

## Old apartments could prove winning investments in 2017

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Old apartments are valued more highly than their newer counterparts in Melbourne.

OLD apartments could be the new winning bet for investors, according to real estate experts.

Wakelin Property Advisory director Paul Nugent said astute buyers could take advantage of the possibility retro units were undervalued this year after a “sluggish” 2016.

“There was a dampening effect caused by an excessive boom in the high-rise or multi-unit sector over recent years,” he said.

“But it is evident from ABS financing and building approval numbers that the much-needed correction in the multi-unit sector has begun, and prices and volumes of new supply in this category will continue to shrink over 2017.



Art Deco units and flats in 1960s-1980s buildings could be winners for investors this year.



Higher ceilings and more spacious layouts could make them more appealing than newer apartments.

“Consequently, there is a strong case to be made that period style apartments are undervalued at the moment.

“Indeed, with investors looking for safer assets in 2017, we anticipate a rush-to-quality out of high rise and into older-style apartments and houses.”

Secret Agent research on inner Melbourne apartment sales last year shows buyers paid an average of \$38,000 more for those built before 1990 than their modern counterparts.

One and two-bedroom apartments from both categories had similar sale prices — but old studio apartments sold on average for 27 per cent more than new studios.

And old apartments with three or more bedrooms sold for 19.5 per cent more.



Smaller buildings could be another drawcard.



And they often have more character than their newer counterparts.

The report states older apartments could be more highly valued because the buildings were often smaller than newer ones, which could make them more appealing and better located to buyers' preferences.

It also suggested well-maintained or refurbished older apartments often have a lot more character and are more scarce than newer ones

And they have higher ceilings and more spacious layouts in many cases.

However, the report concluded that it was "somewhat surprising" the average sale price of older apartments was higher than that of newer apartments, which often had access to shared building amenities such as a gym, pool or underground parking, and were easier to maintain.

"This may suggest that new developments are not meeting the needs of buyers, who instead are willing to pay a premium for older apartments," it states.

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