

# VIC

Despite a softer market in the capital, opportunities can be found in the city – and also within a reasonable commute

**VICTORIA** has found itself in a similar situation to sister state NSW in recent months, with the overall downturn in its market. However, it remains an attractive option for many investors. As Australia’s second-largest urban hub, Melbourne will always retain a certain attraction for owner-occupiers, renters and prospective investors alike. The primary issue at the moment is around the margins that can actually be made.

Naturally, some are seeking greener pastures. For Philippe Brach, CEO of Multifocus Properties, the key is to look for areas that offer sustainable growth. He points to both Geelong and Ballarat as cities that are enjoying rapid growth, in part because they are within commutable distance from Melbourne.

“Today, there’s a massive migration of people living in Melbourne out to these areas because the commute is fine

and prices are a lot cheaper,” says Brach.

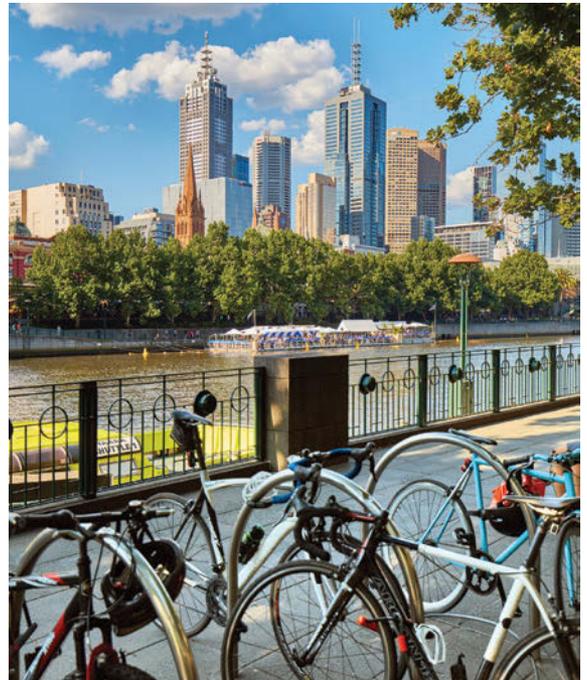
“In Geelong, you can find a four-bedroom house on a nice block of land at only \$500k – prices have grown quickly and are still growing fast because not only is it a commutable distance from Melbourne but it’s got its own economy, and the government is pushing a lot of its functions there, like the [National Disability Insurance Scheme].”

Similarly, in Ballarat you can get four-bedroom houses on 600sqm blocks for \$430k–\$450k – a more attractive proposition than the pricing in the nearby capital.

“Closer to Melbourne, the same properties would be worth \$700k–\$800k,” says Brach. “So a lot of people would actually move out there to beat the price issue.”

### Rentals yielding to market pressure?

Nonetheless, there are still opportunities to be had in the



city itself. Damien Lee, head of acquisitions at Caifu, is optimistic about the city market, as long as expectations are managed appropriately.

“In the Melbourne marketplace, you can buy a great, affordable property for the quality that you get; however, the rental yield is still quite low,” says Lee. “That inhibits quite a few purchases, based on the fact that it’s almost cash flow negative in Melbourne still.”

However, he is currently sceptical of moving too far outside the city and its surrounds.

“Regional Victoria has gone a little quiet – we don’t hear too much about that any more,” Lee says. “It’s had its run ... The smaller cities don’t take much to hit an oversupply.”

## VIC PRICE PERFORMANCE

Source: CoreLogic

Area	Type	Median value	Quarterly growth	12-month growth	Weekly median advertised rent	Gross rental yield
Melbourne	H	\$710,000	-7.3%	7.1%	\$425	3.1%
VIC Country	H	\$350,000	-2.8%	7.6%	\$310	4.6%
Melbourne	U	\$525,000	-3.3%	3.9%	\$400	4.0%
VIC Country	U	\$255,000	-5.6%	2.2%	\$260	5.3%

## SPOTLIGHT ON VIC'S HIGHEST-YIELD SUBURBS

Source: CoreLogic

Suburb	Type	Median price	Quarterly growth	12-month growth	Weekly median advertised rent	Gross rental yield
WARRACKNABEAL	H	\$110,875	4%	-5%	\$180	8%
COBRAM	U	\$150,000	-12%	-17%	\$240	8%
NYAH WEST	H	\$147,000	7%	13%	\$230	8%
ORBOST	H	\$152,360	-2%	-5%	\$230	8%
DONALD	H	\$135,000	8%	3%	\$200	8%
NHILL	H	\$139,000	-4%	16%	\$205	8%
EDENHOPE	H	\$139,400	-4%	-13%	\$205	8%
TERANG	H	\$177,500	3%	1%	\$250	7%
YALLOURN NORTH	H	\$165,000	-3%	-6%	\$230	7%
CORRYONG	H	\$173,000	-8%	-3%	\$240	7%
ST ARNAUD	H	\$145,000	0%	9%	\$200	7%
MERBEIN	H	\$187,500	-1%	9%	\$255	7%

“Today, there’s a massive migration [from] Melbourne out to these areas because the commute is fine and prices are a lot cheaper”



**Philippe Brach**  
CEO of Multifocus Properties & Finance

### SUBURB SPOTLIGHT

## BACCHUS MARSH

Impressive growth in convenient commuter town

Around 50km northwest of Melbourne, Bacchus Marsh has traditionally been a market-garden town. But it now occupies a significant spot on the Melbourne-Ballarat corridor, having become the main commuter town in the region over the last few decades.

This has translated into impressive house and unit price growth over the past five years, with houses seeing a more than 55% increase during this time. Indeed, even in the comparative quiet of the last 12 months house prices have still risen by 23.6% and unit prices by 9.3%. For investors, this translates to a 4.0% indicative gross rental yield for houses and a 5.6% yield for units.



#### Location

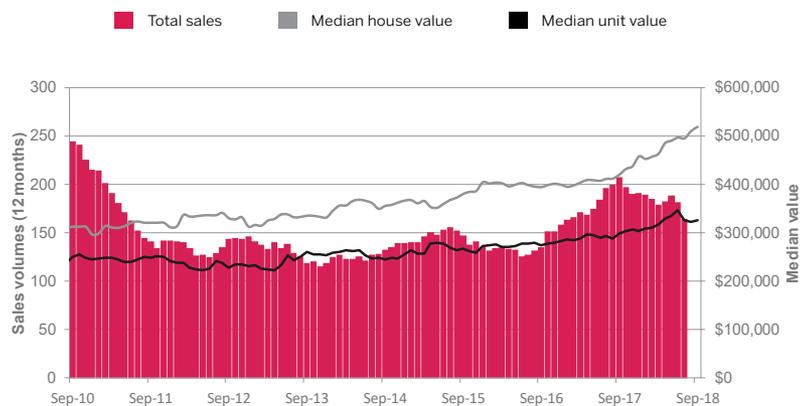
About equidistant from Melbourne and Ballarat, the suburb is less than an hour’s drive from each



#### Economy

Bacchus Marsh is a producer of fruit and vegetables for much of the local region

### Bacchus Marsh market performance



Source: CoreLogic

### HOUSES

Source: CoreLogic

Median price	12-month growth	3-year growth	5-year growth	Indicative gross rental yield
\$518,661	23.6%	36.6%	55.1%	4.0%

### UNITS

Median price	12-month growth	3-year growth	5-year growth	Indicative gross rental yield
\$324,894	9.3%	21.9%	25.5%	5.6%