000
- ④ 31 Dover Street Richmond- \$1,200,000
- ⑤ 123-127 Erskine Street, Middle Park - \$5,500,000
- ⑥ 15/306 Albert Street, Brunswick - \$975,000
- ⑦ 161 Sydney Road, Coburg - \$9180,000
- ⑧ 452 High Street, Northcote - \$820,000

THE SECRET AGENT REPORT

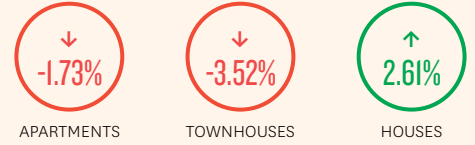
INNER MELBOURNE SCORECARD - AUGUST, SEPTEMBER & OCTOBER QUARTER

Table 1: Inner Melbourne - Quarterly Summary (AUG, SEP, OCT 2014)

| | Apartments | Townhouses | Houses |
|-----------------------|------------------|-----------------|------------------|
| Median Price | \$510,000 | \$780,000 | \$1,011,750 |
| Average Price | \$591,128 | \$901,608 | \$1,229,329 |
| Median m ² | - | \$6064 | \$4457 |
| Stock Inventory | 3320 (up 8.1%) ↑ | 170 (up 8.3%) ↑ | 468 (up 28.9%) ↑ |

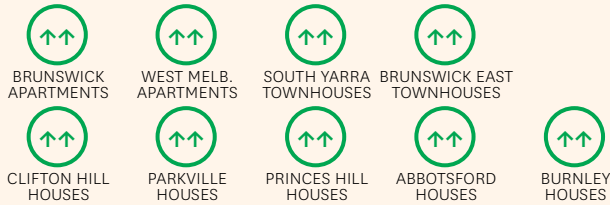
Inner Melbourne = 8km radius of the CBD.

GROWTH / DECLINE



Inner Melbourne is defined by suburbs falling into the 8km radius of the CBD

BOOM



A 'Boom' is recorded when a category records three consecutive quarters of positive growth.

BUST



A 'Recession' is recorded when a category records three consecutive quarters of negative growth.

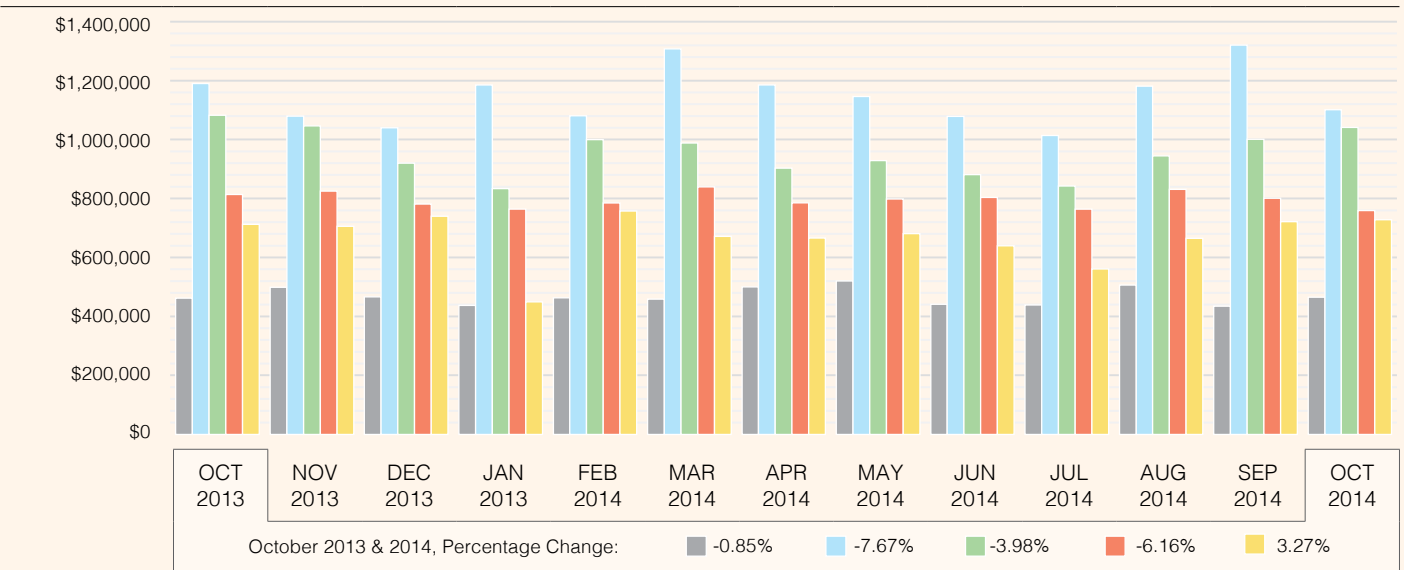
KEY POINTS

Median apartment prices fell for a second rolling quarter in a row. At a reduction of only 1.7%, they have stabilised (compared to last month's drop of over 7%)

Townhouses saw the biggest decline in prices, both in median terms and in square metre terms, with home buyers able to acquire townhouses at 19% less per square metre than the last quarter.

The inner West was the only area to show positive growth in real terms over the past year, with prices up 3.3% since October one year ago.

Figure 2: Inner Melbourne Median Prices, Oct 2013 - Oct 2014, (Grouped by Orientation)



■ CBD Apartments ■ Inner South Apartments, Townhouses and Houses (A,T & H) ■ Inner East (A,T & H) ■ Inner North (A,T & H) ■ Inner West (A,T & H)

INNER MELBOURNE TURNOVER

Table 2: Inner Melbourne Quarterly Turnover

| | | PREVIOUS QUARTER (MAY, JUN & JUL 2014) | | | | CURRENT QUARTER (AUG, SEP & OCT 2014) | | | |
|-------------|-----------------|--|-------------------------|------------------------|-------------------------------------|---------------------------------------|-------------------------|------------------------|-------------------------------------|
| | | Apartments | Apartments (By Area) | Houses & Townhouses | Houses & Townhouses (By Area) | Apartments | Apartments (By Area) | Houses & Townhouses | Houses & Townhouses (By Area) |
| CENTRAL | Docklands | 3.20% | | 0.00% | | 2.88% | | 0.00% | |
| | Melbourne | 1.37% | 1.68% | 0.00% | 0.00% | 1.06% | 1.26% | 0.00% | 0.00% |
| | Southbank | 1.75% | | 0.00% | | 0.97% | | 0.00% | |
| INNER NORTH | Brunswick | 1.53% | | 0.81% | | 1.14% | | 1.28% | |
| | Brunswick East | 2.36% | | 1.36% | | 2.36% | | 1.24% | |
| | Carlton | 0.61% | | 0.45% | | 0.80% | | 0.83% | |
| | Carlton North | 0.38% | | 0.57% | | 1.33% | | 1.48% | |
| | Clifton Hill | 1.20% | | 1.31% | | 1.40% | | 1.20% | |
| | Collingwood | 1.94% | 1.20% | 0.70% | 0.95% | 1.23% | 0.97% | 1.02% | 1.07% |
| | Fitzroy | 1.19% | | 0.76% | | 0.50% | | 1.46% | |
| | Fitzroy North | 1.24% | | 0.87% | | 0.50% | | 0.90% | |
| | North Melbourne | 1.10% | | 1.40% | | 0.96% | | 0.57% | |
| | Northcote | 1.19% | | 1.08% | | 0.88% | | 0.95% | |
| | Parkville | 1.99% | | 1.15% | | 1.17% | | 0.72% | |
| | Princes Hill | 0.00% | | 0.16% | | 0.00% | | 0.32% | |
| INNER EAST | Abbotsford | 1.39% | | 2.07% | | 2.77% | | 1.67% | |
| | Burnley | 1.36% | | 0.98% | | 0.00% | | 2.94% | |
| | Cremorne | 1.66% | | 0.79% | | 0.55% | | 0.39% | |
| | East Melbourne | 1.50% | 1.59% | 2.49% | 1.46% | 1.56% | 1.70% | 1.78% | 1.58% |
| | Hawthorn | 1.68% | | 0.95% | | 1.36% | | 1.43% | |
| | Prahran | 1.60% | | 1.57% | | 2.79% | | 2.02% | |
| | Richmond | 1.76% | | 1.61% | | 1.58% | | 1.68% | |
| | South Yarra | 1.44% | | 1.42% | | 1.58% | | 1.24% | |
| INNER SOUTH | Albert Park | 0.79% | | 0.89% | | 0.79% | | 0.95% | |
| | Middle Park | 1.05% | 1.24% | 1.11% | 1.25% | 1.88% | 1.10% | 1.19% | 0.80% |
| | Port Melbourne | 1.35% | | 1.62% | | 0.81% | | 0.33% | |
| | South Melbourne | 1.23% | | 1.33% | | 1.43% | | 1.09% | |
| INNER WEST | Flemington | 0.54% | | 0.79% | | 0.42% | | 0.79% | |
| | Kensington | 1.99% | 1.36% | 1.12% | 1.08% | 0.95% | 0.59% | 0.99% | 1.02% |
| | Travancore | 1.46% | | 0.37% | | 0.42% | | 0.37% | |
| | West Melbourne | 1.42% | | 2.00% | | 0.47% | | 2.20% | |

(Total Sales for the period against total housing supply) Table compiled from data collected from May to October 2014. Total private dwellings information from the 2011 Census Report from the Australian Bureau of Statistics.

INNER MELBOURNE APARTMENTS PRICE COMPARISONS BY ROLLING QUARTERS



Table 3: Inner Melbourne Apartments - Price Comparisons

| | PREVIOUS QUARTER (MAY, JUN & JUL 2014) | | | | CURRENT QUARTER (AUG, SEP & OCT 2014) | | | | | |
|-----------------|--|--------------|-------------|--------------|---------------------------------------|----------|--------------|----------|-------------|--------------|
| | Average Price | Median Price | Lowest Sale | Highest Sale | Average Price | % CHANGE | Median Price | % CHANGE | Lowest Sale | Highest Sale |
| Docklands | 761,406 | 635,000 | 373,000 | 2,500,000 | 471,100 ↓ | -5.12% | 522,000 ↑ | 0.79% | 282,000 | 593,500 |
| Melbourne | 560,987 | 445,000 | 150,000 | 3,150,000 | 445,813 ↓ | -1.09% | 452,500 ↑ | 2.25% | 230,000 | 690,000 |
| Southbank | 653,471 | 550,000 | 380,000 | 1,600,000 | 610,774 ↓ | -6.53% | 550,000 ↑ | 0.00% | 333,000 | 1,333,000 |
| Brunswick | 449,011 | 452,500 | 262,000 | 930,000 | 468,379 ↑ | 4.31% | 435,000 ↓ | -3.87% | 225,000 | 775,000 |
| Brunswick East | 437,278 | 442,500 | 245,000 | 620,000 | 435,480 ↓ | -0.41% | 418,000 ↓ | -5.54% | 320,000 | 720,000 |
| Carlton | 355,661 | 311,850 | 130,000 | 965,000 | 372,450 ↑ | 4.72% | 358,500 ↑ | 14.96% | 149,000 | 758,000 |
| Carlton North | *823,750 | *586,500 | 398,000 | 1,724,000 | 579,333 ↓ | -29.67% | 584,250 ↓ | -0.38% | 434,000 | 730,500 |
| Clifton Hill | 582,786 | 538,000 | 511,000 | 687,000 | 486,750 ↓ | -16.48% | 459,000 ↓ | -14.68% | 297,500 | 670,000 |
| Collingwood | 590,286 | 573,000 | 225,000 | 1,015,000 | 642,071 ↑ | 8.77% | 631,500 ↑ | 10.21% | 395,000 | 925,000 |
| Fitzroy | 539,571 | 533,000 | 285,000 | 910,000 | 556,143 ↑ | 3.07% | 480,000 ↓ | -9.94% | 287,000 | 950,000 |
| Fitzroy North | 528,125 | 537,500 | 375,000 | 850,000 | *471,100 ↓ | -10.80% | *522,000 ↓ | -2.88% | 282,000 | 593,500 |
| North Melbourne | 457,214 | 480,250 | 135,000 | 780,000 | 516,720 ↑ | 13.01% | 500,000 ↑ | 4.11% | 395,000 | 667,500 |
| Northcote | 441,000 | 455,000 | 305,000 | 625,000 | 445,813 ↑ | 1.09% | 452,500 ↓ | -0.55% | 230,000 | 690,000 |
| Parkville | 668,000 | 615,000 | 278,000 | 995,000 | 467,667 ↓ | -29.99% | 480,000 ↓ | -21.95% | 279,000 | 596,000 |
| Princes Hill | - | - | - | - | - | - | - | - | - | - |
| Abbotsford | 490,096 | 445,000 | 345,000 | 835,000 | 601,846 ↑ | 22.80% | 599,000 ↑ | 34.61% | 395,000 | 888,000 |
| Burnley | - | - | - | - | - | - | - | - | - | - |
| Cremorne | *418,000 | *418,000 | 418,000 | 418,000 | *380,000 ↓ | -9.09% | *380,000 ↓ | -9.09% | 380,000 | 380,000 |
| East Melbourne | 638,955 | 603,500 | 210,000 | 2,000,000 | 858,548 ↑ | 34.37% | 550,000 ↓ | -8.86% | 185,000 | 4,650,000 |
| Hawthorn | 565,750 | 520,500 | 100,000 | 1,380,000 | 580,457 ↑ | 2.60% | 547,000 ↑ | 5.09% | 310,000 | 1,208,000 |
| Prahran | 586,946 | 570,000 | 305,000 | 1,170,000 | 678,940 ↑ | 15.67% | 570,000 ↑ | 0.00% | 240,000 | 1,900,000 |
| Richmond | 512,136 | 466,500 | 265,000 | 1,080,000 | 485,085 ↓ | -5.28% | 450,000 ↓ | -3.54% | 300,000 | 985,000 |
| South Yarra | 644,789 | 535,000 | 272,000 | 5,550,000 | 605,018 ↓ | -6.17% | 554,500 ↑ | 3.64% | 195,000 | 1,730,000 |
| Albert Park | 1,559,833 | 1,619,000 | 510,000 | 2,470,000 | *630,000 ↓ | -59.61% | *630,000 ↓ | -61.09% | 630,000 | 630,000 |
| Middle Park | *733,500 | *733,500 | 670,000 | 797,000 | 731,000 ↓ | -0.34% | 595,000 ↓ | -18.88% | 470,000 | 1,860,000 |
| Port Melbourne | 783,756 | 621,000 | 370,000 | 2,790,000 | 873,114 ↑ | 11.40% | 712,500 ↑ | 14.73% | 385,000 | 2,460,000 |
| South Melbourne | 646,505 | 599,000 | 337,500 | 1,950,000 | 764,464 ↑ | 18.25% | 671,500 ↑ | 12.10% | 385,000 | 1,660,000 |
| Flemington | 359,000 | 599,000 | 319,000 | 430,000 | 412,929 ↑ | 15.02% | 425,000 ↑ | 23.64% | 320,000 | 490,000 |
| Kensington | 422,850 | 420,000 | 300,000 | 600,000 | 415,333 ↓ | -1.78% | 417,500 ↓ | -0.60% | 300,000 | 490,500 |
| Travancore | *391,000 | *376,000 | 345,000 | 467,000 | *555,000 ↑ | 41.94% | *555,000 ↑ | 47.61% | 460,000 | 650,000 |
| West Melbourne | 464,185 | 457,500 | 250,000 | 655,000 | *645,767 ↑ | 39.12% | *701,300 ↑ | 53.29% | 531,000 | 705,000 |

Table compiled from data collected from May to October 2014. 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.

INNER MELBOURNE APARTMENTS QUARTERLY MEDIAN PRICES MAPPED



Figure 3: Inner Melbourne Apartments - Quarterly Median Change (%)

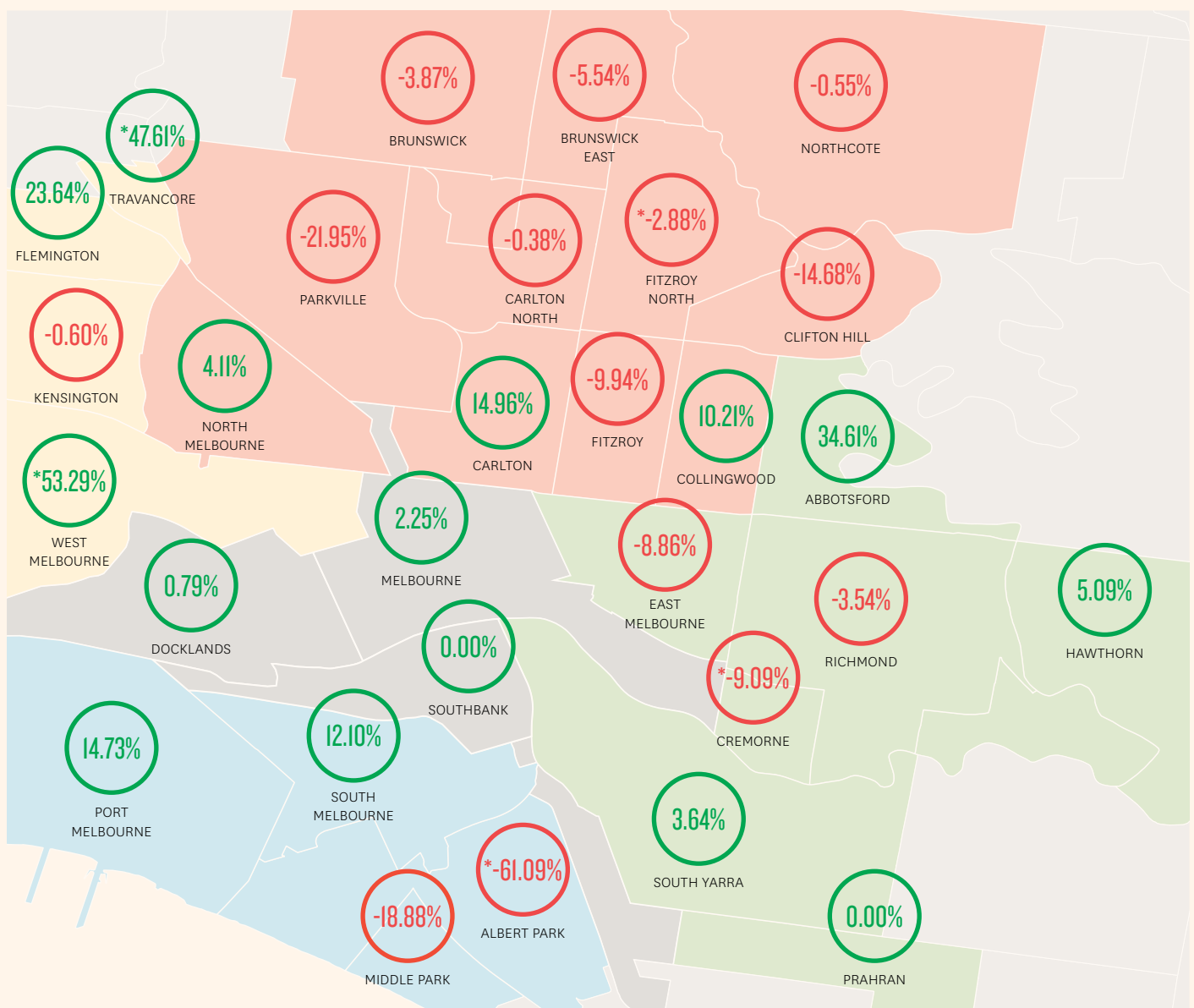


Table compiled from data collected from May to October 2014. Burnley and Princes Hill were omitted due to insufficient data.
* indicates an average or median value calculated using 5 sales or less.

INNER MELBOURNE TOWNHOUSES PRICE COMPARISONS BY ROLLING QUARTERS



Table 4: Inner Melbourne Townhouses - Price Comparisons

| | PREVIOUS QUARTER (MAY, JUN & JUL 2014) | | | | CURRENT QUARTER (AUG, SEP & OCT 2014) | | | | | |
|-----------------|--|--------------|-------------|--------------|---------------------------------------|----------|--------------|----------|-------------|--------------|
| | Average Price | Median Price | Lowest Sale | Highest Sale | Average Price | % CHANGE | Median Price | % CHANGE | Lowest Sale | Highest Sale |
| Docklands | - | - | - | - | - | - | - | - | - | - |
| Melbourne | - | - | - | - | - | - | - | - | - | - |
| Southbank | - | - | - | - | - | - | - | - | - | - |
| Brunswick | 660,600 | 667,500 | 560,000 | 732,000 | 690,447 ↑ | 4.52% | 684,500 ↑ | 2.55% | 566,000 | 880,000 |
| Brunswick East | 693,792 | 660,000 | 546,500 | 870,000 | 743,091 ↑ | 7.11% | 740,000 ↑ | 12.12% | 476,000 | 1,027,000 |
| Carlton | *697,500 | *697,500 | 555,000 | 840,000 | *707,500 ↑ | 1.43% | *707,500 ↑ | 1.43% | 707,500 | 707,500 |
| Carlton North | *853,000 | *853,000 | 853,000 | 853,000 | *1,225,000 ↑ | 43.61% | *1,225,000 ↑ | 43.61% | 1,225,000 | 1,225,000 |
| Clifton Hill | 760,583 | 703,750 | 626,000 | 1,100,000 | *806,667 ↑ | 6.06% | *750,000 ↑ | 6.57% | 545,000 | 1,125,000 |
| Collingwood | *657,000 | *657,000 | 657,000 | 657,000 | *805,800 ↑ | 22.65% | *800,000 ↑ | 21.77% | 740,000 | 935,000 |
| Fitzroy | *700,000 | *700,000 | 650,000 | 750,000 | *837,500 ↑ | 19.64% | *837,500 ↑ | 19.64% | 820,000 | 855,000 |
| Fitzroy North | *1,165,000 | *960,000 | 865,000 | 1,670,000 | 884,344 ↓ | -24.09% | 760,000 ↓ | -20.83% | 604,750 | 1,397,500 |
| North Melbourne | 743,667 | 670,000 | 575,000 | 1,225,000 | *758,167 ↑ | 1.95% | *760,000 ↑ | 13.43% | 724,000 | 790,500 |
| Northcote | *797,250 | *860,000 | 590,000 | 879,000 | 687,917 ↓ | -13.71% | 668,750 ↓ | -22.24% | 608,000 | 837,000 |
| Parkville | - | - | - | - | *855,833 - | - | *900,000 - | - | 507,500 | 1,160,000 |
| Princes Hill | - | - | - | - | - | - | - | - | - | - |
| Abbotsford | *741,500 | *685,500 | 600,000 | 995,000 | *786,667 ↑ | 6.09% | *740,000 ↑ | 7.95% | 710,000 | 910,000 |
| Burnley | - | - | - | - | *1,467,500 - | - | *1,467,500 - | - | 985,000 | 1,950,000 |
| Cremorne | - | - | - | - | *888,500 - | - | *888,500 - | - | 888,500 | 888,500 |
| East Melbourne | *1,440,000 | *1,440,000 | 1,440,000 | 1,440,000 | *1,610,000 ↑ | 11.81% | *1,610,000 ↑ | 11.81% | 1,610,000 | 1,610,000 |
| Hawthorn | *1,133,200 | *910,000 | 745,000 | 2,170,000 | *976,000 ↓ | -13.87% | *976,000 ↑ | 7.25% | 976,000 | 976,000 |
| Prahran | *1,000,250 | *1,000,250 | 963,000 | 1,037,500 | *753,000 ↓ | -24.72% | *753,000 ↓ | -24.72% | 753,000 | 753,000 |
| Richmond | 962,672 | 880,000 | 652,000 | 1,850,000 | 1,010,310 ↑ | 4.95% | 863,000 ↓ | -1.93% | 715,000 | 2,530,000 |
| South Yarra | 1,044,875 | 1,046,000 | 761,000 | 1,340,000 | *1,698,750 ↑ | 62.58% | *1,540,000 ↑ | 47.23% | 995,000 | 2,720,000 |
| Albert Park | *1,628,750 | *1,572,500 | 765,000 | 2,605,000 | *1,850,000 ↑ | 13.58% | *1,850,000 ↑ | 17.65% | 1,850,000 | 1,850,000 |
| Middle Park | - | - | - | - | - | - | - | - | - | - |
| Port Melbourne | 1,343,875 | 1,400,000 | 775,000 | 2,020,000 | *1,478,250 ↑ | 10.00% | *1,455,000 ↑ | 3.93% | 1,250,000 | 1,753,000 |
| South Melbourne | *1,625,000 | *1,625,000 | 1,625,000 | 1,625,000 | - | - | - | - | - | - |
| Flemington | - | - | - | - | *655,000 - | - | *655,000 - | - | 655,000 | 655,000 |
| Kensington | 694,200 | 675,000 | 485,000 | 925,000 | 753,650 ↑ | 8.56% | 754,750 ↑ | 11.81% | 572,000 | 955,000 |
| Travancore | - | - | - | - | - | - | - | - | - | - |
| West Melbourne | *901,000 | *901,000 | 901,000 | 901,000 | *1,000,000 ↑ | 10.99% | *1,000,000 ↑ | 10.99% | 1,000,000 | 1,000,000 |

Table compiled from data collected from May to October 2014. 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.

INNER MELBOURNE TOWNHOUSES QUARTERLY MEDIAN PRICES MAPPED



Figure 4: Inner Melbourne Townhouses - Quarterly Median Change (%)

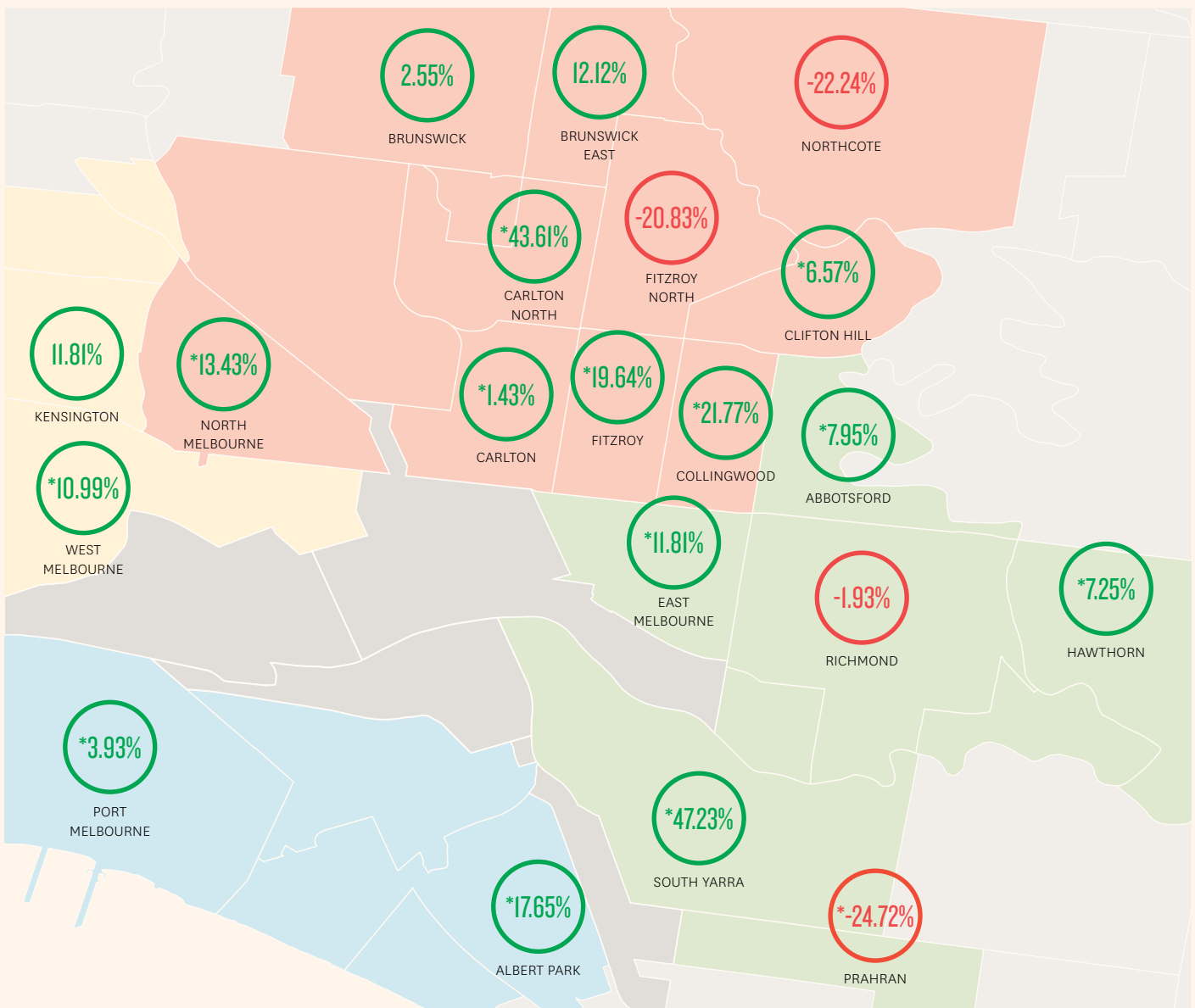


Table compiled from data collected from May to October 2014. Burnley, Cremorne, Docklands, Flemington, Melbourne, Middle Park, Parkville, Princes Hill, Southbank, South Melbourne and Travancore were omitted due to insufficient data. * indicates an average or median value calculated using 5 sales or less.

INNER MELBOURNE HOUSES PRICE COMPARISONS BY ROLLING QUARTERS



Table 5: Inner Melbourne Houses - Price Comparisons

| | PREVIOUS QUARTER (MAY, JUN & JUL 2014) | | | | CURRENT QUARTER (AUG, SEP & OCT 2014) | | | | | |
|-----------------|--|--------------|-------------|--------------|---------------------------------------|----------|--------------|----------|-------------|--------------|
| | Average Price | Median Price | Lowest Sale | Highest Sale | Average Price | % CHANGE | Median Price | % CHANGE | Lowest Sale | Highest Sale |
| Docklands | - | - | - | - | - | - | - | - | - | - |
| Melbourne | - | - | - | - | - | - | - | - | - | - |
| Southbank | - | - | - | - | - | - | - | - | - | - |
| Brunswick | 897,449 | 830,000 | 515,000 | 1,606,000 | 886,517 ↓ | -1.22% | 812,500 ↓ | -2.11% | 420,000 | 2,800,000 |
| Brunswick East | 1,081,000 | 988,550 | 650,000 | 1,575,000 | 917,794 ↓ | -15.16% | 819,000 ↓ | -17.15% | 627,000 | 2,000,000 |
| Carlton | 1,039,286 | 1,005,000 | 700,000 | 1,400,000 | 1,057,650 ↑ | 1.77% | 1,082,500 ↑ | 7.71% | 750,000 | 1,570,000 |
| Carlton North | 1,178,844 | 948,500 | 715,000 | 2,550,000 | 1,264,911 ↑ | 7.30% | 1,185,500 ↑ | 24.99% | 675,000 | 2,925,000 |
| Clifton Hill | 1,044,761 | 970,000 | 680,000 | 1,685,000 | 1,191,500 ↑ | 14.05% | 963,000 ↓ | -0.72% | 645,000 | 2,100,000 |
| Collingwood | 803,000 | 754,000 | 630,000 | 1,140,000 | 820,700 ↑ | 2.20% | 714,000 ↓ | -5.31% | 630,000 | 1,362,000 |
| Fitzroy | 1,223,368 | 1,090,000 | 780,000 | 1,925,000 | 1,283,294 ↑ | 4.90% | 1,250,000 ↑ | 14.68% | 741,000 | 1,800,000 |
| Fitzroy North | 1,287,434 | 1,045,000 | 740,000 | 3,724,000 | 1,163,182 ↓ | -9.65% | 1,183,750 ↑ | 13.28% | 770,000 | 1,650,000 |
| North Melbourne | 947,864 | 902,000 | 442,500 | 2,200,000 | 931,357 ↓ | -1.74% | 900,000 ↓ | -0.22% | 625,000 | 1,314,500 |
| Northcote | 1,058,194 | 945,000 | 646,000 | 2,150,000 | 1,148,902 ↑ | 8.57% | 960,000 ↑ | 1.59% | 560,000 | 2,520,000 |
| Parkville | 1,420,667 | 1,379,000 | 710,000 | 2,100,000 | *2,340,000 ↑ | 64.71% | *2,340,000 ↑ | 69.69% | 2,340,000 | 2,340,000 |
| Princes Hill | 1,160,714 | 1,260,000 | 875,000 | 1,460,000 | *1,570,000 ↑ | 35.26% | *1,570,000 ↑ | 24.60% | 1,465,000 | 1,675,000 |
| Abbotsford | 840,000 | 814,250 | 641,500 | 1,060,000 | 1,044,794 ↑ | 24.38% | 875,000 ↑ | 7.46% | 740,000 | 1,700,000 |
| Burnley | *950,250 | *950,250 | 800,500 | 1,100,000 | *1,276,667 ↑ | 34.35% | *1,175,000 ↑ | 23.65% | 855,000 | 1,800,000 |
| Cremorne | *775,000 | *775,000 | 750,000 | 800,000 | *955,000 ↑ | 23.23% | *955,000 ↑ | 23.23% | 955,000 | 955,000 |
| East Melbourne | 2,716,429 | 2,410,000 | 1,550,000 | 5,275,000 | 2,857,857 ↑ | 5.21% | 2,490,000 ↑ | 3.32% | 1,190,000 | 5,100,000 |
| Hawthorn | 1,751,763 | 1,480,000 | 800,000 | 4,100,000 | 1,715,356 ↓ | -2.08% | 1,600,000 ↑ | 8.11% | 415,000 | 4,360,000 |
| Prahran | 1,217,136 | 1,051,000 | 706,500 | 3,985,000 | 1,291,794 ↑ | 6.13% | 1,027,000 ↓ | -2.28% | 605,000 | 4,500,000 |
| Richmond | 1,137,449 | 937,000 | 610,000 | 4,480,000 | 1,166,559 ↑ | 2.56% | 1,005,000 ↑ | 7.26% | 645,000 | 4,070,000 |
| South Yarra | 2,002,280 | 1,450,000 | 820,000 | 5,850,000 | 1,470,000 ↓ | -26.58% | 1,362,500 ↓ | -6.03% | 700,000 | 2,955,000 |
| Albert Park | 1,615,130 | 1,510,000 | 860,000 | 4,300,000 | 1,522,192 ↓ | -5.75% | *1,357,000 ↓ | -10.13% | 865,000 | 3,235,000 |
| Middle Park | 2,077,786 | 1,665,500 | 1,190,000 | 4,300,000 | 2,078,333 ↑ | 0.03% | 1,895,000 ↑ | 13.78% | 840,000 | 3,305,000 |
| Port Melbourne | 1,195,379 | 1,075,000 | 710,000 | 2,650,000 | 1,370,571 ↑ | 14.66% | 1,120,000 ↑ | 4.19% | 860,000 | 2,920,000 |
| South Melbourne | 1,541,309 | 1,490,000 | 764,000 | 2,880,000 | 1,267,684 ↓ | -17.75% | 1,100,000 ↓ | -26.17% | 720,000 | 3,250,000 |
| Flemington | 759,875 | 731,250 | 557,500 | 1,035,000 | 873,800 ↑ | 14.99% | 742,500 ↑ | 1.54% | 610,000 | 1,686,000 |
| Kensington | 889,539 | 822,500 | 591,250 | 1,591,000 | 791,735 ↓ | -10.99% | 765,000 ↓ | -6.99% | 520,000 | 1,050,000 |
| Travancore | *1,045,333 | *1,105,000 | 861,000 | 1,170,000 | *1,205,000 ↑ | 15.27% | *1,205,000 ↑ | 9.05% | 1,205,000 | 1,205,000 |
| West Melbourne | *1,166,500 | *1,002,500 | 791,000 | 1,870,000 | 897,167 ↓ | -23.09% | 850,000 ↓ | -15.21% | 608,000 | 1,300,000 |

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INNER MELBOURNE HOUSES QUARTERLY MEDIAN PRICES MAPPED



Figure 5: Inner Melbourne Houses - Quarterly Median Change (%)

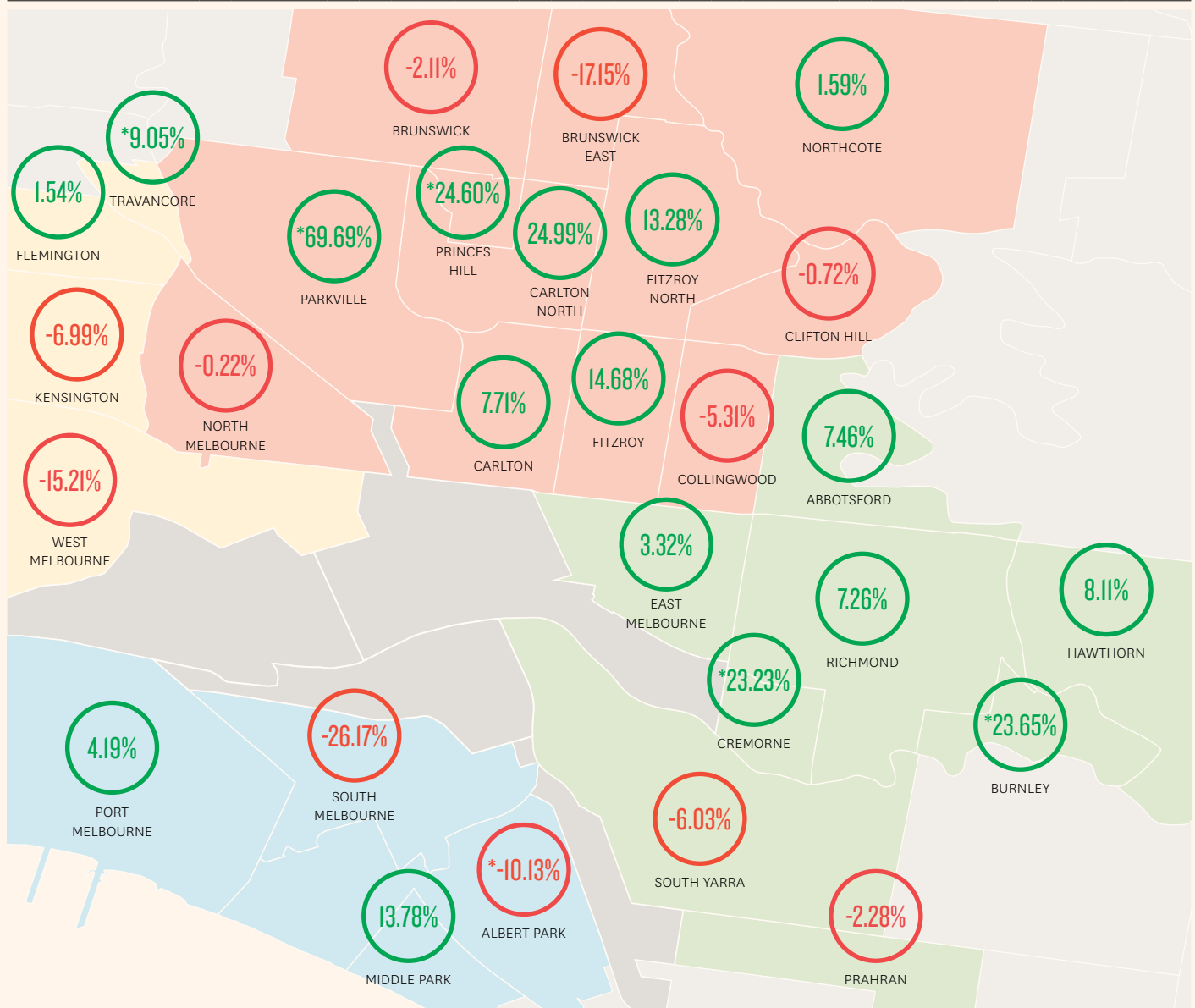


Table compiled from data collected from May to October 2014. Docklands, Melbourne and Southbank were omitted due to insufficient data.
* indicates an average or median value calculated using 5 sales or less.

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