Property

Best suburbs to invest: where you can make $1m+ in 10 years

The NSW property markets where buyers can instantly start making money, and potentially make over $1m in a decade, have been revealed. See the full list

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Savvy Millennials have become millionaires by working the system to find the best suburbs to make money off the property market.

And now, data from PropTrack has uncovered suburbs where Millennials, those aged 26-42, can invest – using rents to pay off more than their mortgage repayments – but also where they too can become millionaires inside a decade.

The best suburbs tended to be outside Sydney and were often concentrated in regional NSW or cheaper capitals such as Perth, Darwin and Brisbane.

The Sydney suburbs where rental returned were the highest were mostly in the southwest and included Lakemba, Warwick Farm, Wiley Park and Fairfield.

Owning a unit in these areas would cost the investors about $140-$150 per month after rent was channelled into the repayments.

The best suburbs near Sydney for capital growth were a mix of popular beach areas and those in satellite areas such as the Southern Highlands.

Millennials like Dilleen Property's Eddie Dilleen, 31, who has 75 properties, and InvestorKit's Arjun Paliwal who has 17, are among those who've become property millionaires starting with zero assets and no inherited real estate.

Market analyst Pete Wargent, co-founder of BuyersBuyers, said the average property investor could become a million dollars richer within a decade.

"It depends on their circumstances, income, and borrowing capacity, but yes," he said. "Even with a couple of investment properties this can often be achieved."

Mr Dilleen said it was "possible for the average investor to do that in two years even, depending on what you view as the average investor".

"I'd be reaching out to a mortgage broker right away to find out their borrowing capacity," he said.

PropTrack economist Angus Moore said there were several suburbs where it was possible to make $1m or more in capital gains given how median prices had doubled and even tripled there over the past decade.

"We've seen extremely quick growth in property prices, particularly in the last three years. To put it in context, 2021 was the third fastest year of growth in 140 years."

While that was "unlikely" to be repeated nationwide any time soon, Mr Moore said there were "places that will see strong growth in the next 10 years".

The Gold Coast's Palm Beach, Coolum Beach on the Sunshine Coast, Moss Vale and Bowral in the Southern Highlands saw medians surge over 200 per cent in the past 10 years, he said.

Sydney property mogul Eddie Dilleen has more than 70 investment properties. Picture: David Swift

In Sydney, units in coastal suburbs Manly and Rose Bay had 10-year rises of more than 140 per cent. PropTrack forecasted unit prices would double in these areas if this growth continued, giving investors more than $2m equity.

Equity gains of $650,000-$1.4m were on the cards in Narrabeen, Coogee, Bellevue Hill, Penrith and Gosford if growth patterns continue, the data showed.

For those seeking higher rental returns, several suburbs across major capitals had gross rental returns over $600 a month (median rent minus monthly mortgage repayments).

This included the Darwin CBD and nearby suburbs Zuccoli and Bakewell; Gordon in Canberra; and Caulfield East in Melbourne.

Gross rental returns were above $250 a week in five Adelaide suburbs: Smithfield Plains, Kurralta Park, Salisbury, Walkerville and New Port.

Property investor Arjun Paliwal has 17 properties. Picture: Christian Anstey

Brisbane had 10 suburbs with those returns or higher, including one suburb, Woodridge – in the Logan region south of the city – where an investor would have $420 per week left over after rents paid the mortgage.

Mr Moore said the hardest part for Millennials was coming up with a deposit, with the average buyer needing about six to seven years to save enough money.

"Millennials will have a different experience from their parents. They'll be buying at a later point in life. They'll be carrying debt later," he said.

First-Place managing director Daniel Senia said interest rate rises saw Millennial first homebuyers decline in the past year. "That 18-to-24-year-old buyer was about 6 per cent of our market last year, it's down to zero this year," he said.

Mr Dilleen said it was time for a mindset shift among Millennials to tap into the market sooner. "You don't have to put down 20 per cent (deposit). You might find an investment property – rather than trying to save up to buy a million dollar property right away, you might buy one for $300,000 just to get started."