

RT Edgar

# PROSPECT



Perspectives on Luxury Property

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## Directors Message

It has been a challenging year in prestige property. Even so, we continue to see committed buyers and sellers making important life decisions and transacting with a long-term view.

Across our markets, buyers continue to enter the market for different reasons. Young families are upgrading with the support of generational wealth, successful business owners are investing in their primary residence, and returning expats continue to benefit from favourable currency conversion.

While conditions are tougher than previous cycles, one thing remains consistent: the appeal of premium family homes in outstanding locations. Many of the properties changing hands today have been held for decades, reflecting the long-term thinking that often defines prestige property ownership. Investors, meanwhile, remain attentive to the broader policy environment, including proposed changes to negative gearing and capital gains tax.

The insights shared throughout this publication reinforce that there is no single story playing out across the market. From metropolitan Melbourne to coastal and regional markets, our network continues to see opportunities emerge for buyers, sellers, investors and renters alike.

For 130 years, RT Edgar has been built on trusted relationships, local expertise and a commitment to exceptional service. Those same principles underpin the insights, research and perspectives shared throughout this publication, providing valuable context and a deeper understanding of the forces shaping the property market.

Thank you for your continued support.

**Jeremy Fox**  
RT Edgar, Director



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‘The strongest results share common characteristics, Domain found: they are in established suburbs that participated in the recent growth cycle, with a large owner-occupier presence, longer holding periods, and not enough underlying supply to meet demand.’<sup>3</sup>

# Clear Intent

Amid uncertainty, Melbourne’s prestige property market has been increasingly defined by caution, but also clarity.

The market is still absorbing the Federal Budget changes to negative gearing and capital gains tax, with many investors assessing how the reforms will be ultimately legislated, and what practical impacts will be on their portfolios.

Meanwhile, interest rate rises, reduced borrowing capacity, sticky inflation and global tensions have been shaping buyers’ decision-making. Against this backdrop, the prestige market has recalibrated into an increasingly discerning and quality-driven environment, experts say.

Buyers are selective, rather than speculative, so despite the ongoing scarcity of luxury stock – as financially secure, high-end vendors adopt a wait-and-see approach – the urgency that has driven previous cycles is absent.

The fundamentals of rarity, location and long-term value are paramount in this market, and buyers are more prepared to transact when these align. Meanwhile, exclusive, generational assets in blue-ribbon postcodes have continued to attract elite buyers<sup>1</sup>, according to Westpac.

Data reveals part of the story but the geopolitical conditions this year have been evolving faster than many traditional indicators and datasets can capture. What is certain is that following the May budget, active buyers will continue to move carefully.

Three rate cuts in 2025 provided the market with momentum, and the prestige sector shifted into early recovery phase<sup>2</sup>, helped by limited listings. However, three consecutive rate hikes beginning in February applied the brakes to all levels of the market.

That said, Melbourne’s softer position compared to other capital cities has presented a strategic opportunity to prestige buyers with a future-focused outlook, who regard the disruptions as cyclical – not structural – changes.

The strongest results share common characteristics, Domain found: they are in established suburbs that participated in the recent growth cycle, with a large owner-occupier presence, longer holding periods, and not enough underlying supply to meet demand<sup>3</sup>.

Meanwhile, regional Victoria has been a standout performer. Victoria’s combined regional dwelling price has outpaced

metro growth over 12 months<sup>4</sup>, although there have been localised declines in areas that are sensitive to interest rates, or are correcting after unsustainable, turbo-charged price increases during the pandemic.

Country and coastal areas are welcoming strong inflows of former city residents, affirming an imbalance between supply and demand<sup>5</sup>. The nature of demand has also matured. While pandemic buyers were driven by flights of fancy, today’s buyers are seeking work-life balance and permanence, while maintaining easy access to the city.

Of all the markets, the one that will be the most keenly watched in the next six months will be rentals. Yields have been stable<sup>6</sup> and vacancy rates persistently low, and these will underpin the sector until results of the budget reforms begin to wash through the investor market.

On the horizon, Victoria’s population growth and significant infrastructure investment is expected to reinforce demand and support prices.

<sup>1</sup> Westpac Prestige Property Update: Spring Edition  
<sup>2</sup> Westpac Prestige Property Update: Spring Edition  
<sup>3</sup> Domain Profit & Loss Report 2026  
<sup>4</sup> Domain House Price Report Q1 2026  
<sup>5</sup> NAB Regional Vic Property Market Insights Q1 2026  
<sup>6</sup> Proptack Westpac Investor Report 2026

# Market Insights

This financial year has been a tale of two Melbourne markets. Equity-rich buyers who sat on the sidelines during previous cycles, and prestige buyers seeing long-term upside, moved swiftly in late 2025 following the RBA's three rate cuts.

Confidence was demonstrated in higher clearance rates, increased buyer enquiry and deeper competition. The market has since entered a period of adjustment. Melbourne (alongside Sydney) is about five months into a downturn<sup>1</sup>, Cotality data indicates, although history shows these phases don't last long. In this climate, buyers are scrutinising value more closely. "Expectations around pricing have become much sharper in 2026," Boroondara director Paul Walker says.

"Historically, housing downturns have been relatively short-lived, with all but three capital city downturns over the past 40 years lasting less than 12 months."

Tim Lawless, Cotality Research Director  
Monthly Housing Chart Pack, May 2026

01



## The State of the Market

### 01 Guarded Optimism

Westpac consumer sentiment data shows house price expectations softened but are positive overall. Two-thirds expect prices to lift over the next year and 14 per cent anticipate a drop<sup>2</sup>.

### 02 Melbourne Resets

The city's prices eased 0.6 per cent over the three months to March - the first quarterly moderation in 18 months. Prices briefly peaked at the end of the year for the first time since 2022<sup>3</sup>.

### 03 Flight to Quality

Construction costs and complexities have reinforced demand for turn-key and architectural homes. The ease and immediacy are compelling. "Buyers are increasingly placing a premium on certainty," Stonnington director Michael Ebeling says. "Well-executed properties in established locations continue to perform because they offer quality and confidence."

### 04 Active Buyers

Victoria is expected to catch up to New South Wales this year as Australia's largest home loan market, with the annual lending volume forecast to rise 10 per cent<sup>4</sup>. Investor activity in 2025 is behind the upswing, but questions remain following the federal budget.

### 05 The Rental Equation

Demand is tilted towards quality, low-maintenance homes that appeal to long-term renters. Melbourne's latest vacancy rate of 2.6 per cent<sup>5</sup> offers some balance, but that may prove fragile. "There is growing concern that federal budget changes and broader policy direction could place even more pressure on supply," Glen Eira director Rowan Bustin says. Victorian investors are reconsidering their positions due to compliance changes and reduced incentives, but strong renter demand has kept them engaged. "The most common conversations are around holding costs, land tax, rental returns and confidence," Stonnington director Mark Wridgway says.

02

"Art deco' overtook 'pool' as Melbourne's most-searched term, highlighting the city's strong and rising interest in character homes and distinctive architectural styles."

Domain

- 1 Cotality Monthly Housing Chart Pack, May 2026
- 2 Westpac-Melbourne Institute Consumer Sentiment Index, May 2026
- 3 Domain House Price Report, Q1 2026
- 4 Money.com.au State-by-State Mortgage Insights, March 2026
- 5 REIV Market Snapshot, April 2026

#### Images

- 01 260 Albert Street, East Melbourne
- 02 1/111 Dendy Street, Brighton



# Notable Success



High calibre design combined with national coverage took this property to just the right buyer

**Images**  
01 155 Bittern Dromana Road, Merricks North  
02 24 Mayfield Street, Abbotsford

01 – SOLD  
**155 Bittern Dromana Road  
Merricks North**

Such was the appeal of this architect-designed home that media coverage of its show-stopping cantilevered position over a lap pool below attracted a buyer from New South Wales. The contemporary six-bedroom home, located in the coastal hamlet of Merricks North, was secured within just 10 days after the purchaser saw an article in the Australian Financial Review. The time spent on the market was much briefer than expected for properties fitting the lifestyle, or second home sector. But the calibre of the design and the national coverage ensured it was in front of the right buyer, at just the right time. Stonnington director Michael Ebeling said the result highlighted the continued demand for high-quality, design-led homes paired with considered positioning and targeted exposure.

02 – SOLD  
**24 Mayfield Street  
Abbotsford**

The rarity of an inner-city home on an expansive allotment with Yarra River frontage drew 320 people to take a look for themselves. The popularity of the Abbotsford home, built around 1890 and set on approximately 1225 square metres with almost 40 metres of river frontage, saw it attract more visits on the RT Edgar website than any other property in the past six months. Its unique combination of space and privacy at a city-side position intrigued buyers from as far afield as Hong Kong and Los Angeles. Six bidders ultimately competed for the property, which was offered to the market for the first time in 25 years. Stonnington director Sarah Case said potential buyers understood the once-in-a-generation opportunity at stake, and in the circumstances, “market conditions become secondary as buyers simply do not want to miss out”.

Hundreds flock to long-held family home with Yarra River frontage



02



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Buyers lured by mid-century design, ocean views and prime coastal location

04 – LEASED  
32 Phelan Street  
Point Lonsdale

A custom-built residence within the exclusive Lonsdale Links precinct generated strong interest from renters seeking a level of quality rarely available for lease in the region. Combining architectural design, smart-home technology and seamless indoor-outdoor living, the home highlighted the growing appeal of premium rental offerings within tightly held coastal markets. "There's a growing segment of the market seeking high-quality lifestyle homes without the commitment of ownership, particularly in exclusive coastal locations where quality stock remains limited," said RT Edgar Bellarine.

05 – SOLD  
1/111 Dendy Street  
Brighton

Stunning design spoke for itself at this newly built Brighton home, but it was a clever sales strategy that resulted in a quick purchase. The four-bedroom home was on the market with another agency before Bayside director Will Maxted and his team took over and repositioned the campaign to appeal to an exclusive demographic. A VIP night was held at the home to showcase its stunning curved staircase, fireplace, designer kitchen and pool, and a purchase was made just six days later. The design language simply spoke to Brighton buyers and the property did not need to be oversold, said Maxted. "It created the right environment for serious buyers rather than broad open for inspection exposure."



VIP treatment allows design language to tell its own story

03 – SOLD  
4 Leggett Way  
Sorrento

Seaside views stretching out over Camerons Bight and Sullivan Bay were huge drawcards for this time capsule 1970s Sorrento home. Mid-century features on show included wallpapered feature walls, exposed brick in the bedrooms and wood-panelling in the living areas, and the aesthetic attracted front-page media attention. Perched on the waterfront and tucked away in a quiet cul-de-sac, the location ensured healthy competition between the three purchasers who vied for this five-bedroom home. Like all of the prospective buyers, the final trio formed emotional connections to the mid-century stylings and enviable bay views. That, along with the potential for a complete redesign or new build, made for a winning sale, said Portsea director Warwick Anderson.



02



05

Images  
01 4 Leggett Way, Sorrento  
02 4 Leggett Way, Sorrento  
03 32 Phelan Street, Point Lonsdale  
04 32 Phelan Street, Point Lonsdale  
05 1/111 Dendy Street, Brighton

06 – LEASED  
15 Brooklyn Avenue  
Caulfield South

Award-winning design and direct park frontage helped this Caulfield South residence stand out in a competitive rental market. Blending Art Deco character with contemporary family living, the home attracted strong interest from families before leasing in less than two weeks. "Properties that combine architectural appeal, turnkey presentation and strong lifestyle amenity continue to attract the strongest renter interest," said RT Edgar Glen Eira.



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07 – SOLD  
2 Monamore Street  
Fairfield

Families were won over by this architect-designed, four-bedroom home in a favoured inner-north pocket. With its contemporary style, luxury features and ideal positioning, the property was simply a place where many interested parties could see themselves living. Location was also an enticing factor with the best of Fairfield's urban village vibe — Station Street shopping, Fairfield train station, local schools and Yarra River trails and parklands — all within walking distance. Northside auctioneer Sam Bottari said the home especially resonated with young families looking to make a lifestyle upgrade without the need for renovations. "What was slightly surprising was how quickly buyers moved once they identified value," he said. "Several parties who had been monitoring the market became decisive early, indicating that well-built homes and presentation are still attracting immediate attention despite broader market conditions."

Architect-designed family home triggers emotional connections



03

Built and sold with love - the showpiece home passed from one family to another

08 – SOLD  
302 Couangalt Road  
Gisborne South

'Rosewood', a sprawling 10-acre property in Gisborne South, was always going to win hearts. Macedon Ranges sales consultant Josie Borg, who originally sold the property as vacant land to the vendors, was contacted again when they decided it was time to sell. "It was a home that people would drive just that little slower to take a good look at over the years," she said. The first buyers through the door fell in love with the home and ultimately went on to purchase it. "Getting the buyers to a level the vendors were willing to accept in a tough market made the end result a great victory all round," she said.

09 – LEASED  
10A Cressey Street  
Malvern

The combination of a near-new presentation, flexible floorplan and low-maintenance appeal helped this Malvern residence stand out among prospective renters. Offering two living zones, generous storage and a double garage, the home was leased within just seven days of hitting the market. "We're seeing strong demand from downsizers seeking low-maintenance homes that still offer space, functionality and convenience," said Stonnington leasing manager, Taylah Cagalj.



04

Images  
01 15 Brooklyn Avenue, Caulfield South  
02 2 Monamore Street, Fairfield  
03 302 Couangalt Road, Gisborne South  
04 10A Cressey Street, Malvern

02



# On The Ground



**Sarah Case**  
Director, Stonnington

**Which buyers are showing the strongest sense of confidence right now?**

The most confident buyers I'm dealing with are in very strong financial positions: downsizers, established locals and some expats returning to Melbourne. They're decisive when they see the right opportunity and are focused on long-term lifestyle rather than short-term market fluctuations. They know exactly what they want and when the right property comes up, they move quickly and decisively.

**Steve Sfindilis**  
Director, Essendon

**What is the number one thing that vendors want to discuss with you at the first meeting?**

We are observing a clear shift in vendor expectations. They want a well-reasoned, evidence-based plan that reflects current buyer behaviour, digital engagement trends and the competitive landscape. They expect transparency, tailored recommendations, and a clear explanation of how each element of the campaign contributes to creating competition. Agents who can articulate this are securing trust early and setting the foundation for premium outcomes.

**Images**

- 01 2 Monamore Street, Fairfield
- 02 5 Point King Road, Sorrento



02



01

“Turnkey homes continue to attract the strongest demand from today’s buyers.”

— James Vine, Director Richmond

**Michael Martin**  
Director, Bayside

**Is there a trend you’ve seen that hasn’t made headlines yet?**

From conversations I’ve had since the Federal Budget, it appears that more people are looking to redirect money they had planned to put into an investment asset and move it into a larger principal place of residence. With the loss of negative gearing and a change to capital gains tax, it is now the best place to store your money.

**Nick Walker**  
Director, Boroondara

**Where or for what are you seeing the greatest depth of demand?**

We see the greatest depth of demand for properties that combine quality location with practical, ready-to-enjoy accommodation. Well-designed townhouses, compact family homes and quality apartments with genuine outdoor space are all performing well, as they appeal to both lifestyle-driven occupiers and downsizers seeking reduced maintenance with only modest sacrifices on space.

**Felix Hakins**  
Director, Point Lonsdale

**What type of stock is hardest to replace in the current market?**

Architecturally designed single-storey homes within walking distance to the beach are currently some of the hardest stock to replace in today’s market. Demand continues to outweigh supply, particularly for quality built homes that offer low maintenance living and strong lifestyle appeal.

**James Vine**  
Director, Richmond

**How important is move-in-ready presentation in today’s market?**

First impressions are critical, especially as most buyers form their opinion online before attending an inspection. In Richmond and the surrounding areas, strong presentation has a direct impact on buyer engagement. Properties that are well-styled, freshly painted, and professionally presented tend to generate more enquiry, stronger competition and better results.



03

“At the very top end of the market, emotion still plays a role, even in a more analytical market, particularly with unique or trophy properties.”

— David Gillham, Director Portsea



02

**Aaron Jones**  
Director, Ocean Grove

**What role is scarcity playing in the current market?**

What has shifted in 2026 is buyer discernment. Premium buyers are no longer motivated by fear of missing out alone; they are motivated by genuine rarity. And nothing distils that rarity more acutely than beach access and uninterrupted views. There are only so many of these properties and once sold, they rarely return to market and buyers at this level know it.

**David Gillham**  
Director, Portsea

**Are buyers becoming more emotional or more analytical in their decision-making?**

Buyers are definitely becoming more analytical in their decision-making, particularly within the Peninsula market, given it is largely a discretionary, secondary-home market. That said, emotion still comes into play at the very top end of the market - particularly with unique cliff-top or trophy properties.

**Images**  
01 24 Mayfield Street, Abbotsford  
02 Penthouse, 608 Orrong Road, Armadale  
03 26 Days Track, Heskett



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03

“Premium buyers are driven by genuine rarity, not just fear of missing out.”

— Aaron Jones, Director Ocean Grove

**Beverley Higgs**  
Director, Woodend

**What are buyers prioritising now compared to a few years ago?**  
Buyers are far more price-conscious and they're not financially stretching like they used to. Overall, there is a stronger focus on value, practicality and long-term needs. Properties that require work are being discounted heavily due to the perceived risk and cost involved. At the same time, buyers are placing greater importance on usable land, outdoor space and energy efficiency – particularly in regional areas, where lifestyle considerations and ongoing costs are front of mind.

**Juliette Zhou**  
Director, Whitehorse

**What has been driving momentum in your area?**  
What's driving momentum in my area is interest rate changes, government policy and owner-occupiers, especially the needs of first-home buyers. These buyers have been waiting patiently to enter the market, with many currently renting and now looking to transition into ownership, particularly across Mitcham, Vermont and Nunawading.

**Rowan Bustin**  
Director, Glen Eira

**What has surprised you about buyer appetite amid economic headwinds?**  
What's surprised us most is how resilient premium buyers have remained despite the economic uncertainty. While buyers are certainly more considered and selective than they were a few years ago, strong competition still exists for quality homes in blue-chip locations, particularly where there's lifestyle appeal and land value.

**James Hatzolos**  
Director, Manningham

**What are today's buyers reluctant or unwilling to compromise on?**  
Overall, buyers in Manningham are asking: "Is this home worth the money, low-risk, and comfortable for the long term?". They don't want to compromise on location, build quality, functional layouts, move-in readiness, fair pricing and energy efficiency.

**Jim Dimitropoulos**  
Director, Northside

**What factors do you think will shape the market over the next six months?**  
Buyer confidence and interest rate sentiment will continue to heavily influence the market. We are already seeing stronger enquiry and inspection numbers whenever there is increased confidence around rate stability. Buyers are more analytical and value-driven, meaning presentation, pricing strategy and campaign execution are increasingly important.

**Julian Maccora**  
Director, Elwood

**What is driving optimism in your market?**  
What we are seeing is a growing interest in the Melbourne market from interstate buyers who are considering our market to be undervalued compared to Sydney and surrounds. With legislative changes on the cards, first home buyers are anticipating the arrival of stock held by investors to become available, which is building optimism around the affordability of buying versus renting, and encouraging more renters to consider transitioning into ownership.

“While holding costs have increased, strong rental demand is still keeping many investors active.”

— Rowan Bustin, Director Glen Eira

**Jason York & Matthew Bourke**  
Directors, Kyneton

**What conversations are becoming more common between agents and vendors?**  
Authenticity and storytelling are increasingly important, particularly in lifestyle regions like the Macedon Ranges where conversations are moving toward the story of a property. Emotional connection plays a huge role in rural purchasing decisions, so they want to tell us details about the property's history, the landscape and even the local food culture. It's more than merely transactional, but more so about the value of the connection.

**Images**  
01 37 Canterbury Road, Toorak  
02 155 Bittern Dromana Road, Merricks North  
03 32 North Road, Brighton



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