

Valuation Report



Client: Household Capital

Address: 3 DUKE STREET, KEW VIC 3101

Valuation No: 1356889

Inspection Date: 14 March 2019

Purpose: Mortgage

3 DUKE STREET KEW VIC 3101

Client: Household Capital
Postal Address: SUITE 33 / 19-29 LEVEL MARTIN PLACE
SYDNEY NSW 2000

Email: paul.stratton@householdcapital.com; lendingse
Fax:

Contact: Paul Stratton
Val Ref No: 1903-1356889

Customer: Mrs Flora Motea

1. PROPERTY SUMMARY - Fully-Detached House

Valuation Address: 3 DUKE STREET KEW VIC 3101
Title Details: Lot 1 Title Plan 679165 Title Not Supplied
Encumbrances/Restr's: Not known, current copy of title not supplied
Site Dimensions: Irregular
Zoning: General Residential Zone Schedule 3
Main Building: Detached Dwelling with 3 bedroom/s 1 bathroom/s
Built About: Built about 1955
Car Accommodation: Double garage
Areas: Living: 118.00 m²
Marketability: Moderate
Environmental Issues: Not known
Essential Repairs: None known

Site Area: 446 m²
LGA: BOROONDARA
Additions: None Apparent
Car Area: 36.00 m²
Current Use: Residential
Heritage Issues: Not known

2. MARKET COMMENTARY

The Boroondara property market has generally weakened since the 2017 calendar year particularly for non prime properties such as those in secondary locations while demand for premium quality property is still considered to be reasonable and fairly strong in some pockets.

International investors (particularly Chinese) have been very active in this space in recent years with the Stonnington and Boroondara areas forming the majority of their focus. Strong growth has also occurred in preceding years in well regarded school zones and has been underpinned by both local and migrants seeking homes with access to quality schools - participation by those of foreign origin has however notably weakened in recent times with this appearing to be due mainly to the increase in restrictions and duties payable as well as a tightening of credit both from local and international sources.

The abovementioned strong growth has been driven by a combination of historically low interest rates, major international purchaser participation, strong population growth, a relatively low Australian dollar and job growth. While price growth was strong in 2017, sentiment and results began to wane towards the end of the calendar year with auction clearance rates dipping prior to falling sharply throughout 2018 before steadying in 2019 to date.

We note that up until 2017, we were in the 7th year of a maturing growth phase and based on the cyclical nature of this market and historical performance, it seems that the current weakened conditions were to be expected albeit that they have been sharper than what most local experts predicted. To this end, the \$2m plus segment is far weaker than what was experienced in 2017 with an increasing body of evidence showing decreases in values the extent of which depend on the property style, price point and the circumstances surrounding the sale.

It has been noted for some time that affordability in Melbourne is stretched with house price growth far outpacing income growth while all indications are that there is likely to be a further tightening of credit than what we have already seen to date which may further negatively impact the market in the short to medium term future. To this end, we caution that if market conditions are altered further by factors including but not limited to: interest rate rises, increased unemployment, an increase in credit tightening or the result of changing macroeconomic conditions locally or globally, this may have a further sudden and significant negative impact on the market and in such a case current prices would no longer be achievable.

Valuation Method:

3. VALUATION & ASSESSMENTS SUMMARY

Interest Valued:	Fee Simple Vacant Possession	Other Assessments:	
Value Component:	Existing Property	Replacement Insurance:	\$455,000
Land:	\$1,250,000	Rental Value Unfurnished:	\$450 per week
Improvements:	\$25,000	Actual Rental:	N/A
Market Value:	\$1,275,000	ONE MILLION TWO HUNDRED SEVENTY-FIVE THOUSAND DOLLARS	

Documents to sight: See comments

I hereby certify that this property has been inspected on the date below and have carried out the assessments above as at that date. Neither I, nor any member of this firm has any conflict of interest, or direct, indirect or financial interest in relation to this property that is not disclosed herein. This report is for the use only of the party to which it is addressed for the purpose of fair market value only and cannot be relied upon for any other purpose or by any other party. No responsibility is accepted or undertaken to third parties in respect hereof.

Valuer to sign or Initial



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Inspection & Valuation Date: 14 March, 2019

Valuer: Sjouke Price

Qualifications/Reg#: AAPI CPV 63454

Signature: 

Counter Signatory: Patrick J Brady

Qualifications/Reg#: DIRECTOR - FAPI CPV 62348

Signature: 

Firm: WBP Group

ABN: 18 067 611 303

Address: LEVEL 1 / 624 QUEENSBERRY STREET
NORTH MELBOURNE VIC 3051, NORTH

Phone: 1300 302 581

Fax: 1300 886 545

Email: valuations@wbpgroup.com.au

Whilst not having inspected the property, I, the counter signatory, have reviewed the draft valuation and working papers, and based upon that review and appropriate questioning of the Valuer obtained reasonable satisfaction that the value opinion contained in the valuation has been reached, based on reasonable grounds.

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4. LAND

Property Identification: The property has been identified by Street Address
Has Title been Searched: No **Has Title been Sighted:** No
Zoning Effect: Subject complies
Location: Kew is located 6 kms east of the Melbourne CBD.
Neighbourhood: Located in Melbourne's inner east, Kew is an affluent residential suburb. The Yarra River bounds its western side while the Eastern Freeway bounds the north. Kew has significant numbers of medical institutions such as the Caritas Christi Hospice, the Henry Pride Geriatric Centre and the St. Georges Hospital while a particular feature is the number of well regarded and very popular schools including Xavier College, MLC, Ruyton Girls School, Trinity Grammar, Carey Baptist Grammar School and Genazzano etc. The suburb also features Studley Park and the Boroondara Cemetery.
Site Description & Access: A near rectangular shaped allotment on the high side of the road
Services: Connected services - all weather road access, mains gas, electricity, telephone, mains sewerage, mains water, kerbs, guttering

5. MAIN BUILDING - Detached Dwelling

Style: Single storey Conventional	Street Appeal: Average
Main Walls & Roof: Brick & Terracotta Tile	Window Frames: Steel
Main Interior Linings: Plasterboard	Flooring: Timber
Internal Condition: Good	External Condition: Fair
Interior Layout: Dated	
Accommodation: 3 bedroom/s, 1 bathroom/s, entry hall, kitchen/meals/family, lounge	
PC Items: Fair quality PC Items including Kitchen - double bowl sink, rangehood, gas upright stove, Bathroom 1 - toilet suite, hand basin, shower, bath	
Fixtures & Features: Built in robes, carpet, gas ducted heating, gas space heater, reverse cycle air conditioner	

6. ANCILLARY IMPROVEMENTS

Double garage, concrete driveway, concrete paths, timber paling fencing, workshop, basic gardens, low front brick/steel fence, entry verandah, small rear verandah area

7. SALES EVIDENCE AND THE MARKET

Address	Sale Date	Price	Brief Comment	In Comparison to Subject:
43 COBDEN STREET KEW	21-Apr-2018	\$ 1,285,000	Settled Sale. Dwelling, Built Circa 1935, 2 bedrooms, 1 bathroom, single storey, brick walls, 85 square metres of living area and 456 square metres of land area with double lockup garage. Solid brick semi-detached home with western rear orientation and features including a gas heater, ceiling fans, two garden sheds and carport while being located within a popular pocket in reasonable proximity of the local High Street strip shopping centre etc., somewhat small accommodation while having potential for extension etc.	Superior overall - inferior semi-detached nature a particular difference however a stronger position to subject while having sold in a superior market.

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38 PARK CRESCENT KEW	21-Jan-2019	\$ 1,388,000	Unsettled Sale. Fully-Detached House, Built Circa 1935, 3 bedrooms, 1 bathroom, single storey, brick walls, 543 square metres of land area with double off street car space. Fairly basic period dwelling located towards the northern-most end of Kew situated on a regular shaped land allotment with no restrictive overlays, neatly presented however original floor-plan and requiring complete renovation/extension or, most likely, demolition and re-building, overall considered to represent land value only at \$2,556/sq m.	Superior overall - larger land allotment within an overall similar location, appears to have sold at the lower end of the CMV range however considered to help support the subject assessment nonetheless.
174 BROUGHAM STREET KEW	17-Nov-2018	\$ 1,410,000	Settled Sale. Townhouse, Built Circa 2000, 3 bedrooms, 2 bathrooms, double storey, rendered walls, 379 square metres of land area with double lockup garage. Neatly presented original condition attached townhouse located north of Willsmere Rd in a secondary pocket of Kew, features include a double lock-up garage, multiple living areas, European laundry, powder room and ducted heating.	Superior overall - difficult to compare however considered to provide further nearby general supporting evidence.
35 DUKE STREET KEW	8-May-2018	\$ 1,478,000	Settled Sale. Dwelling, Built Circa 1925, 3 bedrooms, 2 bathrooms, single storey, weatherboard walls, 153 square metres of living area and 472 square metres of land area with double off street parking. Neatly presented Californian Bungalow with some modest updates and features including ducted heating, split-system air-conditioning, polished timber floors, rear deck, updated kitchen and security alarm, located near the busy Princess Street which may have had an adverse impact on the sale price.	Superior overall - slightly inferior location in the subject street however a superior updated Bungalow style dwelling on a similar sized land allotment while having sold in a stronger market.

Current/proposed sale of subject property: N/A

Prior sale of subject property:

Estimated selling period: N/A

Sale in line with local market: N/A

Copy of contract of sale sighted: N/A

Level of market activity: Slowing

8. ADDITIONAL COMMENTS

General subject property comment:

The subject property comprises a generally well maintained but original condition post-war fairly basic brick veneer dwelling situated on a slightly irregular shaped medium sized allotment located within a fairly well regarded/slightly secondary pocket of the prestigious eastern Melbourne locality of Kew.

Given the subjects lack of design appeal, the scope for re-building a new home and recent demolition trends etc., we consider the security to represent close to, if not only, land value which we confirm has been taken into account in our valuation analysis.

Given the available comparable sales evidence we consider our valuation to be supportable for mortgage security purposes.

An up-to-date Title search has not been sighted or provided with our instructions. Our valuation is subject to the land being unaffected by any adverse encumbrance, right or restrictive covenant including any unit being held under an ownership structure other than Strata Title, i.e., Company Share or Stratum Title. Should future Title searches reveal otherwise, we reserve the right of comment and / or re-valuation.

Recent market direction rating:

Our local experience within the subject area in the 2018 calendar year and 2019 to date is that of a softening market with vendors expectations not being achieved and most sales results/values dropping from the high point of 2017 the severity of which depending on the segment within it's positioned and the circumstances of the sale/vendor motivation. Although we confirm that our valuation has taken this fact into account, we caution that if this softening continues its current trend, our valuation may not be able to be achieved in the event of sale in the short to medium term future.

Market volatility risk analysis rating:

We again comment that our local experience within the subject area in the 2018 calendar year and 2019 to date is that of a softening market with vendors expectations not being achieved and most sales results/values dropping from the high point of 2017 the severity of which depending on the segment within it's positioned and the circumstances of the sale/vendor motivation. Although we confirm that our valuation has taken this fact into account, we caution that if this softening continues its current trend, our valuation may not be able to be achieved in the event of sale in the short to medium term future.

Market segment risk analysis rating:

In accordance with our instructions, an increased market segment risk rating is considered appropriate given the lack of recent settled comparable sales evidence.

Limited sales evidence:

Relevant searches have indicated a lack of recently sold properties (that have settled) which are accepted by the clients required sales parameters. Consequently we have used evidence which we believe to be the most appropriate and comparable available to arrive at our assessment of market value.

Recommended documents to sight:

General:

Certificate of Title, Plan of Subdivision

9. IMPORTANT NOTES & QUALIFICATIONS

3 DUKE STREET KEW VIC 3101



Other

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Side Access/Utility Area



Rear

14/03/2019 12:08 PM

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Other

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Garage



Rear

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3 DUKE STREET KEW VIC 3101



Kitchen

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Bathroom

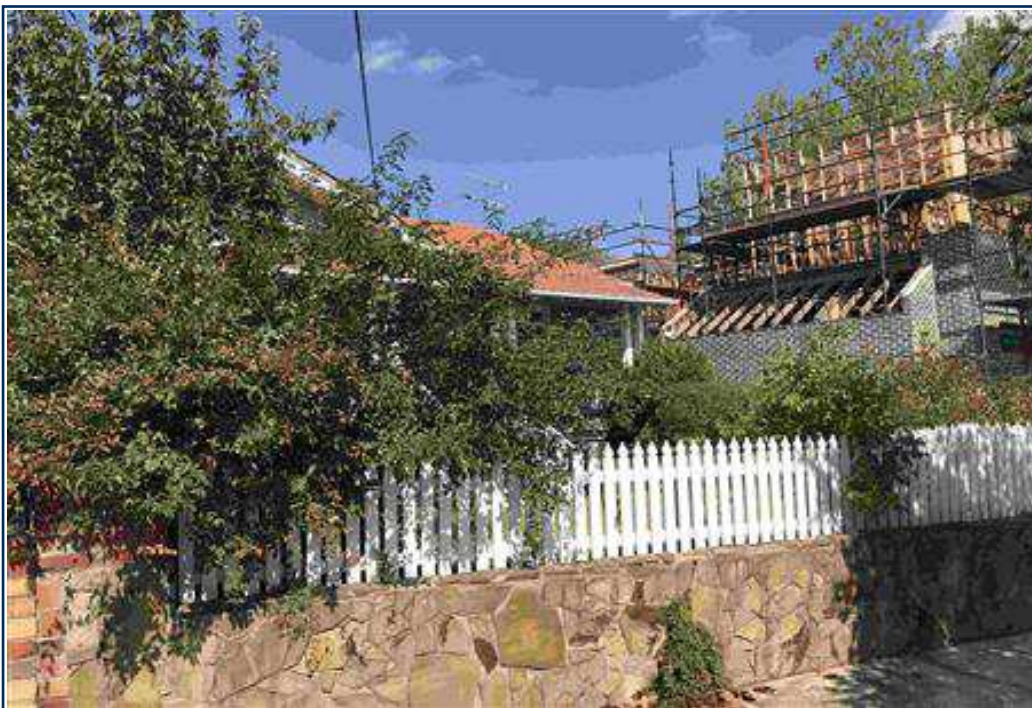
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3 DUKE STREET KEW VIC 3101



Front

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Other

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Adjacent Property To The West