

# MARKET OUTLOOK

## ROCKBANK (AINTREE)

Rockbank is situated in the fastest growing subregion of Victoria, showing early signs of increasing demand to live in the area.

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Prepared on the instructions of  
**Leakes Road Rockbank Pty Ltd**  
February 2018



# MELBOURNE, AUSTRALIA

Melbourne has been voted the World's Most Liveable City for seven consecutive years.

## WORLD'S MOST LIVEABLE CITY

The Economist Intelligence Unit (EIU) conducts an annual study into 140 cities worldwide to determine the World's Most Liveable City. 2017 marked the seventh consecutive year that Melbourne has been ranked number one. The study considers healthcare, education, stability, culture, environment and infrastructure. Melbourne scored a near perfect 97.5 out of 100 overall.

## POPULATION GROWTH

Melbourne's population grew by 556,000 people over the five years to 2016. This is the largest population growth of all capital cities in Australia. In 2016, the total population was over 4.7 million people. Overseas migration has been the primary driver of this growth, contributing 45% of total net additions to population growth in 2016. Interstate migration made up 11% of total growth as people are being drawn to Melbourne by its relative affordability compared with Sydney and strong economic drivers. By 2055, Melbourne is anticipated to be Australia's largest city, with over 8 million residents. Population growth will require significant additional supply of residential property. It is estimated that Victoria as a state will need around 55,000 new dwellings per year.

## AUSTRALIA'S EVENTS CAPITAL

Well known for its diversity and multiculturalism, Melbourne's culture ranks highly with respect to its music, food and arts scene. It also maintains its national title as the sporting capital, playing host to the Formula 1 Grand Prix, Australian Open, and the Spring Racing Carnival. These aspects of the city and the events it hosts are key drivers of tourism. Over the year to September 2017, Melbourne welcomed 2.8 million international visitors that spent a total of \$7.6 billion.

## MELBOURNE'S ECONOMY

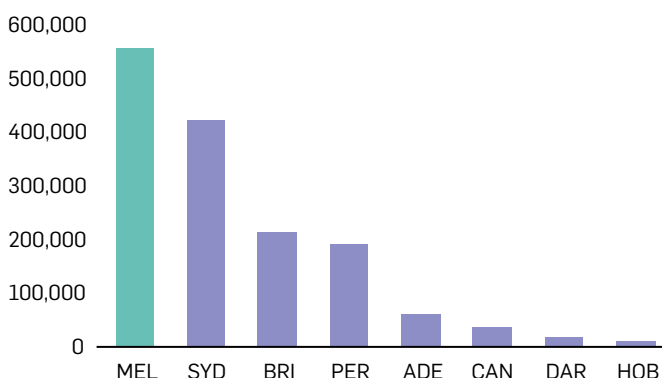
The City of Melbourne Local Government Area, which includes the inner suburbs of Melbourne, generated Gross Local Product of \$92 billion during 2016. This accounted for 6% of Australia's total Gross Domestic Product. This economic activity was largely due to Melbourne's financial and insurance services sector, and the booming construction industry, which has been driven by government infrastructure investment and residential development.

## WORLD'S MOST LIVEABLE CITIES 2017 TOP 5



Source: Economist Intelligence Unit

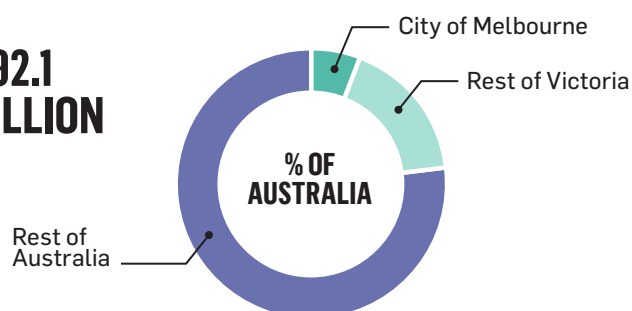
## TOTAL NEW RESIDENTS 2011 - 2016



Source: Australian Bureau of Statistics, Urbis

## CITY OF MELBOURNE'S ECONOMY

**\$92.1 BILLION**



Source: City of Melbourne

# MELBOURNE'S WEST

Melbourne's West is the fastest growing Subregion in Victoria, driven by key infrastructure development and relative affordability.

Melbourne's West is experiencing significant population growth. Government investment in the area and relative affordability compared to Melbourne's eastern suburbs are key drivers of this growth. Key infrastructure fundamentals, such as good road and rail connections have encouraged change within the region as old industrial uses and greenfield sites are converted for residential use.

The Western Metropolitan area represents the local government areas of Brimbank, Maribyrnong, Hobsons Bay, Melton, Moonee Valley and Wyndham.

## GROWTH

Since 2011, Melbourne's West has experienced population growth of 20%, as an additional 126,000 people moved into the area. As at 2016, a total of 727,000 people called this region home.

The Victorian State Government's planning and development strategy, Western Melbourne Regional Development, sets out the plan for future growth. The Western Subregion is expected to accommodate some 1.2 million people by 2031, and provide around 13% of metropolitan Melbourne's total employment growth to 2046.

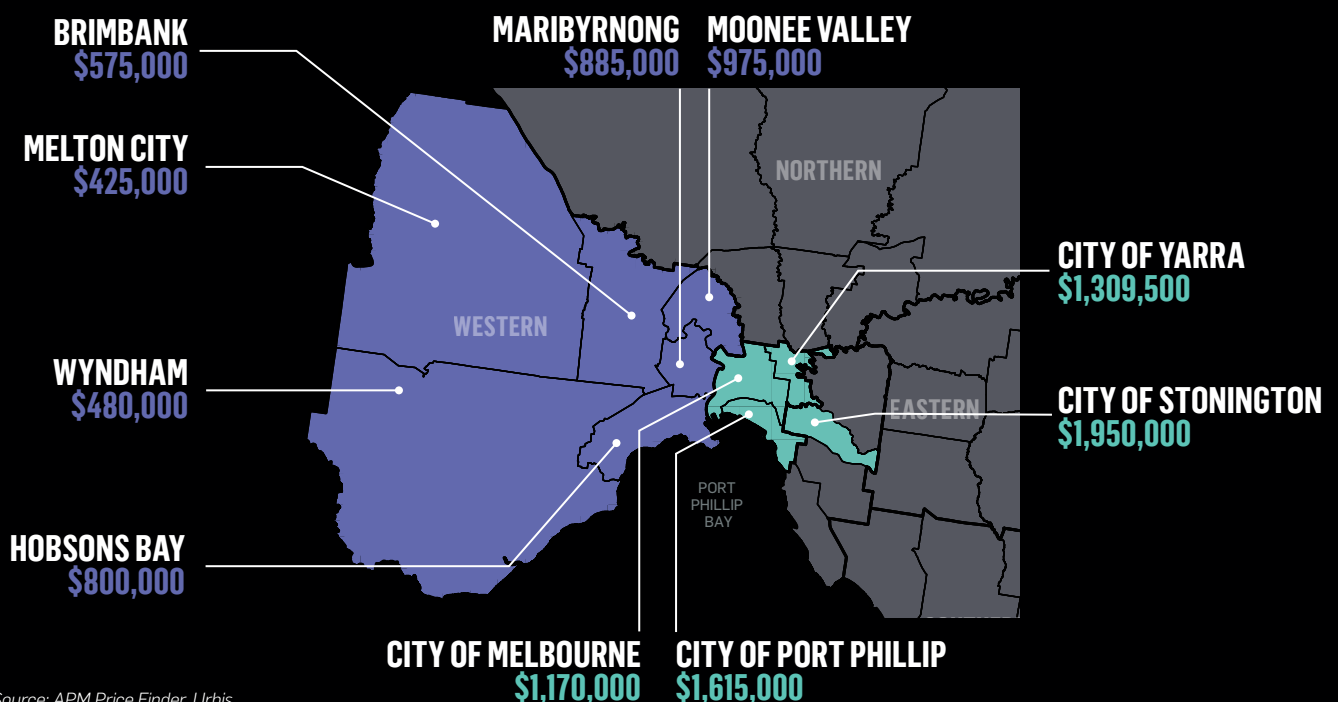
This growth has been supported by the Government's commitment to major infrastructure projects such as the Tullamarine Freeway, the Western Ring Road and the \$4.3 billion Regional Rail Link.

The Victorian Planning Authority (VPA) has also recognised the pivotal role the Western Subregion will play in accommodating Victoria's future population growth. VPA developed the Western Growth Corridor Plan which seeks to identify future transport projects, create new diverse communities and employment opportunities, whilst also maintaining the strong manufacturing and logistics base in the region.

## AFFORDABILITY

Along with record low interest rates, Melbourne's rapidly increasing population has led to strong price growth, generating questions on the affordability of housing. This has led to a ripple effect in population growth, spreading from the middle and east, out to the north and the west as residents look to more affordable alternatives.

## MELBOURNE'S WEST VS. INNER MELBOURNE LGA'S MEDIAN HOUSE PRICE



Source: APM Price Finder, Urbis

# MEDIUM DENSITY LIVING

Medium density housing appeals to a wide range of people, offering many of the benefits of traditional housing at a more affordable price point.

## POPULATION AND HOUSING DENSITY

According to the 2016 Census, Victoria had a population of 6.2 million people. This is expected to climb to more than 10 million by 2051. An additional 2.2 million dwellings are expected to be required to house this population by 2051. In addition, the average household size is expected to decrease from 2.6 in 2016 to 2.4 in 2051 linked to growth in higher density living options.

## HOUSING PREFERENCES

Greater Melbourne has been experiencing a shift away from traditional detached family homes. Semi-detached townhouse product accounted for 17% of the market in 2016, compared to 11% in 2006 across Greater

Melbourne. A similar story can be told for the City of Melton. Semi-detached housing accounted for 4% of housing stock in 2006, climbing 7 percentage points to 11% in 2016. Medium density living appeals to a broad range of people, offering many of the benefits of traditional housing at a more affordable price point.

Data on New Dwelling Approvals across Greater Melbourne reflect these changing dwelling preferences, with townhouses making up an increasing share of approvals over the past decade. In 2007, townhouses made up 14% of NDAs. In 2017, the share had increased to 20%, the highest it has ever been. Based on dwelling preference changes over the last decade, townhouses appear to be on an upward trend.

## TOWNHOUSE ADVANTAGES



### MORE AFFORDABLE THAN A TRADITIONAL FAMILY HOME:

Like apartments, townhouses are a more affordable alternative to traditional detached housing, but offer many of the advantages of a traditional home. A combination of affordability and housing features can appeal to a larger portion of the market.



### SEPARATE TITLE & LAND VALUE APPRECIATION:

Like houses, townhouses have their own land title. Therefore, townhouse owners have the potential to benefit from land value appreciation.



### NO/MINIMAL BODY CORPORATE FEES:

The separate title of townhouses can limit or eliminate the costs and complications associated with body corporate fees, typically to a greater extent than larger apartment developments where owners share the cost of common areas and amenity.



### GARDEN AND PRIVATE SPACE:

Townhouses have access to their own courtyard or garden. Outdoor spaces can provide safe and secure areas for children and pets.



### ON-SITE PARKING:

Residents have access to their own secure and convenient garage as opposed to sharing common parking facilities.



### WIDE MARKET APPEAL:

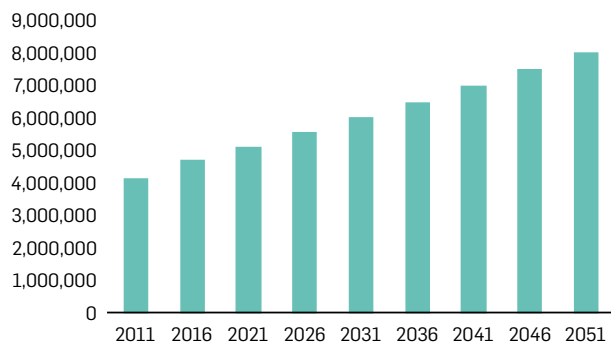
Townhouses offer the best features of a house but at a more affordable price. Larger than apartments, lower maintenance and price point than a house; they appeal to a wider range of household types and sizes, meaning there should be more demand for the product.



### LOW MAINTENANCE:

Large, detached homes can be expensive and time consuming to maintain. Townhouse residents are able to entertain guests in their courtyard without the effort of tending to a large garden and backyard.

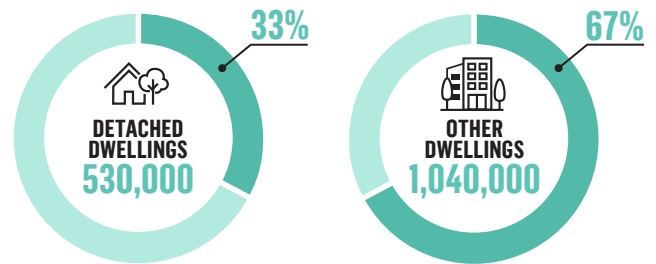
## POPULATION FORECAST GREATER MELBOURNE



Source: Planning Victoria, Urbis

## PROJECTED DWELLING REQUIREMENT TO 2051 GREATER MELBOURNE







### TOTAL DWELLINGS 1,570,000



**54% TOWNHOUSES,  
FLATS, UNITS  
46% APARTMENTS**

Source: Plan Melbourne

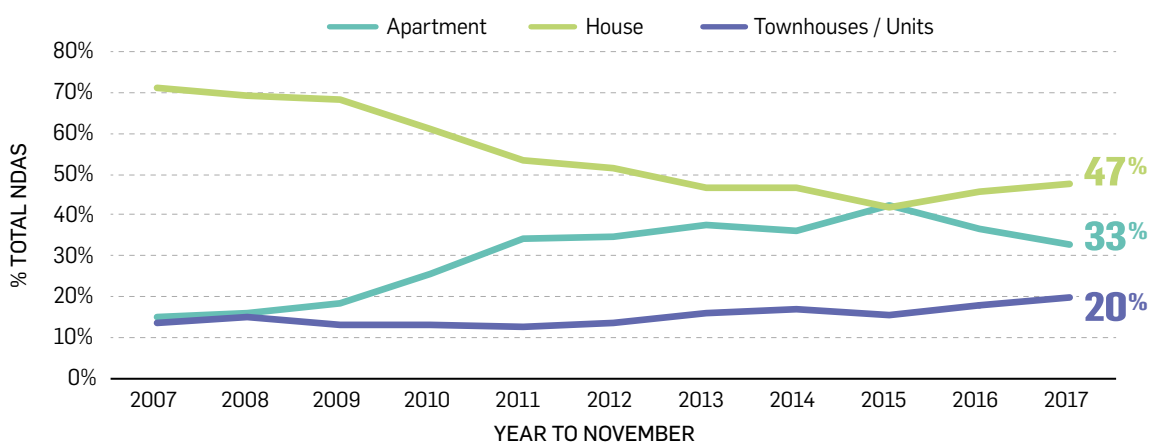
## HOUSING PREFERENCES

	Greater Melbourne	2006	2016		City of Melton	2006	2016
	<b>SEPARATE HOUSE</b>	73%	68%		<b>SEPARATE HOUSE</b>	92%	88%
	<b>SEMI-DETACHED</b>	11%	17%		<b>SEMI-DETACHED</b>	4%	11%
	<b>APARTMENT</b>	15%	15%		<b>APARTMENT</b>	3%	1%

Note: Semi-Detached includes, townhouses and row/terrace houses.

Source: ABS, Urbis

## NEW DWELLING APPROVALS - INCREASED MEDIUM DENSITY GREATER MELBOURNE



Source: ABS, Urbis



# LOCATION & AMENITY

Rockbank is located within the City of Melton. In 2017, new suburbs were introduced within the City of Melton because of the strong population growth experienced in the area. This also meant that existing suburb boundaries changed. The Rockbank suburb boundaries split, meaning the Woodlea Estate now belongs in the new suburb, Aintree. Throughout this report, we refer to the suburb boundaries where Rockbank encapsulates this area.

Rockbank is well supported by strong rail infrastructure and roads. The Western Freeway runs directly through the suburb, providing 30-minute road access to Melbourne's CBD and a 25-minute drive to Melbourne's Tullamarine International Airport. Avalon Airport, which has recently been designated as a future international airport is within a 45-minute drive of Rockbank.

The Rockbank Train Station runs along the Ballarat train line. It takes approximately 30 mins to reach Southern Cross Train Station in Melbourne's CBD. The state government recently invested half a billion dollars to upgrade the Ballarat train line, which will include upgrades to Rockbank station. These upgrades are due for completion in 2019, offering extended and sheltered platforms and between 250 to 500 car spaces (TBC). Established shopping, employment and community centres such as Caroline Springs and Watergardens are within a 15-minute drive from Rockbank.

Within Rockbank, the Woodlea Estate provides direct access onto the Western Freeway and Melton Highway, whilst also being within a short walk to Rockbank Train Station. Woodlea has dedicated over 30% of its master planned community to open space (including creeks and wetlands). There will be five playgrounds for families to use and every residence will be within 200 metres of one of them. There will also be several walking tracks and an active play precinct that supports two football ovals, ten tennis courts and a pavilion.

The local town centre is due for completion in 2020, offering an anchor supermarket, 8 to 12 specialty retail shops, a Town Park, and ancillary non-retail and commercial space. Woodlea has a strong emphasis on employment and education facilities, with several schools and early learning centres planned for the community.

The Rockbank Train Station runs along the Ballarat train line, taking roughly 30 minutes to reach Southern Cross Station in Melbourne's CBD.





# POPULATION & DEMOGRAPHICS

Rockbank is forecast to experience significant population growth by 2026, driven by relative housing affordability, strong transport links and government investment.

## POPULATION

Rockbank has experienced steady population growth over the past five years and is expected to see significant population growth over the next decade, particularly because of Victoria's positive net migration. The growth is expected to be driven by several factors including relative housing affordability, strong transport links, key infrastructure fundamentals and the large amount of government investment planned for Melbourne's West.

As of 2016, Rockbank (including Aintree) had a population of 1,576 people. Since 2011, Rockbank's population has grown by 2.4% per annum. Accelerated population growth is expected in the future, with Rockbank set to add approximately 4,800 people by 2026, representing growth of 15.5% per annum.

The majority of Rockbank residents were born in Australia (72%), compared with the Greater Melbourne average of 64%. However, there is still a diverse range of residents in Rockbank. The most common countries of birth other than Australia are Malta, New Zealand and India.

## HOUSEHOLD STRUCTURE & TENURE

The housing structure in Rockbank differs to the typical household composition found across Greater Melbourne. Families represent 68% of households, which is 4 percentage points less than Greater Melbourne, and instead has a higher proportion of single person households. Rockbank has an average household size of 2.7 people, this is driven by the high concentration of three and four-bedroom homes in the suburb.

The suburb's renting population makes up 33% of households, which is slightly higher than Greater Melbourne at 31%. Despite a higher renting proportion, the suburb has more residents who own their home outright (38% compared to 32% for Greater Melbourne). The suburb is looked upon favourably by residents, with 68% of the population residing at the same address at both the 2011 and 2016 Census. 51% of workers in Rockbank are in white collar roles with the remainder in blue collar jobs.

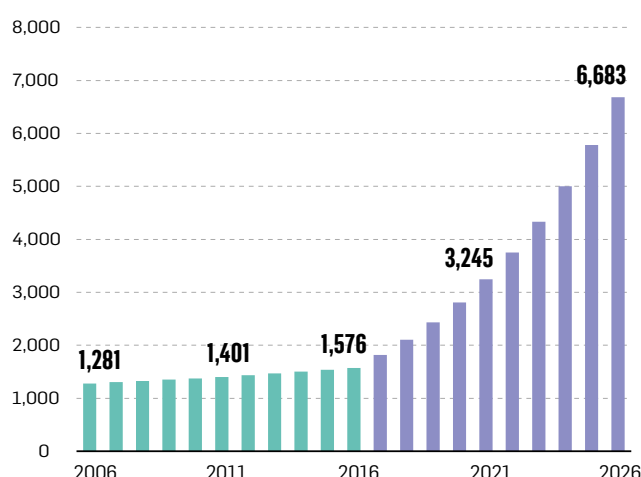
## EDUCATION

The state government has shown strong commitment to purchase school land in Melbourne's Western region, with plans to develop three government primary schools and a secondary school in Rockbank. Woodlea has already seeded several educational facilities within Rockbank.

- **Bacchus March Grammar:** The early childhood centre opened in January 2017. The primary school (prep to grade six) is planned to open in January 2019.
- **Smart Learning Hub (Djerriwarrh Community & Education Services):** Located within the Woodlea Estate is a dedicated learning space for adult and youth training.
- **Eclipse Childcare Centre:** The early learning centre will open in 2018, also within the Woodlea Estate.






Rockbank Primary School is also located within the suburb of Rockbank. There are also several other primary and secondary schools in the City of Melton.

## POPULATION - HISTORIC AND FORECAST ROCKBANK



Source: ABS, ForecastID, Urbis

## KEY DEMOGRAPHICS

	ROCKBANK	GREATER MELBOURNE
 % OWNER (NO MORTGAGE)	38%	32%
 % RENTING	33%	31%
 % OVERSEAS BORN	28%	36%
 % WHITE COLLAR	51%	73%
 AVG HOUSEHOLD SIZE	2.70	2.66

Source: ABS, Urbis

# INFRASTRUCTURE & EMPLOYMENT

The Victorian Government has invested heavily in infrastructure to support the expected population growth in Melbourne's West.

## EMPLOYMENT

Rockbank and the City of Melton have a strong manufacturing and logistics base, playing a pivotal role in meeting Victoria's industrial and logistic requirements. The labour force in the suburb of Rockbank is changing as new residents move into the area. There has been an increase in skilled residents, with the number of people tertiary educated climbing from 13% in 2011 to 16% in 2016. New residents may be attracted to the strong rail

and road services available in Rockbank, which provide easy access into Victoria's key employment precinct, Melbourne CBD. According to the Western Melbourne Regional Development Australia Committee Regional Plan, Melbourne's West is expected to grow the number of skilled workers by roughly 47% over the next two decades, compared with 34% across Greater Melbourne.

## INFRASTRUCTURE & INVESTMENT

The Victorian government has recently invested heavily in key infrastructure and transport services across Melbourne, which will also benefit Melbourne's Western suburbs.



### WEST GATE TUNNEL PROJECT

\$6.7 billion. Construction underway.  
Est. Completion 2022.

The project will see the West Gate Freeway widened, a new tunnel built from the West Gate Freeway to the Maribyrnong River and a new bridge over the Maribyrnong River. The works will significantly improve travel times and eliminate congestion on the West Gate and Bolte Bridge, whilst also generating 6,000 jobs.



### METRO RAIL TUNNEL

The Victorian Government pledged \$11 billion to build two nine-kilometre rail tunnels under the city, five underground railway stations and sixty-five new, high capacity trains. The Metro Tunnel is expected to be operational by 2025.



### M80 RING ROAD UPGRADE

\$2.25 billion. Construction underway.  
Est. Completion 2021.

The project will add more lanes, improve interchanges and connections and install a new freeway management system, reducing travel times between Melbourne's West and North.



### REGIONAL RAIL REVIVAL

\$1.57 billion. Construction underway.  
Est. Completion 2019.

The project involves upgrades to the regional passenger lines across Victoria, including the Rockbank station, platform extension and new car park.



### WESTERN ROADS UPGRADE

\$1.8 billion. Construction underway.  
Est. Completion 2021.

The Victorian Government is investing in road upgrades and maintenance in Melbourne's outer West. Upgrades will improve safety and traffic flow. They will also help navigate the anticipated population growth in the area.



### JOAN KIRNER WOMEN'S AND CHILDREN HOSPITAL

\$200 million. Construction underway.  
Est. Completion 2018.

The new multi-storey facility in Melbourne's west will include 20 labour delivery rooms, 39 special care nursery cots, 64 women inpatient beds, 32 children beds and four operating theatres.



# RESIDENTIAL MARKET

Rockbank has shown strong median house price growth of 8.6% per annum over the last 10 years to September 2017.

## PRICE GROWTH

Rockbank's median house price has shown robust growth over the last ten years, accelerating more recently. The long-term growth rate over the decade registered 8.6% per annum, whilst the past five years saw growth of 10.8% per annum and the past three 17.4% per annum.

The suburb clearly outperforms other suburbs in the area such as, Melton, Caroline Springs, Ravenhall and Plumpton. Historically, Rockbank has also outperformed the metropolitan Melbourne area for the last ten years reflecting the growing demand for new housing in the west in well planned and connected communities.

## MEDIAN HOUSE PRICE & AFFORDABILITY

In the year to September 2017, the median house price in Rockbank was \$453,500. This price does not yet fully capture the growth that is occurring with new house and land packages yet to be delivered in this area; however, the relatively lower price point compared with the metropolitan area of Melbourne (\$685,000) demonstrates the relative value proposition in this area.

## UNIT PRICE & AFFORDABILITY (LGA)

Rockbank is yet to see significant activity in the unit market. At the broader Local Government Area that is the City of Melton, there were 277 transactions over the year to September 2017. The median price for these transactions was \$286,000, which was significantly less than the Melbourne Statistical Division median of \$500,000. This makes units in the City of Melton 75% more affordable compared with Greater Melbourne. In addition, compared with the surrounding Local Government Areas, the City of Melton also presents relative affordability for units.

## TOWNHOUSE PRODUCT

Across the City of Melton, townhouses have been becoming a more popular choice of dwelling. Based on a sample of sales from realestate.com.au, townhouse transaction volume increased by 37% over the past decade. The average price increased by 5.6% per annum.

The median townhouse price across the City of Melton registered \$467,000 in 2017, boosted by a significant volume of transactions in Caroline Springs. This is evidence of the appeal of townhouse product as masterplanned communities in Melbourne's west mature, welcoming more diverse stock.

## MEDIAN HOUSE PRICE

### ROCKBANK VS SURROUNDING AREAS

SUBURB	Median Sales Price - Year to Sept 17	Compound Growth Rates In Median Price for last...		
		3 Years	5 Years	10 Years
Rockbank	\$453,500	17.4%	10.8%	8.6%
Melton	\$325,000	9.9%	5.4%	6.3%
Caroline Springs	\$565,000	8.3%	6.1%	8.3%
Plumpton	\$511,000	25.6%	18.5%	N/A
Ravenhall	\$415,000	5.8%	-7.1%	-0.9%
Melton City	\$425,000	6.7%	4.3%	7.6%
Melbourne (SD)*	\$685,000	8.5%	7.8%	7.4%

\* SD refers to the Statistical Division area of Metropolitan Melbourne

Note - Median prices are for the sales for the 12 month to the end of Sept-17

Source: APM PriceFinder, Urbis

## MEDIAN UNIT PRICE

### MELTON CITY VS SURROUNDING LGAS

SUBURB	Median Unit Price - Year to Sept 17	Compound Growth Rates In Median Price for last...		
		3 Years	5 Years	10 Years
Melton City	\$286,000	-0.7%	-0.3%	3.3%
Wyndam City	\$339,000	6.0%	5.0%	5.4%
Brimbank City	\$357,500	4.8%	3.5%	5.7%
Maribyrnong City	\$417,000	1.0%	1.1%	3.8%
Moonee Valley City	\$463,000	-0.1%	-0.6%	3.7%
Hobsons Bay City	\$515,000	3.8%	5.2%	6.0%
Melbourne City	\$521,000	3.6%	0.9%	3.6%
Port Phillip City	\$568,000	4.2%	2.3%	4.2%

Note - Median prices are for the sales for the 12 month to the end of Sept-17

Source: APM PriceFinder, Urbis

## TOWNHOUSE - PRICE GROWTH

### CITY OF MELTON



Source: realestate.com.au, Urbis

# RENTAL MARKET

Rents in Rockbank have remained steady over the past decade, with rental growth rates surpassing Greater Melbourne over the past 12 months.

## RENTAL MARKET

Rockbank has experienced an increasing volume and proportion of renters over the past five years, increasing from 26% in 2011 to 34% in 2016. This is reflective of an area that has seen increased development over the five years, and an emerging investor market.

Rental data that has been collected by the Department of Human Services (DHS) has been aggregated to include Rockbank and surrounding suburbs: Burnside, Calder Park, Caroline Springs, Delahey, Hillside (Melton), Keilor Downs, Keilor Lodge, Plumpton, Ravenhall, Sydenham, Taylors Hill, Taylors Lakes.

## RENTAL GROWTH

Over the last five years, growth in median rents across two, three and four-bedroom houses was 2.8% per annum, which was marginally lower than that of Greater Melbourne at 3.0%. However, in the last 12 months, rental growth rates have surpassed Greater Melbourne at a rate of 3.5% per annum compared with Greater Melbourne's 2.6%. Over the longer term, median rent for a two-bedroom house grew by 4.0% per annum, whilst three and four-bedroom houses experienced rental growth of 4.1% per annum.

## RENTAL YIELDS

Indicative gross rental yield for Rockbank registered a relatively healthy 4.7% for houses. This yield is higher than the surrounding suburbs, the City of Melton and the broader Metropolitan Melbourne area. A higher gross yield indicates that landlords are getting a better income return for the price they paid for the property.

## TOWNHOUSE PRODUCT

In line with the increasing number of townhouse sales in the area, so too has the number of townhouses being rented. As the area presents an appealing opportunity of low price point for entry and a reasonable return on investment (gross yield), it is not surprising this is the case.

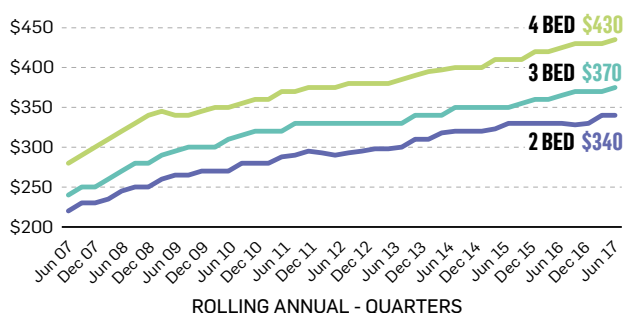
A sample of 13 three-bedroom townhouse rentals currently on the market across the City of Melton indicates a rent range of \$350 to \$450 per week.

## ROCKBANK SUBREGION VS. GREATER MELBOURNE

LOCALITY	MEDIAN RENT	GROWTH IN PAST YEAR
ROCKBANK SUBREGION	<b>\$396</b>	<b>3.5%</b>
GREATER MELBOURNE	<b>\$446</b>	<b>2.6%</b>

Source: Department of Human Services, Urbis

## MEDIAN WEEKLY RENT HOUSES



Source: Department of Human Services, Urbis

## RENTAL YIELD HOUSES

LOCALITY	YIELD
ROCKBANK	<b>4.7%</b>
MELTON	<b>4.6%</b>
CAROLINE SPRINGS	<b>3.6%</b>
PLUMPTON	<b>4.4%</b>
MELTON CITY	<b>4.3%</b>
MELBOURNE (SD)*	<b>3.1%</b>

\* SD refers to the Statistical Division area of Metropolitan Melbourne

Source: APM PriceFinder, Urbis

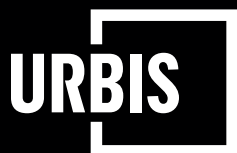
## WEEKLY RENT CITY OF MELTON



**THREE-BED TOWNHOUSE**  
**\$350 - \$450**

Source: realestate.com.au, Urbis





**BRISBANE**  
**GOLD COAST**  
**MELBOURNE**  
**PERTH**  
**SYDNEY**  
**CISTRI — SINGAPORE**  
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