



📷 Bob Budd made a point of buying an apartment in central Melbourne with character. He is pictured inside his home at 390 Russell St. Photo: Stuart Walmsley

VIC News

Small, one-bedroom apartments could cause drain on Melbourne's apartment market

Scott Carbines, Herald Sun

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THERE is money to be made in central Melbourne's crowded apartment market but experts warn one segment in decline could get much worse.

Inner-city pads are rising in value at a crawl compared to other areas of the booming property market — but they're still on the up, a new report shows.

Melbourne CBD, Southbank and Docklands apartments increased in value on average over the past five years, according to a report by Secret Agent property services group.

The group's capital growth index found properties in the CBD and Southbank had the largest average annual increase at 2.83 per cent and 2.6 per cent respectively.

Docklands units were behind the pace but still growing at an average of 1.44 per cent per year.

The index tracked off-the-plan sales and consequent resales of units to measure their capital growth.

But Secret Agent founder Paul Osborne said there was a lack of resales of small, one-bedroom apartments because investors were being forced to hold on to them to avoid making a loss.

"There's really two types of apartments, one's still performing very well and the other is potentially going to get a lot worse," he warned.

Mr Osborne said larger apartments designed for owner occupiers with ample natural light and views that could not be built out were travelling well with increased demand.

"People are very much wanting to live close to the city and employment and many inner-city homes have been out of reach because of where prices have recently gone to," he said.

"So a lot of people are considering apartments and a lot of people are saying 'if we're going to get an apartment we may as well get something as close as we can get.'

"Now it's about living and playing and working all in the one day and all in the one spot — but be careful if you're looking at buying anything that is quite generic, small and doesn't have great light. We are finding that market is continually under pressure."

Bob Budd and Celine Juzenka recently bought a two-bedroom apartment at 370 Russell St.

"The reason we were attracted to this particular apartment and the building is because it's a heritage building and it's a boutique block with only about 36 apartments in the whole block.

"From experience I think they hold their value a bit better than some of the bigger newer blocks in the city," said Mr Budd, who works as a Harcourts City real estate agent.

"Our aspect looks over I think it's the opera house next door and that's a Grade A heritage-listed building which can't be built out so we know our views are safe."

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