

# DIAMOND RISE



## NEWS ARTICLES

AUGUST 28, 2015 - 12:15AM, SHANE GREEN

### MELBOURNE OUTER SUBURBS: GOVERNMENT'S NEW PLAN TO TACKLE CITY FRINGE GROWING PAINS

**Services for Melbourne's new outer suburbs will be delivered as needed if a fresh government strategy, coming amid increasing concerns about the lack of basic infrastructure on the city's fringe, is successful.**

Local infrastructure delivery plans are a key part of the Managing Growth paper to be released by the Andrews government on Friday, which details its plans to deal with the pressures in the outer suburbs.

The paper acknowledges that delivery of infrastructure and community services for these areas has failed to keep pace with demand.

The fringe areas have experienced booming population growth as Melbourne has grown to 4.4 million people. The latest figures forecast the city will hit 8 million by 2051, driven largely by overseas migration.

Four of the five fastest growing areas are on Melbourne's fringe: Wyndham, Melton, Cardinia and Whittlesea.

But a lag in the provision of services and basic infrastructure has led to warnings of two Melbournes: resource-rich inner suburbs and under-supported outer communities.

The local infrastructure plans are designed to improve co-ordination of future funding from all sources: local, state and federal governments and developers. The aim is the "timely delivery of local infrastructure as communities develop".

A pilot plan will be developed with the City of Melton, which has grown at a rate of more than 6 per cent over the past five years.

Melton's population of an estimated 127,350 in 2014 is expected to increase by more than 60 per cent in the next decade, the paper says. About 100,000 housing lots will be created.

The plan is aimed at co-ordinating the economic and social infrastructure that will be needed, including public transport, local roads and investment to provide jobs.

The Managing Growth paper also reaffirms the government's intention to fix the urban growth boundary, which has been extended several times since it was introduced in 2002. It promises that legislation to fix the current boundary will be introduced soon.

The paper recaps the government's already announced moves to help the suburban fringe, including the establishment of the Interface Growth Fund, which has been allocated an initial \$50 million, for community facilities.

Plan Melbourne, the blueprint for the city initiated by the former Coalition government, is also being updated.

*This story was found at: <http://www.theage.com.au/victoria/melbourne-outer-suburbs-governments-new-plan-to-tackle-city-fringe-growing-pains-20150827-gj8uao.html>*



Life on the fringe. Photo: Wayne Taylor. Source: <http://www.theage.com.au/victoria/melbourne-outer-suburbs-governments-new-plan-to-tackle-city-fringe-growing-pains-20150827-gj8uao.html#ixzz3lIF72iaQ>

## MELBOURNE'S BEST YIELDING SUBURBS

With interest rates staying low for the foreseeable future, more investors are likely to plunge into Melbourne's rising property market.

Andrew Wilson, the senior economist at the Domain Group, expects a house price growth of about 5 to 7 per cent this year for the capital city and a rental yield of just under 4 per cent.

According to the Reserve Bank, the average rate for a minimum term deposit of \$10,000 was just 2.4 per cent in April, which makes a bricks-and-mortar investment look attractive.

And after the recent rate cut in May, Dr Wilson said the return for a term deposit could be even lower.

The highest-yielding suburbs are in Melbourne's south-east and west for houses and the inner city for units, Domain Group data shows.

Those locales are not always obvious. Melton South in the outer west had been the top investment suburb after registering a median house price growth of 7.9 per cent over the year and a yield of 5.3 per cent.

For units, Noble Park proved to be the most promising suburb after growing by 9.4 per cent and recording a yield of 4.6 per cent. Bank manager Costas Vlahos, 37, bought his first home in 2007, in Noble Park, where he now lives with his wife Anastasia and daughter Anatalia.

Since then, he had also built a portfolio of investment properties in the suburb, including a mix of townhouses, houses and blocks of land on which he built new units.

One of the two townhouses he owns at 6 Marshall Street is now yielding about 6 per cent.

Mr Vlahos said Noble Park was great value for money because of the ample health and transport infrastructure in the area, and it was also surrounded by services in nearby suburbs such as Springvale, Dandenong and Keysborough.

### Houses

Suburbs	Median	1 year growth	Yield
Melton South	\$260,000	7.90%	5.30%
Cranbourne West	\$350,000	1.30%	5.10%
Kurunjang	\$286,750	3.30%	5.10%
Melton	\$265,000	2.50%	5.00%
Carrum Downs	\$355,000	1.40%	5.00%
Clyde North	\$400,250	-14.70%	4.90%
Cranbourne North	\$382,500	0.70%	4.90%
Skye	\$420,000	3.10%	4.90%
Wallan	\$344,000	-5.00%	4.80%
Kings Park	\$345,000	5.70%	4.80%



The \$290 million state government-funded project to revitalise central Dandenong is also expected to bring jobs and residents to the region.

"If people are working in the area, obviously they want to live in the area," Mr Vlahos said.

"And from an investment perspective, as long as people are working and living in the area, the demand is surely going to increase."

Shantha Puvaneswaran, sales manager at LJ Hooker Noble Park, said the suburb was becoming more popular as it shed its stigma as a crime-ridden neighbourhood.

He said there were frequently multiple applications on rental properties after the first open for inspection.

Eager tenants also offered to pay more than the asking rent and the minimum number of weeks required for a bond to secure the property.

"Investors are coming here because they can see that the vacancy rate is very low because there is so much demand for the rental property," Mr Puvaneswaran said.

"They're getting good rents and the price of what they're paying for apartments and units is much cheaper than suburbs closer to the city."

Meanwhile, Ned Nikolic of Barry Plant Melton, said affordability was also a major drawcard for investors in Melton South.

He said many investors bought in the suburb because Melton train station was there and there were also ample infrastructure.

"You've got schools, shops and public transport. If you work in the city, you can jump on the train and be there in 45 minutes," he said.

### Units

Suburbs	Median	1 year growth	Yield
Dandenong	\$265,000	-5.40%	5.30%
Collingwood	\$426,000	-21.30%	5.10%
Southbank	\$565,000	0.00%	5.00%
Melbourne	\$490,000	0.00%	4.80%
Frankston	\$305,000	5.90%	4.60%
Brunswick	\$420,000	-10.10%	4.60%
Seaford	\$330,000	-10.10%	4.60%
East Melbourne	\$535,000	-3.60%	4.60%
Docklands	\$582,000	-6.10%	4.60%
Noble Park	\$320,000	9.40%	4.60%

Source: Domain Group senior economist Andrew Wilson

Melton South is the top suburb for housing yields, experiencing 7.90% growth in a year. This home at 32 Harper Street is currently on the market. Source: <http://www.domain.com.au/news/melbournes-best-yielding-suburbs-20150528-ghawxn/>