



Local Market Intelligence.

Alphington, Melbourne

April 2016

Leaders in Property Intelligence.

CHARTER
KECK CRAMER

Research



The Melbourne Story.

Introduction.

Melbourne is emerging as a City of international significance. It has been ranked as the world's most liveable City for the last 5 years.

There are highly regarded schools and universities in Melbourne, with 2 universities ranked in the top 100 global universities.

Melbourne (3.1% growth over FY 14/15) is outperforming the wider Australian economy (2.3% over FY 14/15) and is Australia's second largest economy. It is also undoubtedly the sports, cultural and events capital of Australia which attracts global attention and investment.

Melbourne is evolving at a rapid rate. With this comes opportunities not available elsewhere in Australia.

Liveability

World's most liveable city.

5 Consecutive Times, 2011 - 2015

Education

2 Universities in the Top 100 Global Universities.

University of Melbourne = 42nd and Monash University = 67th

Key Attractions



Sports, cultural and events capital of Australia.

Economic Activity

3.1% 17.7%

Economic growth 2014-2015

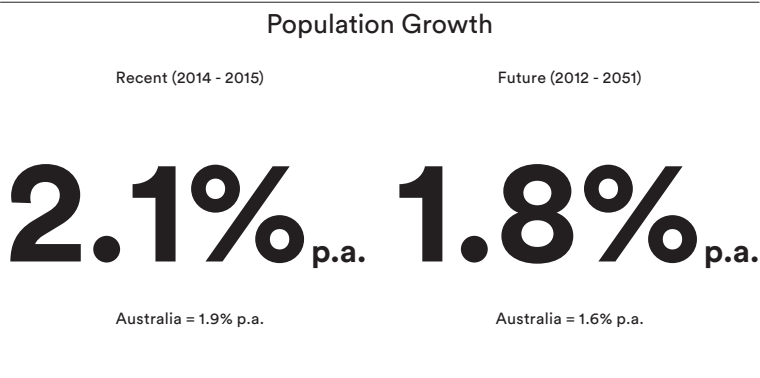
Share of National Economy
Gross Domestic Product FY14/15

Demand considerations.

Melbourne is the fastest growing City in Australia and it is forecast to be larger than Sydney by 2051. Plan Melbourne (2014), the State Government’s vision for growth to 2051 forecasts that there will be a requirement for an additional 1.6 million dwellings by this time.

Melbourne is extremely multicultural with a large amount of overseas people coming to the City. There is also a diverse employment base and it is not reliant on a single industry of employment.

With an increase in the population, who are employed across several industries, comes the demand for additional and diverse ranges of housing.



Supply considerations.

Melbourne still has a large amount of its housing stock in the form of detached housing (73%) however there are policy aspirations in Plan Melbourne (2014) to achieve greater levels of higher and medium density dwellings by 2051.

House price growth in Melbourne has been consistently higher than across Australia over both 5 and 10 years respectively.

Finally, Melbourne's apartment market is still maturing with a comparatively low amount of apartments in the City when compared to north American cities with similar population sizes.

Existing Housing Composition

15% : 12% : 73%

(Higher Density) : (Medium Density) : (Detached Houses) (2011)

House Price Growth

5 Year Annual Average)

10 Year Annual Average

3.6% p.a. 6.4% p.a.

Australia = 2.2% p.a.

Australia = 5.1% p.a.

Composition of Future Housing Supply

31% : 36% : 34%

(Higher Density) : (Medium Density) : (Detached Houses) (2011 - 2051)

Apartment Market Maturity

3.1% of housing stock*

North American Cities of Similar Population Size = 20%-35% are apartments

*As at the 2011 census. Additionally, apartments are dwellings in buildings with 4 or more levels.



Local market Intelligence Alphington, Melbourne.

Key Considerations

Good value

Adjoins and is bordered by higher priced suburbs from the south east.

Infrastructure

Chandler Highway upgrade and removal of Grange Road level crossing are key infrastructure improvements for the area.

Transformation

Rapidly undergoing gentrification with lots of development activity.

Market Indicators

\$1.215M

2015 median house price (Metro Melbourne = \$595,000).

+ 8.3% p.a.

10 year capital growth (Metro Melbourne = 6.4% p.a.).

See page 10 for more information.

Demand Indicators

45 - 64 years old

Predominant age group (28%) (Metro Melbourne = 24%)

\$91,500 p.a.

Median Annual Household Income (Metro Melbourne = \$69,300 p.a.)

See page 14 for more information.

Supply Indicators

+ 66%

Dwelling stock that are houses (Metro Melbourne = 73%).

+ 35%

Dwellings that are owned outright (Metro Melbourne = 35%).

See page 19 for more information.

Suburb context & fundamentals.

Alphington is a suburb in Melbourne, Victoria and is located across the Local Government Areas of the City of Yarra and the City of Darebin.

Alphington's boundaries are Darebin Creek in the East, the Yarra River in the South, Alphington Street, Fairfield Road and Grange Road in the West and Darebin Road to the North.

It is primarily a residential suburb with retail activity that lies along Heidelberg Road. Alphington is a multicultural suburb with a diverse range of residents.

Chandler Highway widening works (\$110 million funding from the State Government) and the new bridge over the Yarra River will transform the suburb and connect it to the south-eastern suburbs of Melbourne.

Liveability & lifestyle.

Shopping

Various supermarkets and small community markets located opposite to Alphington train station. Ivanhoe Plaza and Northcote Shopping Centre in close proximity.

Schools & Education

Various primary and secondary (public and private) Educational facilities including Alphington Grammar and 7 of Melbourne's top ranked secondary schools within 5km of suburb.

Reserves & Parks

Numerous reserves and parks including Alphington Park and Darebin Parklands as well as the Yarra River.

River

Yarra River along southern border of the suburb.

Community Facilities

Alphington Community Centre.

Connectivity.

7km

North-East of the CBD.

Trains

Two stations (Alphington and Fairfield) located on the Hurstbridge Line.

Buses

5 bus routes service the area.

Bicycles

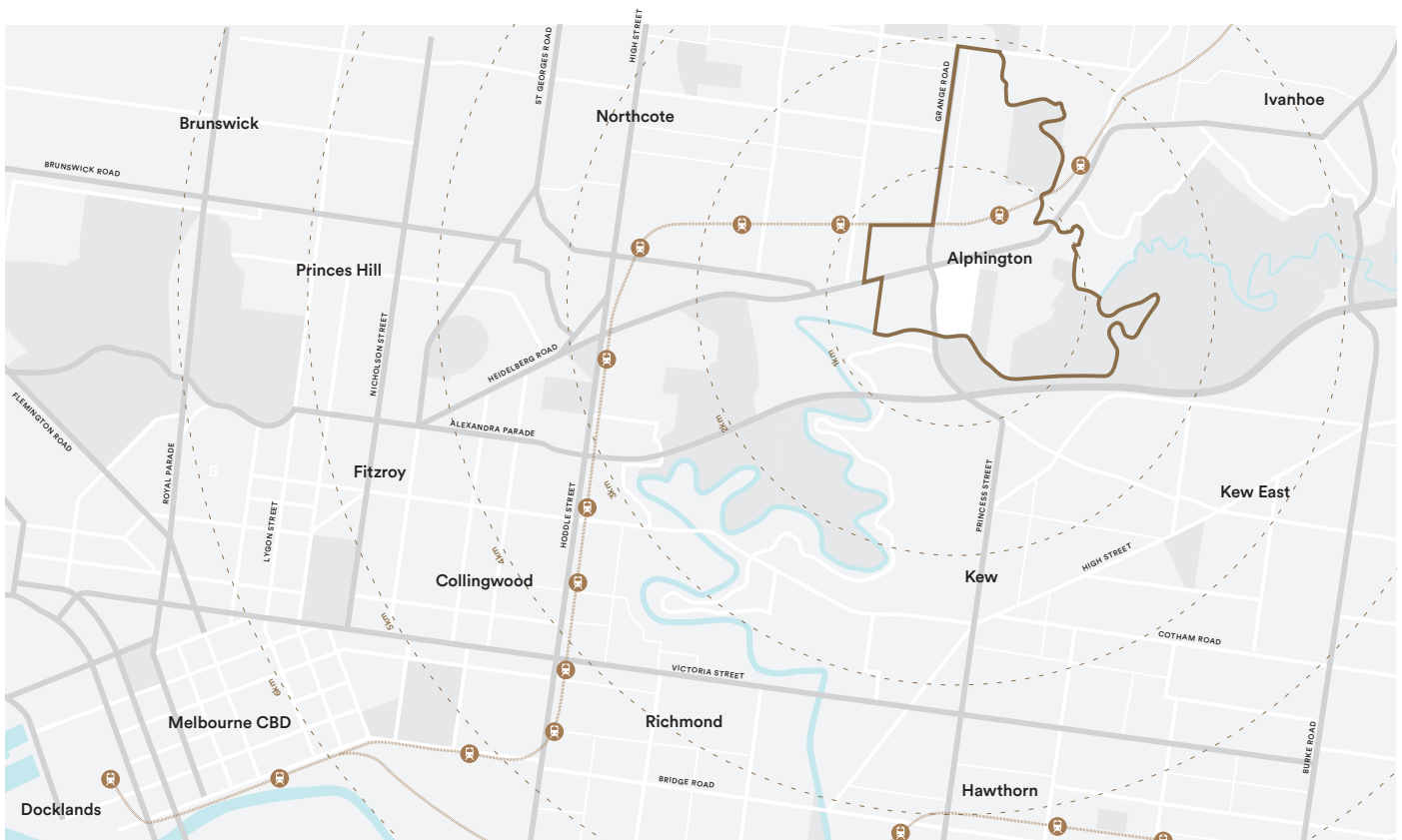
The Shimmy Bike route runs along the Hurstbridge line. Trails along Heidelberg Road and the Darebin Creek Trail. Several Streets have dedicated bike lanes.

Major Roads

Good connectivity to the CBD and neighbouring suburbs via Heidelberg Road, Grange Road, Eastern Freeway and Chandler Highway.

Walk Score Rating

69 of out 100. Somewhat Walkable (some errands accomplished on foot).



Market Considerations.

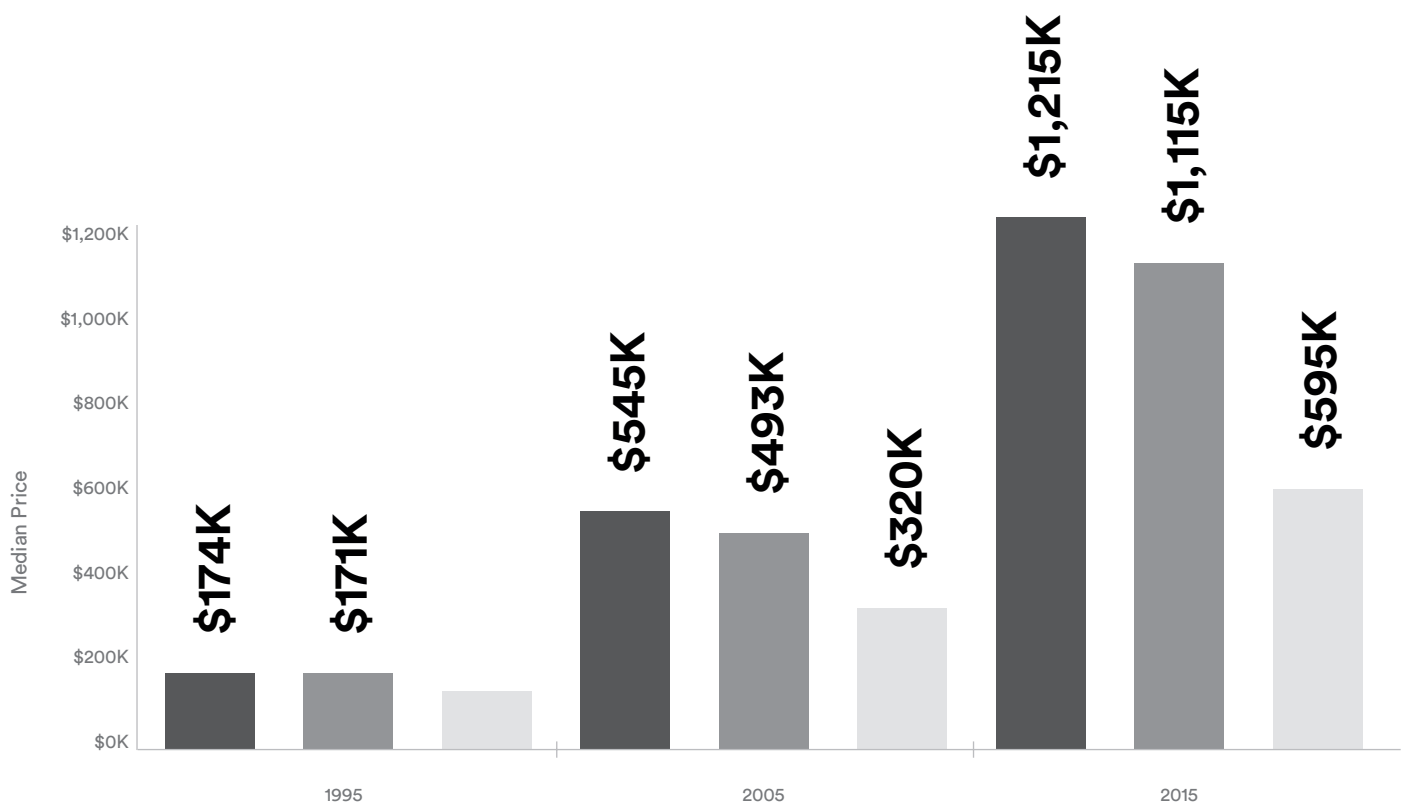
Price indicators.

The 2015 median house price in Alphington was \$1.215 million which is higher than both the Yarra LGA (\$1.115 million) and metropolitan Melbourne (\$595,000).

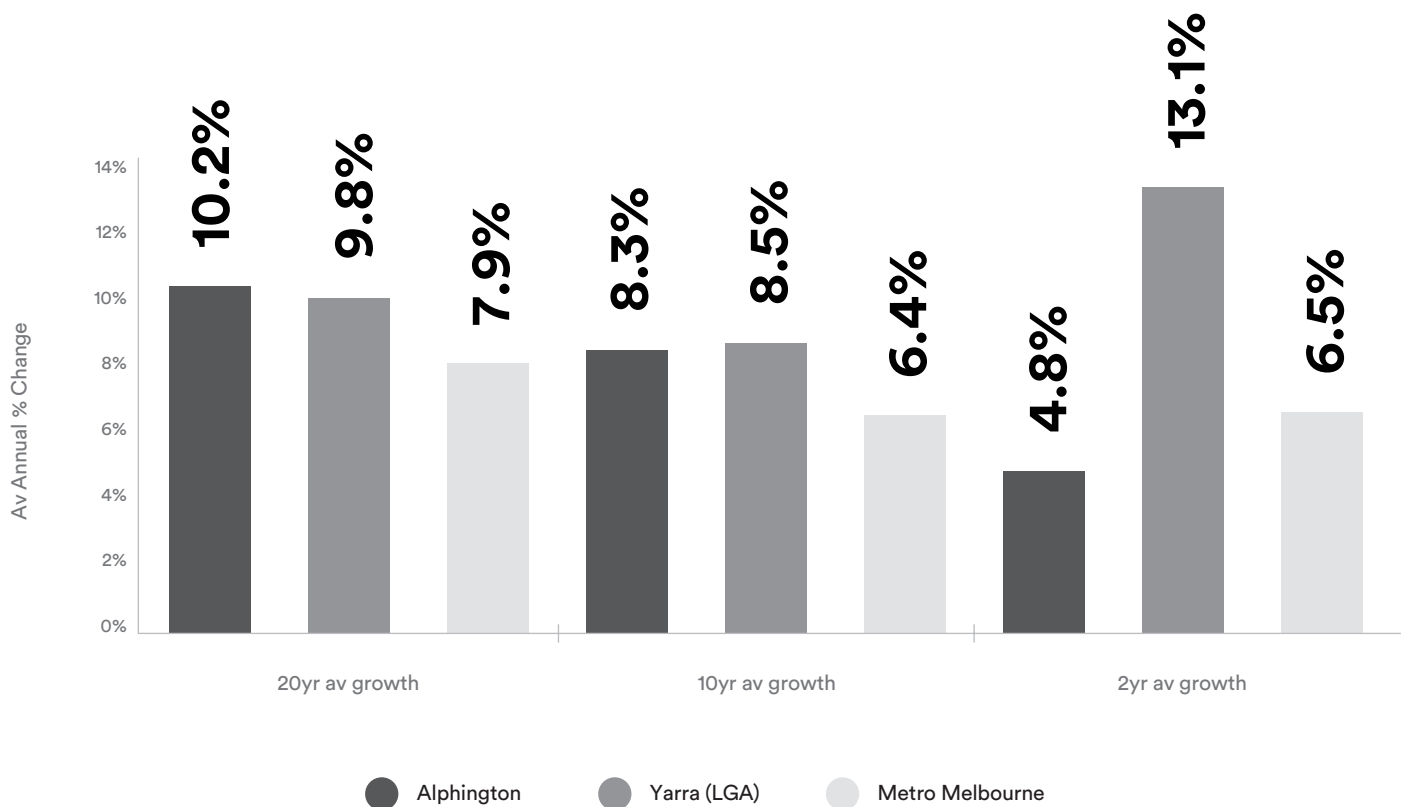
Alphington has outperformed metropolitan Melbourne over 20 and 10 years and outperformed the City of Yarra LGA over 20 years. Shorter term growth, whilst lower than the City of Yarra LGA and metropolitan Melbourne, has still been robust.

Alphington's high median house price and robust performance is a reflection of the demand for houses in the area which has been capitalised into high house prices.

Median House Price



Average Annual % Change In House Prices (1995 - 2015)



Price relativity.

The 2015 median house price for Alphington was \$1.215 million which is higher than Northcote (\$999,000) and Fairfield (\$1.110 million) but lower than Kew (\$2.010 million) Kew East (\$1.360 million) and even Ivanhoe (\$1.285 million).

Relevantly, Heidelberg Road creates a divide in Alphington. The 2015 median house price in the portion of Alphington to the south of Heidelberg Road (South Alphington) was \$1.400 million which was 26% higher than the portion of Alphington to the north of Heidelberg Road (North Alphington) which was \$1.112 million.

Alphington, and in particular Alphington South, have the potential to pull residents out of the more expensive (and further away) south-eastern suburbs by offering a lower price point with high amenity especially along the Yarra River.

Rental market indicators.

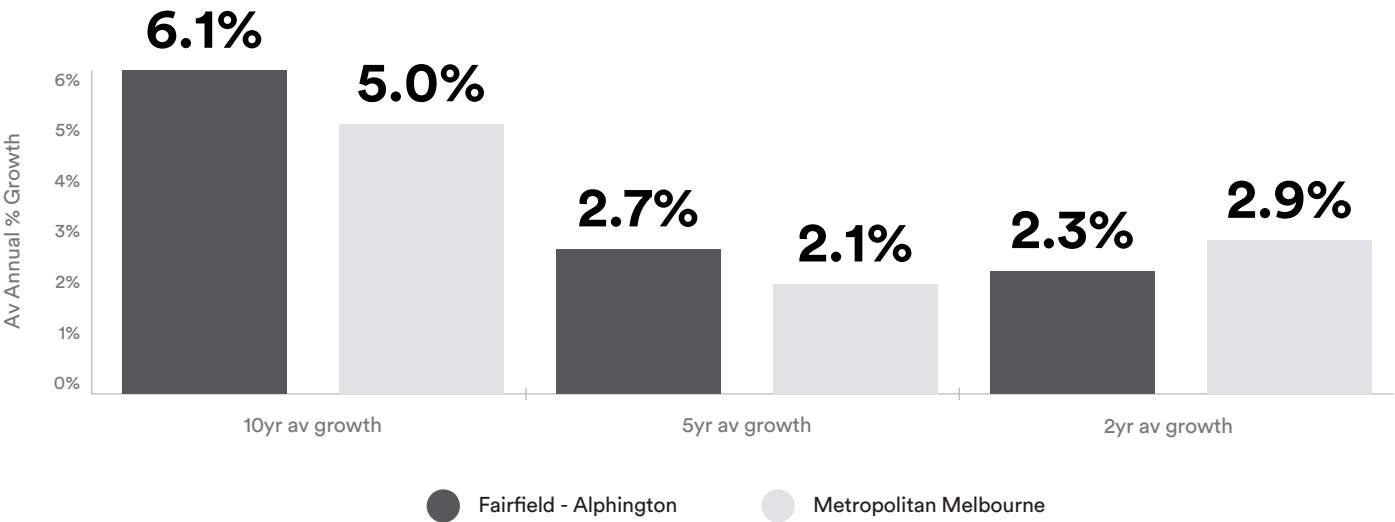
The 2015 median weekly rent for a two bedroom house in Fairfield-Alphington was \$465 p.w. whilst the median weekly rent for a three bedroom house was \$580 p.w.

Rental growth in Fairfield Alphington has outperformed metropolitan Melbourne over 10 years and 5 years respectively however has been slightly lower than metropolitan Melbourne over the last 2 years.

Once again, the robust performance of rents in this area is a reflection of the demand to reside in this area.



Average Annual Growth in Rents for Houses - Three Bedrooms - Fairfield - Alphington (2015)



*Note: These rents are taken from the Office of Housing (OoH), with the September 2015 qtr being the most up to date. As there is a lag in recording rentals and listings the data is subject to change as it is reconciled by the data providers (at the end of the calendar year).

Demand Considerations.

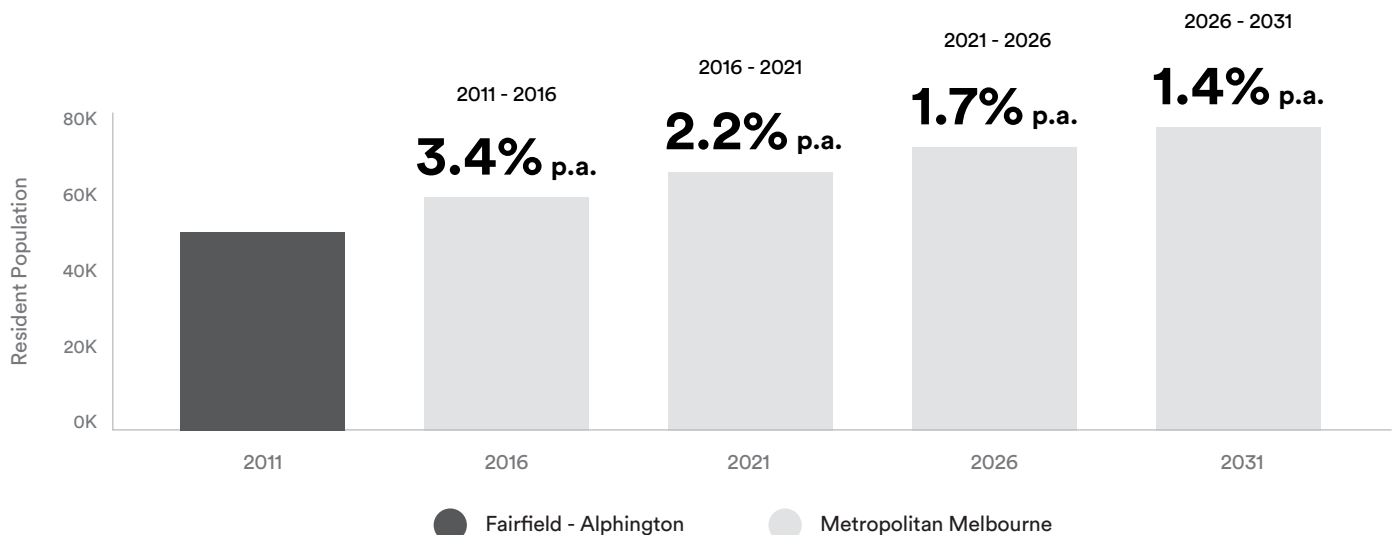
Population indicators.

Based on the State Government Projections. Victoria in Future (VIF) 2015 figures, population growth in the Abbotsford-Fitzroy district in the City of Yarra LGA will be very high between 2011-2021 and then moderate over 2021-2031 respectively. This growth is considerably higher than in the City of Darebin LGA and City of Boroondara LGA over these periods.

By way of comparison, population growth in metropolitan Melbourne will be lower than the Abbotsford-Fitzroy district over 2011-2016 (2.1% p.a.) as well as 2016-2021 (2.2% p.a.) and thereafter will follow similar a growth trajectory over 2021-2026 (1.7% p.a.) and 2026-2031 (1.6% p.a.).

Large increases in population are a reflection of the demand for an area. With an increase in the population comes an increase in the demand for additional amounts (and different forms) of housing.

Population Growth - City of Yarra LGA, Abbotsford - Fitzroy District (2011 - 2031)*



*These figures are from VIF2015 and the Abbotsford-Fitzroy district is based on SA2 geographies (adjusted to fit the LGA) and covers the southern portion of Alphington.



Demographic indicators.

The median age of the residents in Alphington at the 2011 census was 38 years old, which is slightly older than metropolitan Melbourne (36 years).

Additionally, the largest segment of the resident population was 45-64 years old (28% of population).

The largest growth of residents in Alphington between 2011-2036 will be the 30-34 year old age group followed by the 35-39 year old age group.

The growth in the primary home buyer age group (45-64 years old) and the first time home buyer age group (30-39 years old) will drive demand for new housing in Alphington and will underpin the gentrification of the suburb to 2036.

Demographic drivers of demand, Alphington (2011 - 2031)*

Median Age

38 years old

Alphington, 2011 (Metro Melbourne = 36 years)

Increase in 30 - 34 Year Olds

+396 persons

Alphington, 2011 - 2036 (35 - 39 Year Olds = +378 Persons)

% of Population that are 45 - 64 Years Old

28%

Alphington, 2011 (Metro Melbourne = 24%)

% Couple Family with Children

53%

Alphington, 2011 (Metro Melbourne = 49%)

Socio-economic indicators.

The primary industry of employment for residents in Alphington at the 2011 census was Professional Services with 43% of the residents in Alphington being Professionals.

The median annual personal income (\$42,300 p.a.) and median annual household income (\$91,500 p.a.) of residents in Alphington is higher than the metropolitan Melbourne equivalent.

The residents in Alphington are educated and better paid than the metropolitan equivalent. With higher incomes comes increased purchasing power. This will result in an uplift to the area as a whole which includes the housing stock.

Socio-Economic drivers of demand, Alphington (2011)*

Primary Industry of Employment (2011)

Professional services

Alphington = 15% (Metro Melbourne = 9%)

Median Personal Income

\$42,300 p.a.

Alphington, 2011 (Metro Melbourne = \$30,700 p.a.)

Primary Occupation (2011)



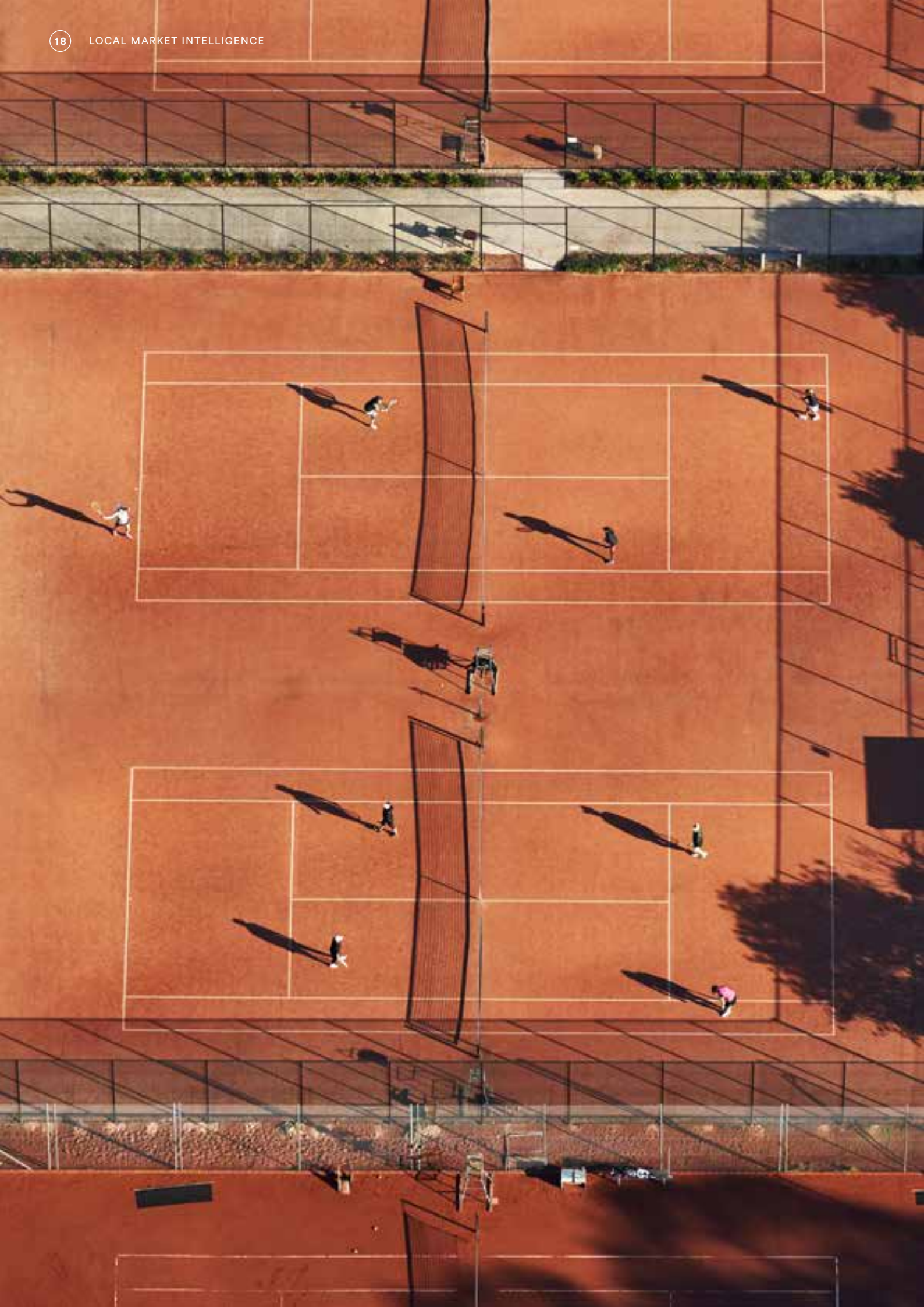
Professionals

Alphington = 43% (Metro Melbourne = 25%)

Median Household Income

\$91,500 p.a.

Alphington, 2011 (Metro Melbourne = \$69,300 p.a.)



Supply Considerations.

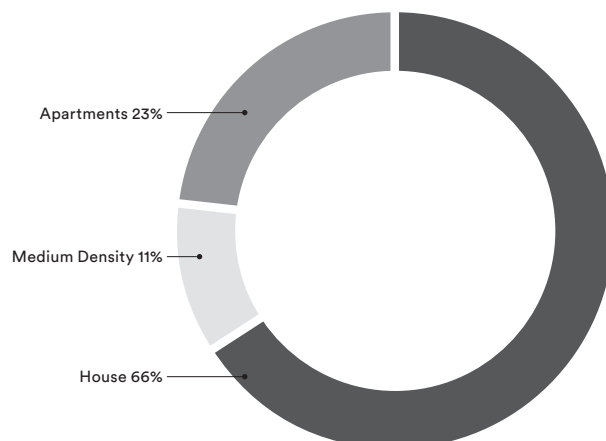
Dwelling mix.

At the 2011 census 66% of the total dwelling stock in Alphington was houses. This was slightly lower than the proportion of dwelling stock that were houses across metropolitan Melbourne (73%).

In Alphington, much like across many suburbs in Melbourne, medium and higher density living is in the early stages of gaining acceptance as an alternative form of accommodation, however houses still remain the predominant housing type.

As the population of Alphington continues to grow and diversify, and the suburb undergoes gentrification, it is likely that greater amounts of medium and higher density dwellings will enter the market. Houses however will remain a popular form of accommodation in Alphington.

Dwelling Mix, Alphington (2011)*



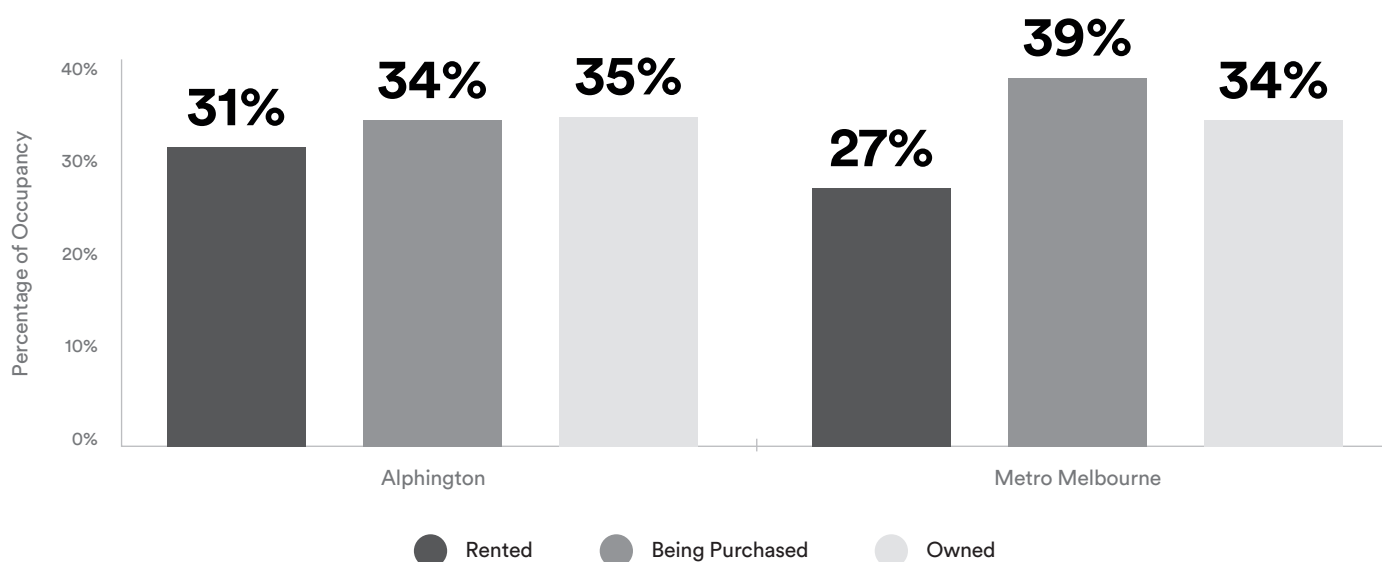
*Apartments = flats, units and apartments (over 1-2, 3 and 4+ levels) and Medium Density = semi-detached, row, terrace or townhouses (over 1 or 2 or more storeys).

Nature of occupancy.

In Alphington more of the resident population are renting the property in which they are living than in metropolitan Melbourne and additionally, more of the residents in Alphington also own the home in which they are living than in metropolitan Melbourne.

There is a good balance of renters, purchasers and owners of dwellings in Alphington. This is a reflection of the fact that this suburb appeals to various segments of the market, from investors to owner-occupiers with neither group dominating the housing stock.

Nature of Occupancy, Alphington (2011)



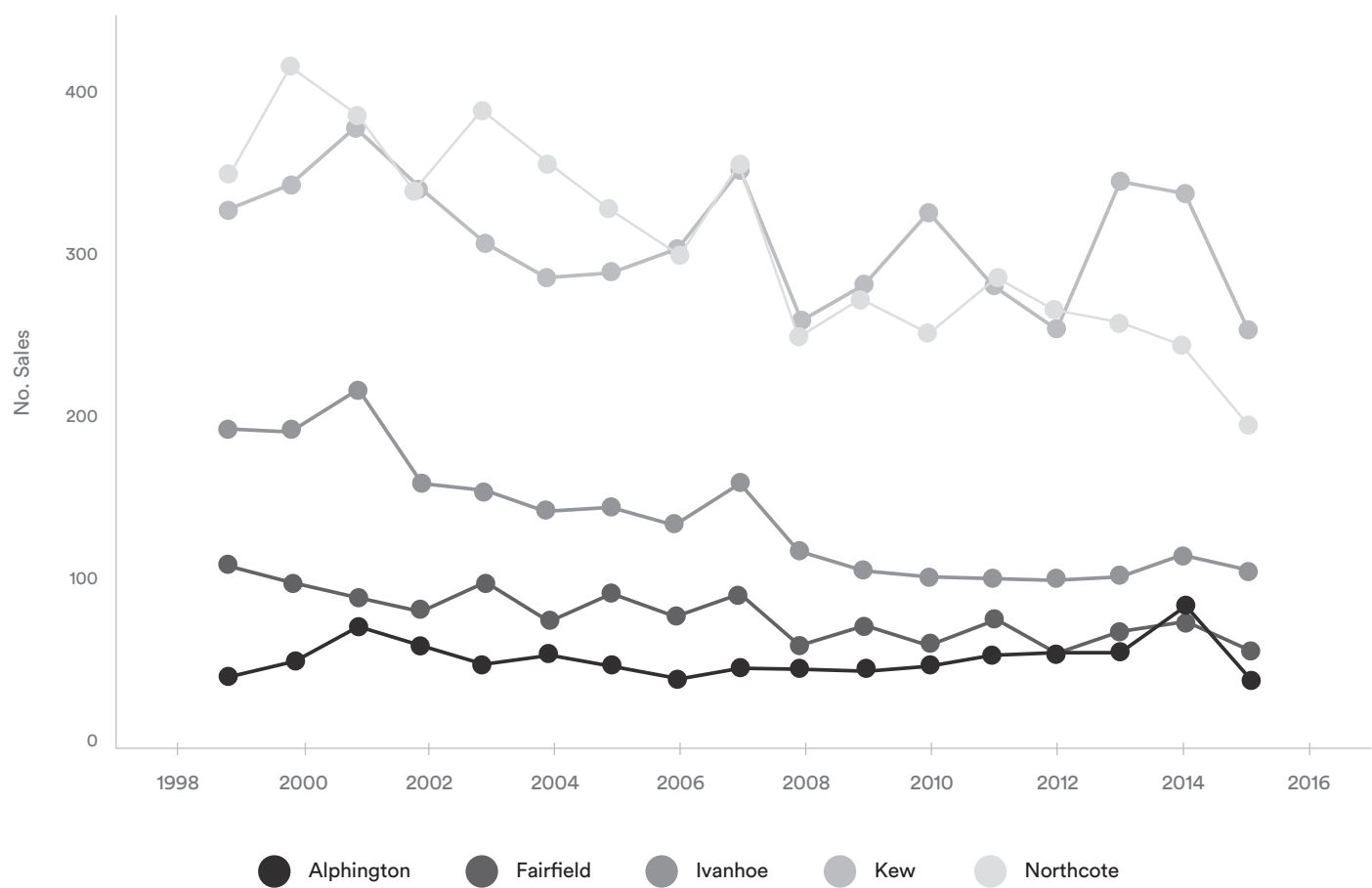


Total house sales.

There have been fewer total house sales (new and established) in Alphington than in the relevant surrounding suburbs of Fairfield, Ivanhoe, Kew and Northcote. This is a result of the limited availability of suitably zoned sites in Alphington, rather than an issue with underlying market fundamentals.

When considered with the fact that the median house price in Alphington is lower than these surrounding suburbs (although there has been robust price growth), this suburb is closer to the CBD than these suburbs and has high amenity, Alphington arguably has unmet underlying demand that can be capitalised upon. In this regard, the suburb stands to pull potential purchasers into the area should additional housing be supplied to the market.

Total House Sales, Alphington And Relevant Surrounding Suburbs (1999 - 2015)*



*Kew East had slightly fewer sales and so was excluded from the above graph.

Melbourne

Level 19/8 Exhibition Street
Melbourne VIC 3000
T +61 (0) 3 8102 8888

Sydney

Level 25/52 Martin Place
Sydney NSW 2000
T +61 (0) 2 8228 7888

admin@charterkc.com.au
charterkc.com.au

**Thomson Maloney
& Partners Pty Ltd**

T/A Charter Keck Cramer
ABN 98 318 420 369

This Report provides an independent and unbiased overview of the suburb of Alphington and has been carefully prepared by Charter Keck Cramer at the instruction of Glenvill. This Report does not render financial or investment advice and neither Charter Keck Cramer nor any persons involved in its preparation accepts any form of liability for its contents. The information contained herein was compiled in April 2016 and should not be relied upon to replace professional advice on specific matters. Charter Keck Cramer is not providing advice about the suitability of investment in any specific project or financial product and is not a holder of an Australian Financial Services Licence. This report is Copyright and cannot be reproduced without written permission of Charter Keck Cramer.

© 2016 Charter Keck Cramer Visit charterkc.com.au

Sources: Charter Keck Cramer, Australian Bureau of Statistics, ForecastID, Office of Housing , Price Finder, Valuer General Victoria (VGV), walkscore.com, Google maps, VIF 2015 and City of Yarra, Economist Intelligence Unit , SGS Australian Cities Accounts 2014-15, Plan Melbourne.