

The Melbourne Property Market

There has been a lot said recently about the Melbourne residential property investment market.

While there is no question that there is some up and down movement in this market, it is not in the least what one would consider dangerous.

The rental value returned by an investment property is very simply dictated by what the market is willing to pay for a given property. What this means is that in a market where there is high demand for property and the supply falls short of that demand, a landlord can demand more for his property and still reasonably expect to receive that rent.

If the market showed low demand - such as a greater than six percent vacancy of rental properties in an area a landlord would be likely to offer a lower rental. That way he could be more certain of obtaining a tenant, and having his property with a tenant for more months of the year.

On reflection then, if you are a property owner wanting to rent out his property, you would definitely want a low vacancy rate. It is generally accepted that less than two percent represents the highest turnaround in reality. It leaves a minimal time for property maintenance and cleaning between tenants.

You would also want to see that other landlords are maximizing their rental returns. What this means is that you can get a tenant at that market rate, that has a good chance of coming close to matching your mortgage repayments.

How is this represented in Melbourne today? Put simply, Melbourne enjoys the highest population growth of any Capitol city in Australia- somewhere in the order of 90,000 per year. The good news for anyone looking to invest in the domestic property market is that the market at this population increase far outstrips the number of properties being built and made available to the market.

Next thing that is important to know is that the price of buying a property, the median price being in excess of 500,000. This means that new housing is in the average unaffordable for a large number of new families. While unfortunate, it does mean that these people will need to live somewhere while they save up enough deposit for that new home. Remembering that most lenders are requiring twenty percent deposit now, rather than ten percent or less.

Land is being made available in the outer rim of Melbourne. In particular to the west and north. All that remains for astute investors to purchase this land and with the correct guidance, build a home appropriate for a tenant.

We will provide information in the future on how to build that property and further how to find a tenant appropriate to your needs.

Dynamic 8 Property investments specializes in assisting people with the best advice and latest market information to make the best decisions regarding residential property investment in Melbourne and Sydney.