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## **Thirteen reasons why Melbourne is the best city in the world to invest in property**

It was hoped by many investors that economic and investment fundamentals would settle down, stabilise, and provide an environment in which logical, sound, long-term, low-risk decisions could be made for future medium- to long-term investment.

Unfortunately, this has not been so, and economic turmoil persists typified by the American economic downturn, the European debt crisis and the consequent global share market volatility.

During this drawn-out and extended period of investment challenge, cash has been favoured, as is usually the scenario when other markets become less reliable.

This is particularly so in Australia, where the interest rates in global terms are relatively high, and the banks and capital guarantee institutions well governed and strong, in contrast to many alternatives overseas.

For this reason Australians have been saving more than ever and cash investment into Australia by overseas parties has also strengthened, one of the main causes for the Australian dollar maintaining above parity with the US for so many months. Amidst the turmoil and uncertainty, we have noticed at Charter Keck Cramer that beginning approximately eight months ago, there was a gradual turn to commercial property by shrewd investors, a trend that has now strengthened significantly.

So strong is this return in favour of property that our services to provide due diligence to prospective purchasers is in greater demand than in any period for many years, as I have noted in the forthcoming edition of The Asian Executive. Acting for both local and overseas investors, the focus is on the Australian east coast, Sydney and especially Melbourne.

1. Australia, especially the east coast, and particularly Melbourne, is assured of sustained long-term population growth. This foreshadows excellent economic prospects, as strong population growth is the energy and primary growth factor of an expanding economy, and in a society such as Australia, creates strong demand for real estate in all classes.
2. Over the past four years as a result of the GFC, the Australian markets, which usually depend on “speculative” accommodation, built without commitment, have been inactive. Consequently the vacancy rates in all property classes – not just residential but also retail, commercial and industrial – are very low, as a result of which rental values are likely to increase dramatically over the next six to seven years, enhancing yield returns and capital growth.

3. Melbourne is the fastest-growing city in Australia.
4. Australia has an outstanding geo-political location, in close proximity to the expanding economies of India and China.
5. The Australian population and economy are relatively small, nimble and quick to respond in a proactive fashion to global challenges.
6. Australia's sovereign risk is extremely low to the point of being non-existent.
7. Australian politics is not polarised, but rather broadly balanced, and between both political parties, responsive to the private sector.
8. Australia has a high and enviable level of corporate governance, particularly within its banking industry. The four major banks in Australia are well governed, have strong balance sheets, and remain supportive of the property sector.
9. In Melbourne and Sydney, Australia's two leading capitals, the private sector is responsible for 93% of all building construction and development. Accordingly, as population growth creates demand, the opportunities for the private sector are excellent.
10. The Australian property markets are well educated, mature and in general terms, managed by world-class executives operating at levels of best practice.
11. Australia's long-term economic stability is well underwritten by its natural resources and export markets to the growing economies of India and China.
12. The Australian economy is generally well managed.
13. Over recent years there has been a dramatic increase in interest by Asian and European investors in Australian property, and this is likely to continue. Asian investors are keen to shift money out of their own countries, and European investors grow more fearful of an EU economic slowdown. By comparison, Australia offers low sovereign risk, a transparent market, ease of transaction, and strong growth prospects.

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