

‘Once in a cycle’ opportunity for Melbourne investors

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Investors are being encouraged to consider the Melbourne property market, as the city begins to bounce back from slower-than-average returns, according to industry experts.



KHI Partners head buyer's agent, Ross Le Quesne, and investor Alex Whitlock sat down with editor Liam Garman on The Smart Property Investment Show to discuss the Melbourne market and why investors should seriously consider the Victorian capital.

While Brisbane remains the country's "hotspot", Melbourne has seen a significant bounce back in interest, with investor lending rising by 9 per cent to over 44,000 loans through the first half of 2025.

According to Le Quesne, a mortgage broker with over two decades of experience, the Melbourne property market offers strong prospects for potential buyers, despite its modest growth compared to other cities.

Le Quesne noted that although most capital city markets have seen growth often more than double the average over the past five years, Melbourne has fallen behind.

According to Cotality data, most capital cities had seen annual growth of between 2.5 per cent and 9 per cent in the past year, while Melbourne rose by only 1.9 per cent.

Seasoned investor Whitlock said that Melbourne is now in a “once in a cycle” opportunity where buyers can capitalise on the growing strength of property in the Victorian capital.

“On a global scale, Melbourne is a highly attractive destination,” Whitlock said.

“Melbourne has just looked red hot to me for about 18 months.”

Property shortage

Le Quesne said while Melbourne’s popularity has been increasing along with migration numbers, the property market has struggled to meet its development needs.

Recent Australian Bureau of Statistics data showed that approvals in Victoria had fallen by almost 12 per cent in August 2025.

Similarly, the state government’s plan to provide 80,000 new dwellings a year has fallen short of its target by 20,000 in its second year.

With the increased demand for property, Le Quesne said that development has not been keeping pace with the market.

“We’ve got a severe shortage; we’re not building enough.”

Additionally, with construction costs increasing significantly over the past five years, Le Quesne said that developers have opted to wait rather than build.

“The numbers aren’t stacking up on a lot of residential developments because the costs have increased to the point where it doesn’t make sense for developers who are land banking to build those properties,” Le Quesne said.

Le Quesne said investors should look towards detached housing rather than apartments, as a large part of a property’s value comes from the land it sits on.

“When we are looking at the value and looking for places to invest, it is the land component that holds a lot of value.”

“Having that land component is key to success in terms of investing.”

He said that owning land gives investors flexibility if they wanted to redevelop it to fit the needs of the individual market.

Location, location, location

While Melbourne has been shaping as a popular option for investors, Le Quesne said that not all suburbs will see significant growth in the short term.

He said that buyers should consider the infrastructure surrounding potential properties, with schools and public transport playing a significant role in determining long-term value.

“The great thing about property investing is we’ve all lived in a house before. We know what’s attractive and the types of property we’d like to live in,” he said.

“It’s not rocket science when it comes to making these decisions.”

Whitlock said that while location may drive prices, investors needed to ensure they were securing a quality property.

“It’s about the asset that you buy in that suburb,” Whitlock said.

“There’s still plenty of very bad purchases you can make, even in good suburbs.”

Le Quesne said that it was important for investors to have people on the ground who know the local area and what is happening in the market.

He reminded investors to have their finances ready to maximise their borrowing power, including consolidating personal loans and high-interest debts.

First home buyer hotspot

In addition to being an investor hub, Melbourne has also been establishing itself as the city of choice for first home buyers.

According to recent PropTrack data, Melbourne accounted for four of the nation’s FHB hotspots, which can be attributed to the city’s median dwelling price falling below those of Adelaide, Perth, and Brisbane.

Le Quesne said that for investors who have the means, now is a good time to consider helping their children enter the property market by acting as a guarantor on part of their loan.

“For any parents listening or children who know that their parents have a portfolio or equity in their home, that’s definitely a good way for them to get into the market quicker,” Le Quesne concluded.

Source: <https://www.smartpropertyinvestment.com.au/investor-strategy/27089-once-in-a-cycle-opportunity-for-melbourne-investors>