



# HOW TO BENEFIT BY INVESTING NEAR AUSTRALIAN EDUCATIONAL FACILITIES

## INTRODUCTION AND BACKGROUND

**Australia is a popular destination for international students because of its universities, student experience, and qualifications.**

**Many international buyers** keen on an overseas education for their children were buying residential properties in Australia before Covid.

Buyers are highly motivated by the education that Australia offers from Junior School through to University especially in Melbourne.

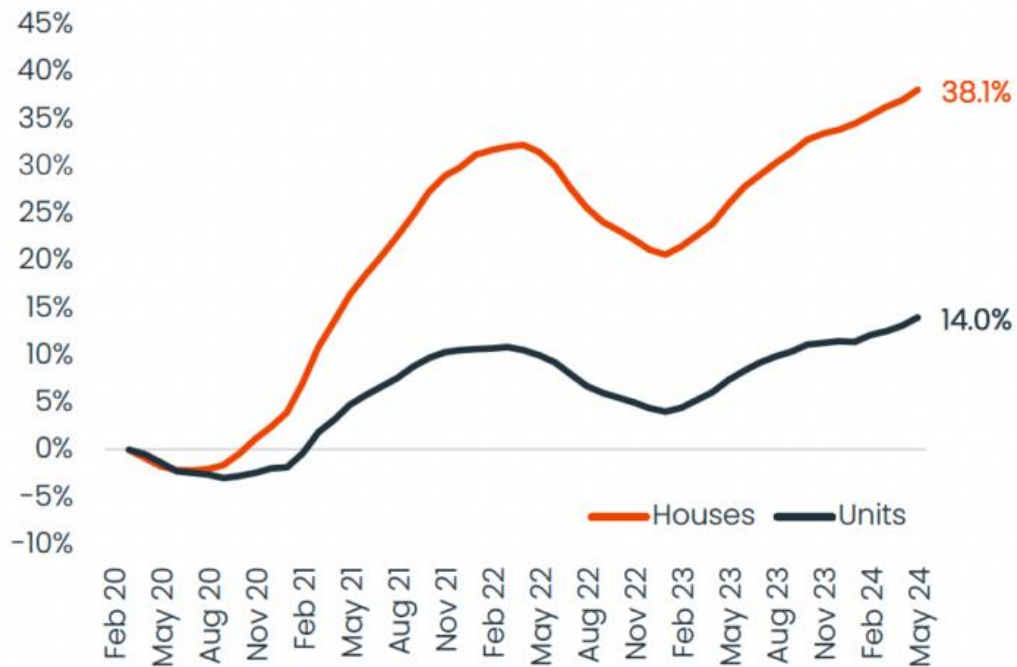
**Buyers from all around** the world flocked to the Australian property market after the 2008 global financial crisis when Australia was seen as the world's safest haven.

**The Australian property market** then embarked on a huge run until Covid.

**But then like many countries around the world,** the rush to safety, to work from home to the country areas, caused **house prices** in Australia to rapidly accelerate, leaving units (apartments behind).

**See Chart below to mid 2024.**

Cumulative change in house and unit values since the onset of COVID,  
Combined Capitals



**New apartments, or units as they are often called in Australia** as at 2025 have become very limited in new supply. Construction has stopped, for many reasons, and with the population again on the increase, rental property has become virtually impossible to find.

**This has caused many overseas buyers to consider** the purchase of an apartment close to the school or university where their children are studying.

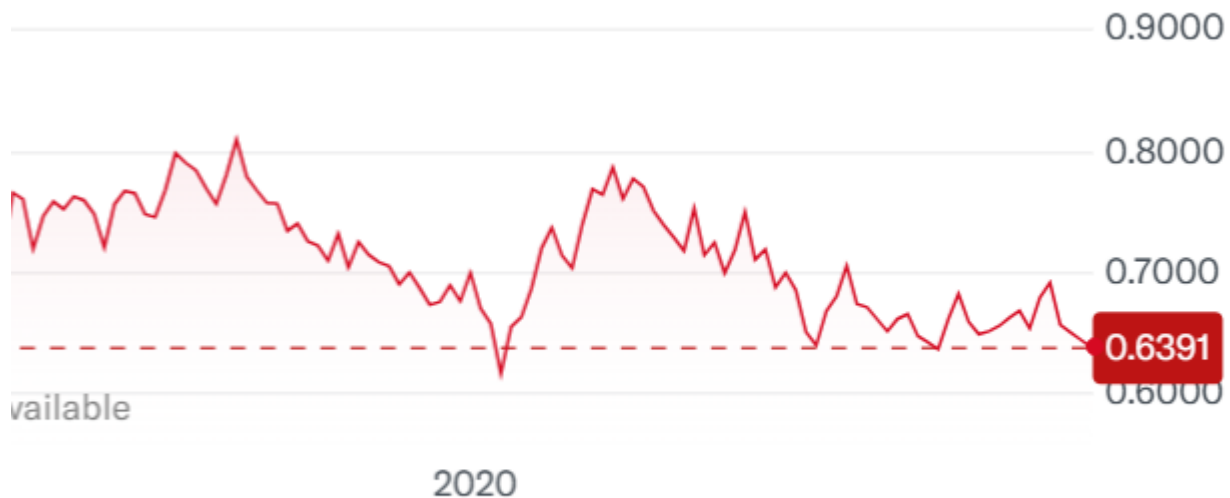
However it is not as straightforward as just buying. Expert assistance should be obtained as there are foreign buyer laws, foreign buyer taxes, Body Corporate regulations, property management companies, Strata Title issues, structural reports to be obtained, finance and mortgage issues and much more!

And all of this has to be navigated before even considering which property to buy, the quality, the effect of supply and demand and is the location sound, the quality satisfactory, and the location safe and so on.

In Australia, the estate agent acts only for the SELLER. So the buyer is on their own and should not consider advice from the selling agent as being in their best interest. Consider employing a Buyer's Agent on your side to protect the risk.

**On the positive side,** the risk of a property collapse, or a currency collapse is low, so international buyers can be confident their capital should not be lost.

## AUSTRALIAN DOLLAR 2016-2024



**The Australian dollar has remained stable** and many investors see perhaps more upside in the dollar than downside.

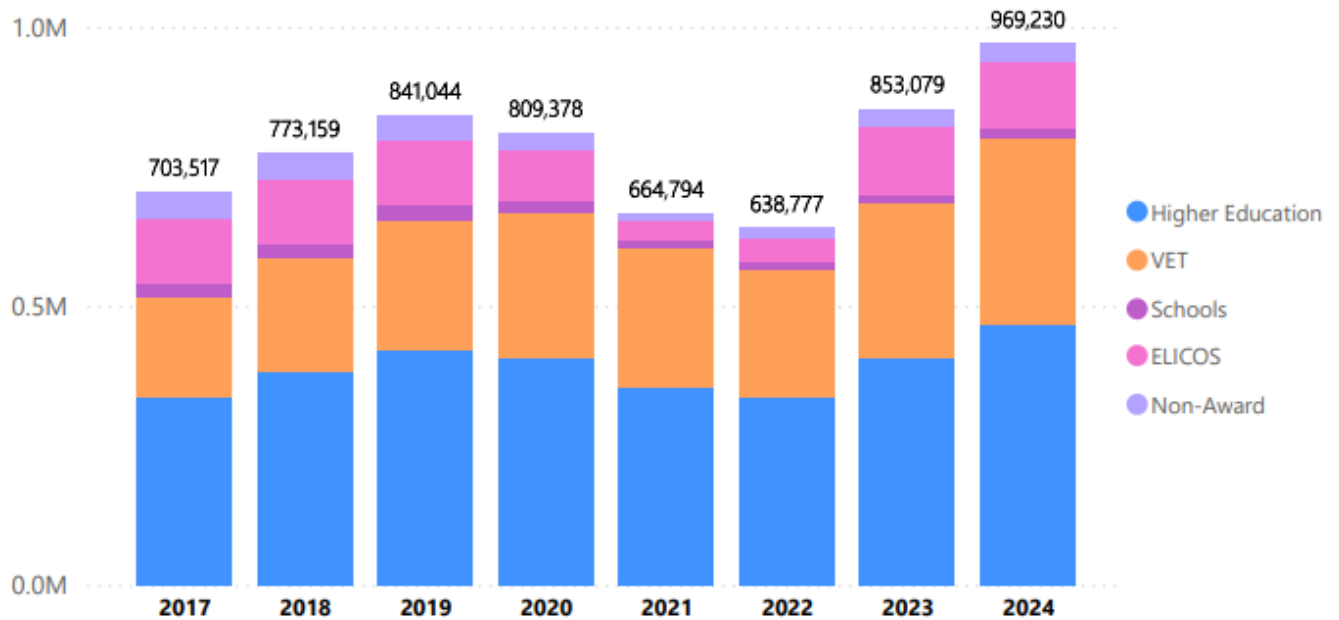
## EDUCATION IN AUSTRALIA

Hundreds of thousands international students have been going to Australia each and every year to study.

**There was a massive increase after Covid,** and this increase, plus population migration increase, combined with construction and new development **shortages**, all meant that through 2023 to 2025 Australia's rental vacancy rate plummeted to new lows.

**In inner city areas, near the education centres,** affordable rental accommodation is virtually impossible to find.

**And there is no end in sight.**

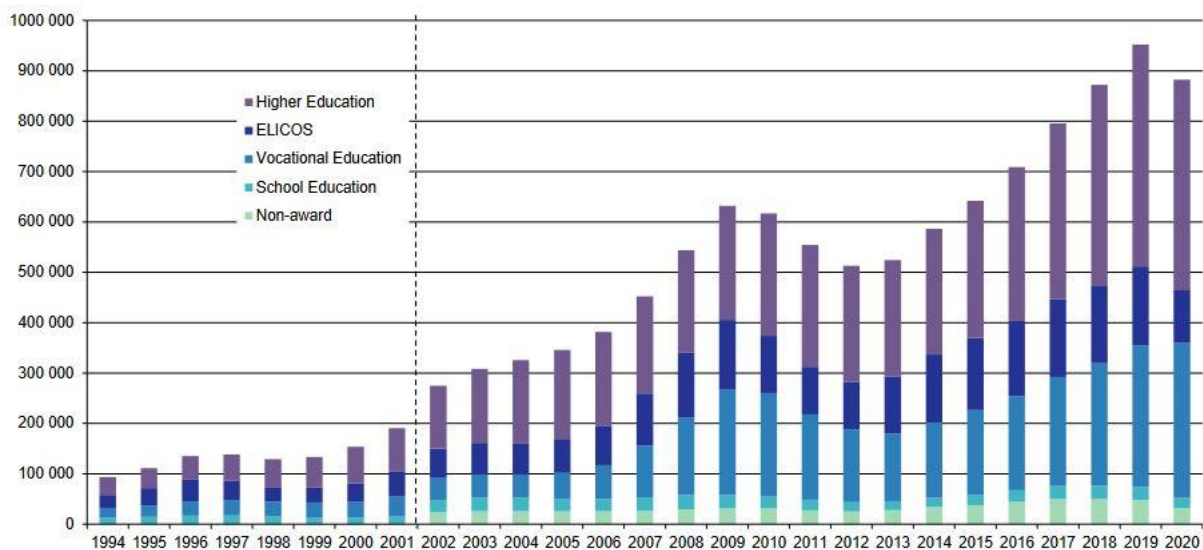


Looking back since 1994, it is clear then hundreds of thousands international students have been going to Australia each year. ALL need somewhere to live.



**Australian Government**  
 Department of Education, Skills and Employment

International Student Enrolments in Australia 1994–2020



Note: There is a break in series between 2001 and 2002

Belinda Robinson, Chief Executive of Universities Australia, said that the growth figures highlighted the enormous contribution of Australia's high-quality university system to national prosperity.

*"We know that international students are attracted to Australia by the excellent quality of the education we provide and the calibre of both teaching and research here,"* Ms Robinson said.



Melbourne's Monash University a popular choice

## **BUYING PROPERTY**

**So that begs the question, is it better to BUY or to RENT?**

*Many overseas parents have sent their children to Melbourne when they were young. The value of the apartments their families bought to **save rent** has risen so much that it covers their tuition by the time they graduate from university.*

**It is estimated** that around 80% of all parents **will try to buy properties** in Australia if they are sending their children through junior, middle, high schools or universities.

**However**, many simply cannot find a property that is **ready now**, approved for sale to foreign buyers, **and** in the right location.

It's a needle in a haystack situation.

**Simply put**, many overseas buyers **THINK** they will simply buy a property - as prices are still low on a world scale - but they then are **very surprised** to find how **few** new developments there are within 15 minutes of major universities.

(Foreign buyers are not allowed to buy secondary properties without special permission)

Most international buyers favour apartments or townhouses rather than free-standing houses for ease of maintenance, and for security and safety reasons for their children.

**Apartments** come with high-security entrances while free-standing houses often pose security and burglar risks. This is true not only of Australia but most countries.

**High quality**, two-bedroom, two-bathroom apartments with carparks, resort facilities and security in Melbourne near the Universities and the technical Colleges and the City Centre cost around A\$600,000 to \$800,000, and one bedroom costs around \$500,000. At the time of writing, Sydney, Brisbane and Perth are higher.

But the problem for many overseas buyers is not the price.

**It is trying to find an available apartment.**

## **MORTGAGES**

**In addition, investors can often secure mortgages in Australia for up to 70% of a property's value**, providing they can prove the source of their deposit and show **three years'** tax returns.

## **RETURNS AND COSTS**

**Many buyers** are investing in the property market in the hope that the returns will cover the cost of tuition and university fees.



**If they invest wisely**, capital appreciation on a typical new two bedroom apartment could be more than enough to cover the child's tuition.

There may be a currency gain too.

And that does not take into account the rent savings, or renting out a spare bedroom for extra money.

**The most popular** are generally one bedroom or two bedroom apartments.

**The value** of Melbourne's NEW apartment market has increased in past years because of rising development and construction costs.

It is now around \$11,000 - \$14,000 AUD dollars per square metre (psq.m) for a new apartment.

Just a decade ago it was around \$8,100 psq.m, and two decades ago it was \$4,600.

*The average apartment price is \$11,000 - \$14,000 per square metre. The average size of a two bedroom flat is 65-70 square metres.*

*So with a mortgage of 70% and a 5% interest rate on a 30 year payment the average repayment is similar to the rent.*

**One student said:**

*"My parents used Mike Bentley's buyer service and bought a flat earlier this year in Melbourne. We got a 65% mortgage and paid \$550,000 for the Melbourne CBD flat. I lease the second bedroom to another student. I aim to save all the rent money which I used to pay" he said.*

*In a blog post, student.com CEO Luke Nolan said "Australia has the biggest growth in student accommodation anywhere in the world. In all major Australian metropolitan locations, there is currently less than one bedroom of purpose-built student accommodation for every ten students."*

## **RENTAL FOR STUDENTS**

**As the Uni year starts** each year around Australia many overseas students will be advised that they have been awarded a place in universities like Melbourne University and RMIT. They will be excited to live in Australia.

**Sadly**, many will be simply unable to find decent rental accommodation

due to the very low rental vacancy rate in all Australian cities.



**The truth is** that many will be unpacking their suitcases in cramped student housing complexes, others will be sharing roach infested old houses, and others in low quality tiny studios.

Sad to say, but true. And that is ONLY if landlords will even accept them.

Others will have to share with complete strangers in bunk beds, three or four to a room.



**Students are being turned away in droves** as landlords say they can rent to young professionals and so why should they rent to students without any rental history or track record?

Students are the least favoured tenants.



## **DON'T BUY STUDENT HOUSING**

**Student housing** in cities like Melbourne does not come cheap. On average on campus room and board for a tiny studio around 20-30sqm rents for around \$1,700 per month. A larger one with 2 tiny bedrooms will rent for around \$2,200 per month.

**This begs the question:** why not buy student housing on Campus for your children? Property experts confirm that student housing in major Australia cities can be one of the **worst investments** you can make.

**There are virtually no bank loans** available for these properties as there is little or no resale market, many are tiny rooms, smaller than even in Hong Kong, they are expensive on a square metre rate, and thousands of similar ones on the market.

**In fact, most resale** for significantly less than the original price paid. And that's if you can ever find a buyer.

**Instead,** why not purchase a spacious off-campus freehold apartment for junior during University and hopefully sell it after graduation and make a profit?

## **HONG KONG BUYER**

**That's what one buyer** from Hong Kong did recently when he bought a 2 bedroom apartment in a newly completed building near the Flagstaff Gardens in a quiet end of the Melbourne CBD.

**His daughter** enlisted a friend as a flat mate to help subsidize the cost. The buyer paid \$590,000 for the apartment and hopes to be able to sell it for more than he paid later, at least enough to cover the taxes and fees he paid when purchasing.

**He admitted** that he is not trying to make money on the whole thing but said that finding rental accommodation for his daughter was a nightmare in Melbourne.

**As long as he could afford** to buy in a safe and secure investment property market like Melbourne and he didn't lose money, and his daughter had some place to stay without having to pay a landlord, without a property inspection every 6 months, and without risking eviction, he is happy.

He said:

*"Well, I did not buy for investment. But now I have researched the market I would not be surprised if I end up making a profit from this venture. More importantly my daughter is safe and secure in a great city in an apartment that I own. So we can spend money on decoration and furnishing, it has a second bedroom she can rent out. Or my wife can come and visit and stay with my daughter. It's a win-win for everybody."*

**Property analysts** agree that buyers should not just bet on the real estate market growing and blossoming when they buy an apartment for their child to study, but even the saving in rent could make it a worthwhile exercise.

## **HIGH SCHOOLS**

For parents wanting to place their children into a top high school, this is easily achieved if they simply buy a residential property in their preferred schools "catchment area."

But here is the catch. Foreign buyers can only buy brand new properties. And in MOST residential suburbs, there is **very little NEW** construction.

And when a project DOES come up, it is in huge demand from both local Australian buyers as well as foreign buyers.

So, if you have a school in mind, either you need to keep scouring the property pages of the Australian newspapers or websites every week, and hope you can find a project being launched, and then hope you are fast enough to be able to secure one of the properties available.

Or you employ a professional real estate BUYERS AGENT to work with you.

That's exactly what Jim in HK did recently. He wanted to put his 9 year old daughter into the prestigious high school of McKinnon in Melbourne

a couple of years.

So he engaged real estate expert Mike Bentley to assist. Mike found a brand new release, and organised Jim to get an early selection, and he was able to secure a prime 2 bedroom apartment before most of the project sold out.

## **TAXES AND FEES**

One major downside to buying is the taxes and fees on top of the purchase price. Overseas buyer can only buy new, and have to pay an application fee to the FIRB of Australia, plus around 8% additional foreign duty, on top of the standard stamp duty which averages 5%.

So it is not all rosy. And not easy to navigate all the issues, AND not easy to even find anything!

So if you need professional help, then you can contact Mike Bentley to discuss your personal situation at [www.citylifeproperty.com/meet-mike.php](http://www.citylifeproperty.com/meet-mike.php) or email Mike at michael@citylifeproperty.com



Apartment Specialist Mike Bentley has helped hundreds of overseas families safely buy.

## Disclaimer

The information contained herein is a simplified summary. The information contained here is general in nature and is not intended as legal, tax, property or investment advice. Furthermore, the information contained herein may not be applicable to or suitable for the individuals' specific circumstances or needs and may require consideration of other matters. Whilst every effort has been made to ensure complete accuracy, costs, rents and markets are ever changing and are complicated, so we do not guarantee, and are not liable for the truthfulness, accuracy, effectiveness, or any resulting effects of the use of any information contained herein. It is advised and it is the responsibility of all people to seek proper instruction and/or seek professional assistance in all matters regarding any investment. We are thus held harmless, released of any and all liability, and users of information contained herein assume full responsibility resulting from use of any information contained herein. This is not an inducement or offer to buy any property. Provided for information purposes only.

