



Herron  
Todd White

Independent Property Advisors

**Westpac**

**PROPERTY REPORT**

*Northern Territory*



# Hotspots!

*In this edition of the Westpac/Herron Todd White Property Report we focus on 'hotspots' – locations around the nation that offer strong potential for capital growth amid cooler market conditions.*

Purchasing a property that delivers strong capital growth is the holy grail for both owner occupiers and investors. But it's a feat that's not easily achieved. History tells us that a well chosen, well priced property in a desirable location will grow in value over time. This is part of the appeal of bricks and mortar as an investment.

But 'hotspots' are quite different. They offer a chance to outperform the market, delivering turbo-charged returns and superior gains – often at a more rapid pace than the rest of the market. As this report reveals, even in today's quieter market, there are plenty of locations across the nation that can rightly be described as hotspots.

The Surat Basin and coastal Gladstone are two Queensland hotspots where extensive mining activity is expected to underpin significant population growth. We caution, however, that speculation about growth in these areas hinges on the completion of key mining projects, and as we've seen in the past these can be quickly shelved for a variety of reasons.

In New South Wales, Sydney's Norwest corridor is expected to enjoy significant price growth as families head for the amenities and lifestyle of the area. Further afield, several suburbs within Newcastle and the Illawarra are undergoing rapid gentrification, and together with strong transport links, these areas should perform well.

The Darwin market, which has experienced astonishing price growth in recent years, offers a different type of hotspot. Today's buyers are urged to look for areas delivering long term growth rather than the overnight gains of the past. We identify several Darwin hotspots including Bees Creek and Rapid Creek that meet this criteria.

And in Victoria and Tasmania, a number of inner city suburbs offer strong potential for capital gains supported by proximity to transport links and facilities, and in some cases strong demand from recent immigrants. In Melbourne, the suburbs of Noble Park and Broadmeadows are worth a look.

Heading south, inner city Hobart and Launceston provide strong opportunities for capital growth in Tasmania as the state's residents embrace cosmopolitan living assisted by developments of CBD apartments – a feature once lacking from these markets.

In Perth, key indicators suggest the market is poised for an upswing, making now a good time to buy. Suburbs like Cottesloe and Shelley satisfy the great Australian love of the water, and along with trendy Mount Lawley offer strong potential for future gains.

I hope this edition of the Westpac/Herron Todd White Property Report helps you identify a suitable hotspot.

**Brendon Hulcombe**

Chief Executive Officer, Herron Todd White

# Northern Territory

*In today's more subdued Darwin market, the process of identifying 'hotspots' involves a new set of considerations. Rather than looking for locations that can provide short term gains, the key is to aim for locations that offer medium to long term strategic advantages.*

Three suburbs in particular meet these parameters – Tiwi, Rapid Creek and Bees Creek, however it is important that these hotspots be taken within context. The Darwin market has experienced tremendous growth over the last five years and it now appears to be entering a consolidation phase. Affordability is presenting a major problem for owner occupiers, and following a slight easing of local vacancy rates, investors have not emerged as the dominant market participant. We believe that Tiwi, Rapid Creek and Bees Creek are sufficiently well supported locations to maintain underlying demand, and this should support these suburbs through any period of market stagnation.

## Tiwi

The suburb of Tiwi is located within close proximity to Darwin Hospital, Casuarina Shopping Centre, Charles Darwin University and Casuarina Beach. It is also surrounded by sought after suburbs such as Brinkin, as well as the new subdivision of Lyons and Muirhead, Wanguri and Ludmilla.

Tiwi has long been regarded as less desirable than its surrounding locations largely as a result of the standard of housing within this suburb, which tends to comprise older dwellings. However, over the long term the suburb is likely to undergo gentrification as the existing homes are updated by buyers taking advantage of the good location. Homes in Tiwi currently command a median price of around \$440,000, which could rise to about \$480,000 over the next two years.

*“Affordability is presenting a major problem for owner occupiers, and following a slight easing of local vacancy rates, investors have not emerged as the dominant market participant.”*

## Rapid Creek

A second potential Darwin hotspot is Rapid Creek. Like Tiwi it enjoys close proximity to well regarded suburbs and facilities but still does not command the same price premium as neighbouring suburbs. Rapid Creek's closest and most comparable neighbouring suburb – Nightcliff, is a sought-after location with good proximity to the beach, the Nightcliff Shopping Centre and the Nightcliff tourist markets. Rapid Creek has benefited from its links to Nightcliff but there is still a reasonable divide between the two in terms of property values. We feel that over the long term this gap will reduce due to decreasing affordability issues within the Nightcliff area, while on the flipside, purchasers will increasingly view Rapid Creek as an affordable area offering the same standard of living. Values in Rapid Creek currently average around \$575,000, and this could rise to about \$630,000 by 2012.

## Bees Creek

Bees Creek, another likely Darwin hotspot, is a rural residential suburb located within close proximity to the well-regarded locations of Virginia, McMinns Lagoon, Howard Springs and a recent subdivision within the Humpty Doo suburb.

These rural residential suburbs will all benefit from the infrastructure work currently underway including an extension to Tiger Brennan Drive, as well as the planned commercial development of the Coolalinga Mall. However, suburbs like Bees Creek that have been regarded as slightly too far away are likely to benefit the most. Its northern neighbour – Virginia, is a popular suburb with a top sale recently attracting a price of over \$1 million. Bees Creek is not as highly regarded but it is an area that is well-placed to take advantage of improved accessibility in the future. Under current market conditions the current median price in Bees Creek of around \$580,000 could rise to about \$640,000 over the next two years.

Source: Herron Todd White

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