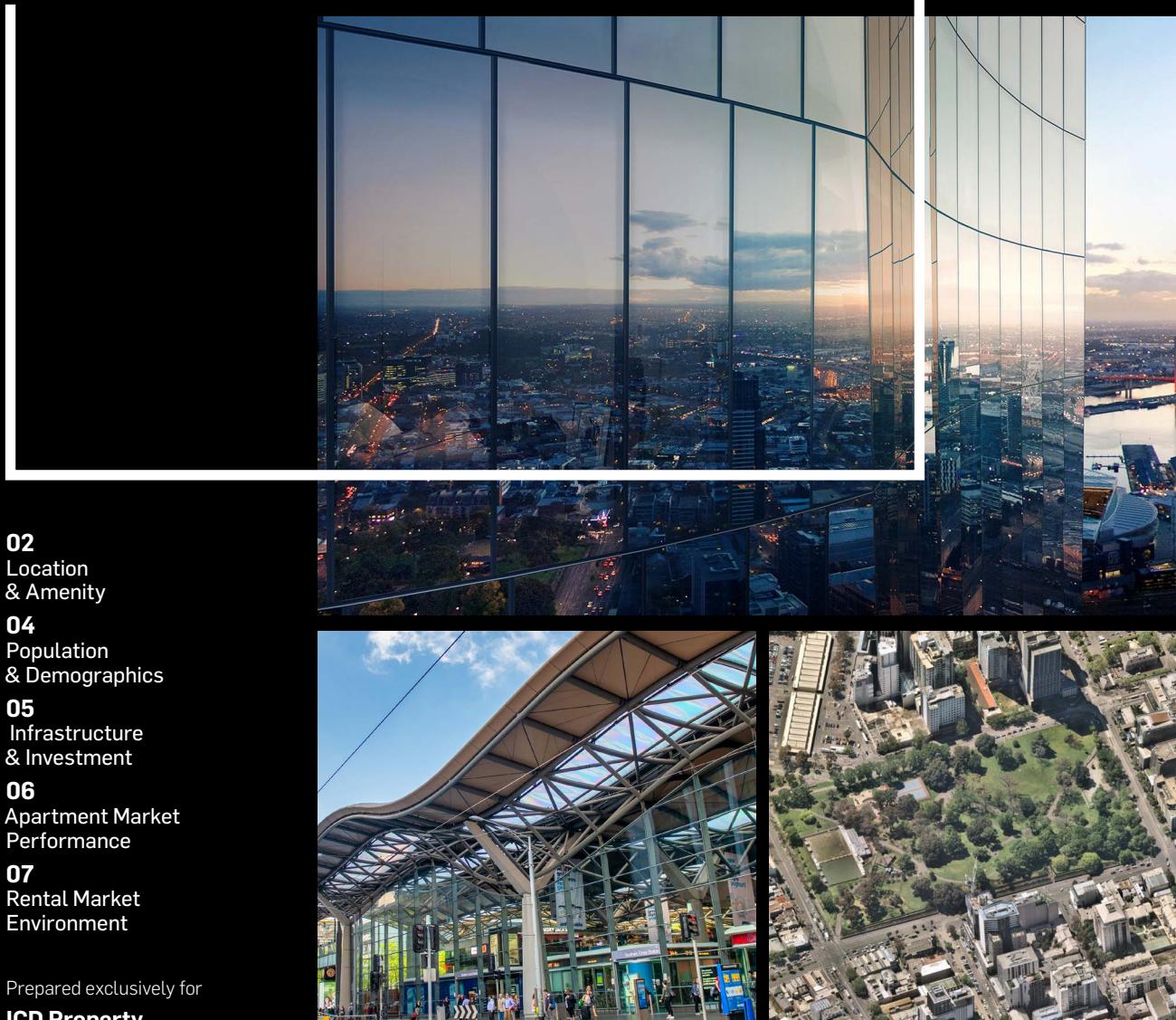


# MARKET OUTLOOK

## MELBOURNE CBD

Melbourne has ranked in the top 10 most liveable cities in 2022, with the city attracting both local and international residents and visitors. As its population grows annually, demand for CBD apartments is increasing.



**02**  
Location  
& Amenity

**04**  
Population  
& Demographics

**05**  
Infrastructure  
& Investment

**06**  
Apartment Market  
Performance

**07**  
Rental Market  
Environment

Prepared exclusively for  
**ICD Property**

September 2022

Images: Aspire by ICD Property, Southern Cross Station and Flagstaff Gardens.

# LOCATION & AMENITY

## WHY MELBOURNE?

In 2022, Melbourne was again named in the top 10 most liveable cities in the world. It scored high on education, infrastructure, culture, and the environment. The city holds the record of seven consecutive years in the top position to 2018.

Melbourne is recognised around the globe for its world-class sports, entertainment, culture, art, and food. It is often referred to as the cultural capital of Australia and hosts many internationally renowned events.

## PARKS & RECREATION

An estimated 19% of metropolitan Melbourne is dedicated to green space, offering parks on all sides of the city. The west end of the CBD is home to Flagstaff Gardens, a large seven hectare green space in the heart of Melbourne. To the east lies Carlton Gardens and Treasury Gardens, whilst south lies the Yarra River, Alexandra Gardens and the Royal Botanic Gardens.

## TRANSPORT & CONNECTIVITY

The whole city is well serviced by a network of trams, buses, trains, and footpaths. Flagstaff Station and Southern Cross Station are located in the western end of the CBD, while the eastern end is serviced by Parliament Station. Flinders Street and Melbourne Central stations service the south and northern ends of the CBD along Swanston Street. Southern Cross Station is Melbourne's largest train station with direct airport and regional connectivity.

## RETAIL & ENTERTAINMENT

Melbourne CBD hosts an array of retail and entertainment options, including the central CBD retail core of Bourke St Mall, Melbourne Central and Emporium. This group of precincts are home to a variety of modern lifestyle and luxury brands, located in the heart of the city.

In the south, Crown Melbourne lies on the Yarra River and is home to a large retail and dining precinct, with entertainment for all age groups.

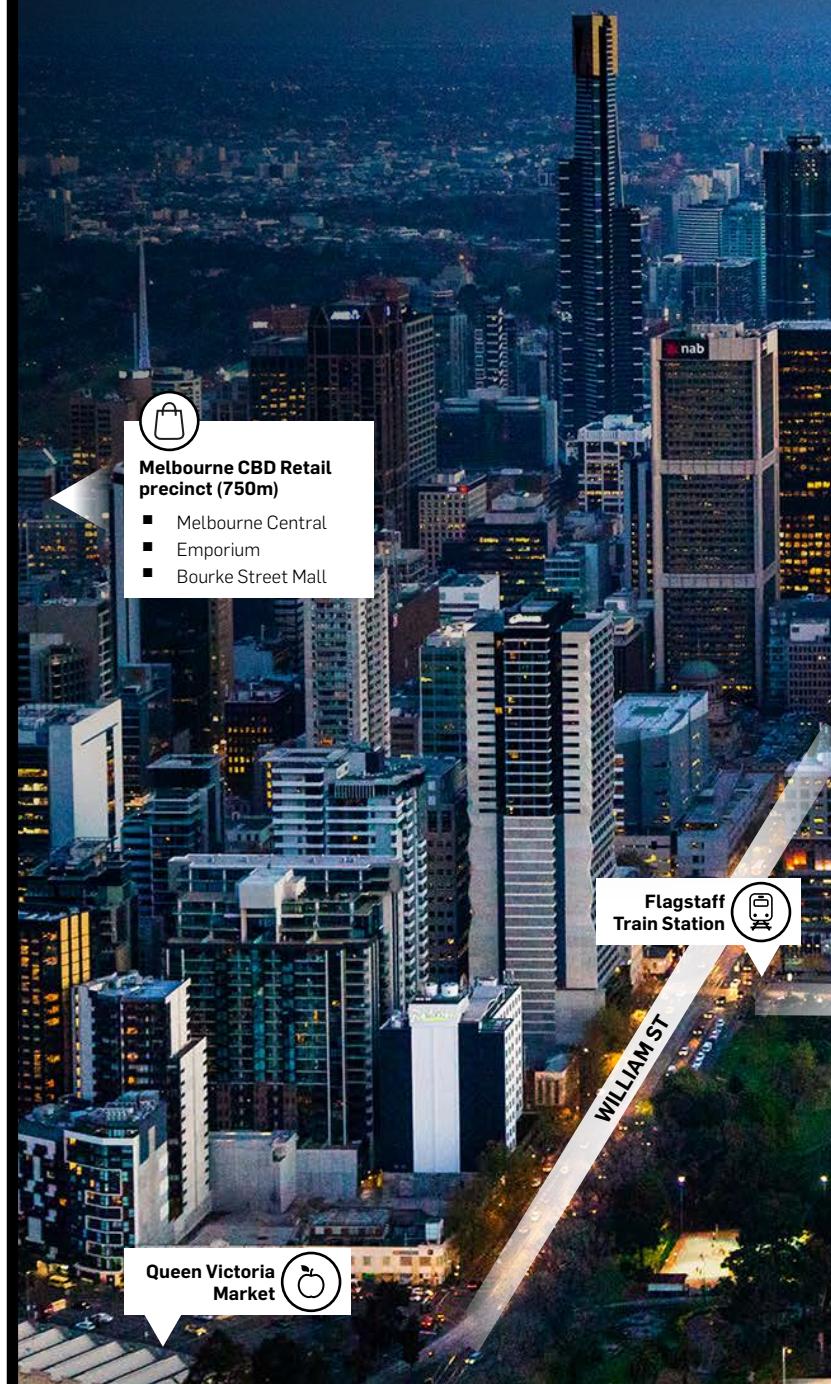
Marvel Stadium is located on the western edge of Melbourne's CBD, readily hosting major sporting events every week as well as concerts and other large functions.

Queen Victoria Market is the largest open-air market in the southern hemisphere and is located next to Flagstaff Gardens at the CBD's north-western edge. It is open five days a week and hosts a variety of retail market stores. It is home to the night market every Summer, drawing large crowds to an evening of food and entertainment.

EIU's Global Liveability Ranking 2022

#10

Melbourne, Australia



Melbourne CBD offers a vibrant lifestyle, with access to sporting and cultural facilities, dining precincts, shopping centres and green spaces.

 Melbourne CBD is home to prominent universities including the University of Melbourne, RMIT University, Victorian College of the Arts, Victoria University and La Trobe University campuses – easily accessible via walk, bike or tram.



# POPULATION & DEMOGRAPHICS

The City of Melbourne is estimated to grow by 72,300 by 2030; a 4.1% annual increase in population.

## POPULATION

The City of Melbourne is forecast to see population growth of 4.1% per annum between 2022 and 2030, with an additional 72,300 residents calling the area home. This growth will be supported by continued development and investment. A large proportion of this development is anticipated within the CBD, particularly in the western end, where investment and development activity is higher.

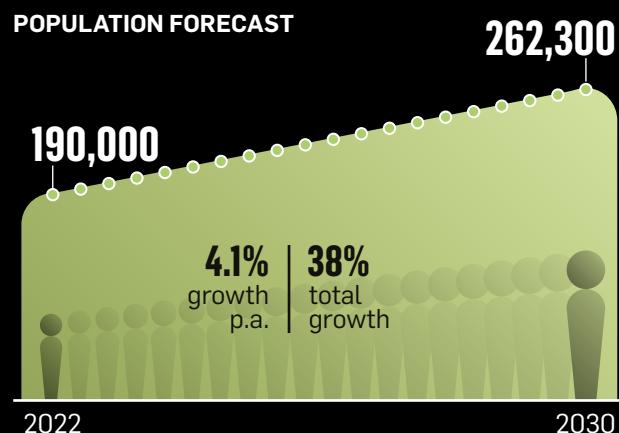
### INTERNATIONAL STUDENT ARRIVAL

June 2022



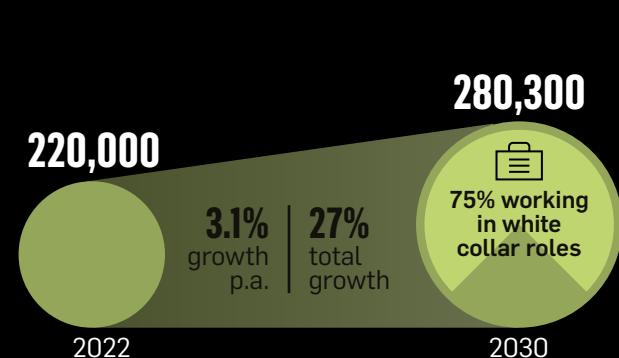
Source: ABS, Urbis

### POPULATION FORECAST



Source: City of Melbourne

### EMPLOYMENT FORECAST



Source: City of Melbourne

## VISITORS RETURNING

Victorian monthly arrivals have recovered strongly from Covid-19 lockdowns that ended in 2021 and currently sit at over 80% of pre-pandemic levels.

International students make up a large part of this return of activity. In June 2022, almost 9,000 students arrived in Victoria compared with only 30 in the year prior. This number is anticipated to increase supported by Melbourne's strong education sector and high ranking universities.



Source: ABS

## WHO LIVES IN MELBOURNE CBD?

	City of Melbourne	Greater Melbourne
Median Age	30	37
Age 20-39	62%	31%
Average income per capita	\$49,900	\$43,700
Proportion of residents attending university	18%	6%
Renting	67%	30%
Average number of people per household	1.8	2.6
Couple family without children	63%	35%
Born overseas	62%	40%
Chinese as first language	23%	8.3%

Source: ABS 2021; Urbis

# INFRASTRUCTURE & INVESTMENT

Melbourne's CBD has seen significant investment in recent times, with some \$14 billion in the pipeline.

## 01 MELBOURNE METRO RAIL PROJECT

Under Construction – Est. Completion 2025

Projected to improve train capacity by 60%, reduce travel time and ease city loop congestion, the Metro Tunnel Project will be characterised by the addition of twin 9km tunnels as well as five underground train stations to the existing network, streamlining travel throughout the CBD and across Melbourne.

## 02 QUEEN VICTORIA MARKET PRECINCT RENEWAL

Under Construction - Est. Completion 2026

A \$268 million renewal program involves restoration of the Queen Victoria Market and revitalisation of surrounding areas. The market's heritage sheds will be repaired, and the pre-existing car park will make way for 1.75 ha of public space. The program includes the creation of additional market facilities and a new community hub with a library, hospitality, and retail.

## 03 WEST MELBOURNE STRUCTURE PLAN

Planning

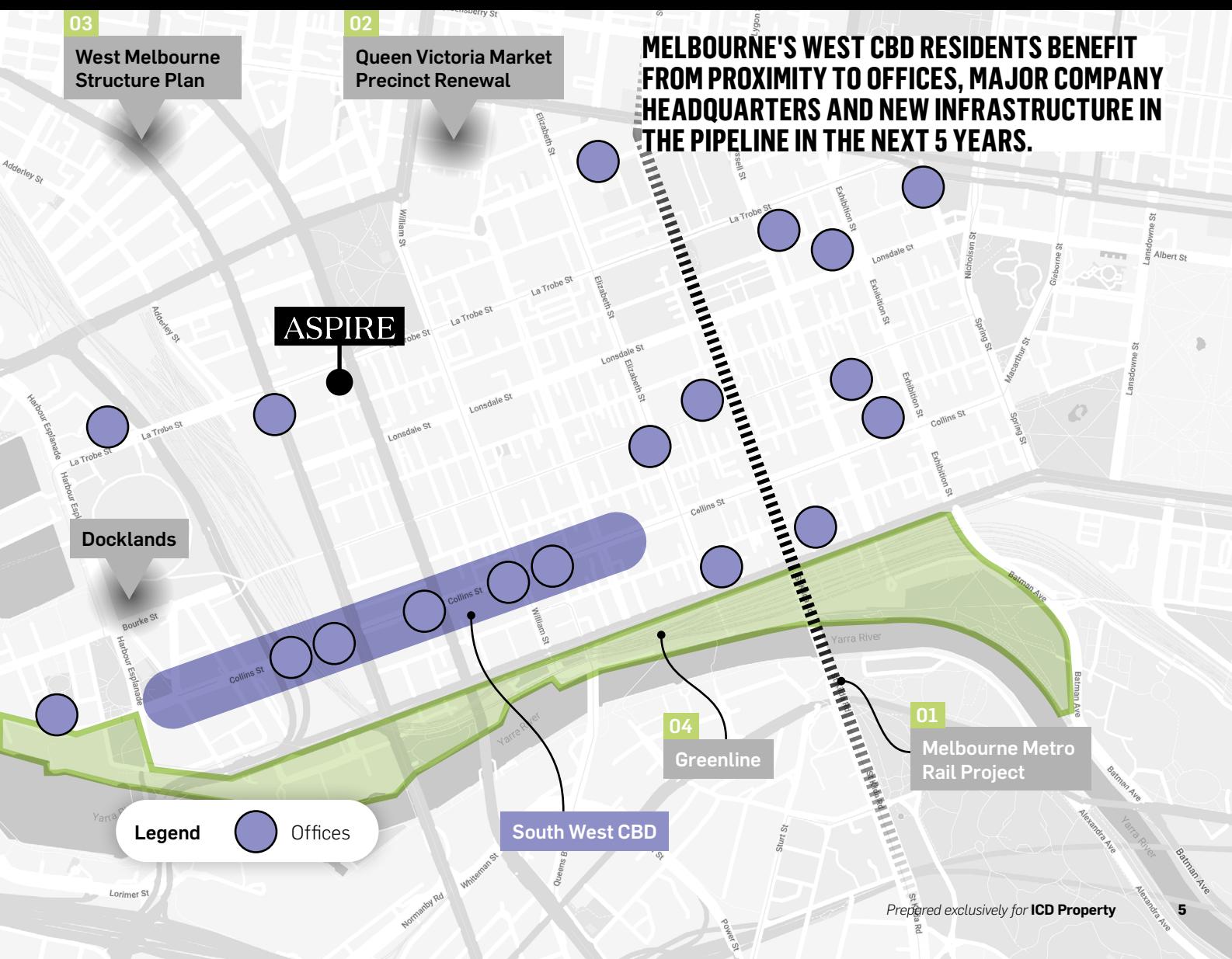
West Melbourne Structure Plan proposes to unlock 10,000 sq.m of new open space. The Plan will leverage the area's existing diverse mix of housing, businesses, warehouses, and architectural heritage into a more cohesive space. This would allow for greater access to transport, open space, accommodation, and employment whilst ensuring retention of its rich and unique landscape.

## 04 GREENLINE

Est. Completion 2025

Melbourne's Northbank precinct is to be transformed into a 4km walking track, stretching from Birrarung Marr to the Bolte Bridge. As part of the \$150 million+ project, Enterprise Park has already been upgraded with an extra 1000 sq.m of lawn added. A new park will be also created at the end of the Salt Water Wharf precinct. Along the riverbank, there will be improvements made to biodiversity and the tree canopy to attract wildlife.

**MELBOURNE'S WEST CBD RESIDENTS BENEFIT FROM PROXIMITY TO OFFICES, MAJOR COMPANY HEADQUARTERS AND NEW INFRASTRUCTURE IN THE PIPELINE IN THE NEXT 5 YEARS.**



# APARTMENT MARKET PERFORMANCE

Melbourne CBD's apartment market has seen an 8% growth in sales in the year to June 2022, as the city attracts new residents.

## PIPELINE

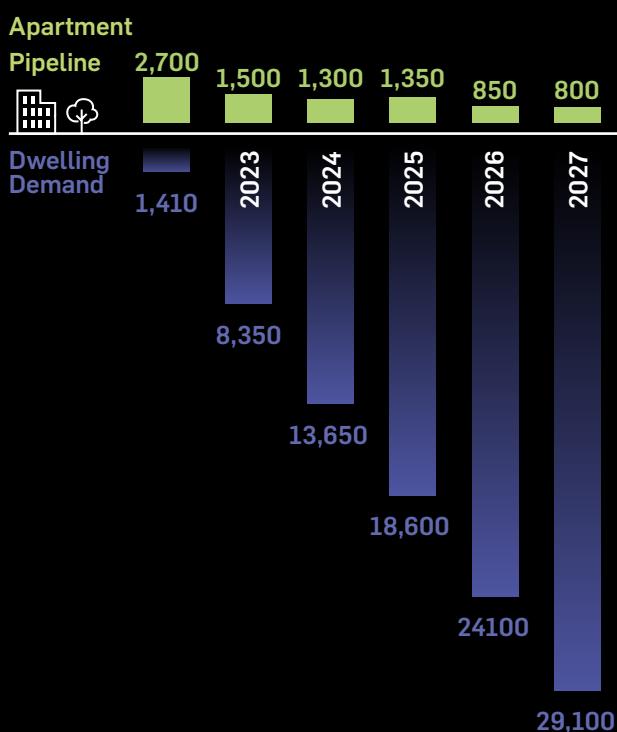
The City of Melbourne is forecast to require an additional 30,000 dwellings by 2027. The apartment pipeline for Central Melbourne equates to 8,500 at present which does not match the forecast demand. With the pipeline constrained, newly built apartments within Melbourne's CBD will likely be in high demand. We are already seeing rapid increases in apartments rents as the demand rebound absorbs the thinning supply of housing.

## SALES ACTIVITY

Sales activity has picked up in 2022, particularly in the west where of the 1,000 unit sales in the first half of 2022, 70% were in the western CBD. An illustration of this increased activity is Premier Tower at 180 Spencer Street. In 2021 Premier Tower had 74 settled sales but in the first 6 months of 2022, already has 64 settled sales with half the year remaining.

Apartment prices have continued to appreciate in Melbourne over the past decade. In June 2022, the city registered a median apartment price of \$630,000, higher than Brisbane, Adelaide, and Perth. Apartment prices have exhibited healthy long-term growth over the past decade, appreciating at an average annual rate of 4.0%. New apartment buildings are attracting a premium over the market (11%-13%).

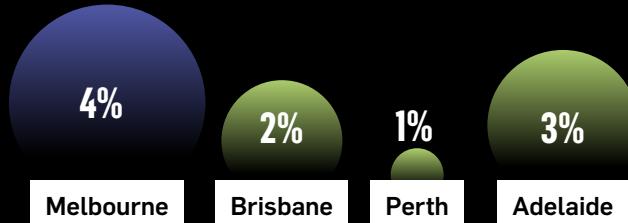
### APARTMENT PIPELINE FOR CENTRAL MELBOURNE 2020 to 2027



Source: Cordell; ABS; Urbis Apartment Essentials

### CAPITAL CITY MEDIAN PRICE COMPARISON (PER ANNUM)

Apartments - June 2022



Source: Pricefinder, Urbis

### PROPORTION OF SALES IN WEST MELBOURNE CBD

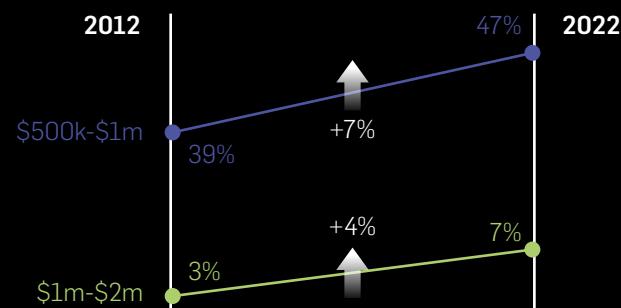
Jan to Jun 2022



Source: Pricefinder

### PROPORTION OF SALES BY PRICE SEGMENT

Apartments



Source: Pricefinder

# RENTAL MARKET

## RENTAL MARKET

Rents have recovered strongly from a weaker market during Covid-19. For new apartments in the CBD, median rent has recovered to be only 12% from pre-covid highs of \$620, sitting at \$550 currently. New apartment stock is carrying an average premium of 35% across all product types when compared against existing stock in the area.

## VACANCY

The rental vacancy rate in the City of Melbourne saw a sharp rise in line with COVID-19-related restrictions. As domestic demand and movement returned, along with international arrivals, vacancy has tightened to a low of 2.0%.

## CONTRACT VOLUME

In the last 2 years, annual rental contract volume has sharply risen from an average of 10,000 to a high of 17,000. This follows the addition of apartment stock to the market, which has continued to be absorbed.

## YIELD

Current rental yield in Melbourne CBD is the highest out of Inner Melbourne areas, sitting at 4.7% per annum.

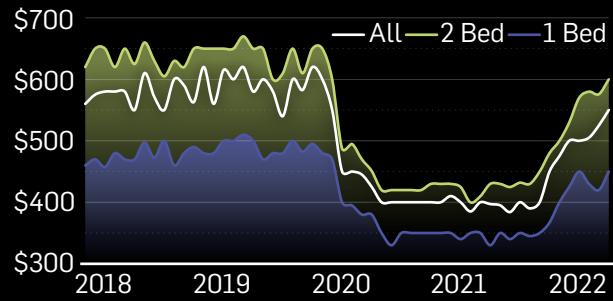
### VACANCY RATE

City of Melbourne

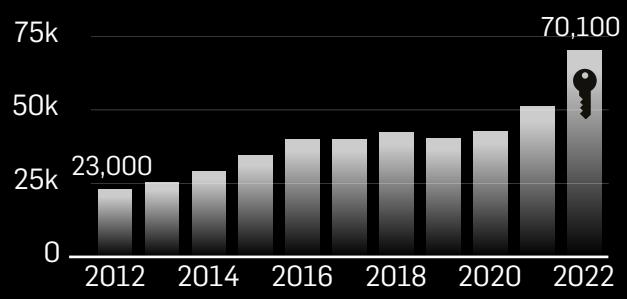


**Melbourne CBD's rental market is seeing rapid increases in weekly rents, with new apartment stock achieving a 35% average rental premium.**

### MEDIAN RENT PRICES FOR NEW APARTMENTS IN CENTRAL MELBOURNE

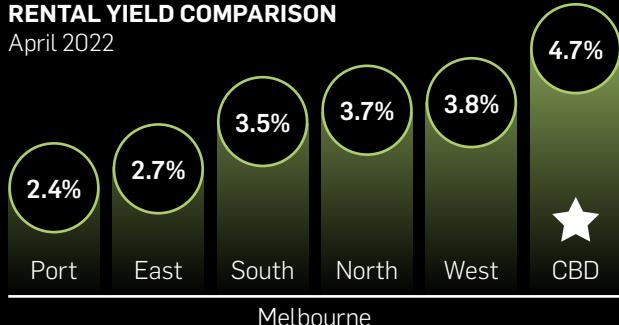


### ROLLING ANNUAL RENTAL CONTRACT VOLUME IN MELBOURNE CBD



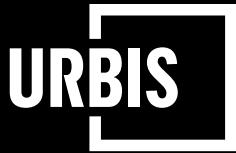
### RENTAL YIELD COMPARISON

April 2022



### RENTAL PREMIUM





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