WALKABILITY AND GREENERY

Impact on property value and desirability
WHERE ARE WE NOW?

➤ New territory

➤ Property value has deteriorated and is still falling for many parts of Melbourne

➤ Urbanisation has continued to intensify and population is growing

➤ A grade property still flourishing in excellent locations

➤ Walkability seems to have a protective effect

➤ Greenery also plays a significant role (Toorak compared to Fitzroy)
First study we completed in 2013.

Many of our clients wanted to buy close to amenity.

Decided to test the price premium for being located in a walkable area.
GREATER MELBOURNE WALKABILITY RANKING DENSITY MAP AND MEDIAN HOUSE SALES PRICE MAP

This density map illustrates the walkability of Greater Melbourne. Naturally, the closer to the city, the higher the walkability ranking.

This density map illustrates the median house sales prices of Greater Melbourne suburbs. We can see a correlation between this and the density map in Figure 1 (page 4).
Aim to see if relationship still exists

Determined what the annual growth rates were from 2013-2019 for walkable and less walkable regions for select inner suburbs in Melbourne

\[ R^2 = 0.6014 \]
It was found that average annual growth increased by 0.9% in walkable zones compared to less walkable zones.

The walkable zones only outperformed the less walkable ones in some cases but not in all suburbs. Other factors at play.

“Rising tide lifts all boats” scenario

“It’s only when the tide goes out, that you know who has been swimming naked”
WALKABILITY IN WEAK MARKET

➤ Look at study in Dallas by Xu et al: “Single Family Housing value Resilience of Walkable versus unworkable neighbourhoods during a market downturn: Causal evidence and policy implications.”

➤ Dallas had a 15% fall in median sales prices during the 2008-2012 recession.

➤ Study looked at 3000 homes in walkable and less walkable neighbourhoods.

➤ Found homes in walkable neighbourhoods held their value by $4566 more, or by about 2%, than their un-walkable counterpart.
LA study by Won and Li: “Are Walkable Neighbourhoods More Resilient to the Foreclosure Spillover Effects?"

500,000 foreclosures in California during 2010 property crash.

Found each additional foreclosure resulted in a 0.73\% reduction in sales price for neighbouring property in 2010. This intensified to a 1.13\% reduction in value in 2013 recovery period.

Price premium for a house with a higher Walkscore was found to be 0.19\% in 2010. This increased to 0.23\% in 2013.

Negative spillover effects of a foreclosure on a ‘very walkable’ property were reduced by approximately 55-70\% in 2010 and 65-90\% in 2013.
GREENERY- STUDY 1

- Adelaide Study looked at impact of greenery on both physical and mental health.

- Those who perceived their neighbourhoods to have the most greenness had a 40% higher odds of belonging to the better physical health group.

- Association between greenness and physical health became non significant when walking was adjusted for.

- Those who perceived their neighbourhood to have the most greenness had almost twice the odds of being in the better mental health category compared to those who perceived little greenness.

- This remained significant even after adjusting for walking and social interaction.
GREENERY- STUDY 2

➤ Houses on streets with dense vegetation sold for $340,000 more on average than those with no vegetation.

➤ Houses on streets with dense vegetation yielded an extra $135,000 more than houses on streets with sparse vegetation.
CONCLUSION

➤ Can expect that highly walkable areas will continue gaining further demand, this in turn increases their price.

➤ A downturn may stunt growth of walkable properties but long term demand will likely be greater than supply.

➤ Green environments are deeply desired and will continue to attract those who are resource rich to those areas.