



Herron  
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Independent Property Advisors

**Westpac**

PROPERTY REPORT

*Victoria*



# National overview

***Despite perceptions that affordability is a challenging issue in today's residential property market, a budget of \$500,000 still offers Australian investors and owner-occupiers a generous array of options even in Sydney, Melbourne, Brisbane and Perth.***

## What will \$500,000 buy these days?

Half a million dollars is something of a magic number in residential property as it marks the price limit for many first homebuyers, investors and downsizing retirees. With this in mind, we set out to discover just what \$500,000 buys around the nation, and in many markets, the answer is a surprisingly wide choice of quality properties.

Specifically, we asked state-based Herron Todd White teams what they would recommend buying with a budget of \$500,000 if they were:

- an investor;
- an owner occupier (single or couple) without children;
- an owner occupier with a family.

## Cooler prices have improved value

We found that the slowdown impacting markets over the past 12 months has provided exciting buying opportunities. Properties that a few years ago would have been well beyond this price bracket can now be secured for \$500,000 – in some cases with change to spare. Nowhere is this more apparent than in Brisbane, the Gold Coast and Sunshine Coast where an investor with a budget of \$500,000 could pick up not one, but potentially two rental properties.

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## Yields topping 17% in outback areas

Even in Sydney, one of the nation's most expensive cities, suburbs like Auburn and Parramatta offer units priced at \$370,000 with gross yields of up to 5.7% - an appealing combination of affordability and healthy returns. As our report illustrates, in some mining towns such as Queensland's Chinchilla, yields can soar to 17% - but with long term prosperity linked firmly to global demand for resources, such investments are highly speculative.

## Vibrant lifestyles for owner occupiers in Melbourne

For owner occupiers, a price limit of \$500,000 offers a wealth of choice. In Melbourne's inner city suburb of Footscray, significant urban renewal is occurring and while houses are still available for around \$500,000 there is a good selection of apartments priced from around \$310,000.

Adelaide continues to offer good buying, and in suburbs like Flinders Park and Torrensville \$500,000 will secure a 3-bedroom house on a generous lot with the added appeal of nearby beaches.

## Quality suburbs and high yields in Perth

In Perth, \$500,000 buys a wealth of options from inner city apartments generating yields of 6% through to 4-bedroom houses in established suburbs like Willetton, Bassendean and Ocean Reef that combine proximity to the CBD with local amenities and quality schools.

## Darwin – don't miss the boat

In Darwin it is still possible to pick up apartments priced below \$500,000 in city fringe suburbs like Larrakeyah. But with an influx of workers expected once construction begins on the new Inpex LNG plant, Darwin prices look set to climb again, and investors could be the key beneficiaries.

## The Apple Isle fits the bill

In Tasmania, \$500,000 will secure a quality house or unit virtually across the state, with the possible exception of more expensive prestige suburbs like Sandy Bay, Battery Point and Central Hobart, which is great news if you're considering a move to our southernmost state.

Brendon Hulcombe  
CEO, Herron Todd White

*In Melbourne's inner city suburb of Footscray, significant urban renewal is occurring and while houses are still available for around \$500,000 there is a good selection of apartments priced from around \$310,000.*

# Victoria

*Throughout Victoria and Melbourne there are abundant opportunities for buyers in the under-\$500,000 price range, and in this sought after end of the market prospects for future capital growth look good virtually across the board.*

## Melbourne

### Investors

For investors on a tight budget St Kilda East offers plenty of appeal. Yields range from 4% to 4.5%, and the median unit price of \$465,000 makes an apartment the most likely choice for would-be landlords with a spending limit of \$500,000.

In fact, affordability – particularly in the apartment market, is encouraging investor interest in St Kilda East, and the location just six kilometres from the Melbourne CBD, is very appealing to tenants with rental demand remaining strong.

The suburb is well serviced by trams, which provide ease of access to Chapel Street and St Kilda, and the cosmopolitan feel of Carlisle Street and the predominantly young local population is creating a compelling urban lifestyle that should underpin future capital growth.

Among the spate of new developments coming on board in St Kilda, is the Hotham Street Apartments, due for completion in 2013, which will offer 18 dwellings with basement car parking. Prices start from around \$380,000.

*For investors on a tight budget St Kilda East offers plenty of appeal.*



## Footscray

### Owner occupiers

The thriving multicultural community of Footscray is firmly under the development radar, and the suburb's changing demographics are creating a new urban culture that appeals to younger professional owner occupiers. Adding to Footscray's appeal, property remains very affordable with median prices of \$505,000 for houses and \$310,000 for units.

The volume of mixed density housing in Footscray is expected to grow over the next few years and already a \$90 million development at 10 Moreland Street has been approved. Several other mixed developments are enhancing the gentrification of the area including 'The Cirque', which offers 1- and 2-bedroom apartments priced from \$319,000. Following the recent purchase of the former Le Mans Toyota car dealership site in Footscray, VicUrban – the state government's urban sustainability development agency, is proceeding with plans to develop a major office building and two apartment developments abutting the local train station. No prices are available but this is a development worth considering.

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## Regional Victoria

### Geelong

Geelong continues to attract both investors and owner occupiers, with affordability and the manageable commute to Melbourne being among the key drawcards. Employment opportunities are strengthening in Geelong and a population shift away from Melbourne towards the urban growth boundary has seen Geelong's population continue to increase.

Geelong is viewed as an investment hotspot and a good all-round performer for 2012. Rental yields range from 4.5% to 5% and median house prices rose by 5.7% last year giving investors a healthy overall return.

The median house price is \$530,000 so on a budget of \$500,000 a house is an achievable option. Apartments are more affordable with prices ranging from around \$290,000 to \$390,000. Vacancy rates are also low at 2.3%.

Families interested in the bayside lifestyle of Geelong may wish to consider one of the house and land packages being offered around Armstrong Creek, Drift Lane and Rainford Place. Prices start from around \$344,110 for a 3-bedroom house on a generous lot.

### Bendigo

The residential property market in Bendigo has stabilised over the last quarter and demand remains buoyant with reasonable sales turnover. Buyers vary from upgrading owner occupiers to investors taking advantage of the city's current rental shortage.

Latrobe University plays a key role underpinning demand for rental accommodation in Bendigo, and yields are higher than for other nearby regional centres like Echuca and Shepparton. Proposed investment in the city's health infrastructure by the state government will continue to promote Bendigo as a major regional growth centre.

A land shortage is emerging in Bendigo and price growth in residential house lots has become quite noticeable in recent months. As a guide, some new developments such as the Evergreen Links Estate in Eaglehawk have experienced price rises of 25% over the past year. This shortage points to good prospects for further capital growth in the future.

Adding to Bendigo's appeal for investors, yields are generally between 5.5% and 7%, and current median prices – \$277,500 for houses and \$227,500 for apartments, make this area very affordable for buyers with a budget of \$500,000.

*Families interested in the bayside lifestyle of Geelong may wish to consider one of the house and land packages being offered around Armstrong Creek....*

## Ballarat

Ballarat has a population of approximately 96,000 people and this is set to rise to 130,000 residents by 2030 as migration and a healthy employment market attract more people to this flourishing regional centre.

The desirability of Ballarat is further enhanced by its mix of period houses and modern homes, and the one hour commute to Melbourne has attracted buyers priced out of the metropolitan market. The Ballarat West Growth Area and the Alfredton West Precinct Plan have resulted in significant rezoning of land, and this will lead to the development of new major activity centres along the lines of Lucas – Ballarat's newest suburb, which is expected to release up to 2,300 new land plots over the next 12 to 14 years.

Ballarat property prices have remained stable and affordable with median prices of \$285,000 and \$223,750 for houses and apartments respectively. Investors are experiencing yields ranging from 4.75% to 5.5%, and the vacancy rate is very low at around 1%.

## 64 Offices, 700 People, Every State & Territory

Looking for peace of mind with your property decisions? Ask Herron Todd White to help. From pre-purchase property valuations to tax depreciation schedules for investors; from commercial, to residential, to rural property, we have someone in your corner working for you.

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Source: Herron Todd White

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