

THE 2026 INVESTMENT REPORT

BY JELLIS CRAIG

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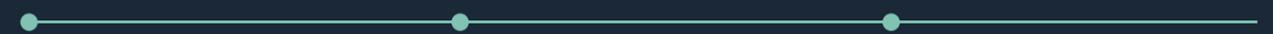
Introducing The 2026 Investment Report by Jellis Craig: your definitive guide to understanding and capitalising on Victoria's investment property market.

Victoria's next growth cycle is here. As migration surges and rental demand hits record highs, Melbourne and regional Victoria offer a unique window for astute investors. With greater affordability than other capitals and a persistent supply shortage, the foundations for strong yields and long-term capital growth are set.

The 2026 Investment Report by Jellis Craig brings together insights from housing market experts including Economist Eliza Owen, Buyers Advocate Cate Bakos, McCrindle Research, and more, to help you navigate the 2026 investment market with confidence.

Andrew McCann
Chief Executive Officer, Jellis Craig

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Victoria's housing market: Strong fundamentals and a rare buying window

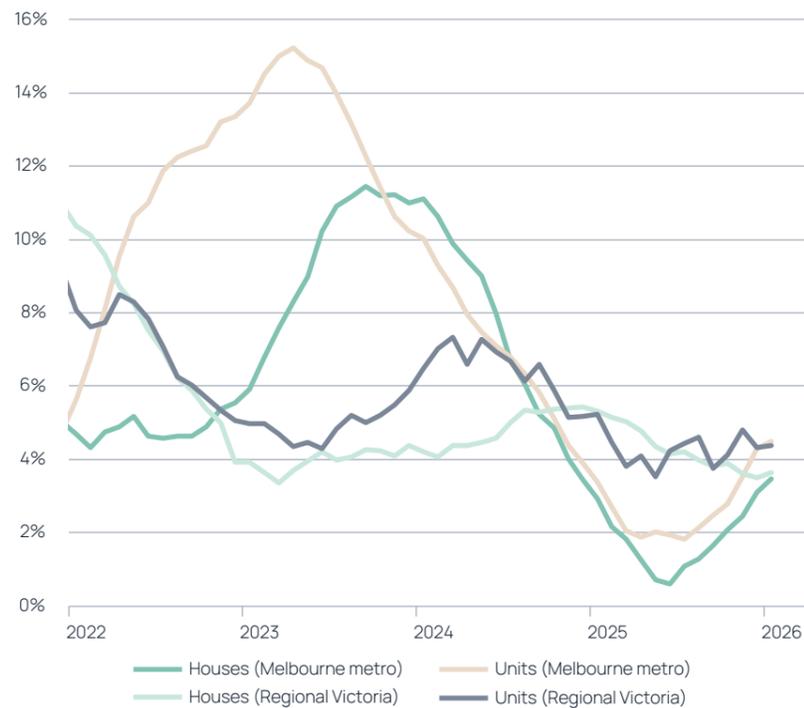
Eliza Owen
Housing Market Economist

Rental demand across Victoria increased steadily through 2025, with tight supply levels and solid population growth expected to underpin further increases through the year ahead.

Despite hefty rent increases between 2022–2024 (averaging 7.9% annually), Melbourne's rental growth is accelerating again (Figure 1). According to the Cotality Rent Value Index, which tracks the change of combined rent valuations over time, Melbourne rents rose 3.9% in the year to February 2026, rebounding from a low of 1.1% in July 2025. Units led the charge, up 4.5%, with median rents hitting \$606 per week. House rents gained 3.5%, recovering from just 0.6% growth earlier in July 2025, to reach \$651 per week by February 2026.

Regional Victoria also posted strong annual results, including 3.6% for houses and a 4.4% surge in unit rents. Rental vacancy was low at 1.1%, down from 1.3% a year prior.

Figure 1. Change in Cotality Rent Value Index (rolling, annual) - Melbourne



Source: Cotality. Based on the annual change in the Cotality rent value index.

Indexed median rent values

Melbourne		Regional Victoria	
House	\$651	House	\$513
Unit	\$606	Unit	\$412

Source: Cotality. Based on the annual change in the Cotality rent value index.

Why the strength? On the demand side, real wages growth hit 1.3% in the year to June 2025, the highest in six years. Though the December figures show an easing in real wages growth due to a reacceleration in inflation, tight labour market conditions have allowed wages growth to keep pace. Further to this, net overseas migration added 88,000 people to Victoria in the year to June, reinforcing demand. Both are contributing factors to boosting rental competition.

From a supply perspective, vacancy rates tightened to 1.3% in Melbourne as of February 2026, down from 1.6% a year ago and below the national average of 1.5%. Rental bond data shows a 3.4% decline from the June 2023 peak to September 2025, suggesting a smaller stock of rentals.

Capital growth trends improved on 2024 alongside rising rent incomes, tightening supply and interest rate relief in 2025. The Cotality Home Value Index, which tracks the combined estimated sales value of all dwellings in a market over time, recorded Melbourne home values up 4.9% and regional Victoria rising 6.5%.

4.9% ↑ **6.5%** ↑

Home values, Melbourne
12 months to Dec 2025

Home value, Regional Victoria
12 months to Dec 2025

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From a supply perspective, vacancy rates tightened to 1.3% in Melbourne, down from 1.9% a year ago and below the national average of 1.9%.

Gross rent yields, which are annualised rent divided by current home values, held steady across the state over the year. Thanks to affordable purchase prices and solid rent growth, Victoria's yields are now actually higher than the combined capital city figure, and on par with the combined regional rate (Figure 2).

This indicates a good time for investors to enter the market while values are still well-priced relative to rental return.

Figure 2. Change in gross yields, Melbourne vs other regions

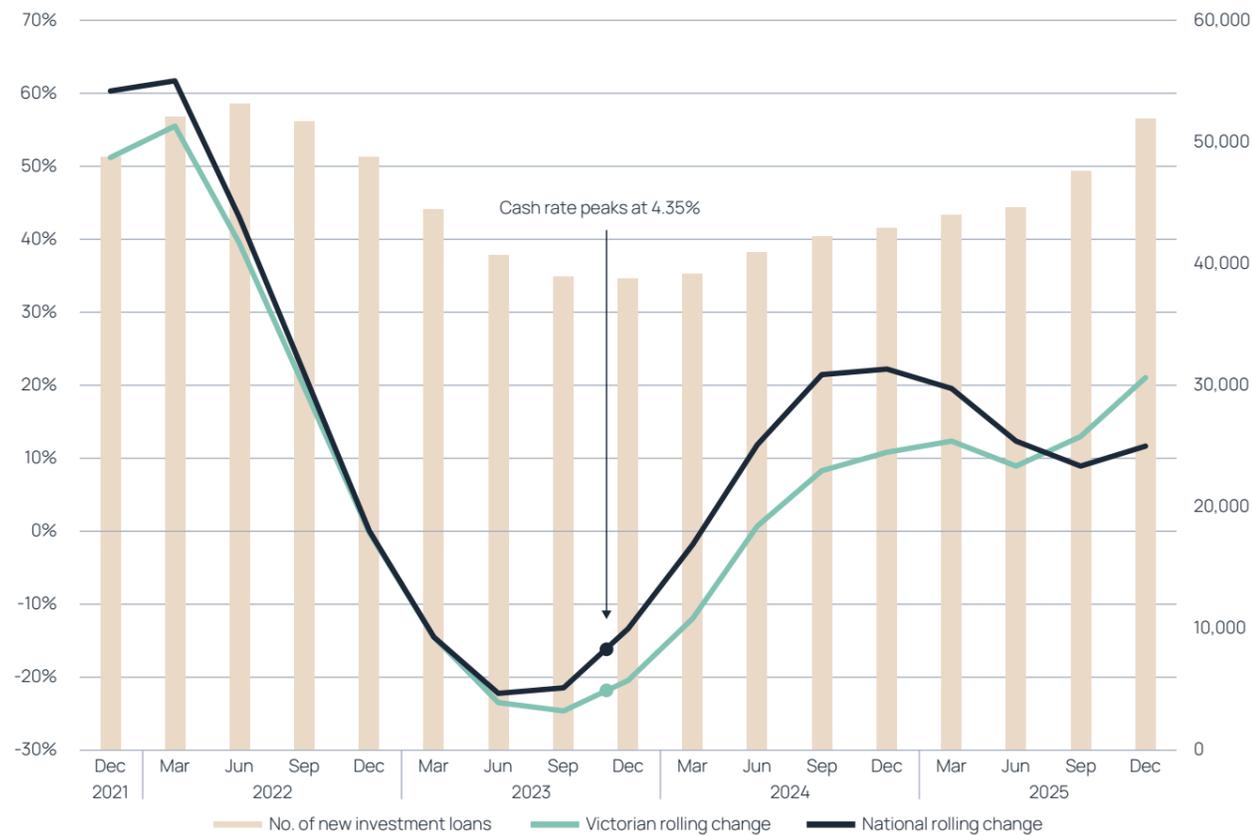


Source: Cotality. Based on the annual change in Cotality rent value index.

The combination of rising rents, steady yields, and renewed price growth signals confidence for both home buyers and investors. Lending data backs this up: Australian Bureau of Statistics figures show new investment loans for Victorian homes overtook national growth in 2025. In the December quarter of 2025, investment loans hit a series high of 15,735. This was up 12.3% on the previous quarter, a clear sign investors are returning in force.

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The combination of rising rents, steady yields, and renewed price growth signals confidence for both home buyers and investors.”

Figure 3. Rolling annual change in investment loan number & investment loans secured for Victorian home purchases



Source: Australian Bureau of Statistics

1.8% ↑

Population growth, Victoria
12 months to June 2025

Why Victoria offers the best value

Victoria's property market has faced headwinds, but its long-term fundamentals remain rock solid. For two decades, ABS data shows Victoria has accounted for 26.2% of Australia's net overseas migration, 30.4% of employment growth, and 22.5% of GDP.

COVID-19 temporarily disrupted this trajectory: population dipped, extended lockdowns slowed activity, and tax hikes dampened investment. But the recovery

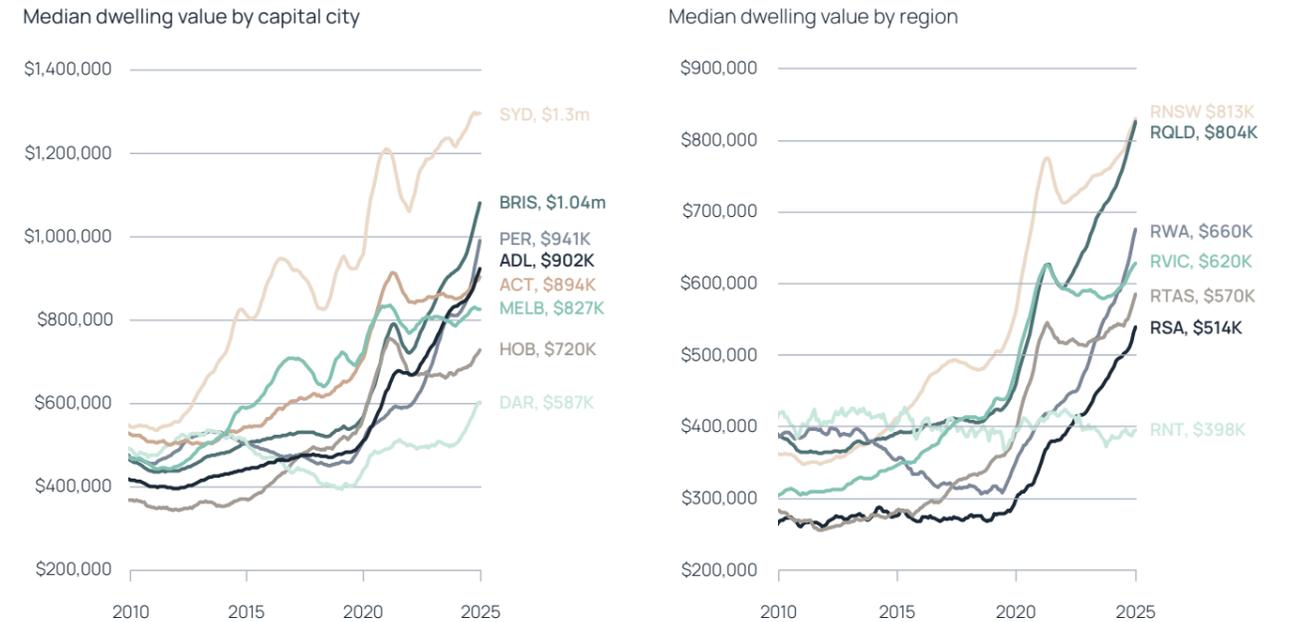
is underway in Victoria. Population growth surged 1.8% in the year to June, tying Queensland for second-fastest nationally. State final demand (SFD), a key indicator of a state's domestic economic activity released in the ABS national accounts data, increased by 0.7% in the December quarter of 2025. This was the third-strongest result of the states and territories behind SA and NT.

This rebound creates a rare buying window. Over the past five years to February 2026, combined capital city home values rose 40.2%, yet Melbourne climbed just 11.8%, below inflation for the city (around 20%). Regional Victoria's housing fared better at 27.4%

but still lagged the combined regions at 55.4%. Figure 4 shows Melbourne's slide from the second-most expensive market to fifth among capitals, and regional Victoria from the second-most expensive of the regions to the fourth.

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Over the past five years to February 2026, combined capital city home values rose 40.2%,”

Figure 4. Indexed median home values, Melbourne and Regional Victoria



Source: Cotality, January 2010 to December 2025

Figure 5. Median dwelling value (AUD) vs liveability ranking



Source: EUI, The Global Liveability Index 2025

Melbourne isn't just any city; it's a proven global leader. The Economist Intelligence Unit's Global Liveability Index ranks 170 cities, placing Melbourne fourth globally in 2025. Despite ranking highest of the Australian and New Zealand cities featured on the list, it has the second-lowest median dwelling value behind Wellington, which ranked 20th (Figure 5). That's exceptional value for a world-class city.

Bank forecasting also tips Melbourne to rise in 2026. Westpac forecast a 4% increase in values this year, and ANZ is forecasting a rise of 2.1%. While rising interest rates pose a challenge for demand in 2026, both banks cite the relative under-performance in recent cycles creating an affordability advantage and scope for future price increases.

For investors, this means Victoria offers rare value with strong fundamentals. A tight rental market, rising prices, and renewed confidence. The window is open now, and those who act early stand to benefit.



Investor insights: What demographics, density & development reform mean for investors

Andrew McCann
CEO, Jellis Craig

Mark McCrindle
Futurist, Demographer, and Principal, McCrindle Research

Victoria is on track to add 1.2 million residents over the next decade — the largest increase of any state and almost a third of Australia’s total projected population growth. At the same time, household sizes are shrinking, people are living longer, and multi-generational living is on the rise.

Against this backdrop, the Victorian Government is pursuing sweeping planning reforms designed to accelerate housing delivery — a move that could alter feasibility, supply pipelines and competitive dynamics across key markets.

We spoke to Mark McCrindle, Futurist, Demographer, and Principal at McCrindle Research and Jellis Craig CEO, Andrew McCann to understand how these trends are influencing housing demand and investment opportunities across the state.

Planning reform and the supply challenge

To tackle mounting population pressure and supply bottlenecks, the Victorian Government has introduced the Planning Amendment (Better Decisions Made Faster) Bill 2025, which is currently before Parliament. If passed, the reforms aim to cut red tape and speed up approvals — with targeted timeframes ranging from 10 days for stand-alone homes and duplexes, to 30 days for townhouses, and 60 days for larger apartment buildings. This compares to the current average of 140 days, which can stretch beyond 300 days when objections are lodged.

The Bill would also revise appeal rights, removing third-party appeals for

smaller projects while limiting appeals on higher-density developments to directly impacted neighbours. Local planning updates would be streamlined, allowing councils to adjust zoning more efficiently.

Jellis Craig CEO Andrew McCann says reducing delays and streamlining approvals is a critical step in addressing Victoria’s supply challenges.

“For investors, this proposed reform provides clear signals about how and where density will be prioritised, while reinforcing the value of established assets in supply-constrained locations,” he says.

What the population surge means for housing

In the next 10 years, Australia’s population is set to grow by 4 million people — with Victoria alone projected to welcome 1.2 million new residents, accounting for 30% of the nation’s total growth. However, population growth alone does not capture the full story for investors. According to Mark McCrindle, household composition is also shifting.

“As couples have fewer children, with birth rates at record lows of 1.5 children per woman, the future of housing will see the provision of smaller dwellings,” he says. “Yet there is also a counter trend based on increased life expectancy, now edging into the late 80s.”

For investors, the rise in multi-generational households translates into opportunities for homes that are

accessible, adaptable, and suitable for extended-family living.

“The property market will see variously sized affordable apartments to suit not only younger first-home buyers, but different family sizes, as well as higher-end apartments for downsizers and urban professionals,” he says.

While affordability will remain a key theme in the decade ahead, Mr McCrindle says location, lifestyle and proximity to work will also become increasingly important.

“The affordable land and home packages will have a place on suburban fringes alongside strongly performing inner-ring suburbs,” he says.

“*Local planning updates would be streamlined, allowing councils to adjust zoning more efficiently.*”

“There will still be lifestyle acreage and regional town dwellings needed for those looking for the quieter life outside the cityscape.”

Mr McCann says demographic change is already shaping leasing demand and buyer enquiry across the Jellis Craig network.

He says key takeaways for investors centre on several interconnected trends shaping Victoria’s property market. Elevated rental demand driven by ongoing population growth will continue to sustain a tight leasing market, while dwelling preferences are evolving in significant ways. Apartments and townhouses in established suburbs increasingly reflect how Victorians want to live, signalling a shift in lifestyle priorities and housing choices.

Established areas retain their appeal, with growth continuing to favour suburbs that offer strong infrastructure, transport connections, and employment access. Even with planning reform on the horizon, supply pressures are expected to support property values, as new housing delivery is unlikely to meet demand in the short to medium term.

“For investors, the opportunity lies in understanding not just how many people will arrive, but how they will choose to live — and positioning assets accordingly,” he says.

“*Apartments and townhouses in established suburbs increasingly reflect how Victorians want to live, signalling a shift in lifestyle priorities and housing choices.*”

Expert eye: Identifying growth opportunities in Victoria

Cate Bakos
Buyers Advocate

While Victoria's property investors have faced recent headwinds from tighter rental reforms, additional land tax, and higher interest rates, the landscape is changing rapidly, and positive opportunities are emerging in the current market.

3.7%

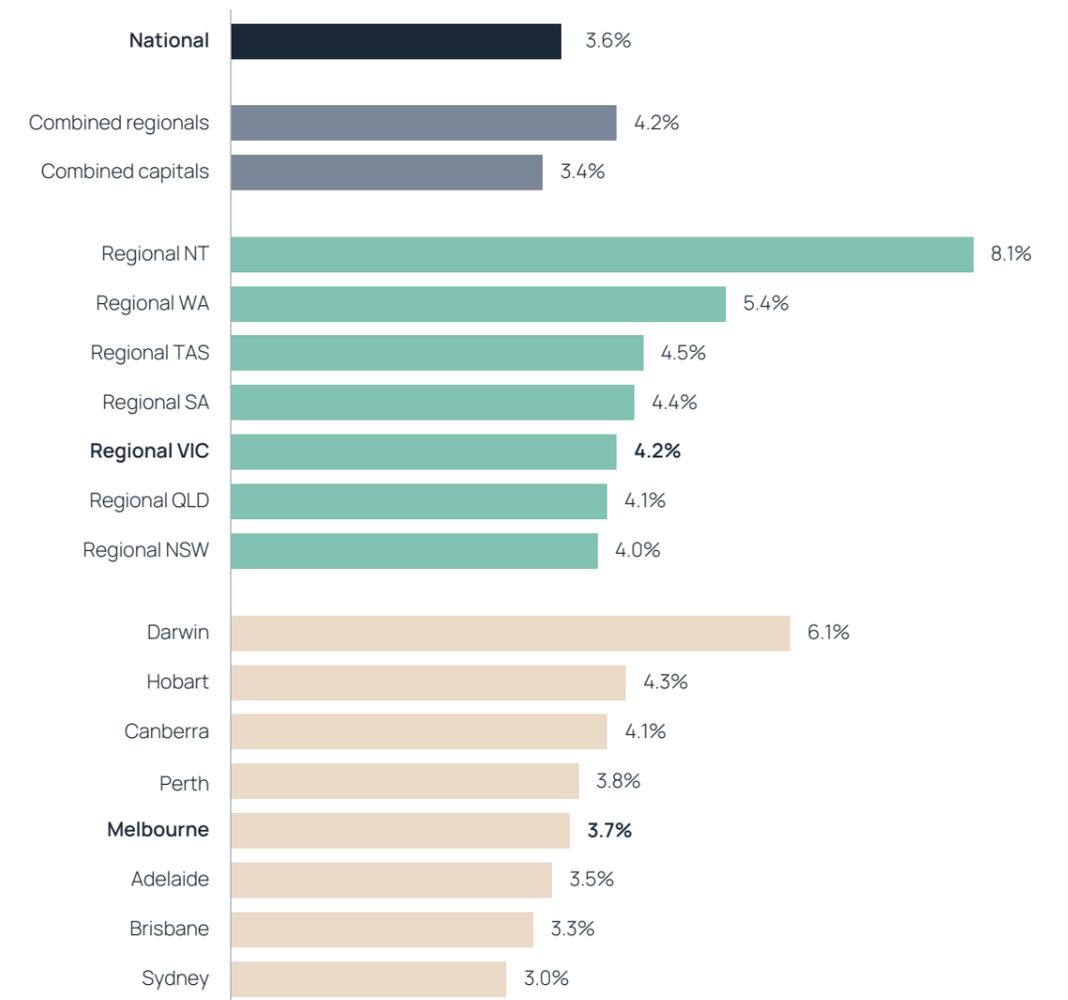
Gross rental yield median, Melbourne
February 2025

Victoria's rental market strength

The supply and demand equation has moved in favour of rental providers. While conditions are difficult for many renters, the increasing population in tandem with the rental housing shortage has put upwards pressure on market rents. Not only has Victoria delivered strong rental growth for landlords since 2020, but the gross rental yields for rental providers have also increased. From a capital city point of view, Melbourne's median rental yield has historically sat around 3.1%,

second lowest to only Sydney's since the market peak in 2022. With static capital growth, a shrinking rental property pool and rising rents, Melbourne's gross rental yield median now sits at 3.7%, higher than Sydney, Brisbane, and Adelaide. With these increased returns for investors, Victoria has experienced strong demand throughout the last two years from interstate rental providers.

Gross rental yields, dwellings



Source: Cotality, February 2025

Interstate investors take notice

While WA, NT, SA and QLD's capital values surged during Victoria's static phase, Melbourne now presents a compelling value proposition. With five of our capital cities' median dwelling prices now more expensive than Melbourne's, the nation's second-largest city offers arguably the best opportunity in the country.

Some investors subscribe to the mean reversion theory; mean reversion implies

that an asset's value will return to its historical mean over time. In the case of Melbourne's property market, the ratio between other capital city values and Melbourne's values are currently at historical highs, suggesting that the various ratios will eventually return to historical norms. Melbourne's relative value, when contrasted against other capital cities is viewed opportunistically by many investors.

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Change in dwelling values

City	Quarter	Annual	Total return	Median value
Sydney	-0.1%	6.0%	9.2%	\$1,296,039
Brisbane	4.8%	17.3%	21.1%	\$1,080,538
Perth	6.8%	22.0%	27.1%	\$989,211
Adelaide	4.3%	10.9%	14.9%	\$922,991
Canberra	1.3%	6.2%	10.6%	\$903,374
Melbourne	-0.4%	4.7%	8.3%	\$826,132
Hobart	2.6%	7.7%	12.2%	\$728,815
Darwin	3.6%	19.4%	26.9%	\$602,284
Combined capitals	1.8%	9.6%	13.1%	\$1,014,401
Combined regional	3.2%	11.1%	16.0%	\$751,327
National	2.1%	9.9%	13.8%	\$922,838

Source: Cotality, Index Results as at 28th February 2026

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Private investors represent the lion's share when it comes to providing housing. Less than one in ten rental properties are owned by the government.

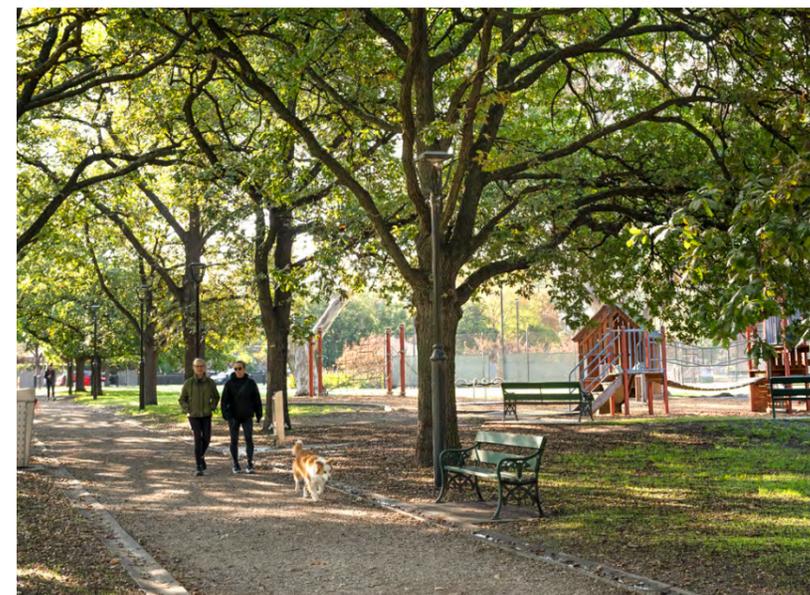
Tax benefits for property investors

Aside from the capital growth and rental returns, investors also benefit from negative gearing and depreciation tax benefits. Our federal government recognised long ago that housing is a shared burden for both the states and private investors. In fact, private investors represent the lion's share when it comes to providing housing. Less than one in ten rental properties are owned by the government.

Negative gearing was introduced in Australia 90 years ago to promote housing construction. While it's a popular election topic, and one of consistent social debate, the reality is that our governments (both State and Federal) have saved significant money by apportioning a large responsibility of housing to private investors.

Effective losses are recognised by the ATQ, and these losses are partially offset with a reduction in tax payable. Depreciation considers the wear and tear of the materials within a property. These are considered as losses, and as such, investors can also claim a reduction in their tax bill based on the depreciable components of their property and the associated cost to replace them. While reduced taxes are a benefit, they should never be a reason to invest.

Property investment is complex, and it is never a one-size-fits-all approach. Property investors often approach the task with the quest for the "Holy Grail"; high capital growth, high rental returns, low market volatility risk, and high rates of tax benefits. Unfortunately, this approach is flawed, as the four attributes can't be achieved in unison.



Location and property fundamentals

Typically, a well-located property with access to cafes, schools, public transport, parks/water and lifestyle amenity will perform well in the long term. But aspects such as street appeal, demographic profile, suburb crime rates, financial outgoings, dwelling quality, floorplan, orientation and noise all have a bearing on the asset's growth rate.

A skilled investor will be able to identify gentrifying areas based on statistical evidence and planning/civil infrastructure advancements. Whether it be an established 'blue chip' area, or a lucrative 'up and coming' location, outperforming capital growth is the prize.

Many investors assume that land size is key to capital growth. However, land value is the critical ingredient. Whether the land is a 100 sqm parcel in the inner ring or a 700 sqm block in the outer ring has no bearing on the capital growth prospects. The other attributes must align for a property to outperform.

The role of property management

An important consideration in our current market relates to rental compliance and minimum standards. The costs to rectify a property that doesn't meet minimum rental standards can erode profits quickly if the dwelling is in poor condition. The need for clear direction from property management professionals has never been more important. Property managers can assist not only with the selection of a suitable renter and effective communication between the parties. Nowadays they are a valuable resource for supporting their rental providers with compliance checks, advice on improvements, and assistance with meeting minimum rental standards.

While I've discussed Victoria's recent headwinds, our city remains favourable for investors for many reasons. The long-term outlook is enormously positive. Civil infrastructure investment has been considerable over the last decade, from hospitals to roadways, tunnels, and expanded rail networks. Forecasted population growth will see Melbourne outpace Sydney in the next decade, and our regions will continue to benefit from skilled migration and exciting masterplans.

Melbourne was ranked fourth in the world's most liveable city by The Economist in 2025, and for good reason. Relative affordability, our European café culture and sporting appeal will continue to hold our beautiful city in high stead for decades to come.

Victorian Rental Reforms: A new era for renters and rental providers

Significant changes to Victoria's rental laws are reshaping the landscape for both renters and rental providers.

With new reforms now in effect and continuing to roll out through to 2030, these updates aim to strengthen renter protections while improving the quality, energy efficiency, and sustainability of rental homes across the state.

As a rental provider, understanding these changes is essential. Here's what you need to know about the key reforms and how they will impact investment properties.

Already in effect

Residential Dispute Resolution Victoria (RDRV)

Since June 2025, all rental disputes, whether about bonds, compensation, rent increases, or repairs, must first go through Residential Dispute Resolution Victoria (RDRV) before escalating to VCAT (Victorian Civil and Administrative Tribunal). This free service helps both parties resolve issues through early intervention and mutual agreement, aiming to avoid formal hearings.

Complying with minimum standards before advertising

Properties must meet minimum standards before they can be advertised for rent, ensuring rental homes are safe and habitable from the outset.

Prohibition of rental bidding

Rental providers and agents can no longer request or accept offers above the advertised rent. This ban on rental bidding creates a fairer, more transparent process for everyone involved.

Limits on rent in advance

Rental providers cannot accept unsolicited offers to pay more than one month's rent in advance, preventing renters from feeling pressured to offer additional upfront payments to secure a property.

Ban on 'no-reason/no-fault' evictions

Rental providers need valid reasons to end a lease at the conclusion of a fixed term. Acceptable reasons include the owner or their family moving into the property, planned demolition or major renovations, and selling with vacant possession.

Extended notice periods

Notice periods for rent increases and vacate notices have extended from 60 to 90 days, allowing renters more time to plan and adjust.

Right to challenge excessive rent increases

Renters can now apply to RDRV to challenge rent increases they believe are excessive, based on the amount and frequency of the rise. If unresolved, these matters can proceed to VCAT.

Annual smoke alarm checks

All rental providers must conduct annual smoke alarm safety checks, regardless of when the rental agreement was established.

Blind and curtain cord safety

All corded internal window coverings must have anchors installed to secure cords and prevent loose loops, protecting children from potential hazards.

Standardised application forms

A new standard rental application form has been introduced to streamline and simplify the application process for both renters and real estate agents.



Energy efficiency standards: 2027 and beyond

Victoria's most significant reforms focus on energy efficiency, with a phased rollout beginning in March 2027. These standards are designed to improve home comfort, reduce energy bills, and help the state meet its emissions reduction targets.

Ceiling insulation

At the start of a new rental agreement or conversion to a month-by-month agreement, rental providers must install ceiling insulation in spaces where none exists.

Cooling standards

Energy-efficient cooling must be installed in the main living area at the start of new or month-to-month rental agreements. This includes a minimum 3-star fixed cooling appliance or 2-star equivalent central cooler. Existing non-energy-efficient cooling systems must be upgraded when they reach the end of their lifespan. From 1 July 2030, all rental properties must meet these cooling standards unless exempt.

Heating and hot water

When outdated heating and hot water systems reach the end of their lifespan, they must be replaced with energy-efficient electric alternatives.

Water-efficient showerheads

All showerheads must meet a minimum 4-star water efficiency rating.

Draughtproofing

External doors, windows, and unsealed wall vents must have weather seals installed to reduce heat loss and improve energy efficiency.

What this means for you

These reforms represent a significant shift in Victoria's rental landscape. For renters, they offer greater security, transparency, and access to more comfortable, energy-efficient homes. For rental providers, they require proactive planning and investment to meet new standards but ultimately contribute to higher-quality rental stock and potentially improved property values.

Navigating legislative change can feel complex, particularly when understanding your specific obligations and rights. If you have questions about what these reforms mean for your property or rental situation, reach out to our Jellis Craig Property Management teams for personalised guidance through this transition.



Scan for detailed information from Consumer Affairs about notice requirements and supporting documentation.

Understanding depreciation: Tax benefits and investment structure

Bradley Beer
CEO, BMT Tax Depreciation

For many property investors, the focus is often on purchase price, capital growth and rental yield. While these fundamentals matter, the most successful investors also pay close attention to the financial structures that sit behind their investment — particularly tax depreciation.

When used strategically, depreciation can significantly improve cash flow and support long-term wealth creation. In fact, after loan interest, tax depreciation is generally the second largest tax deduction available to property investors.

Understanding depreciation and tax benefits

Tax depreciation allows property investors to claim a deduction for the decline in value of their investment property and its assets over time. These deductions recognise that buildings and fixtures wear out whilst they are used to produce rental income.

Broadly, property depreciation falls into two categories:

- Capital works deductions — relating to the structural elements of a property, such as walls, floors, windows and fixed construction items. For residential properties, these deductions are generally claimed over a long-term period, usually 40 years for most properties.
- Plant and equipment deductions — relating to removable or mechanical assets within the property, such as appliances, heating and cooling systems, floor coverings and certain fittings. These assets are claimed over a shorter period based on an effective life.

While depreciation doesn't represent an out-of-pocket expense after purchase, it can reduce taxable income, helping investors retain more of their rental earnings. For higher-income earners,

this can make a material difference to annual cash flow. Last year BMT found clients an average of over \$12,000 in depreciation deductions in the first year alone for residential property.

Why depreciation matters for investment performance

Depreciation is often misunderstood or overlooked, particularly by investors purchasing established properties or premium homes. However, even older properties can offer substantial depreciation benefits — especially where renovations, extensions or upgrades have been completed by previous owners.

From a financial planning perspective, improved cash flow in the early years of ownership can:

- Reduce holding costs
- Offset interest expenses
- Support portfolio expansion sooner
- Improve serviceability for future lending

In markets like Melbourne, where property prices are higher and holding costs can be significant, these benefits play an important role in maintaining investment sustainability.

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Yield-focused investors may place greater weight on depreciation to enhance net returns from the outset.

Structuring an investment to maximise returns

Beyond understanding depreciation itself, how an investment is structured can influence how effectively those benefits are realised. While personal circumstances differ, several strategic considerations commonly apply.

Ownership structure

Whether an investment is held individually, jointly, or within a trust structure can affect how deductions are applied and who benefits most from them. Investors should ensure their structure aligns with their income profile, risk tolerance and long-term goals.

Property selection

Newer properties, or those with recent construction or renovations, typically offer stronger depreciation outcomes. That said, premium established homes — particularly in tightly held suburbs — may still provide valuable deductions while delivering stronger capital growth potential.

Investment strategy alignment

Depreciation should support, not dictate, an investment strategy. Investors focused on capital growth may prioritise location and scarcity, using depreciation to ease cash flow pressure in the early years. Yield-focused investors may place greater weight on depreciation to enhance net returns from the outset.

Professional advice

Engaging qualified professionals early — including accountants and quantity surveyors — ensures depreciation entitlements are correctly identified and claimed. A professionally prepared depreciation schedule provides clarity and confidence, particularly as the ATO (Australian Taxation Office) are currently placing greater scrutiny on investment property owners.



Long-term thinking in a premium market

For Melbourne investors operating in higher-value segments, the role of depreciation is often less about chasing deductions and more about balance. Premium properties can carry higher purchase prices and holding costs, making cash flow management critical.

When combined with quality assets in strong locations, depreciation can help investors hold properties comfortably through market cycles, maintain flexibility, and stay focused on long-term outcomes rather than short-term pressures.

Ultimately, depreciation is one part of a broader financial framework. When aligned with sound property selection, appropriate structuring and professional advice, it can meaningfully enhance an investor's overall return.

Smart moves: Our experts reveal Victoria's top investment picks for 2026

Smart investing requires moving beyond location, dwelling type, and style, and instead prioritising asset resilience. While many buyers are swayed by these emotional factors, a data-driven strategy focuses on balancing cashflow capacity and maintenance considerations.

From high-yield inner-city apartments to family homes in accelerating growth corridors, our experts have pinpointed the postcodes and property types where they would direct a \$977,000 investment (Greater Melbourne's median house price as at February 2026) to maximise returns.



Andrew McCann
CEO, Jellis Craig

For a Melbourne-based asset I would suggest a classic 1960s/70s older style 2-3 bedroom apartment with a garage or secure car space in inner suburbs like Elwood, South Yarra, or Hawthorn. The older style apartments are traditionally fewer units than new developments, are well constructed and easy to maintain, with lower body corporate fees, meaning I could capitalise on return whilst not having significant outgoings. The locations of these properties are always in high demand with young professionals, which makes consistent rental income relatively low risk.



Eliza Owen
Housing Market Economist

In my opinion, the data on Port Phillip is hard to ignore. Units in this municipality present a good buying opportunity, with Cotality data showing unit values are still 5% below historic highs. Growth in this market picked up in 2025, with units up 2.3% in the December quarter alone. Port Phillip unit rents grew above average in 2025 at 4.2%, pushing gross rent yields to a relatively high 5.1%. Suburbs like Middle Park and Albert Park have seen a particularly strong lift in rental demand over the past year, and currently sit at excellent price points for their location and desirability, with median unit values of \$867,000 and \$887,000 respectively.



Cate Bakos
Buyers Advocate

Determining an investment property location is ideally a pragmatic decision. Depending on the investor's profile, the suitability of an inner-ring villa unit may surpass that of a 1960s house, 12 km west of the CBD. Or a renovated family home in one of Geelong's blue chip, inner suburbs could tug heartstrings. My personal pick would be the latter, and I make no secret of the fact that I see enormous potential in our biggest regional city.

Geelong has experienced significant change over the decades. The waterside city has reinvented itself since the Pyramid Building society collapse and the Ford plant closure.

Rail and road access to Melbourne has improved markedly, but the rise of white-collar workers in the city is also linked to entrepreneurial spirit and a dominant work-from-home culture. The region boasts beautiful, period houses at a fraction of the cost of Melbourne's inner urban housing. Victoria's second biggest city also offers some of the most impressive schools in the state, and Deakin University's footprint is obvious too, both at Waurin Ponds and the waterfront. Geelong's continued population growth will continue to drive expansion. From a value and lifestyle proposition, it's hard to look past this exciting city.



Bradley Beer
CEO, BMT Tax Depreciation

At the current Victorian median sale price of around \$977,000, strategic allocation between inner and growth-corridor suburbs can balance yield and long-term capital growth. For example, Kensington delivers strong lifestyle appeal, proximity to the CBD, excellent transport links and solid tenant demand. Established units or townhouses here can be bought close to median price and benefit from capital uplift as infrastructure and lifestyle demand persist.

But suburb selection is only part of the equation — how you build across asset types deserves equal consideration. Structuring a portfolio with a mix of quality new build units (for depreciation and yield) and established houses (for land value uplift) can help optimise after-tax returns.

Investors have no shortage of options across Victoria, but the key is knowing where to focus. Whether your goal is capital growth, defensive income, or a balance of both, the suburbs and property types identified by our seasoned professionals reveal the markets expected to do the heavy lifting in 2026 and beyond.

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Jellis Craig acknowledges and pays our respects to the Bunurong People, the Wadawurrung People, the Dja Dja Wurrung People and the Wurundjeri People as the Traditional Owners and original custodians of the lands on which Jellis Craig operates.

The 2026 Investment Report has been prepared by Jellis Craig in good faith, as a general guide to the performance and outlook for particular areas of the Victorian real estate market. The data and information provided in *The 2026 Investment Report* is provided by third parties for information purposes only and does not constitute advice or recommendations. It does not intend to predict future performance of particular suburbs, areas, properties or property types. You should consider your personal circumstances and obtain independent professional advice before making any financial or investment decisions.