

50 《BOOM》 suburbs



This year's **Fast 50** reveals the suburbs in Australia set to offer investors big rewards in 2014

By all accounts, property investors were incredibly active throughout 2013 and this looks set to continue in the New Year. However, a flurry of investor activity does not mean each and every investor is guaranteed success. It's thus more important than ever to know where to buy and what to look out for. Now in its third year, *Smart Property Investment's Fast 50* report showcases the suburbs the industry's leading experts believe will take off in 2014

Smart Property Investment's

fast50

THE AUSTRALIAN property market in 2013 brought with it mixed news.

All at once, Sydney was in a property bubble; self-managed super fund (SMSF) investment in property was causing unsustainable house price growth; and despite record low interest rates, first home buyers were being priced out of many of the capital city markets by property-hungry investors – at least, according to some commentators.

Despite the talk of Sydney house price growth, other experts argued the country's largest capital was simply correcting, catching up with itself after years of sluggish performance.

Indeed, RP Data's research director Tim Lawless, speaking at several events in 2013, insisted Sydney wasn't about to burst.

"If you look at the long-term rate of growth for Sydney, in fact, Sydney values have only risen by 2.5 per cent per annum for the past 10 years. That's lower than inflation," Mr Lawless said at a property investment evening last November.

"It's pretty clear that even though growth rates are pretty strong now, we aren't in any sort of 'bubble market'."

Philippe Brach, CEO of Multifocus Properties & Finance, says housing

affordability has actually improved, as life's essentials and luxuries continue to come down in price.

Whatever you thought of the 2013 market, this was a year in which many investors prospered. Savvy investors can take advantage of most market conditions, but a huge part of this is knowing where to buy.

Smart Property Investment's Fast 50 report calls on some of the industry's leading experts to highlight the areas they think will perform best for investors in 2014.

No list is foolproof, but we have provided more data than ever to help you evaluate these predictions and analyse the listed suburbs' potential.

Margaret Lomas, founder of Destiny Financial Solutions and a contributor to this year's *Fast 50* report, says that if an area has solid investment fundamentals, it will usually offer investors decent returns.

"The most difficult part of doing this is that you can look at the indicators, but because you're looking so far ahead, the

indicators don't always come to fruition.

"If you're buying consistently, you're going to have 15 to 20 per cent of your portfolio that doesn't actually perform the way you want it to perform," she says.

"So at the moment, there are a couple of places in Perth I think are going to perform contrary to what the market is saying. Kwinana is an example. I did a town spotlight there and no one likes it because of the oil refinery. However, the fundamentals don't usually lie.

"Those fundamentals are a severe housing shortage and a frenzy that is not happening in Kwinana but in other parts. Once that frenzy gets to a point where the undersupply is chronic, Kwinana is actually brilliantly situated in the city."

We have an interesting mix of suburbs on the list this year. Not surprisingly, New South Wales is the most heavily represented state, with 21 suburbs. Queensland and Western Australia are also well represented, with 13 and 10 suburbs respectively. And while Victoria and South Australia managed to squeeze onto this year's list, Tasmania, the Northern Territory and the Australian Capital Territory do not appear at all.

We will be sure to keep track of how this year's *Fast 50* suburbs perform over the coming year. In the meantime, *Smart Property Investment* would like to thank Andrew Wilson, Louis Christopher, Luke Berry, Margaret Lomas, Michael Fuller, Sam Saggars and Terry Ryder for their assistance with the report.

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EXPERT PANEL 2014



Andrew Wilson

Doctor Andrew Wilson is a senior economist for Australian Property Monitors. He has previously held senior property and construction research positions within the industry, academia and government. He is an appointed housing market expert and adviser to the Australian Urban Research Infrastructure Network.



Luke Berry

Luke Berry is the director of NextHotSpot, the research arm of Thirdi Property Group. NextHotSpot supports over 25,000 property investors around Australia. Mr Berry regularly completes in-depth analyses of projected capital growth and sales statistics, planned infrastructure and tenant profiling when locating hotspots.



Louis Christopher

SQM Research founder Louis Christopher is one of the most respected property analysts in Australia, providing regular reports through SQM Research – an independent property advisory and forecasting research house that focuses on accurate property-related advice, research and data.



Margaret Lomas

Founder of property investment advisory firm Destiny Financial Solutions and board member of PIPA, Margaret Lomas is a best-selling author and producer/host of Sky News' popular TV programs *Your Money Your Call* and *Property Success with Margaret Lomas*.



Michael Fuller

Michael Fuller co-founded Hotspotcentral.com.au, which aims to help investors decide where and when to buy. He previously worked with leading credit bureaus in Europe and Australia. He writes about algorithmic research in his 'Hotspotting' column, and his Spidermaps feature exclusively in the magazine.



Sam Saggars

Positive Real Estate CEO and co-founder Sam Saggars has been buying property for over 15 years and has personally brokered more than 1,600 property deals. He is the author of *How to be in debt for millions and be happy about it* and co-author with Stuart Zadel of *Think and grow rich in property*.

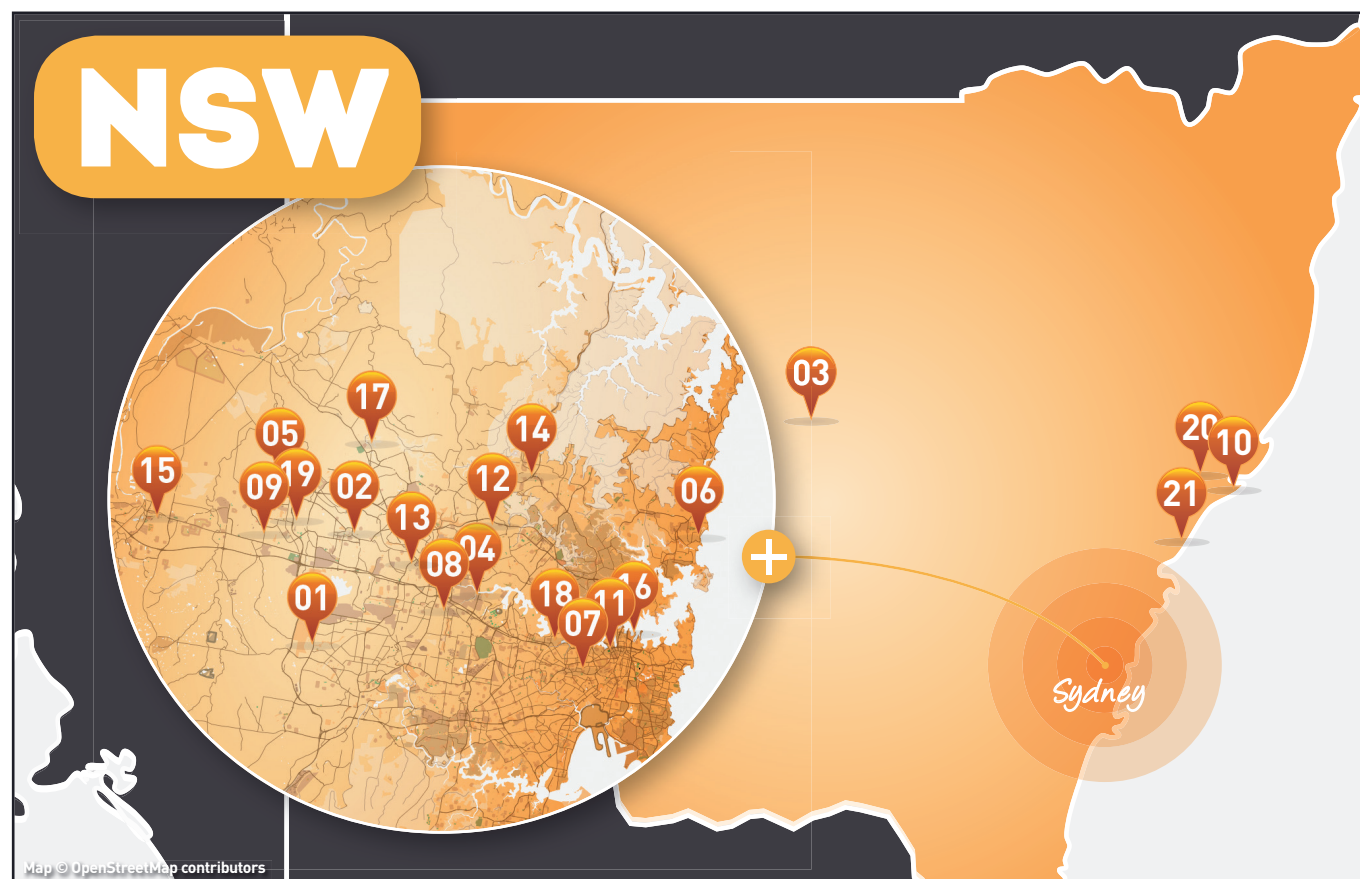


Terry Ryder

Terry Ryder has been involved in real estate since 1981 as an investor, researcher and writer specialising in residential property. He is the author of four books on residential real estate and writes regularly on property for newspapers, magazines and websites.



Map	Suburb/town	State	Pg
	1 Abbotsbury	NSW	18
	22 Acacia Ridge	QLD	24
	49 Aldinga Beach	SA	31
	39 Armadale	WA	28
	40 Balga	WA	28
	35 Baxter	VIC	27
	2 Blacktown	NSW	18
	36 Brimbank	VIC	27
	23 Broadbeach	QLD	24
	24 Cairns	QLD	24
	25 Coolangatta	QLD	25
	41 Coolbellup	WA	30
	3 Dubbo	NSW	19
	4 Granville	NSW	19
	42 Highgate	WA	30
	43 Joondanna	WA	30
	26 Kingston	QLD	25
	44 Kwinana	WA	30
	5 Lethbridge Park	NSW	19
	6 Manly Vale	NSW	19
	7 Marrickville	NSW	19
	45 Merriwa	WA	30
	8 Merrylands	NSW	20
	9 Mount Druitt	NSW	20
	27 Mount Gravatt	QLD	25
	28 New Farm	QLD	26
	10 Newcastle	NSW	20
	11 Newtown	NSW	20
	12 North Rocks	NSW	20
	13 Pendle Hill	NSW	22
	14 Pennant Hills	NSW	22
	15 Penrith	NSW	22
	29 Redcliffe	QLD	26
	16 Redfern	NSW	22
	50 Reynella	SA	31
	30 Rockhampton	QLD	26
	17 Rouse Hill	NSW	23
	46 Seville Grove	WA	30
	47 Sorrento	WA	31
	48 Spearwood	WA	31
	31 Stafford	QLD	26
	18 Strathfield	NSW	23
	37 Sunbury	VIC	28
	38 Sunshine	VIC	28
	32 Toowoomba	QLD	26
	33 Townsville	QLD	26
	34 West End	QLD	27
	19 Whalan	NSW	23
	20 Wickham	NSW	23
	21 Windermere Park	NSW	23



About the data

The *Fast 50* is intended to be used as a guide for those looking to invest in 2014 and beyond. All locations have been carefully selected by our panel of experts and we have included the reasoning for each selection, as well as some helpful and noteworthy data about each suburb. A suburb's inclusion in the list, however, does not necessarily mean all properties in that location will perform well. *Smart Property Investment* encourages investors to complete their own research before making a purchase. Some suburbs may be missing certain components of the data. In most cases, this is due to either a small volume of sales – making the statistics unreliable – or limited population trend data.

Sources: Australian Bureau of Statistics, 2011 Census Data, RP Data October 2012/October 2013 data, SQM Research, id
Note: All statistics correct at time of publication

Key

Household income: Median weekly household income
Population growth: Population growth from 2006–2011
Growth rate: Median 12 month growth rate
Rental yield: Gross rental yield

Abbotsbury

01

/// Louis Christopher

Population	Household income	Population growth
4,194	\$1,971	+23
	Houses	Units
Median price	\$637,500	N/A
Growth rate	-2%	N/A
	2012	2013
Median rent	\$550	\$600
Rental yield	4.4%	4.9%

Abbotsbury is 46 kilometres outside of the Sydney CBD. Close to nature reserves and the Parramatta town centre, residents in this area can enjoy family amenities as well as outdoor pursuits. Tight vacancy rates and a reasonable price point have put this suburb on track to outperform its neighbours in 2014. The area is fairly diverse, with 32.5 per cent of the population born overseas. Abbotsbury is wealthier than neighbouring suburbs, with 43.4 per cent of the population in the highest income quartile. Over 64 per cent of households are couples with children. Investors would be advised to buy houses on decent sized blocks to accommodate new families aspiring to live in the suburb.

Blacktown

Picked in 2013
02

/// Terry Ryder, Luke Berry

Population	Household income	Population growth
43,374	\$1,174	+959
	Houses	Units
Median price	\$420,999	\$323,000
Growth rate	8%	9%
	2012	2013
Median rent	\$380	\$390
Rental yield	5.1%	4.8%

Blacktown has a fast growing population due to its popularity among young families and first home buyers. Activity among these groups is expected to pick up into 2014 as the effects of low interest rates are felt in those segments. Rail and road enhancements are currently underway to increase access to the CBD and Sydney Airport in Mascot. Affordability is a major growth driver given rising prices within inner Sydney. In comparison, prices in Blacktown have remained subdued. Social issues remain a concern in some areas of Blacktown but many suburbs, like Ropes Crossing, are becoming highly family friendly. This new suburb offers new homes and a host of lifestyle amenities.

Dubbo

Picked in
2013
03

/// Terry Ryder

Population	Household income		Population growth	
32,327	\$1,052		+959	
	Houses		Units	
Median price	\$276,750		\$197,500	
Growth rate	3%		12%	
	2012	2013	2012	2013
Median rent	\$285	\$310	\$210	\$250
Rental yield	5.6%	5.8%	6.4%	6.6%

Dubbo's main industries are wool exports and agriculture, though nearby resources projects have a strong influence on the local economy. The town's cheap home prices and job market have contributed to rapid population growth. The median price for homes is only \$276,750. Vacancy rates can be an issue in regional towns but in Dubbo the market is incredibly tight, with only 0.8 per cent of rentals vacant. The low house prices and high rental demands results in strong rental yields.

Granville

04

/// Andrew Wilson

Population	Household income		Population growth	
13,989	\$1,086		+1,068	
	Houses		Units	
Median price	\$469,000		\$332,000	
Growth rate	5%		2%	
	2012	2013	2012	2013
Median rent	\$420	\$420	\$370	\$375
Rental yield	5.0%	4.7%	6.0%	5.9%

Once a country town, Granville has now been swallowed up by urban sprawl. Block sizes tend to be larger, but near the railway station three-to four-storey apartment buildings are increasingly common. Nearby, the Parramatta town centre has a range of amenities, while a train line goes through the middle of the suburb. Granville may see a lift in growth as a result of rising prices within Parramatta. Residents tend to have a lower level of qualification and income, but this is changing.

Manly Vale

06

/// Michael Fuller

Population	Household income		Population growth	
5,702	\$1,555		+155	
	Houses		Units	
Median price	\$1,007,500		\$500,000	
Growth rate	12%		0%	
	2012	2013	2012	2013
Median rent	\$750	\$825	\$470	\$460
Rental yield	4.3%	4.3%	4.9%	4.8%

Manly Vale is on Sydney's north shore. While not directly on the coast, Manly Vale is within an easy drive of the sea and popular Manly beach. Units in Manly Vale are especially in demand, with only 34 days on market and a 100 per cent auction clearance rate in recent months. High density dwellings outnumber houses in Manly Vale, making up 51 per cent of all residences. Nonetheless, the fastest growing household type is couples with children, suggesting family homes may become more popular in the future. Vendor discounting has been low in Manly Vale as vendors grow confident of demand in the market. Moreover, high online search numbers indicate buyers are taking an interest.

Marrickville

/// Louis Christopher

Population	Household income	Population growth		
24,613	\$1,406	+1,212		
	Houses	Units		
Median price	\$810,000	\$520,000		
Growth rate	7%	13%		
	2012	2013	2012	2013
Median rent	\$600	\$620	\$410	\$425
Rental yield	4.1%	4.0%	4.7%	4.3%

Following in the footsteps of its neighbouring Newtown, Marrickville is an inner-west suburb where demand has exploded in recent years. The suburb encompasses roughly 24,000 people, with an even spread between couples with children, childless couples, single people and other household types. For this reason, a range of properties may appeal to different tenants, from apartments to terraces and larger houses. Medium and high density housing has taken off in the past five years, while the number of separate houses is dropping. Almost a third of residents are professionals of some kind, followed by technicians and trade workers. Professionals have grown faster than any other group as

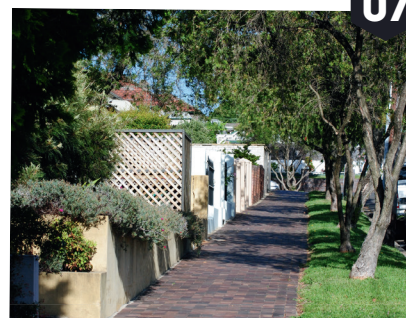
Lethbridge Park

05

/// Andrew Wilson

Population	Household income	Population growth
4,655	\$759	+16
	Houses	Units
Median price	\$252,250	N/A
Growth rate	9%	N/A
	2012	2013
Median rent	\$310	\$320
Rental yield	6.9%	6.6%

Lethbridge Park is within the city of Blacktown, around 48 kilometres from the Sydney CBD. Buyers are taking an interest in the area as prices in the inner and medium suburbs climb. Lethbridge Park offers a mix of properties. The nearby Penrith town centre offers shopping and convenience, while a train line is one suburb over. The area attracts manual workers, with machinery operators and drivers making up 23 per cent of residents, followed by labourers at 19 per cent. House prices remain low compared to the Sydney average, with a median price of only \$252,250. Vacancy rates are below one per cent, indicating strong demand for rental properties.



young, affluent people flock to live in this area. Lifestyle factors have been a major driver of this demographic shift, particularly the cafés and restaurants scattered along Marrickville Road.

Merrylands

08

/// Andrew Wilson

Population	Household income		Population growth	
26,658	\$1,042		+929	
	Houses		Units	
Median price	\$557,000		\$340,000	
Growth rate	15%		9%	
	2012	2013	2012	2013
Median rent	\$420	\$420	\$360	\$380
Rental yield	4.6%	3.9%	6.0%	5.8%

Merrylands has accelerated quickly in recent times, with a 12-month growth rate of 15 per cent and a five-year growth rate of 39 per cent. Yet with a median price below that of Sydney, Merrylands may still have room to move. Growth drivers include its proximity to the Parramatta town centre and relative affordability. Road improvements have put the suburb within a 30-minute commute of the Sydney CBD.

Mount Druitt

09

/// Andrew Wilson

Population	Household income		Population growth	
15,794	\$1,049		+2,381	
	Houses		Units	
Median price	\$375,000		\$255,000	
Growth rate	6%		11%	
	2012	2013	2012	2013
Median rent	\$360	\$375	\$320	\$330
Rental yield	5.3%	5.2%	7.2%	6.7%

Mount Druitt has seen a flurry of buyer activity in recent years. The five-year growth rate is 24 per cent. Nonetheless, the median price is almost half the Sydney average, at \$375,000. Residents are largely middle income families, many with young children. Although houses are the most common dwellings, medium and high density housing is growing. However, investors should be wary of buying apartments so far from city amenities where buyers and tenants are families.

Newtown

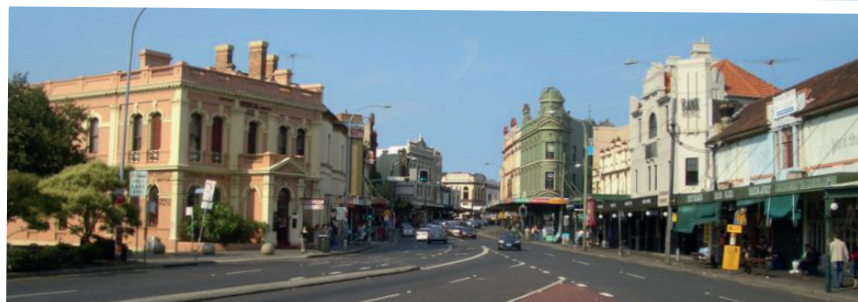
11

/// Louis Christopher

Population	Household income		Population growth	
14,148	\$1,753		+713	
	Houses		Units	
Median price	\$847,500		\$ 481,000	
Growth rate	10%		9%	
	2012	2013	2012	2013
Median rent	\$643	\$650	\$430	\$428
Rental yield	4.3%	4.0%	5.2%	4.6%

Newtown is a gentrification success story. While this trendy suburb in the inner west of Sydney was long neglected by property investors, more affluent residents have moved into the

area over the last decade. This shift is particularly obvious along the King Street stretch, which now boasts restaurants, cafés and boutique shopping. A majority of residents earn a median income in excess of \$1,000 a week. This high earning group is growing faster than any other income bracket. With a comparatively low median unit price of \$481,000, Newtown remains in reach of people looking to gain a foothold in the hot Sydney market. Terraces are particularly sought-after among buyers, and investors looking to add value can still find un-renovated terraces in the back streets of Newtown.



Newcastle

Picked in 2013
10

/// Luke Berry

Population	Household income		Population growth	
157,273	\$1,154		+6,778	
	Houses		Units	
Median price	\$675,000		\$457,000	
Growth rate	N/A		6%	
	2012	2013	2012	2013
Median rent	N/A	\$510	\$500	\$500
Rental yield	N/A	3.9%	6.2%	5.7%

Newcastle is Australia's sixth largest city. While coal remains the town's major industry, Newcastle is diversifying its economy with strong tourism, education and infrastructure sectors. Gentrification in the inner city is also transforming the town. The Newcastle CBD is becoming cosmopolitan, with new restaurants and cultural amenities. Strong population growth is predicted in the medium term, with the government's Lower Hunter Regional Strategy calling for 90,000 new residential dwellings to be constructed over the next 30 years. Units will be particularly in demand, with CBD units expected to double in number in the next 10 to 15 years.

North Rocks

12

/// Sam Saggars, Andrew Wilson

Population	Household income		Population growth	
7,625	\$1,891		+113	
	Houses		Units	
Median price	\$710,000		\$561,444	
Growth rate	4%		6%	
	2012	2013	2012	2013
Median rent	\$550	\$555	\$530	\$500
Rental yield	4.2%	4.1%	5.2%	4.6%

The key driver of North Rocks is affordability. The suburb is over \$100,000 cheaper than surrounding areas like West Pennant Hills and Carlingford. Investors unable to afford the lower north shore or Castle Hill may find North Rocks a good alternative. High density property remains rare, with three-bedroom homes on larger blocks the norm. Several well-regarded schools are located in the area. Residents can take advantage of the proximity to the employment zone in Parramatta as well as access to North Ryde Tech and the Castle Hill business community. While rents remain low, capital growth is predicted to remain strong, with 106 people looking for every property on the market.