THE REPORT

Inner North, Inner North West, Northern & Richmond

FY27

JellisCraig

JC

Welcome to The Report FY27

The Report FY27 by Jellis Craig is your definitive guide to the dynamic residential property landscape.

Scan to explore
The Report by region

FITZROY, NORTHCOTE, RESERVOIR & SURROUNDS

Sam Rigopoulos
Director
Jellis Craig Inner North

Richard Rose
Director
Jellis Craig Inner North

We sat down with our directors to explore how the past year has unfolded and what lies ahead for the local property market.

How has the region performed in the last 12 months?

The first half of 2026 has seen continued buyer confidence and energy across Fitzroy, Northcote, Collingwood and Thornbury. Open for inspection numbers have climbed noticeably, and well-presented, A-grade homes in our core suburbs consistently attract multiple bidders and strong auction clearance results. On the rental side, vacancy rates remain extremely tight, and demand continues to exceed available supply.

Which suburbs look best placed for stability?

Suburbs combining lifestyle appeal with genuine supply constraints continue to attract committed buyers. Northcote is a standout performer, with house values rising approximately 8.6%[1] over the twelve months to April, bringing the median price to around $1.74 million[1].

How do you expect the region will respond to potential cash rate adjustments?

The region's structural scarcity and lifestyle appeal insulate against broader headwinds. Those considering entry should weigh the cost of waiting against the reality that quality stock here is unlikely to become materially cheaper.

97 Drummond Street, Carlton
SOLD

69 Perry Street, Fairfield
SOLD

1 Source: Cotality, 01/04/2025 - 31/03/2026

15 Helen Street, Northcote
SOLD

Fitzroy North remains a tightly held suburb, with residents staying for an average of 19 years[2]. What factors do you believe contribute to this long-term appeal?

Fitzroy North offers limited development opportunities, low stock levels and a rare balance of village atmosphere and inner-city convenience, generating long-term appeal and liveability.

Metropolitan Melbourne's vacancy rate is sitting at 1.6%[3]. Northcote is significantly tighter at 0.6%[3]. What does this high rental demand mean for investors?

Tight vacancy drives strong demand, reduced leasing downtime and upward pressure on rents – conditions amplified by population growth, lifestyle appeal and proximity to the CBD. With many investors having exited Victoria due to land tax changes, available stock has tightened further, making well-managed properties here genuinely compelling.

What does FY27 and beyond look like for the property market in Melbourne's inner north?

The outlook is compelling. Stock scarcity, proximity to universities and hospitals, and deep buyer demand continue to underpin property values, despite rate headwinds. Listings will rise modestly, making accurate pricing essential. For buyers with a five to ten-year horizon, the inner north remains one of Australia's most fundamentally sound markets.

"The outlook is compelling. Stock scarcity, proximity to universities and hospitals, and deep buyer demand continue to underpin values, despite rate headwinds.

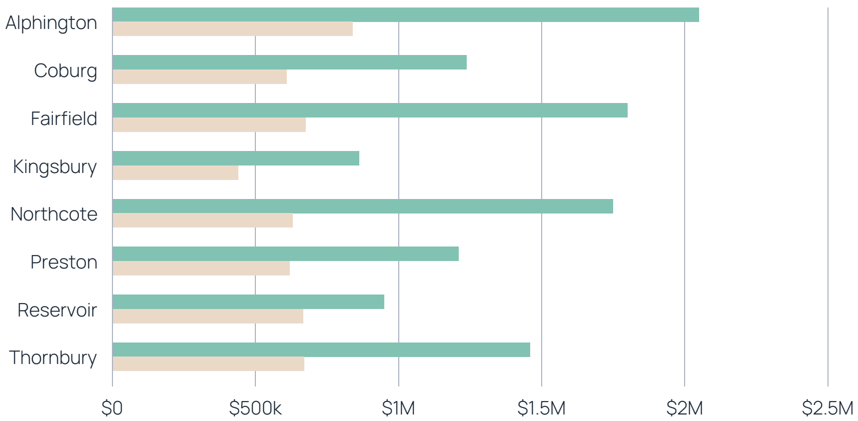
Contact
Jellis Craig Inner North

115 Roberts Street, Northcote
SOLD

2 Source: Cotality, 01/04/2025 - 31/03/2026
3 Source: SQM Research, as at 31/05/26

FITZROY, NORTHCOTE, RESERVOIR & SURROUNDS

Median property prices, Darebin[1]



Median days on market, Darebin[2]

Houses	Units
34 days	30 days

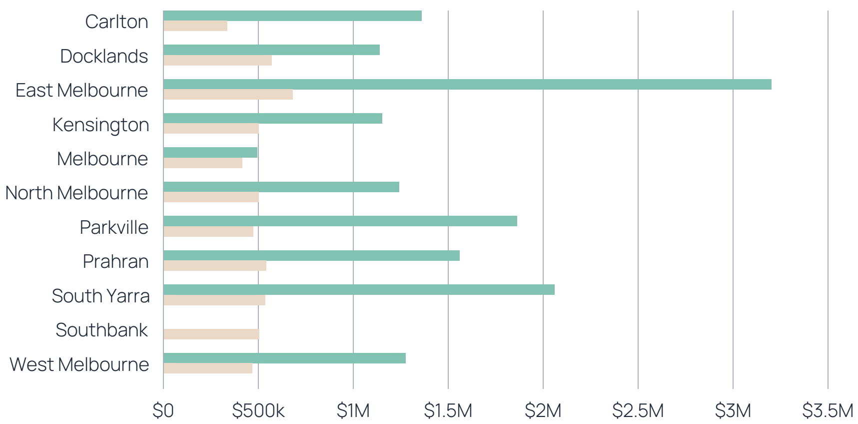
Rental yield, Darebin[2]

Houses	Units
2.9%	4.2%

Current population, Darebin[3]

148,570

Median property prices, City of Melbourne[1]



Median days on market, City of Melbourne[2]

Houses	Units
43 days	40 days

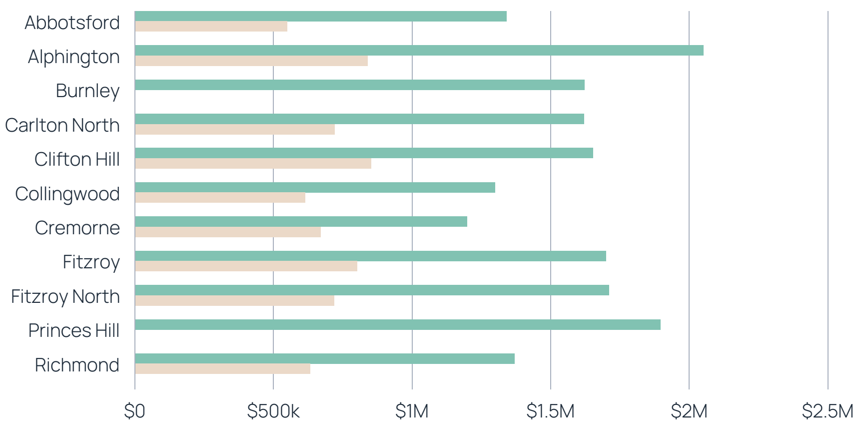
Rental yield, City of Melbourne[2]

Houses	Units
3.1%	7.2%

Current population, City of Melbourne[3]

149,615

Median property prices, Yarra[1]



Median days on market, Yarra[2]

Houses	Units
31 days	29 days

Rental yield, Yarra[2]

Houses	Units
2.9%	5%

Current population, Yarra[3]

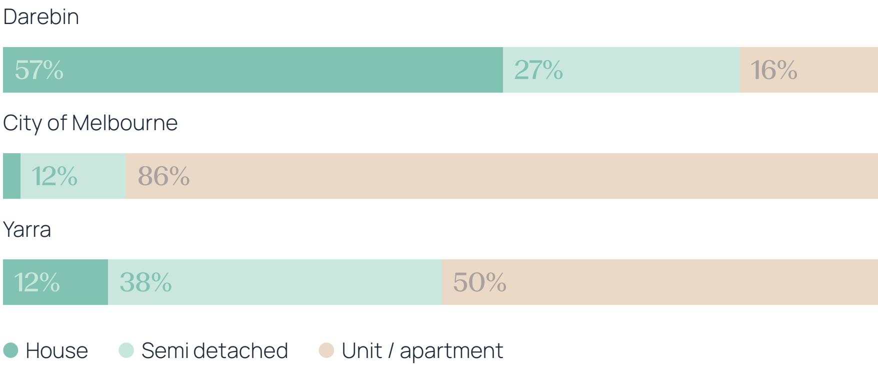
90,114

Houses Units

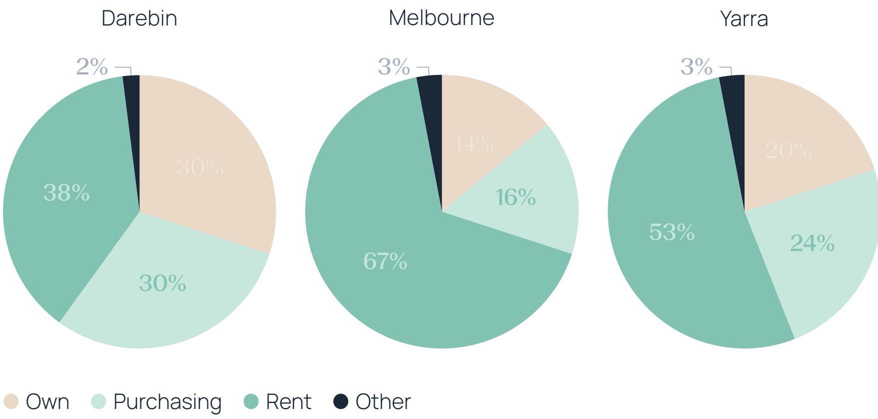
1 Source: Cotality, 01/04/2025 - 31/03/2026
Where a suburb is split across a LGA, the whole suburb has been used to determine a median. Where there are insufficient sales within a suburb over a 12-month period, a median price has not been calculated.
2 Source: Cotality, 01/04/2025 - 31/03/2026
3 Source: ABS Census 2021 Data

58 Christmas Street, Northcote
SOLD

Dwelling type[3]



Ownership[3]



Fast Five with Sam Rigopoulos

Favourite street
Alfred Crescent is one of Melbourne's great hidden boulevards.

Local secret
The Merri Creek Trail between Northcote and Fitzroy North, early morning or late afternoon.

Memorable sale
Two neighbouring properties at Christmas Street, Northcote – the campaign energy was incredible.

Design focus
Infrared saunas, cold plunge pools and retreat-style bathrooms paired with natural materials and strong connections to outdoor space.

One to watch
The pocket surrounding Westgarth Village is one of Melbourne's most tightly held lifestyle markets.

MOONEE VALLEY, KENSINGTON & SURROUNDS

Christian Lonzi
Director
Jellis Craig Moonee Valley & Kensington

Chauntel Considine
Managing Director
Jellis Craig Moonee Valley & Kensington

John Morello
Director
Jellis Craig Moonee Valley & Kensington

Simon Mason
Director
Jellis Craig Moonee Valley & Kensington

We sat down with our Moonee Valley and Kensington directors to explore how the past year has unfolded and what lies ahead for the local property market.

How has the local market performed in the last 12 months?

The past 12 months have been challenging but predictable. In our market, supply is the real story. When stock levels rise, buyers grow selective. When supply is tight, consistent underlying demand for quality homes in established suburbs drives strong results. For rental providers, the outlook remains positive, with tight vacancy rates, robust demand, and strong rental yields.

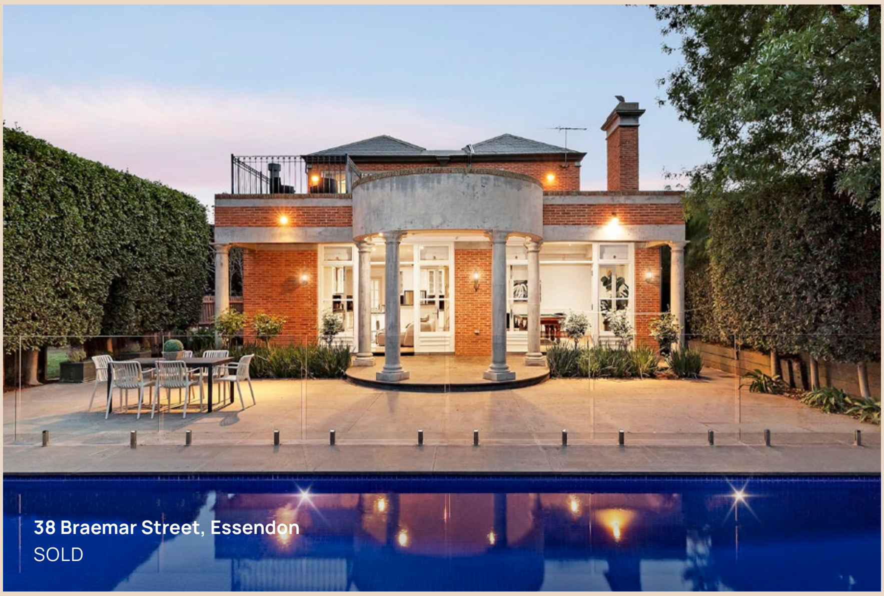
Which suburbs in the region look best placed for stability?

Essendon and Moonee Ponds remain exceptionally well-placed, underpinned by excellent schooling options, lifestyle appeal, transport infrastructure and proximity to the CBD. Airport West and Avondale Heights will continue to perform well off the back of relative affordability compared to neighbouring blue-chip suburbs.

How do you expect your region to respond to potential cash rate adjustments?

Households in prestige areas of Moonee Valley are better placed than most to absorb additional rate pressure. First-home and entry-level buyers remain more sensitive to borrowing capacity changes and cost-of-living pressures.

57 The Parade, Ascot Vale
SOLD



38 Braemar Street, Essendon
SOLD

11 Chancellor Road, Airport West
SOLD $2,450,000

Essendon is seeing strong quarterly house price growth at 6.2%[1]. What factors are contributing to this?

Essendon has historically proven resilient. Despite some oversupply, premium homes are transacting robustly, with turnkey properties attracting particularly brisk demand from local families seeking certainty and convenience.

Metropolitan Melbourne's vacancy rate is sitting at 1.6%[2]. Kensington is significantly tighter at 1.0%[2]. What does this high rental demand mean for investors?

Kensington's proximity to the CBD, excellent transport, village atmosphere and lifestyle appeal drives exceptionally strong rental demand. Vacancy rates this tight signal genuine opportunity as quality investment properties in this precinct present compelling long-term fundamentals.

What does FY27 and beyond look like for your market?

Major short-term price spikes seem unlikely, with ongoing Victorian taxes and regulatory reforms continuing to weigh on sentiment. That said, Melbourne represents meaningful long-term value – a period of underperformance may well create opportunity as confidence returns. Recent Federal Budget changes around negative gearing could renew investor interest in new property, placing upward pressure on land values. Ultimately, stock levels remain the key: when supply stays balanced, Moonee Valley sees consistently strong results.

> *Essendon and Moonee Ponds remain exceptionally well-placed, underpinned by excellent schooling options, lifestyle appeal, transport infrastructure and proximity to the CBD.*

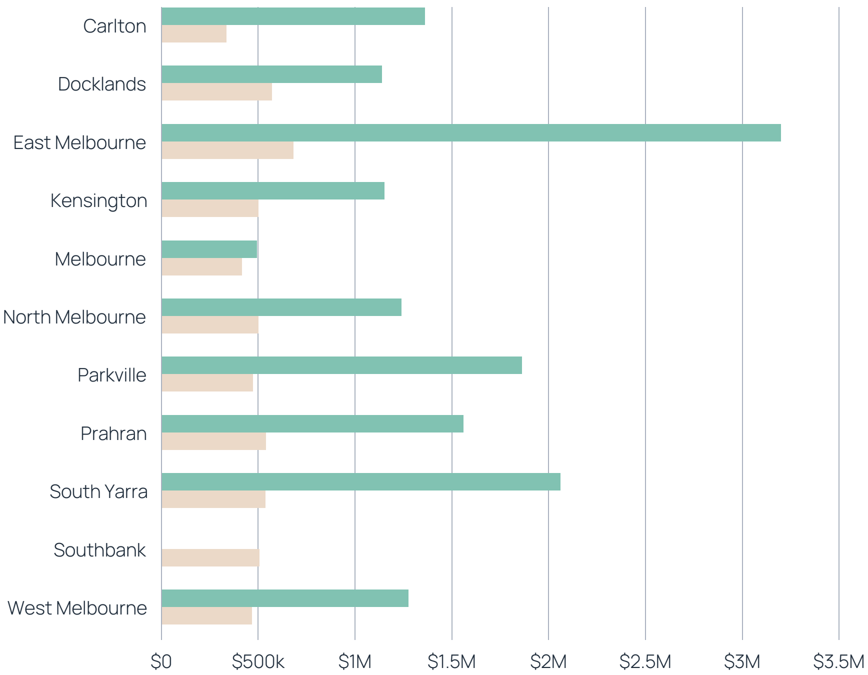
Contact
Jellis Craig Moonee Valley & Kensington

807/550 Epsom Road, Flemington
SOLD $2,200,000

1 Source: Cotality, 01/01/2026 - 31/03/2026
2 Source: SQM Research, as at 31/05/26

MOONEE VALLEY, KENSINGTON & SURROUNDS

Median property prices, City of Melbourne[1]



Median days on market [2]
City of Melbourne

Houses	Units
43 days	40 days

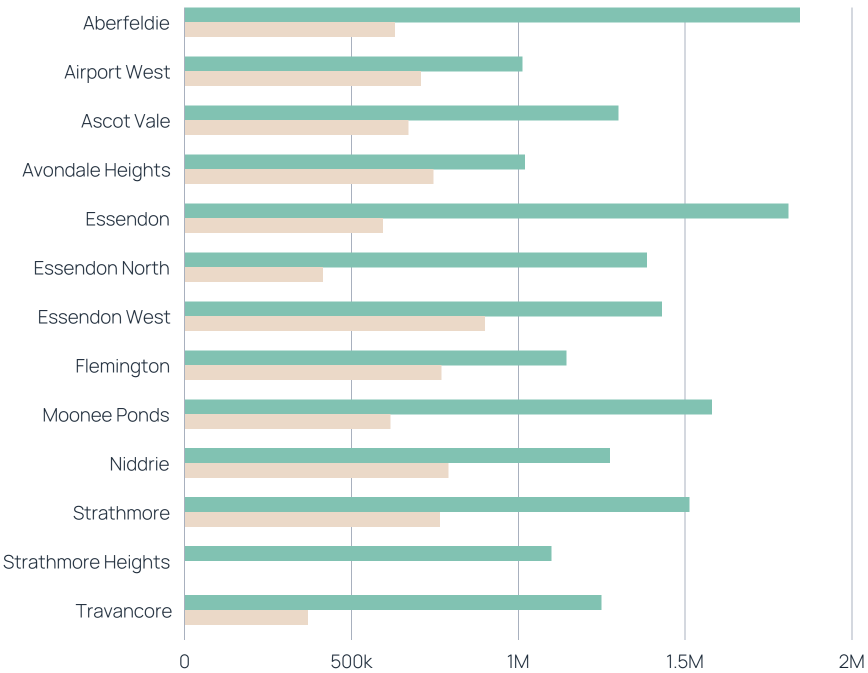
Rental yield [2]
City of Melbourne

Houses	Units
3.1%	7.2%

Current population [3]
City of Melbourne

149,615

Median property prices, Moonee Valley[1]



Houses   Units

Median days on market [2]
Moonee Valley

Houses	Units
47 days	30 days

Rental yield [2]
Moonee Valley

Houses	Units
2.7%	4.6%

Current population [3]
Moonee Valley

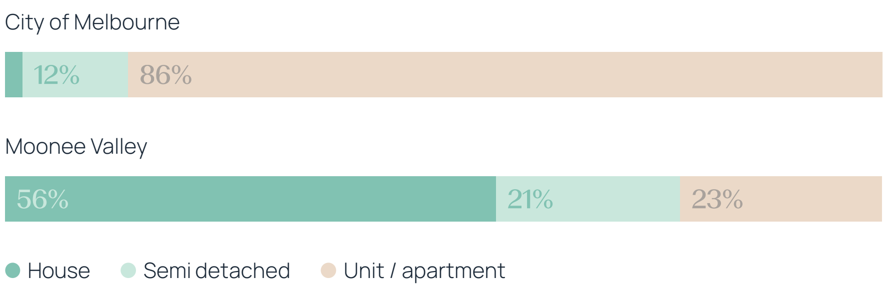
121,851

1 Source: Cotality, 01/04/2025 - 31/03/2026
Where a suburb is split across a LGA, the whole suburb has been used to determine a median. Where there are insufficient sales within a suburb over a 12-month period, a median price has not been calculated.
2 Source: Cotality, 01/04/2025 - 31/03/2026
3 Source: ABS Census 2021 Data

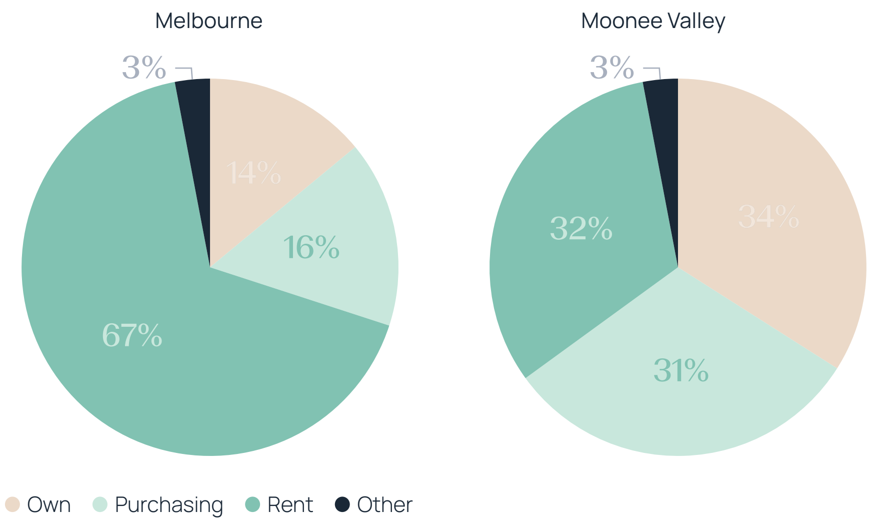
JC

106 Eglinton Street, Moonee Ponds
SOLD

Dwelling type[3]



Ownership[3]



Fast Five with Christian Lonzi

Favourite street
Kalimna Street, Essendon, in the heart of the prestigious Windy Hill precinct.

Local secrets
Moonee Valley Wine Bar for a drink; House of Fides for dinner.

Memorable sale
106 Eglinton Street, Moonee Ponds, sold in three weeks for more than $8 million – a testament to strategic management and strong competition in the luxury market.

Design focus
Wellness-focused spaces such as home gyms, infrared saunas, cold plunge pools and ice baths.

One to watch
Kensington's location and lifestyle appeal make it one of the more compelling inner-city growth prospects.

BRUNSWICK, PASCOE VALE & SURROUNDS

Greg Cusack
Director
Jellis Craig Northern

Elizabeth Kelly
Director
Jellis Craig Northern

Adrian Petrucelli
Director
Jellis Craig Northern

We sat down with our directors to explore how the past year has unfolded and what lies ahead for the local property market.

How has Melbourne's northern property market performed in the last 12 months?

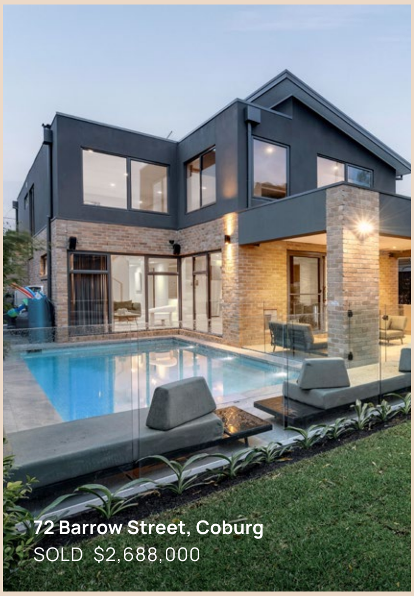
The northern region of Melbourne has performed strongly. Buyers see good value given the proximity to schools, parks, amenities and the CBD, and transaction volumes have held up. The rental market has been particularly strong, especially for two-bedroom apartments and three-bedroom homes, which regularly draw impressive crowds. Properties freshened with basic renovations have outperformed the rest.

Which suburbs in the north look best placed for stability over the next 12 months?

Pascoe Vale is excellent value, offering good-sized blocks, lovely heritage homes and great amenities. The southern pockets of Brunswick East and West consistently attract brisk buyer interest due to more accessible pricing than surrounding suburbs.

How do you expect your region will respond to further potential cash rate adjustments?

The area remains relatively affordable, with dual incomes supporting prices, and a broad range of property types attracting first-home buyers, upsizers and downsizers. The market should continue to transact, though investors facing higher holding costs and uncertainty may show some hesitancy.



72 Barrow Street, Coburg
SOLD $2,688,000

24 Lochinvar Street, Pascoe Vale South
SOLD $1,790,000

17 Wales Street, Brunswick West
SOLD $2,120,000

Pascoe Vale South is seeing strong quarterly house price growth at 3.6%[1]. What factors are contributing to this?

A clear price progression runs through the northern corridor – Brunswick at the premium end, Coburg in the mid-tier, and Pascoe Vale South offering comparable lifestyle fundamentals at more accessible price points. As Brunswick and Coburg have become less affordable, buyers have moved along that corridor. Pascoe Vale South delivers CBD proximity, transport access, established housing stock with excellent renovation potential and a family-friendly environment.

Brunswick East is seeing high rental yields at 3.1%[2]. Why is Brunswick East such an attractive suburb for investors?

Brunswick East combines lifestyle appeal, transport access and proximity to Fitzroy, Carlton and Clifton Hill, but with a more limited rental stock than neighbouring Brunswick. That supply constraint, alongside consistent renter demand, underpins yields, making it a solid option for investors.

What does FY27 and beyond look like for your property market?

We are very optimistic. The region remains one of Melbourne's most desirable and consistently active markets. We anticipate steady growth, though investor appetite will be shaped by how holding and building costs evolve. The fundamentals – location, lifestyle and limited supply – remain firmly in place.

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The area remains one of Melbourne's most desirable and consistently active markets. We anticipate steady growth.

Contact
Jellis Craig Northern

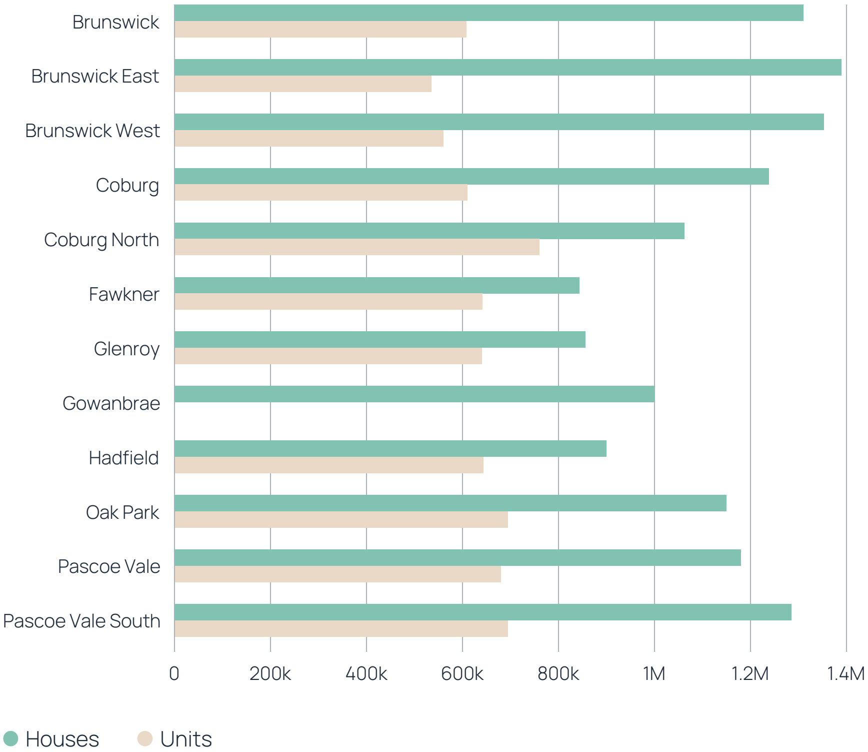
54 Smith Street, Brunswick West
SOLD $2,380,000

1 Source: Cotality, 01/01/2026 - 31/03/2026
2 Source: Cotality, 01/04/2025 - 31/03/2026

BRUNSWICK, PASCOE VALE & SURROUNDS

Median property prices[1]

Merri-Bek



Median days on market[2]

Merri-Bek

Houses	Units
33 days	30 days

Rental yield[2]

Merri-Bek

Houses	Units
3.3%	4.5%

Current population[3]

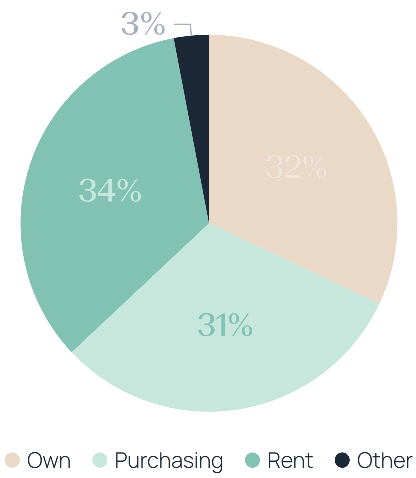
Merri-Bek

171,357

12a Linden Street, Brunswick East
SOLD $2,357,000

Ownership[3]

Merri-Bek

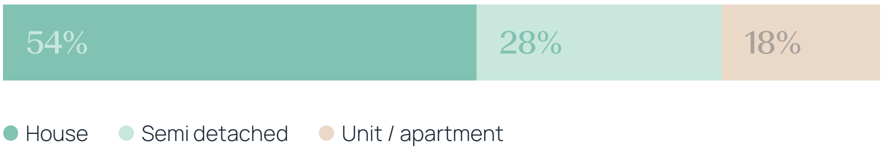


1 Source: Cotality, 01/04/2025 - 31/03/2026
Where a suburb is split across a LGA, the whole suburb has been used to determine a median. Where there are insufficient sales within a suburb over a 12-month period, a median price has not been calculated.
2 Source: Cotality, 01/04/2025 - 31/03/2026
3 Source: ABS Census 2021 Data

44 Victoria Grove, Brunswick
SOLD $1,990,000

Dwelling type[3]

Merri-Bek



143 Albert Street, Brunswick
SOLD $2,430,000

Fast Five with Elizabeth Kelly

Favourite street
Barkly Street, Brunswick East, with fantastic street appeal and Victorian terraces.

Local secret
Old Palm Liquor for a wine and snack at the bar.

Memorable sale
9 Bruce Street, Brunswick, selling above our expectations after the fastest bidding I've seen in years.

Design focus
Saunas and built-in wine bars.

One to watch
The neighbouring streets of East Brunswick Village.

RICHMOND & SURROUNDS

Elliot Gill
Director & Auctioneer
Jellis Craig Richmond & surrounds

Jodie McCarthy
Director
Jellis Craig Richmond & surrounds

We sat down with our Richmond directors to explore how the past year has unfolded and what lies ahead for the local property market.

How has the Richmond property market performed in the last 12 months?

Conditions have balanced, with elevated stock levels giving buyers choice and shifting some negotiating power their way. Owner-occupiers have driven most activity, with investor participation subdued. Turnkey homes continue to attract competitive bidding. Rental conditions remain tight, with sustained growth supported by strong tenant demand, limited supply and lifestyle-driven inner-city migration. Richmond's proximity to the CBD, established market and lifestyle amenities continues to underpin its appeal as a vibrant inner-city neighbourhood offering real value.

Which suburbs in and around Richmond look best placed for stability over the next 12 months?

Burnley is a standout. Former industrial sites are being transformed into high-end townhouses and boutique apartments, attracting owner-occupiers seeking quality low-maintenance living. Proximity to the Yarra River, the redesigned Burnley Golf Course, freeway access and strong transport links underpin long-term demand.

How do you expect your market will respond to further potential cash rate adjustments?

Richmond and surrounds should show greater resilience than outer metro markets. Buyer demand is driven by lifestyle, location and long-term capital growth, rather than borrowing capacity. Higher rates may moderate growth, but are unlikely to materially affect demand for well-located properties. Rising mortgage costs would further tighten rental supply and reinforce rental values.

45 Murphy Street, Richmond
SOLD $2,450,000

129 Brighton Street, Richmond
SOLD $2,150,000


303 Lennox Street, Richmond
SOLD $4,200,000

Richmond remains a tightly held suburb, with residents staying for an average of 17 years[1]. What factors do you believe contribute to this long-term appeal?

Strong hold rates across Richmond continue to be driven by sustained buyer demand. Buyers remain drawn to the suburb's inner-city lifestyle and connectivity, with close proximity to the CBD, public transport, dining precincts, retail amenity and established green spaces.

Metropolitan Melbourne's vacancy rate is sitting at 1.6%[2]. East Melbourne is slightly tighter at 1.4%[2]. What does this rental demand mean for investors?

East Melbourne's high rental population reflects its position as one of Melbourne's most secure and consistent rental markets. Proximity to the CBD, hospitals, universities and sports precincts attracts professionals, medical staff and international renters, delivering reliable tenancy turnover, minimal vacancy risk and resilient rental returns.

What does the property market in FY27 and beyond look like for Richmond and its surrounding suburbs?

A growing supply imbalance should support long-term values. Development has slowed due to construction costs, labour constraints and feasibility challenges. Many approved projects have not progressed to construction, limiting new supply. As demand for inner-city living strengthens, that shortage is expected to support both pricing and rental growth over the medium to long term.

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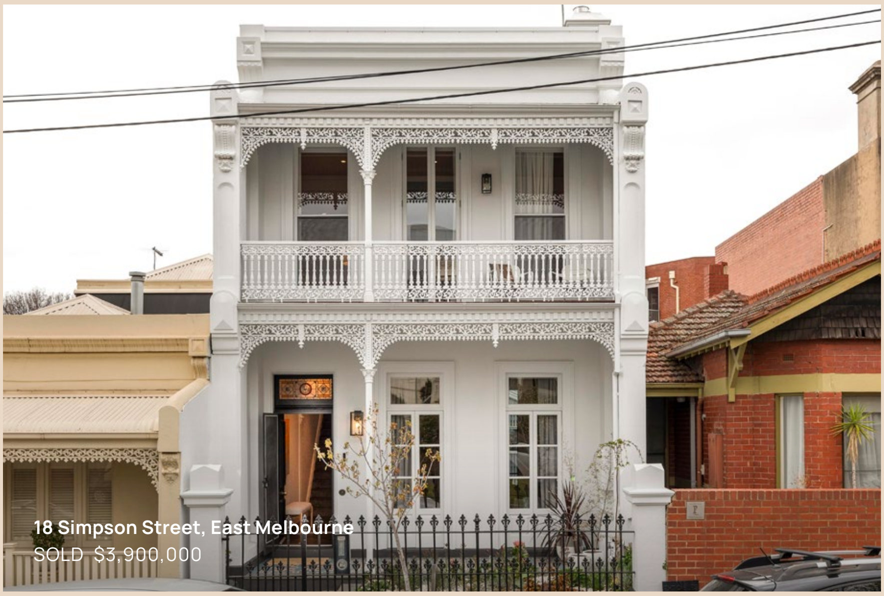
Richmond and surrounds should show greater resilience than outer metro markets. Buyer demand is driven by lifestyle, location and long-term capital growth, rather than borrowing capacity.

Contact
Jellis Craig Richmond & surrounds

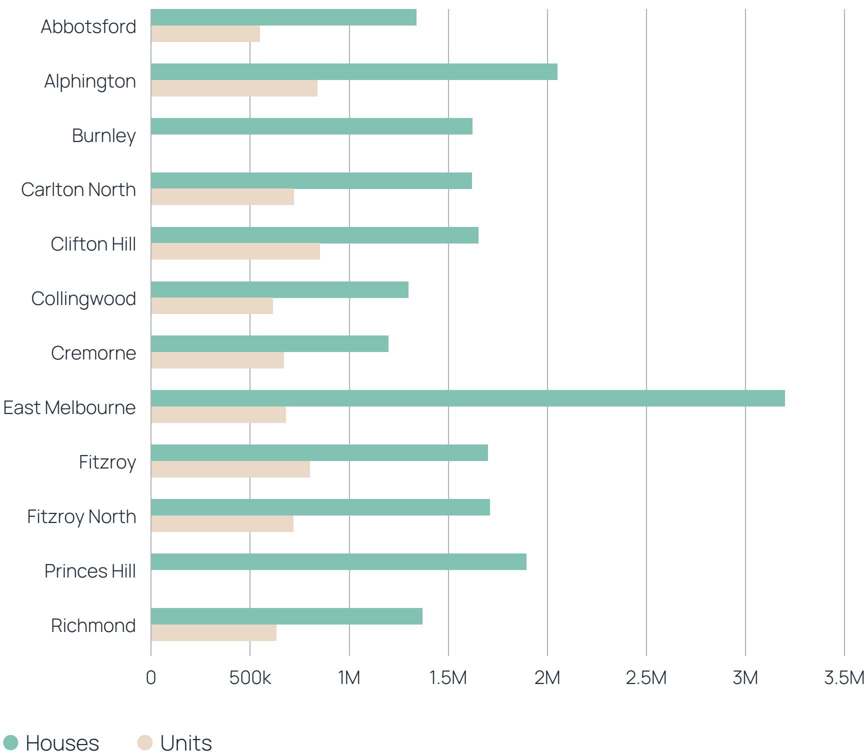

18 Simpson Street, East Melbourne
SOLD $3,900,000

1 Source: Cotality, 01/04/2025 - 31/03/2026
2 Source: SQM Research, as at 31/05/2026

RICHMOND & SURROUNDS

Median property prices[1]

Yarra & surrounds



Median days on market[2]

Yarra

Houses	Units
31 days	29 days

Rental yield[2]

Yarra

Houses	Units
2.9%	5%

Current population[3]

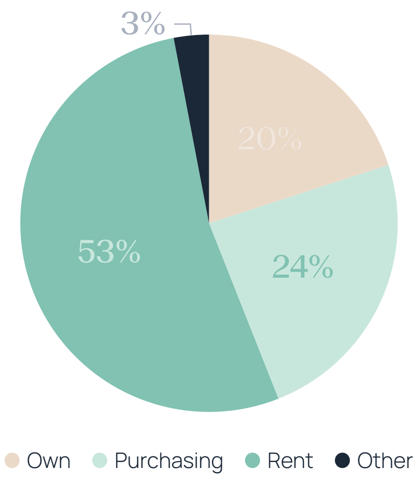
Yarra

90,114

1a Loughnan Street, Richmond
SOLD $2,200,000

Ownership[3]

Yarra



1 Source: Cotality, 01/04/2025 - 31/03/2026
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2 Source: Cotality, 01/04/2025 - 31/03/2026
3 Source: ABS Census 2021 Data

JC

14 Turner Street, Abbotsford
SOLD $4,360,000

Dwelling type[3]

Yarra

House	Semi detached	Unit / apartment
12%	38%	50%

3a Mayfield Street, Abbotsford
SOLD $2,175,000

Fast Five with Jodie McCarthy

Favourite street
Richmond Terrace, from Punt Road to the top of Richmond Hill, with city views and some of the suburb's finest period homes.

Local secret
Solid Gold for great coffee and brunches.

Memorable sale
A Richmond auction on a 40-degree day, that ran nearly an hour with $1,000 bids.

Design focus
Wellness rooms such as pilates studios, gyms, saunas and the occasional golf simulator.

One to watch
North-east Richmond behind Victoria Gardens. Young couples and families are moving in fast.

IS THE MELBOURNE PROPERTY MARKET BEST POSITIONED FOR RECOVERY?

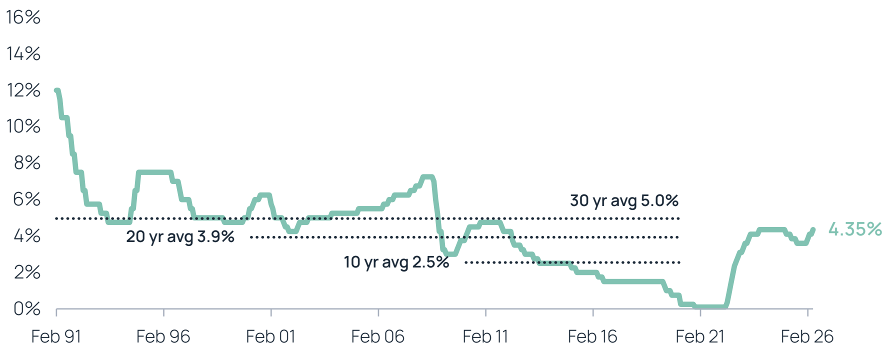
Gerard Burg
Head of Research - Australia
Cotality

With the Australian property market facing headwinds, it is easy to focus on negativity. However, in the past forty years, there have only been three distinct downturns lasting more than a year.

This historical data tells us that when the inevitable market recovery comes, Melbourne's relative affordability advantages and emerging demographic trends could see it poised for stronger performance than other Australian cities.

To understand the bigger picture, we dive into the five macroeconomic indicators that are driving the current property cycle.

RBA cash rate target and pre-COVID averages

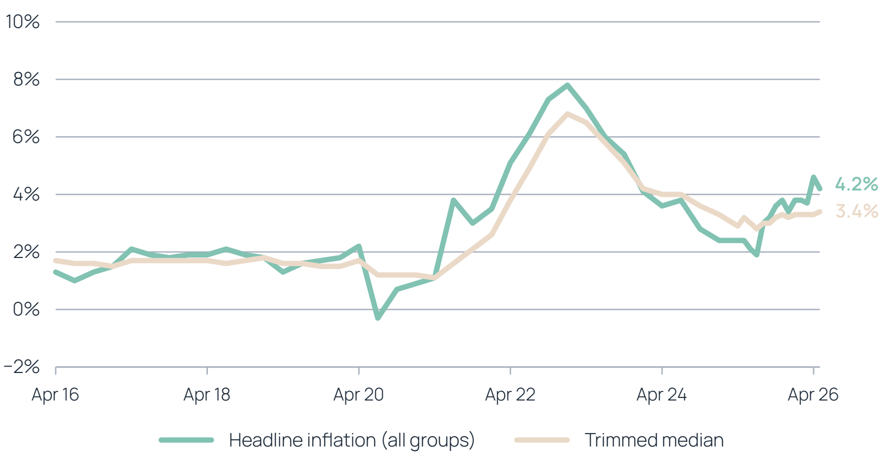


Source: Cotality

Interest rates

While there were already signs of slowing demand in late 2025 due to broad affordability pressures, demand has slowed further since the Reserve Bank of Australia (RBA) started to lift rates once again. By its May meeting, the RBA had fully reversed the cuts it had implemented in 2025, and the hiking cycle may not be finished yet. Two trends are key to understanding this decision to increase interest rates: inflation and unemployment.

Annual change in headline inflation



Source: Cotality, historical series is quarterly until Mar 2025 before changing to monthly.

Inflation and unemployment

Although headline inflation has been highly volatile over the past 18 months, with automotive fuels, electricity prices and housing costs all contributing to significant price movements, the RBA's preferred measure of underlying inflation has remained stubbornly above its target (of 2-3%). Meanwhile, unemployment has remained relatively low and stable, tracking broadly sideways at around 4.3% since April 2024. With persistent labour shortages across a range of sectors in the economy, such tightness in the labour market is seen as adding inflationary pressure, with the RBA targeting an unemployment rate above 4.5%.

Global uncertainty

A decline in demand has caused the national market to shift from robust growth in the latter part of 2025 to a noticeable cooling in recent months. Adding to this sense of uncertainty are changes to tax policy in this year's Federal Budget that look likely to lower overall investor demand, while households are also facing higher energy prices as a result of the Middle East conflict. When global uncertainty spikes, consumer confidence becomes the first casualty, forcing everyday consumers to reconsider major life milestones such as buying, selling, or investing.

Borrowing costs and capacity

There's little doubt that the RBA's recent rate hikes have had an impact on property demand across the country. Higher interest rates increase the monthly repayments of borrowers, while at the same time reducing the borrowing capacity of new borrowers. For a Melbourne household earning the median income, the three rate rises have reduced their ability to borrow by around 7%, equivalent to over $58,500. Similarly, based on a typical 30-year mortgage with a 20% deposit, the mortgage repayment on the median Melbourne dwelling has risen by $320 a month.

> *Melbourne's relative affordability advantages and emerging demographic trends could see it poised for stronger performance than other Australian cities.*

Dwelling value to income ratio

Source: Cotality

Melbourne's affordability advantages and demographic changes

While this represents an added burden for households, it is worth remembering that Melbourne has a sizeable affordability advantage over most other mainland capital cities, given the modest increase in home values over the past five years (a period where home values in Perth, Brisbane and Adelaide have rapidly increased).

> *As of December 2025, the median dwelling value in Melbourne was 7.1 times the median income, compared with over 10 times in Sydney, over 9 times in Adelaide and Brisbane and 8 times in Perth.*

As of December 2025, the median dwelling value in Melbourne was 7.1 times the median income, compared with over 10 times in Sydney, over 9 times in Adelaide and Brisbane and 8 times in Perth.

Similarly, mortgage serviceability in Melbourne is better positioned than in most other cities. Based on median dwelling values, a household earning the median income would contribute less than 39% of its income to servicing a new mortgage in Melbourne, compared with almost 55% in Sydney, almost 52% in Adelaide and 50% in Brisbane.

This affordability advantage may be slowly showing up in demographic trends. For the past three quarters, Victoria has recorded positive net interstate migration numbers, while the number of Australians moving to WA and QLD has been slowing. We have seen for some time affordability pressures lead to demand being deflected into lower value segments of the housing market. It is possible that Melbourne's affordability advantage, particularly given the pressure of rising interest rates, could see more residents from other states considering migration to Victoria.

Backed by historical trends of swift recoveries, and anchored by its relative affordability and population growth, Melbourne's market is well-positioned for an inevitable rebound.

STRONG FUNDAMENTALS AND A RARE BUYING WINDOW

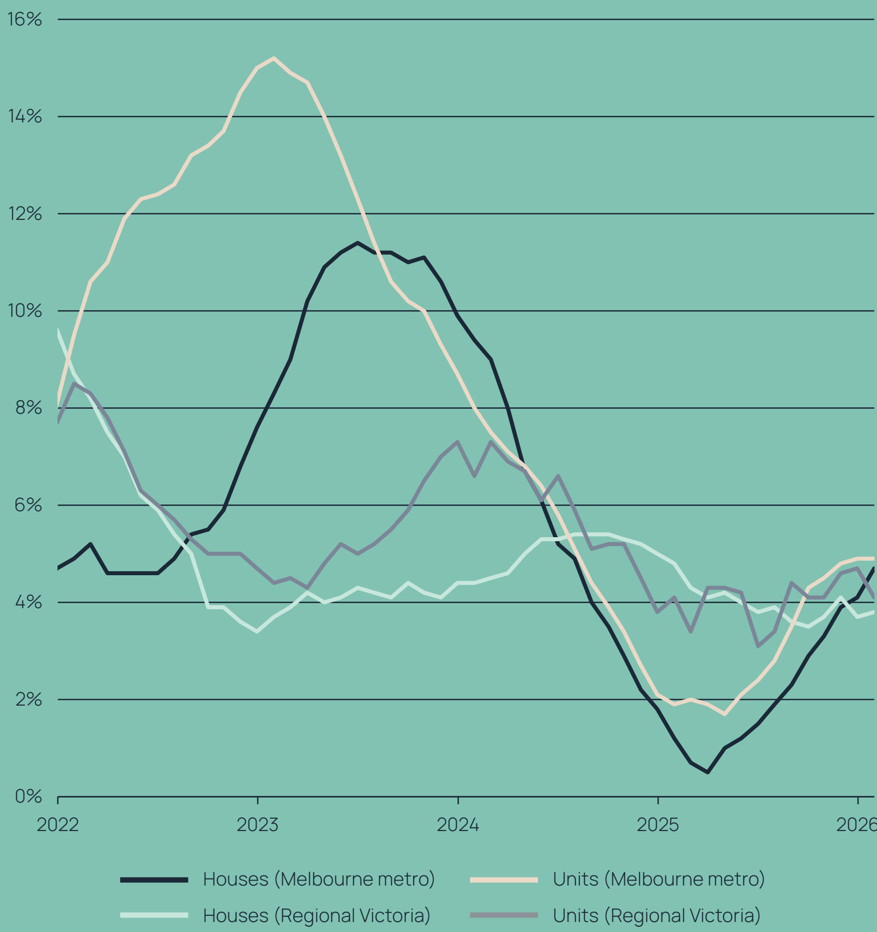
Eliza Owen
Housing Market Economist

Rental demand across Victoria increased steadily through the 2025-26 financial year, with tight supply levels and solid population growth expected to underpin further increases through the year ahead.

Despite hefty rent increases between 2022–2024 (averaging 7.9% annually), Melbourne's rental growth is accelerating again (Figure 1). According to the Cotality Rent Value Index, which tracks the change of combined rental values over time, Melbourne rents rose 4.8% in the year to May 2026, rebounding from a low of 1.0% in July 2025. Units led the charge, up 4.9%, with median rents hitting $617 per week. House rents gained 4.7%, recovering from just 0.5% growth in July 2025, to reach $671 per week by May 2026.

Regional Victoria also posted strong annual results, including a 3.8% surge in rents for houses and 4.1% in units.

Figure 1. Change in Cotality Rent Value Index (rolling, annual) - Melbourne



Source: Cotality

Indexed median rent values

	Melbourne		Regional Victoria
House	$671	House	$525
Unit	$617	Unit	$424

Source: Cotality, as at 31/05/26

Why the strong performance? On the demand side, wages growth has trended higher through the 2020s according to the Australian Bureau of Statistics (ABS), remaining elevated at 3.1% in the year to March 2026. The Fair Work Commission also announced a strong uplift to award wages (4.75%) and the minimum wage (6.0%) for the 2026-27 financial year. More money in the pockets of households usually translates to higher housing demand, and upward pressure on rents. Further to this, net overseas migration added around 89,000 people to Victoria in the year to September 2025, reinforcing demand. Both are contributing factors to boosting rental competition.

From a supply perspective, Cotality data shows vacancy rates tightened to 1.2% in Melbourne as of May 2026, down from 1.5% a year ago and below the national average of 1.7%. Rental bond data from the Victorian state government shows a 3.4% decline from the June 2023 peak to September 2025, suggesting a smaller stock of rentals.

Capital growth trends have understandably slowed into 2026, as interest rate rises and cost of living pressures re-emerge in the face of a global oil price shock. The Cotality Home Value Index, which tracks the combined estimated value of all dwellings in a market over time, saw Melbourne home values up 0.5% in the year to May 2026. However, regional Victoria remains a bright spot for growth, rising 7.8% in the same period. This is due to a strong internal migration trend, as regional Victoria remains an affordable, desirable option for many buyers.

0.5% ↑

Home values, Melbourne
12 months to May 2026

7.8% ↑

Home values, Regional Victoria
12 months to May 2026

> *For investors, Victoria offers rare value with strong fundamentals.*

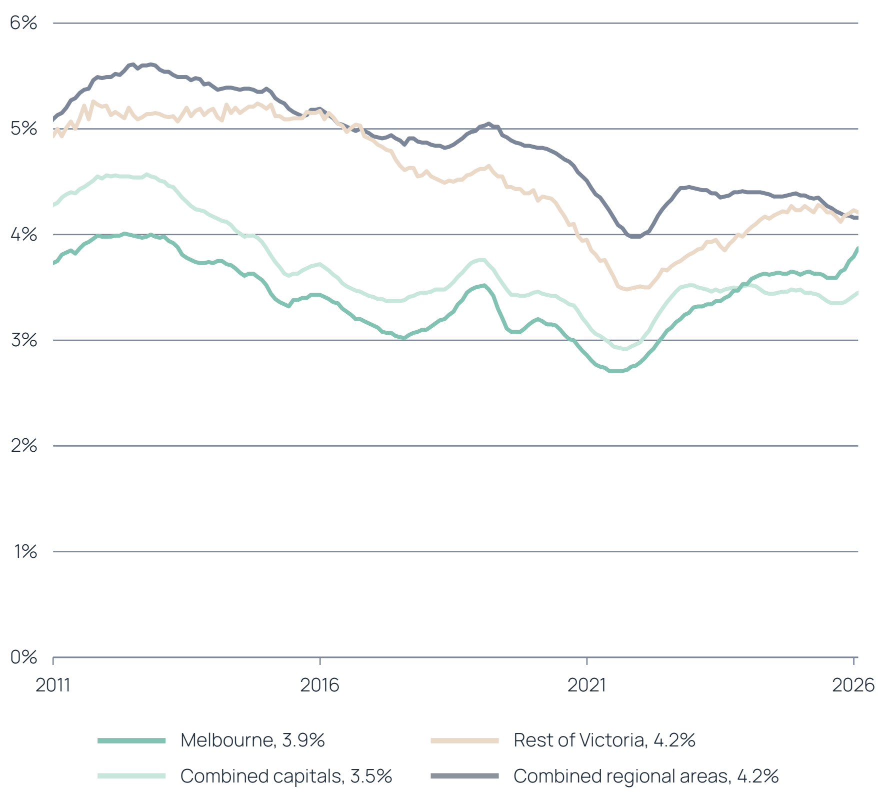
Gross rental yields, which are annualised rent divided by current home values, moved a little higher over the year, by about 20 basis points according to Cotality data. Thanks to affordable purchase prices and solid rent growth, Victoria's yields are now actually higher than the combined capital city figure, and on par with the combined regional rate (Figure 2).

Despite the uncertainty handed down with the Federal Budget and changes to taxation on investment property, the market data indicates solid fundamentals in the Victorian property market. The combination of rising rents, steady yields, and price stability signals confidence for both home buyers and investors. ABS data still shows decent investment activity, with 12,700 new investment loans secured across the state in the March quarter of 2026, up 29.3% on the year prior.

Melbourne isn't just any city; it's a proven global leader. The Economist Intelligence Unit's Global Liveability Index ranks 170 cities, placing Melbourne fourth globally in 2025. Despite ranking highest of the Australian and New Zealand cities featured on the list, it has the second-lowest median dwelling value behind Wellington, which ranked 20th. That's exceptional value for a world-class city.

For investors, this means Victoria offers rare value with strong fundamentals. A tight rental market and affordable purchase prices are inspiring confidence in this market despite an uncertain global economic environment and domestic tax changes. The window is open now, and those who act early stand to benefit.

Figure 2. Change in gross yields, Melbourne vs other regions



Source: Cotality

THE YEAR AHEAD FOR VICTORIA'S HOUSING MARKET

Andrew McCann
CEO, Jellis Craig

Richard Temlett
National Executive Director of Research, Charter Keck Cramer

Eliza Owen
Housing Market Economist

Three of the property industry's leading voices share their thoughts on what the next 12 months and beyond hold for Victoria's residential housing market.

What does the economic landscape look like over the next 12 months?

Andrew: We're expecting a productive property market in Melbourne and Victoria. While we've had headwinds, including interest rate increases and global conflict, undersupply and population growth suggest those investing in property will be rewarded.

Eliza: Unexpected capital pressure in the Australian economy and events in the Middle East suggest the potential for stagnation. But for well-capitalised buyers, this will extend a window of opportunity, particularly in Melbourne.

What role will interest rates play?

Richard: Anticipated additional rate rises may have an impact across Sydney, Brisbane, Adelaide and Perth. Melbourne, however, with its large greenfield market and more affordable product, remains undervalued.

Andrew: Anyone in the market now has priced in another one or two moves in the rate cycle. Active buyers will press on, but we may see reduced depth of demand as the year progresses.

Princes Bridge, Melbourne

> *The Cotality Home Index shows regional Victoria continues to perform well relative to metropolitan Melbourne, with Geelong and Ballarat standing out.*

Eastern Beach Reserve, Geelong

How will global instability shape the property and construction sectors?

Eliza: Australia is entering this period of global turmoil on very strong footing. The housing market is underpinned by strong financial pillars, and from a demand perspective, the market should remain stable.

Richard: Overseas investors see Australia as extremely attractive. The challenge is around construction and the cost of materials, which is having an impact on housing prices. This is more pronounced in apartments than greenfield projects.

Are planning reforms delivering on their promise?

Andrew: The planning changes are positive overall, although we're not yet seeing them reflected in construction feasibility. It will take some time before we see big shifts in the market.

Richard: Planning reforms are being well received by the industry because they provide certainty. Reforms are sending the right signals to the finance and building industry that the state is open for development.

How are rental reforms and tax settings influencing investor activity?

Eliza: The investor market rebounded strongly in the second half of 2025. Despite higher taxes and rental reforms, Melbourne is undervalued and offers good rental yield growth.

Richard: As prices in Sydney and Brisbane continue to increase, Melbourne remains compelling - particularly in the apartment space. There is potential for both capital growth and rental yield in the right location.

What is the outlook for the premium end of the property market?

Andrew: The premium property market is generally less impacted by interest rates. Transaction time has increased, but supply is shrinking, and while there's a shortage, it will remain a productive segment of the marketplace - though we're not forecasting significant short-term capital growth.

How will regional markets perform relative to Melbourne?

Eliza: The Cotality Home Index shows regional Victoria continues to perform well relative to metropolitan Melbourne, with Geelong and Ballarat standing out. These markets remain relatively affordable, supported by strong demographic appeal and solid long-term growth potential.

Andrew: In times of economic uncertainty, people look for more affordable options, and regional areas benefit - particularly places like Geelong, Central Victoria and the Mornington Peninsula.

What role will international buyers play?

Andrew: Given migration data and global instability, international buyers will continue to drive our market forward through rental demand.

Eliza: During the GFC, we saw a spike in overseas migration to Australia. People come to Australia for relative stability, and I can see the same dynamics supporting demand in the near future.

Our experts indicate that while challenges such as interest rate pressures and global uncertainty remain, Victoria is well positioned for continued stability through FY27 and beyond.

EMERGING DESIGN DIRECTIONS FOR 2026 AND BEYOND

From sculptural lighting and rich hues to wellness-led spaces, Australian homeowners are embracing a more individual aesthetic.

After years of restrained palettes and pared-back minimalism, this year's interior trends refuse to fade into the background.

Statement lighting, textured materials and a more expressive palette are appearing alongside playful patterns and restorative spaces designed to slow the pace of everyday life. The overall mood feels assured and distinctly personal.

The focus is reflected in new search data from Pinterest, analysing two years' of global search behaviour. In Australia, where 3.3 million people use Pinterest as a source of inspiration annually, "home" remains one of the platform's most-searched categories. Colour, architectural detail and a new decorative ambition are taking centre stage.

Bold graphic stripes make a striking statement in this richly layered space by We Are Duet. Photography by Anson Smart.

JC

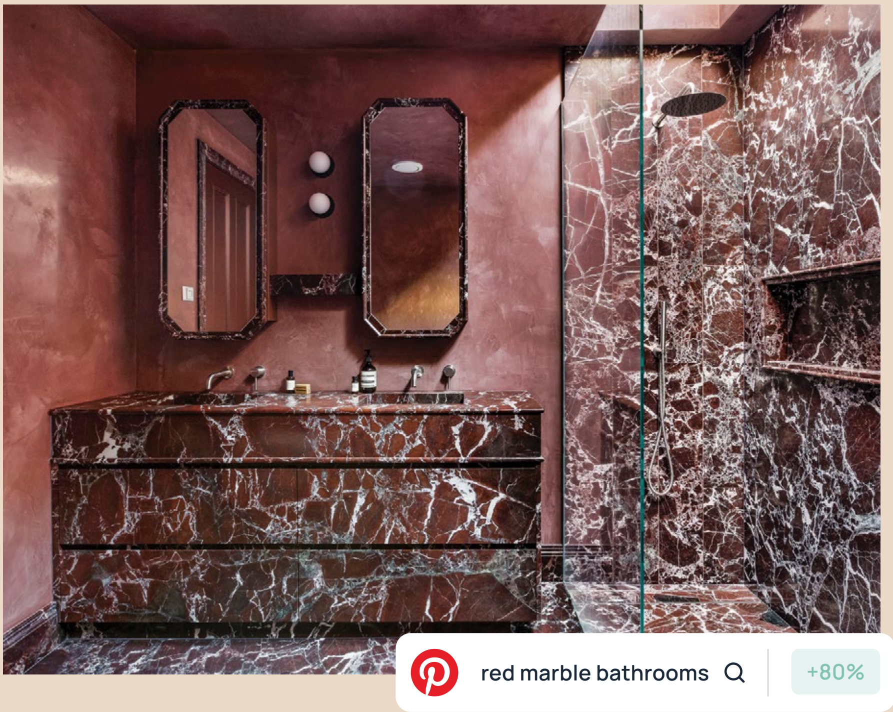
PATTERN PLAY:

Colour, contrast and character

Alongside a return to refinement is a more playful direction that embraces individuality. Graphic stripes, unexpected forms, and offbeat detailing create areas that are alive with energy.

The look leans into opposition, with the understanding that a statement piece lands best against a quieter backdrop. The approach is curated - bold moments animating otherwise grounded interiors.

At the centre of it all is colour. The 2026 palette moves beyond beige and soft neutrals towards shades with greater presence. Deep plum, earthy reds, rich greens and cool blues are appearing across joinery, upholstery and feature stone, bringing warmth and depth.



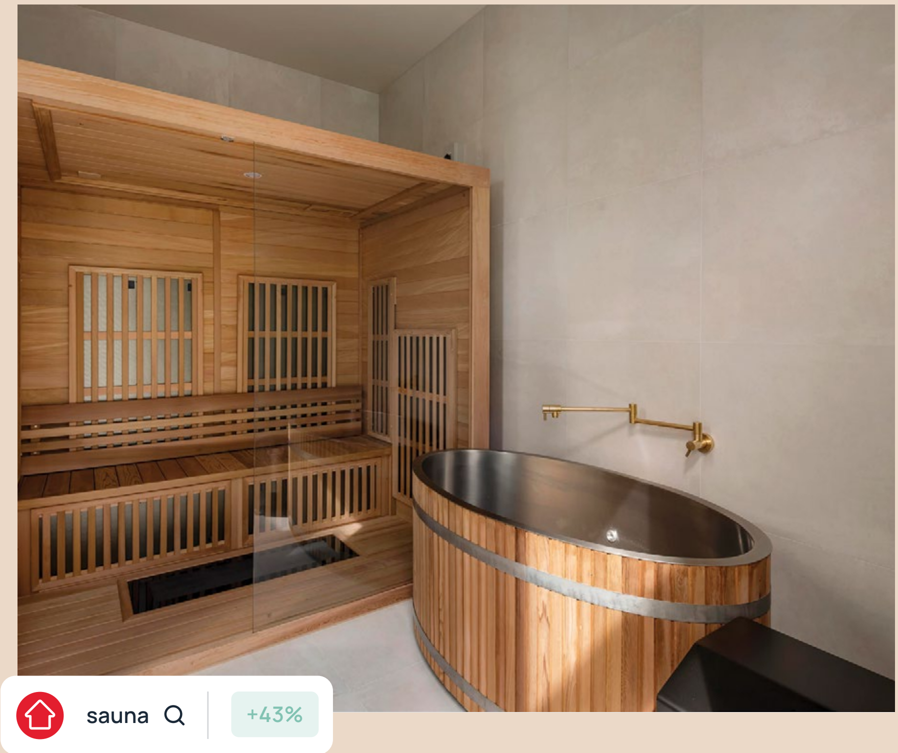
ART DECO REDEFINED:

Glamour without excess

Art Deco references are returning in subtler, more contemporary ways. Arches, chevrons, and crisp linear repetition run through joinery, stonework and lighting, with edges finished in chrome or brass.

Lighting has become one of the clearest signatures of the trend. Searches for pendant lamps have increased 40% year-on-year, reflecting a growing interest in sculptural pieces that visually anchor a room. Interest in antique bar carts has surged by 100%, while searches for red marble bathrooms are up 80%, according to Pinterest's 2026 design insights.

Taken together, they signal a collective hunger for spaces that feel considered, layered and a little indulgent.



WELLNESS BY DESIGN:

The home as sanctuary

For many homeowners, the question of how a space looks is now inseparable from how it feels to spend time in.

At Jellis Craig, we are seeing a rise in recovery and wellbeing features in homes, from infrared saunas and cold plunge pools to reformer studios, meditation rooms and quiet retreat areas integrated within the home. The shift reflects wider lifestyle changes, but also changing buyer expectations within the premium market. Spaces once considered a luxury outlier are now being woven into the architectural brief from the outset.

Warm materials and tactile finishes such as timber and microcement create environments centred on calm.

The demand is backed by data. According to realestate.com.au, searches for 'sauna' have increased 43% year-on-year, pointing to a shift towards homes that support wellbeing as much as aesthetics.

What ultimately ties these trends together is a growing confidence in self-expression. Australians are approaching interiors with greater freedom, mixing influences, layering materials and embracing homes that feel personal, deliberate and entirely their own.

HOW AI IS TRANSFORMING THE PROPERTY JOURNEY

Artificial intelligence (AI) is increasingly recognised as a transformative force in the property industry. For many real estate firms, the adoption of AI offers the promise of enhanced productivity, new capabilities, and improved outcomes for customers.

The businesses advancing are those that are asking better questions about where AI fits, where it fails, and where real humans remain irreplaceable.

A deep view of data

The property industry has always valued data. From suburb performance to median price growth, investor insights, and more. Buyers and sellers look at the numbers to gain an understanding of the performance of their biggest asset. AI tools now have the capability to not only read a complex dataset, but they can also write the code to visualise, analyse and then interpret the data for property seekers and sellers in minutes.

Examples of these sophisticated AI-modelling tools in practice are technologies that generate the estimated value of a home, based on comparable sales, local trends, and property data, available through the major property portals in Australia. Whilst no amount of technology can replace the nuanced knowledge of a local property expert, having access to an estimated price range can provide empowering clarity for sellers.

Client interactions and engagement

AI provides the opportunity to improve client interactions in a multitude of ways. From accurate property matching based on consumer behaviour, to conversational search for property seekers, to a hyper-personalised two-way conversation about a property for sale at any time of the day. AI in the property industry is at the forefront of client interaction technology, ultimately benefiting buyers and sellers on their journey.

One specific example at Jellis Craig is our use of a chatbot-style feature that reads information such as a property floorplan, local amenities, photos, and more, and is then able to digest and interpret the information to provide property seekers with timely, accurate, and informative responses to their enquiries, 24/7 in over 58 languages.

Frictionless legal and compliance services

Regulatory requirements are becoming more complex in the property industry, placing greater operational demands on real estate firms.

According to entrepreneur and 'The AI Guy' Seth Watts, source-grounded AI can help address this challenge.

"By delivering fast, accurate answers directly linked to documents, AI can turn a tedious bottleneck into a seamless, error-free experience."

AI is helping remove the friction of legal sale documents by accelerating contract reviews, surfacing key legal risks and enabling faster, more informed decision-making.

Within an AI-enabled workflow, contracts move through a structured process. The system reads the document, extracts key terms, identifies risks and presents the matter to a lawyer for review, saving time while ensuring issues requiring human judgement receive appropriate attention.

By incorporating AI systems, buyers can act more quickly, access advice more easily and make better-informed decisions — a shift that benefits everyone involved in the transaction.

Underlining our findings was this:

Companies that are built around the customer will deliver more value by uniting AI with a humanistic approach.

JC

> By delivering fast, accurate answers directly linked to documents, AI can turn a tedious bottleneck into a seamless, error-free experience.

What's next?

Most AI use today is still assistant-based. You ask a question; it helps with a task. The next shift is AI as an agent: software that runs on a schedule, watches a part of the business, and acts or alerts when something needs attention. This is the real promise of agentic AI: it watches the things you cannot watch all at once, then taps you on the shoulder when it matters.

For the property industry, the use cases for agentic AI are vast.

A buyer significantly increases their search behaviour and thus becomes a lead ready for agent interaction; a property management issue keeps recurring and quickly alerts a Property Manager so they can improve an investor or renter's experience; repetitive tasks are automated, thus saving time. If the right systems are in place, the opportunities for agentic AI are extensive.

What does AI mean for consumers in this industry?

The benefits are twofold. It frees up capacity for property professionals so they can spend time on the things that matter – servicing the needs of their clients. And it personalises and empowers Australians to make property moves with confidence.

EMPOWERING YOUNG MINDS WITH LIFECHANGER

Scott Watters
CEO, LifeChanger

LifeChanger was established in 2016 in response to the growing challenges preventing young people from leading full and meaningful lives. We spoke with CEO Scott Watters about the organisation's work creating lasting change, and how these principles can be recognised and applied within our own households.

What inspired you to establish LifeChanger?

I've always believed that if we reach young people early enough and create the right environment, we don't just support them, we can positively impact the trajectory of their lives. What I was seeing, both personally and professionally, was that too many young people were struggling silently and often didn't have the tools and support to navigate challenges.

LifeChanger was created to step in earlier. To equip young people with the social and emotional skills, support networks, and self-awareness they need before those challenges escalate.

LifeChanger launched its first program in 2017, focusing on empowering young people. Can you share more about your work within schools?

Our work in schools is centred around creating safe and engaging environments where young people can build confidence, connection, and self-awareness.

Our programs are evidence-based, grounded in positive psychology, and designed with a strength-based approach. We deliver workshops that explore key areas like identity, resilience, relationships, and purpose; equipping young people with practical tools they can apply in their everyday lives. What makes our model unique is the integration of mentors. Young people and mentors break into small groups, helping to bring the learning to life in a more personal and meaningful way.

What practical steps can parents take at home to keep their children engaged and empowered?

The most powerful thing parents can do is just be there. It can be as simple as regular check-ins, shared activities, or being fully present in conversations.

As a dad of three boys myself, I know I don't always get it right. But I've learned that being there, listening, and staying curious about their world goes a long way.

It's also important to help young people build independence and confidence by allowing them to make decisions, make mistakes, learn from challenges, and recognise their own strengths.

At LifeChanger, we've developed resources and practical tools for parents that provide simple, practical ways to strengthen connection and have more meaningful conversations at home. One of these initiatives is the Parent Connection Kit, supported by the Jellis Craig Foundation. The Parent Connection Kit is a collection of practical and preventative wellbeing resources designed to help parents better connect and communicate with teenagers during some of the most formative and challenging years of their lives.

The Jellis Craig Foundation is proud to partner with LifeChanger, supporting youth mental health and empowerment through mentoring, personal development and mental health education in schools. Since our partnership launched in 2025, Jellis Craig staff have stepped forward as trained mentors, working alongside LifeChanger counsellors to help young people build resilience and self-belief. The Foundation is also proud to be supporting the rollout of LifeChanger's Parent Connection Kit.

What signs should parents be aware of when it comes to their child's mental health?

Often, the signs are subtle. Changes in behaviour, withdrawal from friends or activities, or shifts in mood, sleep, or appetite can all be indicators that something isn't quite right.

What's important is not to jump to conclusions, but to stay curious and open. If something feels different, it's worth having a conversation and creating time for your child to share how they're feeling.

Early awareness and open communication can make a significant difference.

As parents, how can we better support our own wellbeing while staying connected to our children?

Recognising that your own wellbeing matters is the first step. You can't pour from an empty cup.

Look after your physical and mental health, whether through exercise, connecting with others, or creating moments to reset. It helps you show up fully and consistently for your family. Modelling healthy behaviours is incredibly powerful – it gives young people the blueprint to do the same!

What is next for LifeChanger?

We're focused on strengthening our programs, growing our mentor network, amplifying youth voices and continuing to build meaningful partnerships so we can support more young people, particularly in communities that need it most.

Ultimately, our goal is to create a future where young people have access to the tools, support, and connection they need to thrive. We know that's worth fighting for.

LifeChanger

To learn more about supporting LifeChanger's work or to sign up to the mentoring program, we encourage you to get in touch with the team directly.

Get in touch

The information in this document is for general purposes only and does not constitute professional advice. If you or someone you know is in crisis, experiencing emotional distress, or at risk of harm, please seek immediate help. Call **13 11 14** to reach Lifeline.

JC

Jellis Craig Inner North
Fitzroy | Northcote | Reservoir

Jellis Craig Moonee Valley & Kensington
Kensington | Moonee Valley

Jellis Craig Northern
Brunswick | Pascoe Vale

Jellis Craig Richmond & surrounds
Richmond

Jellis Craig acknowledges and pays our respects to the Bunurong People, the Wadawurrung People, the Dja Dja Wurrung People and the Wurundjeri People as the Traditional Owners and original custodians of the lands on which Jellis Craig operates.