



Property

Hotspotting: Victorian property investors could be better off buying an apartment instead of a house, experts say

The best opportunities for property investors across the state this spring have been revealed in a new Hotspotting report. And some experts warn not to overlook a particular type of home.

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1/15 Yardley Street, Maidstone. For Herald Sun Real Estate

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Melbourne property investors might be better off ditching houses and buying an apartment this spring, as the city's smallest homes have been tipped for a price renaissance.

Units are also expected to rise in appeal as they could minimise the costs of a looming landlord tax hike that will hit houses harder than smaller homes.

Property pundit and Hotspotting.com.au founder Terry Rider tipped affordable inner-city apartments as one of the best bets for Melbourne investors, particularly flats in boutique buildings.

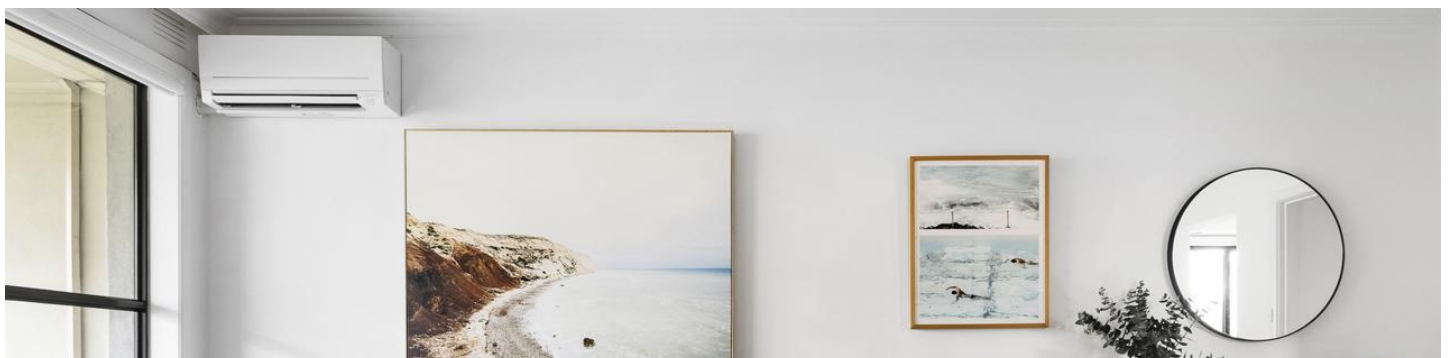
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“Suburbs like Melbourne CBD, North Melbourne, West Melbourne and Kensington are close to the centre of Melbourne and with its demand for apartments, it’s actually making sales activity rise quite strongly,” Mr Ryder said.





6/1091 Burke Rd, Hawthorn East is on sale with a price guide of \$550,000-\$590,000.



The two-bedroom apartment is walking distance to Camberwell Junction and some of the state's top schools.





It is one of just eight other apartments in the building.

He added that he was seeing a “paradigm shift in the market” as apartments were beginning to compete with houses in terms of capital growth.

Outer-ring municipalities like Melton, Casey, Frankston, Whittlesea and Wyndham were also on the real estate guru’s radar for their low vacancy rates amid surging rental demand.

Ray White Melton principal Joe Mavrikos said Melton and its surrounds represented good value for money, particularly for investors as there was good rental return and strong capital growth.

“Melton is Melbourne’s best kept secret. It’s a suburb that’s affordable to get into, but in years to come I think it’s going to explode,” Mr Mavrikos said.

Mr Ryder suggested the “opportune time” to invest was when suburbs were experiencing at least one to two quarters of an increase in sales activity after a period of decline; defined in his research as “recovering”.

Suburbs considered “recovering” include Maidstone and Cairnlea in Melbourne’s northwest; Doveton, Endeavour Hills, Cranbourne East, and Frankston South in the southeast; and Capel Sound and McCrae on the Mornington Peninsula.



The three-bedroom townhouse 1/15 Yardley Street, Maidstone is on sale with a price guide of \$639,000.





The first floor living space adjacent to the open-plan kitchen.



A balcony overlooking the street.

Mr Ryder's latest market analysis also pegged 13 suburbs as "rising" — including Abbotsford, Carlton North, Parkdale and Tullamarine, as sales activity had increased over at least three quarters and he expected price growth ahead.

But with 67 Melbourne suburbs flagged as in decline or areas to buy with caution, investors will need to be picky.

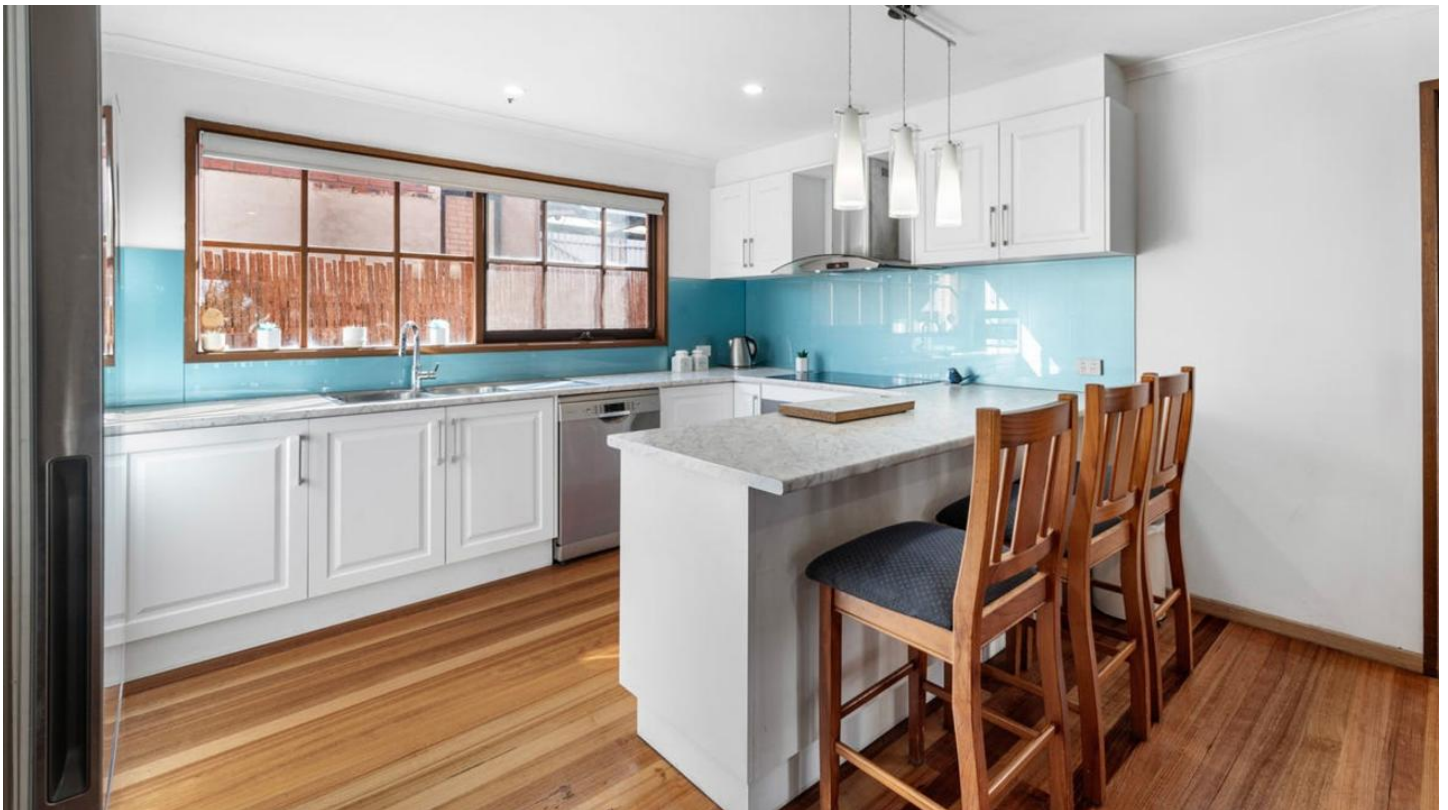
Property Mavens founder Miriam Sandkuhler warned just because there was an uptick in sales in certain suburbs, that didn't necessarily make them good places to invest.

"You need multiple growth drivers in one location; every property has to be assessed on its own individual merits," Ms Sandkuhler said.

“It’s about finding something that’s scarce or unique or is in high demand and low supply that will provide capital growth over the longer term.”



The four-bedroom home at 30 Black Dog Drive, Brookfield is on sale with a price guide of \$560,000-\$610,000.



The open-plan kitchen and meals area.





The large alfresco and undercover decking area.

Both Ms Sandkuhler and Mr Ryder warned investors to factor in a land tax hike from January 1 next year when buying this spring.

For Melbourne's median \$875,000 house, if land accounted for 50 per cent of the value, the State Revenue Office's land tax calculator shows the bill will rise from \$650 this year to \$1762.50 next year.

The more than \$1000 increase equates to over two weeks of the city's \$500 median asking rent, according to PropTrack figures.

Typically units and especially apartments have a lower land value than houses, as the land component is spread across multiple properties.

Mr Ryder said investors would have to factor in the cost to any spring purchases this year.

"I think they need to keep a very close watch on what the state government does because it's giving indications that it's considering some things that could be very unhelpful for investors," Mr Ryder said. .

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