

**Westpac**

# Victoria

Property Report – January 2015



**HERRON  
TODD WHITE  
RESIDENTIAL**

## National Overview

This quarter we asked Herron Todd White’s team of valuers to identify those suburbs ideally suited to upgraders. Despite differing market conditions around the nation, it is clear that upgraders often have remarkably similar aspirations when it comes to climbing the property ladder.

### FOCUS ON NEARBY SCHOOLS

The move to a second, third or even fourth home is often triggered by the needs of a growing family, so proximity to quality schools and family-friendly facilities is often at, or near, the top of an upgrader’s wish list.

This is certainly the case in Sydney, where the population growth zones north-west and south-west of the city are proving extremely popular among second and subsequent home buyers. With homes priced anywhere from \$500,000 to over \$1 million in prestige locations such as The Ponds, these areas of Greater Western Sydney will benefit from improvements to transport infrastructure and the development of new employment hubs such as the Western Sydney Airport.

It’s a similar story in Brisbane, where upgraders are favouring family-focused northern suburbs such as Ashgrove, Wilston, Bardon and New Farm. Price growth in Brisbane has hovered around 5-10% in the past 12 months, and if interstate migration picks up, we could see further long-term gains in value across the city.

### A CHANCE TO ENJOY MORE DESIRABLE LOCATIONS

Melbourne upgraders can take the opportunity to buy into one of the near-city suburbs that offer cosmopolitan living and charming character homes, such as South Melbourne, Thornbury, Williamstown and Essendon. The weak Australian dollar may stimulate further foreign investment in Melbourne, thereby supporting future capital growth.

In some areas, upgraders are taking advantage of increased home equity to trade up to more desirable locations. In Hobart, for instance, proximity to water frontage is a key drawcard, so we are seeing plenty of upgrader activity in waterfront locations such as Howrah, Sandy Bay, Lindisfarne, Bellerive and Blackmans Bay. It’s a similar situation in Adelaide, where the inner north-west suburbs between Croydon and St Clair offer nearby beaches and an easy commute to the CBD.



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In the Northern Territory, government incentives are enticing upgraders to consider brand new dwellings and units. This has underpinned the popularity of newer suburbs in Palmerston, including Durack Heights, Johnston, Zuccoli and Bellamack.

#### **THE APPEAL OF LOCAL EMPLOYMENT OPPORTUNITIES**

Not surprisingly, many upgraders regard local employment opportunities as an important location factor. In Perth, the opening of the new Fiona Stanley Hospital in Murdoch has stimulated upgrader activity in nearby Kardinya and Winthrop.

Upgraders are more experienced than first home buyers, and the buying trends we are observing suggest that many of today's upgraders are very selective about the area they buy into. As location remains a driving force of future capital gains, I am confident this considered approach will pay off over time.

Brendon Hulcombe

**CEO - HERRON TODD WHITE**



## Victoria

### Melbourne

Four key suburbs are especially well suited to upgraders in the Melbourne market: South Melbourne, Thornbury, Williamstown and Essendon. These locations all have good public transport options and offer a wide variety of local amenities. All are within established school zones for both public and private primary and secondary schools.

Each of these upgrader suburbs has enjoyed steadily rising values over the past 12 months, and their desirability, amenity and proximity to the CBD will underpin their long-term capital growth. Housing prices in the broader Melbourne market will be further stimulated if interest rates remain low and the weak Australian dollar encourages further foreign investment in the local market.

### South Melbourne

South Melbourne is located just 2 kilometres south of the CBD and offers easy access to South Melbourne Market, South Wharf DFO – a retail centre featuring over 100 stores – and the popular Clarendon Street retail and dining precinct. Other local attractions include the Royal Botanic Gardens, Albert Park and the Melbourne Sports and Aquatic Centre.

It's a location that is very popular among young and established professionals, and housing options in South Melbourne include boutique apartments, warehouse conversions and Victorian-era houses. Median prices range from about \$620,000 for a 2-bedroom unit to upwards of \$1.38 million for a 4-bedroom house. Property values in the area have risen by up to 9.2% over the past 12 months.

### Thornbury

With a mix of period homes, including Edwardian cottages, Thornbury appeals to young couples and families with children. Located on the train line, the suburb is just 7 kilometres north of the Melbourne CBD, and nearby facilities include Preston Market and Northcote Plaza. Residents enjoy a wealth of sporting facilities, including Darebin International Sports Centre, Northcote Golf Club and Northcote Indoor Sports Centre.

Median property prices in Thornbury range from about \$484,000 for a 2-bedroom unit to \$1.02 million for a 4-bedroom house. Capital growth over the past year has been as high as 8.4%.

### Williamstown

Williamstown is 9 kilometres south-west of the city centre and offers broad appeal to established families. A wealth of local amenities is available, including Williamstown Botanic Gardens, Point Gellibrand Coastal Heritage Park, Williamstown beach and the nearby Royal Yacht Club of Victoria.

Median property prices in Thornbury range from about \$484,000 for a 2-bedroom unit to \$1.02 million for a 4-bedroom house. Capital growth over the past year has been as high as 8.4%.



Housing options in Williamstown include boutique apartments, Victorian houses and bluestone cottages by the water, many of which feature city and bay views. Some streets in Williamstown, such as Victoria Street and The Strand, are especially sought after and have extremely limited turnover.

Property prices in Williamstown range from \$510,000 for a 2-bedroom apartment to \$1.2 million for a 2-bedroom house, and price appreciation has been as high as 5.4% over the past 12 months.

## Essendon

Essendon is the farthest from the CBD of any of the suggested upgrade suburbs, being located 10 kilometres north-west of the city centre. Appealing mainly to established families, Essendon offers abundant amenities, including the retail centre Essendon DFO, Napier Street, and nearby Highpoint Shopping Centre. Leisure and sporting facilities include Ascot Vale Leisure Centre and East Keilor Leisure Centre.

Renowned for large lot sizes and period homes, Essendon also features the Mar Lodge estate, between McCracken and Hedderwick streets, which is regarded as especially desirable. The 1920s subdivision comes with a single-dwelling covenant – but without a heritage overlay, so owners can build their dream home on a large block in an established area.

Prices in Essendon range from about \$470,000 for a 2-bedroom unit to \$1.260 million for a larger family home. Values in Essendon have leapt by up to 5.9% in the past year.

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## Regional Victoria

### Castlemaine

Situated 120 kilometres north-west of Melbourne, Castlemaine is an inland city conveniently located at the junction of several major highways, which lead to the major urban hubs of Bendigo, Ballarat and Melbourne.

With a population of around 6,700, Castlemaine is popular with upgraders as it has plenty to offer, including gold-rush-era architecture and a vibrant arts community supported by local theatres, museums and the Castlemaine Art Gallery. Local events of note include the Castlemaine Food and Wine Festival, the local farmers' market and Wesley Hill Market. There is also a good selection of restaurants and wineries.

Castlemaine is a 30-minute train ride from Bendigo, or a 1.5-hour commute to Melbourne via V/Line.

Homes in Castlemaine are generally priced between \$369,500 and \$499,000, and capital growth has been as high as 10.3% in the past year.



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