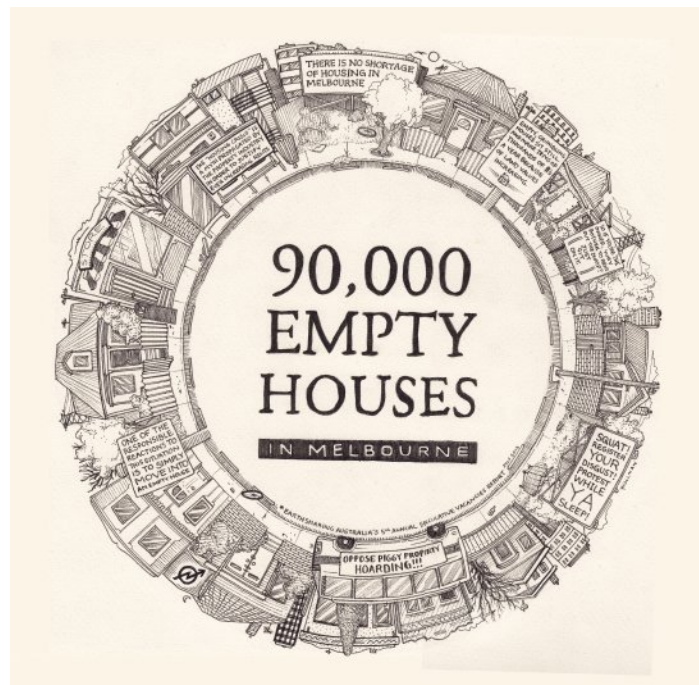


# Speculative Vacancies in Melbourne: 2012 Report



Philip Soos

# Executive Summary

It is generally accepted that a crisis is occurring in rental property markets of most metropolitan areas in Australia, including Melbourne. Since 2006, rental prices have increased significantly above the rate of inflation, causing many tenants to experience financial stress. Accordingly, the lack of affordable and available rental properties is an ongoing concern. This report fills a void in property analysis by estimating the number of long-term vacant properties that could potentially be placed on the rental market to increase supply. These properties are not reflected in reported vacancy rates.

Water consumption data supplied by two of Melbourne's retailers, City West Water and Yarra Valley Water, is used as a proxy to determine vacancies. A conservative cut-off point of 50 litres per day (L/d) per property, averaged over a six month period from July to December 2011, was chosen. Evidence indicates that per capita consumption averaged 140L/d in 2010/11, with average household consumption estimated at approximately 350L/d.

Analysis of 1,015,599 residential properties shows that 60,103 properties (5.9%) were potentially vacant over the study period, having consumed less than 50L/d. This figure rises to 90,730 when extrapolated across the entire residential property market. A large number of commercial properties (24.2%) were also potentially vacant in the suburbs where data are provided.

One hypothesis to account for why these properties remain vacant is the escalation in capital appreciation of property values (specifically land values) as housing prices in Melbourne have risen by 180%, adjusted for inflation and quality, between 1996 and 2010. Landlords have an incentive to withhold properties from the rental market as they profit substantially from realizing capital gains upon sale rather than from long-term rental income.

It is argued that a substantial land value tax would serve as a withholding cost and helps to blunt capital appreciation, ensuring landlords cover costs through rental income, not capital gain. Policymakers could benefit by examining the reasons as to why many residential properties are kept off the market, especially during a period of prolonged rental price increases and financial stress.

[Full Report click here](#)

## Appendices

The water consumption data used in this report was kindly provided by City West Water and Yarra Valley Water.

### Appendix A: Residential Properties (City West Water)

Suburb	Total	0L/day	Ratio	<30L/d	Ratio	<50L/d	Ratio
Abbotsford	2,623	120	4.6%	168	6.4%	201	7.7%
Aberfeldie	1,535	75	4.9%	105	6.8%	121	7.9%
Airport West	3,552	240	6.8%	300	8.4%	359	10.1%
Albanvale	1,867	22	1.2%	36	1.9%	55	2.9%
Albion	2,003	112	5.6%	166	8.3%	206	10.3%
Altona	5,327	353	6.6%	457	8.6%	545	10.2%
Altona Meadows	7,845	325	4.1%	412	5.3%	484	6.2%
Altona North	4,902	200	4.1%	279	5.7%	348	7.1%
Ardeer	1,395	72	5.2%	105	7.5%	132	9.5%
Ascot Vale	6,266	318	5.1%	421	6.7%	522	8.3%
Avondale Heights	4,691	178	3.8%	239	5.1%	300	6.4%
Braybrook	3,405	176	5.2%	235	6.9%	282	8.3%
Brooklyn	879	65	7.4%	104	11.8%	127	14.4%
Burnley	1,697	33	1.9%	49	2.9%	70	4.1%
Burnside	3,012	28	0.9%	47	1.6%	58	1.9%
Burnside Heights	323	4	1.2%	5	1.5%	7	2.2%

Cairnlea	2,551	46	1.8%	61	2.4%	73	2.9%
Carlton	5,687	165	2.9%	291	5.1%	483	8.5%
Carlton North	3,468	113	3.3%	164	4.7%	223	6.4%
Carlton South	1,544	61	4.0%	92	6.0%	129	8.4%
Caroline Springs	7,923	210	2.7%	324	4.1%	437	5.5%
Clifton Hill	3,951	142	3.6%	195	4.9%	249	6.3%
Collingwood	3,293	124	3.8%	189	5.7%	288	8.7%
Cremorne	749	25	3.3%	41	5.5%	53	7.1%
Deer Park	7,114	267	3.8%	369	5.2%	452	6.4%
Delahey	2,893	65	2.2%	85	2.9%	107	3.7%
Derrimut	2,204	55	2.5%	89	4.0%	127	5.8%
Docklands	1,951	125	6.4%	199	10.2%	275	14.1%
East Melbourne	3,269	114	3.5%	169	5.2%	231	7.1%
Essendon	9,263	602	6.5%	759	8.2%	860	9.3%
Essendon North	1,449	99	6.8%	121	8.4%	212	14.6%
Essendon West	579	34	5.9%	45	7.8%	54	9.3%
Fitzroy	4,234	189	4.5%	262	6.2%	331	7.8%
Fitzroy North	5,030	155	3.1%	229	4.6%	313	6.2%
Flemington	3,547	163	4.6%	224	6.3%	279	7.9%
Footscray	7,351	452	6.1%	666	9.1%	842	11.5%
Hillside	5,513	123	2.2%	168	3.0%	204	3.7%
Hoppers Crossing	14,586	370	2.5%	518	3.6%	636	4.4%
Kealba	1,236	32	2.6%	52	4.2%	65	5.3%
Keilor	2,389	44	1.8%	69	2.9%	90	3.8%
Keilor Downs	3,725	68	1.8%	100	2.7%	129	3.5%
Keilor East	5,583	185	3.3%	269	4.8%	330	5.9%
Keilor Lodge	583	4	0.7%	10	1.7%	13	2.2%
Keilor Park	1,102	25	2.3%	37	3.4%	49	4.4%
Kensington	4,374	137	3.1%	195	4.5%	257	5.9%
Kings Park	2,991	49	1.6%	79	2.6%	97	3.2%
Kingsville	1,867	89	4.8%	127	6.8%	164	8.8%

Laverton	2,422	120	5.0%	173	7.1%	207	8.5%
Little River	242	17	7.0%	22	9.1%	27	11.2%
Maidstone	3,438	187	5.4%	289	8.4%	353	10.3%
Maribyrnong	4,650	175	3.8%	253	5.4%	310	6.7%
Melbourne	12,410	340	2.7%	647	5.2%	963	7.8%
Moonee Ponds	6,333	269	4.2%	351	5.5%	440	6.9%
Newport	5,782	312	5.4%	415	7.2%	521	9.0%
Niddrie	2,484	183	7.4%	243	9.8%	289	11.6%
North Melbourne	5,574	248	4.4%	379	6.8%	529	9.5%
Parkville	1,986	79	4.0%	113	5.7%	148	7.5%
Point Cook	14,166	593	4.2%	1,020	7.2%	1,295	9.1%
Princes Hill	767	24	3.1%	34	4.4%	46	6.0%
Raaf Point Cook	55	49	89.1%	51	92.7%	51	92.7%
Ravenhall	4	1	25.0%	2	50.0%	2	50.0%
Richmond	12,610	493	3.9%	694	5.5%	893	7.1%
Seabrook	1,812	31	1.7%	47	2.6%	63	3.5%
Seaholme	816	37	4.5%	48	5.9%	58	7.1%
Seddon	2,218	89	4.0%	131	5.9%	168	7.6%
South Kingsville	961	78	8.1%	94	9.8%	106	11.0%
Spotswood	1,120	55	4.9%	83	7.4%	101	9.0%
St. Albans	14,588	728	5.0%	1,006	6.9%	1,213	8.3%
Strathmore	3,183	141	4.4%	186	5.8%	226	7.1%
Strathmore Heights	386	13	3.4%	15	3.9%	20	5.2%
Sunshine	4,671	255	5.5%	359	7.7%	436	9.3%
Sunshine North	3,897	116	3.0%	190	4.9%	242	6.2%
Sunshine West	6,255	156	2.5%	267	4.3%	350	5.6%
Sydenham	4,125	148	3.6%	206	5.0%	244	5.9%
Tarneit	9,084	341	3.8%	526	5.8%	665	7.3%
Taylors Hill	3,749	76	2.0%	106	2.8%	133	3.5%
Taylors Lakes	5,332	51	1.0%	84	1.6%	109	2.0%
Tottenham	13	1	7.7%	1	7.7%	2	15.4%

Travancore	934	28	3.0%	38	4.1%	59	6.3%
Truganina	3,634	201	5.5%	352	9.7%	468	12.9%
Tullamarine	1,875	115	6.1%	159	8.5%	186	9.9%
Werribee	16,464	614	3.7%	823	5.0%	1,006	6.1%
Werribee South	328	11	3.4%	19	5.8%	23	7.0%
West Footscray	5,391	281	5.2%	390	7.2%	501	9.3%
West Melbourne	1,938	88	4.5%	127	6.6%	157	8.1%
Western Gardens	46	3	6.5%	3	6.5%	3	6.5%
Williams Landing	1,476	102	6.9%	147	10.0%	200	13.6%
Williamstown	6,192	238	3.8%	338	5.5%	443	7.2%
Williamstown North	559	23	4.1%	35	6.3%	42	7.5%
Wyndham Vale	7,457	256	3.4%	434	5.8%	575	7.7%
Yarraville	6,662	233	3.5%	336	5.0%	444	6.7%
Total	361,410	14,252	3.9%	20,562	5.7%	26,186	7.2%

### Appendix B: Residential Properties (Yarra Valley Water)

Suburb	Total	<50L/day	Ratio
Alphington	2,041	123	6.0%
Armadale	2,031	91	4.5%
Arthurs Creek	50	7	14.0%
Ashburton	3,026	172	5.7%
Ashwood	2,530	136	5.4%
Attwood	1,020	35	3.4%
Avonsleigh	281	8	2.8%
Badger Creek	596	32	5.4%
Balwyn	5,797	409	7.1%
Balwyn North	7,901	434	5.5%
Bayswater	56	12	21.4%
Bayswater North	3,590	156	4.3%

Bellfield	712	29	4.1%
Beveridge	163	40	24.5%
Blackburn	5,635	360	6.4%
Blackburn North	2,852	124	4.3%
Blackburn South	4,023	178	4.4%
Box Hill	4,880	413	8.5%
Box Hill North	4,964	328	6.6%
Box Hill South	3,214	164	5.1%
Briar Hill	1,367	70	5.1%
Broadmeadows	4,126	239	5.8%
Brunswick	10,567	616	5.8%
Brunswick East	4,474	261	5.8%
Brunswick West	7,021	446	6.4%
Bulleen	4,509	229	5.1%
Bundoora	9,662	331	3.4%
Burwood	5,760	393	6.8%
Burwood East	3,923	116	3.0%
Camberwell	8,680	420	4.8%
Campbellfield	1,827	120	6.6%
Canterbury	3,183	145	4.6%
Chadstone	3,555	263	7.4%
Chirnside Park	3,475	113	3.3%
Chum Creek	288	16	5.6%
Clayton	1,634	154	9.4%
Clematis	139	7	5.0%
Coburg	11,000	572	5.2%
Coburg North	2,895	203	7.0%
Cockatoo	1,436	77	5.4%
Coldstream	665	22	3.3%
Coolaroo	1,128	52	4.6%
Cottles Bridge	8	2	25.0%

Craigieburn	12,043	576	4.8%
Croydon	11,376	692	6.1%
Croydon Hills	1,689	18	1.1%
Croydon North	2,845	99	3.5%
Croydon South	1,767	52	2.9%
Dallas	2,140	87	4.1%
Deepdene	845	25	3.0%
Diamond Creek	3,978	140	3.5%
Dixons Creek	5	0	0.0%
Don Valley	150	10	6.7%
Doncaster	8,459	492	5.8%
Doncaster East	10,852	506	4.7%
Donvale	4,657	173	3.7%
Doreen	5,043	344	6.8%
Eaglemont	1,562	75	4.8%
East Warburton	365	60	16.4%
Eden Park	1	1	100.0%
Eltham	6,926	273	3.9%
Eltham North	2,281	43	1.9%
Emerald	2,026	106	5.2%
Epping	9,862	540	5.5%
Fairfield	2,914	188	6.5%
Fawkner	4,999	257	5.1%
Ferny Creek	565	37	6.5%
Fitzroy North	391	14	3.6%
Forest Hill	4,275	202	4.7%
Gembrook	493	29	5.9%
Gladstone Park	3,254	102	3.1%
Glen Iris	10,581	572	5.4%
Glen Waverley	15,626	706	4.5%
Glenroy	8,702	667	7.7%



Gowanbrae	880	27	3.1%
Greensborough	8,376	394	4.7%
Greenvale	3,730	84	2.3%
Gruyere	44	4	9.1%
Hadfield	2,439	118	4.8%
Hawthorn	10,690	744	7.0%
Hawthorn East	6,117	369	6.0%
Healesville	2,983	232	7.8%
Heathcote Junction	1	0	0.0%
Heathmont	3,736	168	4.5%
Heidelberg	2,785	172	6.2%
Heidelberg Heights	3,062	234	7.6%
Heidelberg West	2,337	151	6.5%
Hoddles Creek	1	0	0.0%
Hurstbridge	1,202	41	3.4%
Ivanhoe	5,187	317	6.1%
Ivanhoe East	1,473	59	4.0%
Jacana	810	41	5.1%
Kalkallo	1	0	0.0%
Kallista	509	40	7.9%
Kalorama	352	27	7.7%
Kangaroo Ground	157	15	9.6%
Kew	10,380	579	5.6%
Kew East	2,781	169	6.1%
Kilsyth	4,430	243	5.5%
Kilsyth South	962	27	2.8%
Kingsbury	1,403	71	5.1%
Kooyong	360	11	3.1%
Lalor	7,747	362	4.7%
Launching Place	748	25	3.3%
Lilydale	6,310	340	5.4%

Lower Plenty	1,607	79	4.9%
Macclesfield	85	11	12.9%
Macleod	4,003	215	5.4%
Malvern	4,225	214	5.1%
Malvern East	8,745	476	5.4%
McMahons Creek	30	8	26.7%
Meadow Heights	4,603	126	2.7%
Menzies Creek	318	20	6.3%
Mernda	3,359	253	7.5%
Mickleham	181	9	5.0%
Mill Park	10,564	331	3.1%
Millgrove	750	56	7.5%
Mitcham	6,847	415	6.1%
Monbulk	1,107	50	4.5%
Mont Albert	2,167	108	5.0%
Mont Albert North	2,229	141	6.3%
Montmorency	3,890	217	5.6%
Montrose	2,293	72	3.1%
Mooroolbark	7,816	288	3.7%
Mount Dandenong	514	28	5.4%
Mount Evelyn	3,331	137	4.1%
Mount Waverley	13,615	769	5.6%
Mulgrave	6,900	265	3.8%
Northcote	10,143	522	5.1%
Notting Hill	1,006	73	7.3%
Nunawading	4,860	239	4.9%
Nutfield	31	1	3.2%
Oak Park	2,539	150	5.9%
Oakleigh	359	26	7.2%
Oakleigh East	2,137	129	6.0%
Olinda	585	46	7.9%

Panton Hill	265	19	7.2%
Park Orchards	1,219	33	2.7%
Pascoe Vale	7,078	501	7.1%
Pascoe Vale South	3,906	181	4.6%
Plenty	652	32	4.9%
Preston	13,461	789	5.9%
Reefton	5	1	20.0%
Research	810	25	3.1%
Reservoir	21,487	1366	6.4%
Ringwood	7,890	448	5.7%
Ringwood East	4,600	315	6.8%
Ringwood North	3,493	101	2.9%
Rosanna	3,591	217	6.0%
Roxburgh Park	5,550	100	1.8%
Sassafras	376	24	6.4%
Selby	22	0	0.0%
Seville	743	30	4.0%
Seville East	271	8	3.0%
Sherbrooke	94	6	6.4%
Silvan	223	17	7.6%
Somerton	22	11	50.0%
South Morang	7,529	300	4.0%
St Helena	870	22	2.5%
Surrey Hills	5,653	315	5.6%
Templestowe	6,178	249	4.0%
Templestowe Lower	5,343	229	4.3%
The Patch	316	14	4.4%
Thomastown	7,847	349	4.4%
Thornbury	8,630	508	5.9%
Toorak	1,191	47	3.9%
Tremont	27	1	3.7%

Tullamarine	1,388	72	5.2%
Upwey	35	0	0.0%
Vermont	4,140	198	4.8%
Vermont South	4,192	99	2.4%
Viewbank	2,670	83	3.1%
Wallan	3,172	185	5.8%
Wandin	42	2	4.8%
Wandin North	922	45	4.9%
Warburton	993	131	13.2%
Warrandyte	1,901	67	3.5%
Warrandyte North	979	35	3.6%
Warrandyte South	180	5	2.8%
Warranwood	1,536	33	2.1%
Watsonia	2,271	110	4.8%
Watsonia North	1,424	35	2.5%
Wattle Glen	576	16	2.8%
Wesburn	341	25	7.3%
Westmeadows	2,270	92	4.1%
Wheelers Hill	7,224	186	2.6%
Whittlesea	1,722	101	5.9%
Wollert	597	101	16.9%
Wonga Park	1,203	38	3.2%
Woori Yallock	1,082	53	4.9%
Yallambie	1,349	44	3.3%
Yan Yean	72	7	9.7%
Yarra Glen	922	61	6.6%
Yarra Junction	921	70	7.6%
Yarrambat	464	21	4.5%
Yellingbo	51	2	3.9%
Yering	20	0	0.0%
Total	654,189	33,917	5.2%

## Appendix C: Commercial/Industrial Properties (City West Water)

Suburb	Total	0L/d	Ratio	<30L/d	Ratio	<50L/d	Ratio
Abbotsford	652	51	7.8%	92	14.1%	128	19.6%
Aberfeldie	71	8	11.3%	11	15.5%	12	16.9%
Airport West	433	49	11.3%	82	18.9%	108	24.9%
Albanvale	5	1	20.0%	1	20.0%	1	20.0%
Albion	59	13	22.0%	17	28.8%	20	33.9%
Altona	462	66	14.3%	87	18.8%	99	21.4%
Altona Meadows	88	41	46.6%	43	48.9%	44	50.0%
Altona North	512	68	13.3%	84	16.4%	107	20.9%
Ardeer	87	11	12.6%	13	14.9%	17	19.5%
Ascot Vale	395	56	14.2%	87	22.0%	118	29.9%
Avondale Heights	104	13	12.5%	20	19.2%	24	23.1%
Braybrook	358	46	12.8%	77	21.5%	99	27.7%
Brooklyn	247	24	9.7%	53	21.5%	66	26.7%
Burnley	66	5	7.6%	13	19.7%	15	22.7%
Burnside	94	23	24.5%	29	30.9%	31	33.0%
Cairnlea	28	13	46.4%	13	46.4%	14	50.0%
Carlton	762	50	6.6%	74	9.7%	101	13.3%
Carlton North	337	67	19.9%	80	23.7%	87	25.8%
Carlton South	329	68	20.7%	91	27.7%	94	28.6%
Caroline Springs	281	156	55.5%	175	62.3%	181	64.4%
Clifton Hill	325	68	20.9%	90	27.7%	99	30.5%
Collingwood	1298	135	10.4%	267	20.6%	317	24.4%
Cremorne	303	16	5.3%	38	12.5%	60	19.8%
Deer Park	278	35	12.6%	59	21.2%	69	24.8%
Delahey	36	8	22.2%	8	22.2%	9	25.0%
Derrimut	414	64	15.5%	87	21.0%	111	26.8%
Docklands	215	64	29.8%	86	40.0%	89	41.4%

East Melbourne	450	50	11.1%	57	12.7%	63	14.0%
Essendon	647	92	14.2%	143	22.1%	186	28.7%
Essendon North	255	29	11.4%	98	38.4%	112	43.9%
Fitzroy	1205	120	10.0%	205	17.0%	249	20.7%
Fitzroy North	363	42	11.6%	57	15.7%	69	19.0%
Flemington	391	87	22.3%	109	27.9%	128	32.7%
Footscray	1421	199	14.0%	271	19.1%	340	23.9%
Hillside	66	25	37.9%	32	48.5%	39	59.1%
Hoppers Crossing	1080	191	17.7%	301	27.9%	398	36.9%
Kealba	50	4	8.0%	6	12.0%	6	12.0%
Keilor	164	24	14.6%	25	15.2%	28	17.1%
Keilor Downs	40	5	12.5%	5	12.5%	5	12.5%
Keilor East	538	71	13.2%	114	21.2%	160	29.7%
Keilor Park	170	18	10.6%	30	17.6%	47	27.6%
Kensington	279	33	11.8%	51	18.3%	65	23.3%
Kings Park	23	1	4.3%	1	4.3%	3	13.0%
Kingsville	68	4	5.9%	16	23.5%	20	29.4%
Laverton	258	43	16.7%	54	20.9%	62	24.0%
Laverton North	865	116	13.4%	179	20.7%	243	28.1%
Little River	37	5	13.5%	10	27.0%	11	29.7%
Maidstone	157	22	14.0%	32	20.4%	42	26.8%
Maribyrnong	200	50	25.0%	58	29.0%	68	34.0%
Melbourne	5090	435	8.5%	606	11.9%	693	13.6%
Moonee Ponds	713	91	12.8%	139	19.5%	196	27.5%
Newport	287	49	17.1%	63	22.0%	76	26.5%
Niddrie	341	55	16.1%	71	20.8%	87	25.5%
North Melbourne	1067	198	18.6%	248	23.2%	293	27.5%
Parkville	189	37	19.6%	41	21.7%	44	23.3%
Plumpton	7	0	0.0%	0	0.0%	0	0.0%
Point Cook	186	47	25.3%	59	31.7%	69	37.1%
Princes Hill	16	1	6.3%	2	12.5%	2	12.5%

Ravenhall	144	24	16.7%	30	20.8%	38	26.4%
Richmond	2393	224	9.4%	406	17.0%	551	23.0%
Seabrook	12	1	8.3%	1	8.3%	1	8.3%
Seaholme	11	1	9.1%	1	9.1%	1	9.1%
Seddon	127	11	8.7%	17	13.4%	22	17.3%
South Kingsville	31	6	19.4%	9	29.0%	11	35.5%
Spotswood	89	12	13.5%	18	20.2%	23	25.8%
St. Albans	566	63	11.1%	85	15.0%	113	20.0%
Strathmore	104	12	11.5%	22	21.2%	30	28.8%
Sunshine	1452	215	14.8%	326	22.5%	426	29.3%
Sunshine North	364	33	9.1%	63	17.3%	84	23.1%
Sunshine West	293	31	10.6%	47	16.0%	64	21.8%
Sydenham	123	31	25.2%	38	30.9%	41	33.3%
Tarneit	72	29	40.3%	34	47.2%	34	47.2%
Taylors Hill	61	26	42.6%	29	47.5%	30	49.2%
Taylors Lakes	81	12	14.8%	12	14.8%	15	18.5%
Tottenham	182	21	11.5%	26	14.3%	34	18.7%
Travancore	60	8	13.3%	9	15.0%	11	18.3%
Truganina	123	16	13.0%	17	13.8%	18	14.6%
Tullamarine	1219	186	15.3%	281	23.1%	359	29.5%
Werribee	1151	178	15.5%	266	23.1%	313	27.2%
Werribee South	316	14	4.4%	19	6.0%	23	7.3%
West Footscray	406	57	14.0%	84	20.7%	101	24.9%
West Melbourne	572	88	15.4%	115	20.1%	128	22.4%
Western Gardens	6	2	33.3%	3	50.0%	3	50.0%
Williams Landing	9	2	22.2%	2	22.2%	3	33.3%
Williamstown	766	107	14.0%	171	22.3%	211	27.5%
Williamstown North	210	31	14.8%	60	28.6%	76	36.2%
Wyndham Vale	64	16	25.0%	23	35.9%	27	42.2%
Yarraville	536	55	10.3%	84	15.7%	103	19.2%
Totals	36,405	4,875	13.4%	7,158	19.7%	8,818	24.2%

