

Local Market Intelligence

Residential Market Overview

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March 2021

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The Melbourne Story

Metropolitan Melbourne: Key Considerations

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INTRODUCTION

Melbourne continues to emerge as a city of international significance. It was ranked as the world's most liveable city for seven consecutive years between 2011-2017 and was ranked second in 2018 and 2019. Melbourne contains two universities ranked in the top 100 global universities.

Victoria, Australia's second-largest economy, contracted by -0.5% over FY19/20 as a result of the COVID-19 pandemic.

Broad based industry shutdowns over the August – October period as a result of a second wave of COVID-19 infections saw Victoria's unemployment rate reach 7.1%. Strong economic recovery since the easing of restrictions in October 2020 has seen the unemployment rate fall to 6.2% by February 2021.

Liveability

Most Liveable Cities

[7 Consecutive Times, 2011-2017, ranked 2nd in 2018 and 2019]

Education

2 Universities in the Top 100 Global Universities

[University of Melbourne = 41st and Monash University = 55th]

Economic Activity

-0.5%

[Victorian Economic Growth 2019-2020]

-0.3%

[Australian Economic Growth 2019-2020]

Unemployment Rate

6.2%

February 2021 [Down from 7.1% in August 2020]

DEMAND CONSIDERATIONS

Prior to the onset of the Covid-19 pandemic Victoria was the fastest-growing state in Australia, leading the nation in population growth since 2015. Strong population growth was underpinned by high volumes of net overseas migration.

The onset of the Covid-19 pandemic saw international borders close and net overseas migration fall substantially, this severely limited Victoria's population growth over 2020 and into 2021.

Victoria in Future 2019 projections forecast that between the 2016 – 2051 period metropolitan Melbourne will add an additional 1.57 million households.

Limited population growth will continue to occur in the short term due to the ongoing closure of Australia's international border.

Victoria Population Growth

Recent
2019

+133,000

Current
2020
[Year to September]

+19,000.

Components of Population Growth

Limited Migration

[600 – Overseas Migration, -6,200 – Net Interstate Migration, 24,600 – Natural Increase]

Future Housing Requirements

1.57 Million Dwellings

Metropolitan Melbourne's Requirements 2016 – 2051

Economic Opportunities

Diversity of Employment

[Not reliant on a Single Industry of Employment]

SUPPLY CONSIDERATIONS

Melbourne's housing stock is predominantly represented by detached housing, however, policy aspirations aim to achieve greater levels of higher density dwellings to accommodate future population growth.

House price growth in Melbourne has been high over the last two decades which has supported the development of higher-density stock.

Melbourne continues to remain the leading supplier of new greenfield lots across Australia with an average of 14,200 annual lot sales recorded over the 2015 – 2020 period.

Existing Housing Composition

15% : 17% : 68%

[Higher Density] : [Medium Density] : [Detached Houses] (2016)

Composition of Future Housing Supply

31% : 36% : 34%

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

Annual Average House Price Growth

10 Year (2011 – 2020)

20 Year (2001 – 2020)

+4.4% p.a.

+7.3% p.a.

Greenfield Lot Sales

14,200 Annual Lot Sales

(2015 – 2020)

Includes sales in the LGAs of Casey, Cardinia, Hume, Melton, Mitchell, Wyndham and

¹ As at the 2016 Census. Additionally, apartments are dwellings in buildings with 4 or more levels.

*Refer to end of report for all sources used in compiling this report.

Local Market Intelligence

The Grove (Tarneit)

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KEY CONSIDERATIONS

AFFORDABILITY: Tarneit offers an affordable alternative when compared to the broader metropolitan Melbourne region.

PROXIMITY TO THE CBD: 28 km from the CBD, Tarneit is closer to the Melbourne CBD than most other greenfield locations.

AMENITY: Tarneit possesses a higher level of amenity than other greenfield locations due to the presence of a railway station and multiple shopping centres.

MARKET INDICATORS

\$553,000

Tarneit 2020 median house price (Metro Melbourne = \$715,000).

+5.6% p.a.

Tarneit 10 year average annual house price growth (Metro Melbourne = 4.4% p.a.).

\$367 per week

Tarneit median weekly 3-bedroom house rent. (Metro Melbourne \$514 per week)

(See page 2 for more info.)

DEMAND INDICATORS

25–44 year olds

The predominant age cohort across Tarneit accounting for 40% of all residents.

Couples with Children

Largest household type across Tarneit accounting for 58% of all households.

30 Years: Median Age

Younger age demographic than metropolitan Melbourne. (Metro Melbourne = 36 years.).

(See page 3 for more info.)

SUPPLY INDICATORS

700 Lot Sales

Significant lot sales volumes across H2 2020 (400 sales in H1 2020)

Detached Housing

80% of dwellings in Tarneit are detached houses (Metro Melbourne = 68%)

Owner Occupiers

71% of houses are owned outright or owned subject to a mortgage.

(See page 4 for more info.)

SUBURB CONTEXT & FUNDAMENTALS

- » Tarneit is a suburb within the City of Wyndham Local Government Area (LGA), located approximately 28km west of the Melbourne CBD.
- » Significant residential development in Tarneit first began in the mid 2000s prior to that the area was an undeveloped rural locality mostly comprising farmland.
- » The suburb is bounded by Truganina to the east, Hoppers Crossing and Werribee to the south and Wyndham Vale to the west.
- » Tarneit is predominantly a residential suburb, with small pockets of retail activity located throughout. The western and northern portions of the suburb are presently undeveloped but will support additional housing over the coming years.

LIVEABILITY AND LIFESTYLE



Numerous watercourses run through the suburb including; Werribee River, Skeleton Creek, Tarneit Creek and Davis Creek. Numerous parks are located throughout the suburb's many housing developments. The Werribee Mansion and the Werribee Open Range Zoo, are both within close proximity.



Tarneit Central Shopping Centre is situated in the heart of the suburb, anchoring major retailers. Other shopping centres include Wyndham Village SC, Tarneit Gardens SC, and Tarneit West SC. Pacific Werribee in Hoppers Crossing is the nearest super-regional shopping centre containing most major retailers.



Tarneit has numerous Primary & Secondary schools. Victoria University's Werribee Campus is also in close proximity.



Werribee Mercy & St. Vincent Private Hospitals anchor Wyndham's major medical precinct located in the nearby suburb of Werribee.

CONNECTIVITY



28km west of the Melbourne CBD.



Direct connectivity to the CBD, via Sayers and Leakes Roads which connect to the Princes Freeway.



Proximity to the Melbourne CBD and Laverton North Industrial precinct.



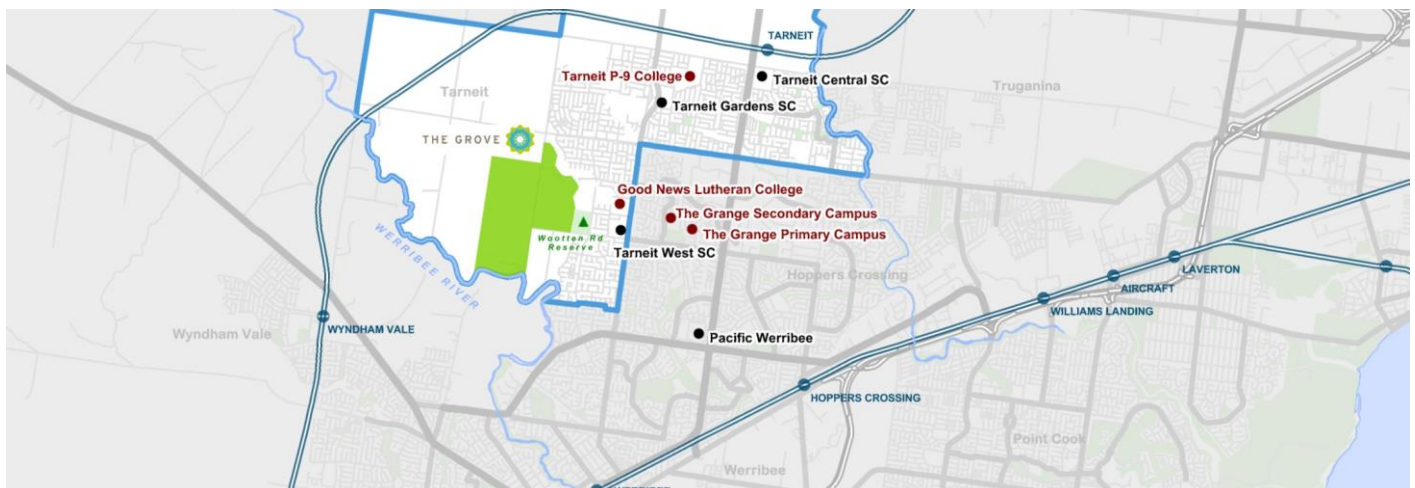
Tarneit Station provides a direct connection to both the Melbourne CBD and Geelong via a Vline service, additional rail connectivity to the CBD is provided via metro services from Hoppers Crossing and Werribee Stations. Numerous bus routes run through the suburb, providing a connection to the train stations, and key shopping precincts.



Federation Trail provides access to the Inner West and Melbourne CBD. Skeleton Creek trail and Werribee river trail are also popular.



Approximately 30 minutes drive to both Melbourne Airport and Avalon Airport via Princes Freeway and Western Ring Road.



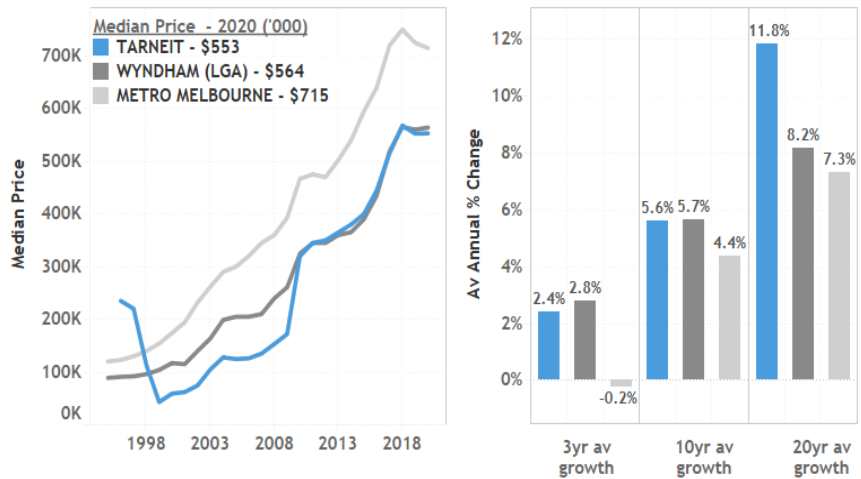
PRICE INDICATORS

The 2020 median house price in Tarneit was \$553,000, which is lower than that of both metropolitan Melbourne (\$715,000) and the Wyndham LGA (\$564,000).

Since its establishment as a residential suburb, Tarneit has experienced stronger housing price growth than metropolitan Melbourne with prices increasing by 5.6% p.a. over the last decade. Recent housing price growth across both Tarneit and the Wyndham LGA has outpaced that of metropolitan Melbourne.

Tarneit is a highly sought after location within the Wyndham LGA evidenced by its strong recent price growth. Historically housing prices in Tarneit have mirrored those of the Wyndham LGA.

MEDIAN HOUSE PRICE & AVERAGE ANNUAL % CHANGE – TARNEIT (1995 - 2020)



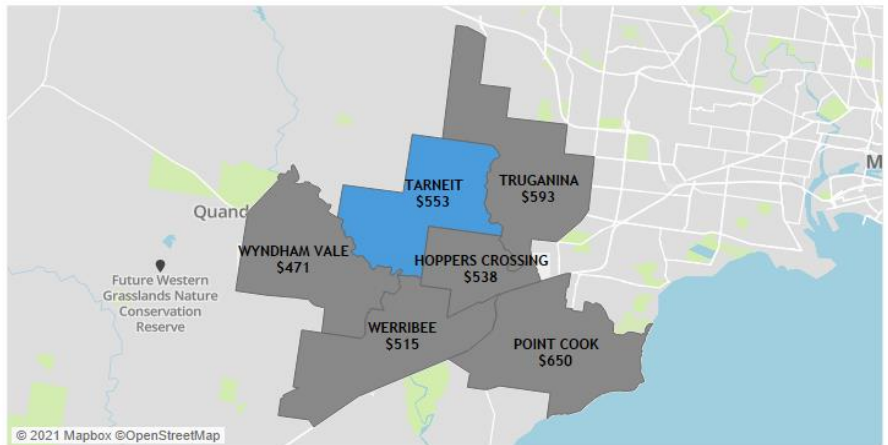
*These are the figures from APM and reflect the transacted and settled sales recorded by APM.

PRICE RELATIVITY

In comparison to other surrounding suburbs in the Wyndham LGA, Tarneit with a 2020 median of \$553,000 contains a higher median house price than the older more established Wyndham suburbs of Hoppers Crossing (\$538,000) and Werribee (\$515,000).

Tarneit has greater established infrastructure than the other greenfield markets in the region through the provision of shopping centres and a railway station. Tarneit's strong amenity will continue to drive demand into the future with housing price growth likely to remain strong.

2020 MEDIAN HOUSE PRICE (\$,000) – TARNEIT & SURROUNDING SUBURBS



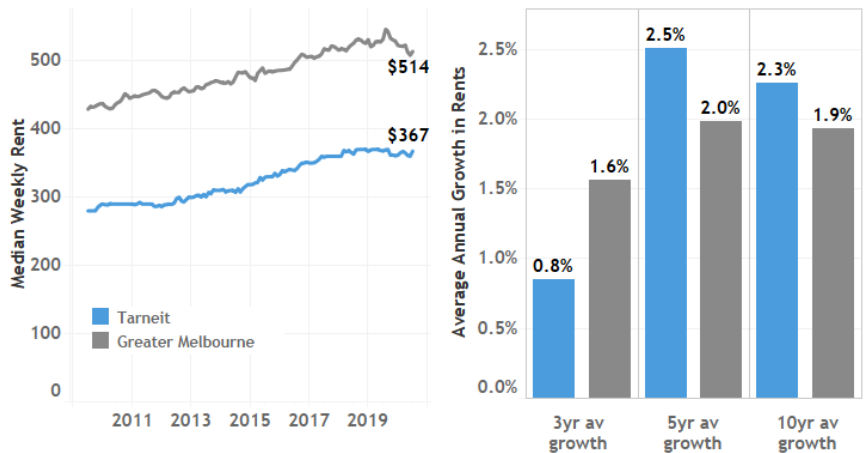
RENTAL MARKET INDICATORS

At the end of January 2021, the median weekly rent for a 3 bedroom house in Tarneit was \$367, significantly below that of metropolitan Melbourne (\$514 per week).

Long term rental price growth across Tarneit (+2.3% p.a) has outpaced that of metropolitan Melbourne (+1.9% p.a) with above average price growth observed over the last decade.

Despite the low weekly median rent, the above average long term rental price growth indicates that there is an increasing demand for rental properties in Tarneit.

MEDIAN WEEKLY RENTS & AVERAGE ANNUAL % CHANGE (HOUSES - 3 BEDROOMS)*



*Rental data was obtained from SQM Research and is compiled at a postcode level. Tarneit is within postcode 3029 which also includes the neighbouring suburbs of Hoppers Crossing and Truganina.

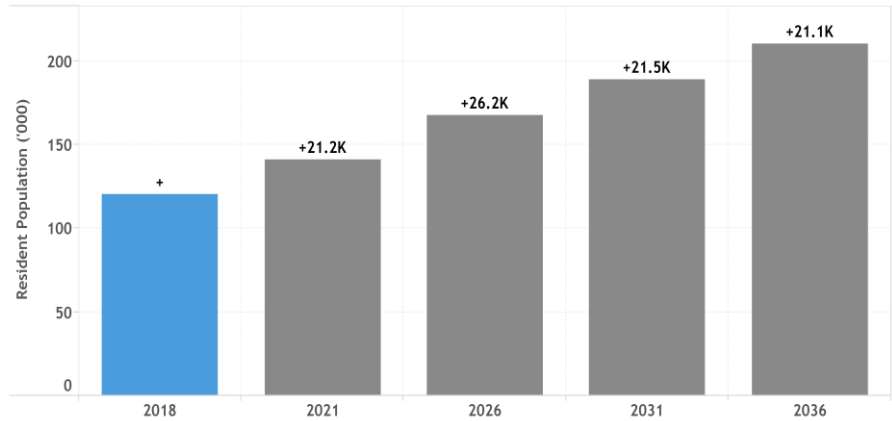
POPULATION INDICATORS

Based on the *Victoria in Future (VIF) 2019* projections, the population of the Hoppers Crossing – Truganina VIFSA* is forecast to grow from 120,000 in 2018 to 210,000 by 2036.

Short term population growth across the Hoppers Crossing – Truganina VIFSA will likely fall short of projections due to the fall in overseas migration as a result of the Covid-19 pandemic.

Tarneit's location in one of Melbourne's growth corridors will see the population grow significantly into the future. The abundance of undeveloped residential land in Tarneit is sufficient to accommodate the forecast population growth.

POPULATION GROWTH – HOPPERS CROSSING – TRUGANINA VIFSA (2018-2036)



VIFSA*Refers to Victoria in Future Small Areas. Tarneit forms part of the Hoppers Crossing – Truganina VIFSA

DEMOGRAPHIC INDICATORS

The 25-44 years (40%) age cohort makes up the largest segment of Tarneit's population, whilst the predominant household type is *Couples with Children* (58%).

The median age of Tarneit residents is 30 years, significantly below that of metropolitan Melbourne. A majority (55%) of Tarneit's residents were born overseas with 21% of residents born in India.

Tarneit is a diverse suburb with more than half of all residents born overseas. Tarneit is home to many young families as evidenced by its young median age and large proportion of family households.

DEMOGRAPHIC DRIVERS OF DEMAND, TARNEIT (2016)

<p>% OF POPULATION 25 - 44 YEARS OLD SOURCE - ABS (2016)</p> <table border="0"> <tr> <td>Tarneit</td> <td>Metro Melbourne</td> </tr> <tr> <td>40%</td> <td>31%</td> </tr> </table>	Tarneit	Metro Melbourne	40%	31%	<p>PREDOMINANT HOUSEHOLD TYPE SOURCE - ABS (2016)</p> <p>Couples with Children</p> <table border="0"> <tr> <td>Tarneit</td> <td>Metro Melbourne</td> </tr> <tr> <td>58%</td> <td>35%</td> </tr> </table>	Tarneit	Metro Melbourne	58%	35%
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<p>MEDIAN AGE SOURCE - ABS (2016)</p> <table border="0"> <tr> <td>Tarneit</td> <td>Metro Melbourne</td> </tr> <tr> <td>30 Years</td> <td>36 Years</td> </tr> </table>	Tarneit	Metro Melbourne	30 Years	36 Years	<p>TOP 3 COUNTRIES OF BIRTH (NON-AUSTRALIAN RESIDENTS, % OF POPULATION) SOURCE - ABS (2016)</p> <table border="0"> <tr> <td>India, New Zealand & Philippines</td> <td>Total Born Overseas</td> </tr> <tr> <td>31%</td> <td>55%</td> </tr> </table>	India, New Zealand & Philippines	Total Born Overseas	31%	55%
Tarneit	Metro Melbourne								
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SOCIO-ECONOMIC INDICATORS

The primary occupation for residents in Tarneit in 2016 was *Professionals* (18%) and the primary industry of employment was *Health Care & Social Assistance* (14%).

The median annual household income of residents in Tarneit was \$89,000 in 2016 which was significantly higher than the metropolitan Melbourne equivalent (\$80,000). A greater proportion of Tarneit residents aged over 15 have a *Bachelor Degree* than the metropolitan average.

Residents of Tarneit tend to be well educated and employed in high paying jobs across a diverse range of industries and occupations.

SOCIO-ECONOMIC DRIVERS OF DEMAND, TARNEIT (2016)

<p>PRIMARY OCCUPATION SOURCE - ABS (2016)</p> <p>Professionals</p> <table border="0"> <tr> <td>Tarneit</td> <td>Metro Melbourne</td> </tr> <tr> <td>18%</td> <td>25%</td> </tr> </table>	Tarneit	Metro Melbourne	18%	25%	<p>PRIMARY INDUSTRY OF EMPLOYMENT SOURCE - ABS (2016)</p> <p>Health Care & Social Assistance</p> <table border="0"> <tr> <td>Tarneit</td> <td>Metro Melbourne</td> </tr> <tr> <td>14%</td> <td>13%</td> </tr> </table>	Tarneit	Metro Melbourne	14%	13%
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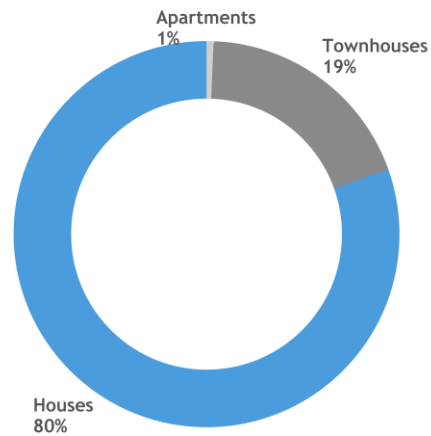
DWELLING MIX

Tarneit contains a high proportion of detached housing (80%) with only a limited number of townhouses (19%) and apartments (1%).

Tarneit’s dwelling mix contains a significantly larger proportion of detached dwellings than metropolitan Melbourne (68%).

Tarneit’s location in Melbourne’s western growth corridor makes it one of the leading providers of new detached dwellings in Victoria. The suburb has seen an increase in the proportion of townhouses with 19% of all dwellings being townhouses, a greater proportion in comparison to other greenfield markets across metropolitan Melbourne.

DWELLING MIX, TARNEIT (2016)*



*Units = flats, units and apartments.
Medium Density = semi-detached, row, terrace or townhouses.

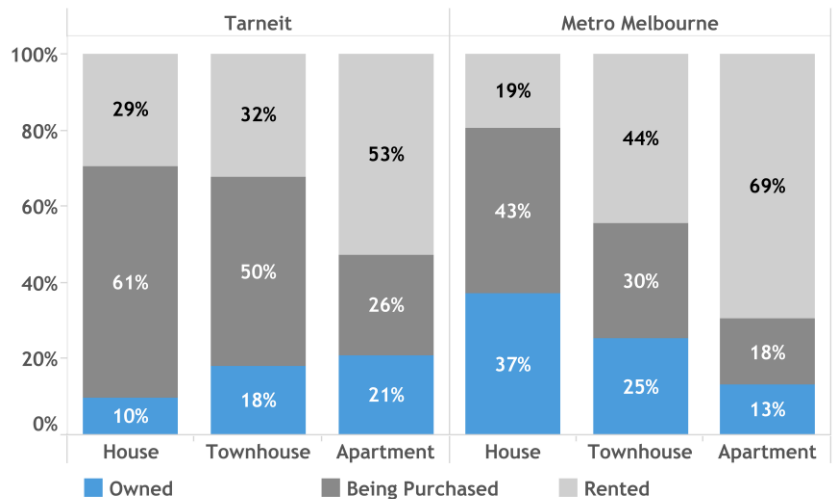
HOME OWNERSHIP

Tarneit is a relatively new suburb making it a popular destination for first home buyers attracted by the area’s relative affordability. As a result, Tarneit contains a significant proportion of homes being purchased but only a small number of homes which are owned outright.

In comparison to metropolitan Melbourne, a greater proportion of houses in Tarneit are currently being purchased or rented.

Across Tarneit a significant proportion of houses (29%) are rented indicating significant demand from investors to purchase in the suburb. Across Tarneit the most likely purchasers of new housing are first home buyers followed by investors.

HOME OWNERSHIP, TARNEIT (2016)



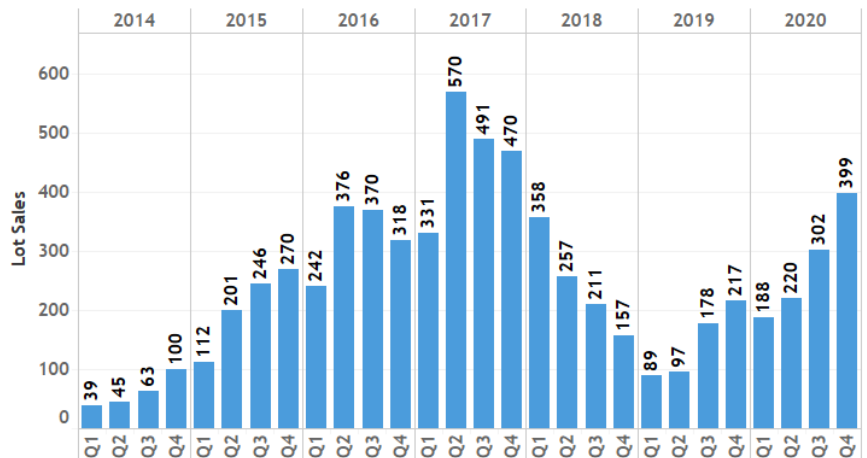
NEW SUPPLY – GREENFIELD LOT SALES

Lot sales volumes across Tarneit grew year on year over the 2014–2017 period, increasing from less than 100 sales per quarter to over 400 sales per quarter.

Lot sales volumes declined significantly from Q2 2017 before bottoming out at less than 100 sales per quarter in early 2019.

Over the last two years demand for greenfield lots in Tarneit has increased substantially. The 399 lot sales recorded in Q4-2020 was the highest volume of sales since Q4 2017. The Federal Government’s Home Builder grant likely supported the significant increase in lot sales volume over the second half of 2020.

GREENFIELD LOT SALES – TARNEIT (2014 – 2020)*



*Data was sourced from Pricer and includes settled lot sales only. Settlement lag on vacant land sales can be up to 2 years.

TARNEIT – LOT RESALES

Street Address	Estate	Agent	Original Sold Price	Original Sale Date	Resale Price	Resale Date	Resale Settlement Date	Lot Size (sqm)
48 Bogong Loop, Tarneit	Newgate	Gee Maha	\$287,000	October 2017	\$341,000	November 2020	December 2020	564
18 Cinnamara Circuit, Tarneit	Newgate	Luke Lin	\$305,000	June 2017	\$350,000	February 2021	N/A	448
34 Cinnamara Circuit, Tarneit	Newgate	Tassie El-Hassan	\$325,000	June 2017	\$255,000	February 2021	February 2021	483
6 Minkin Street, Tarneit	Riverdale	Vishal Sharma	\$339,000	August 2017	\$370,000	December 2020	January 2021	535
5 Silano Avenue, Tarneit	Riverdale	Raj Kochhar	\$146,000	July 2016	\$245,000	June 2020	July 2020	262
20 Balmain Street, Tarneit	The Grove	Ahbi Elawadhi	\$276,000	June 2018	\$340,000	February 2021	N/A	465
5 Kamala Drive, Tarneit	The Grove	Bhanu Dahiya	\$264,000	September 2018	\$277,000	December 2020	February 2021	312
51 Locust Circuit, Tarneit	The Grove	Taran Arora	\$260,700	April 2018	\$ 270,000	November 2020	January 2021	315

Source: Pricefinder

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Sources: Charter Keck Cramer, Australian Bureau of Statistics, Forecast.id, Department of Human Services, APM, SQM Research, Google maps, VIF 2019, City of Melbourne, Economist Intelligence Unit, Times Higher Education World University Rankings 2021, SGS Australian Cities Accounts 2015-16, Plan Melbourne 2014 and Plan Melbourne Refresh 2015.

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