

Westpac

Victoria

Property Report – October 2014



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National Overview

In this edition we asked Herron Todd White property experts to identify affordable suburbs with growth potential that are suitable for both first home buyers and entry-level investors. We discovered that there is a wide choice of suburbs that fit the bill – many with entry-level prices below \$450,000.

Across Australia's diverse property markets, we found that suburbs located a little further out from city centres are often ideal candidates for first home buyers and entry-level investors. In the Perth suburbs of Joondalup and Currabine, for example, 3-bedroom duplexes are available for around \$420,000 with these suburbs becoming more central as areas to Perth's north are developed.

In fact, as a city's outer suburbs become self-sustaining, there is often less need to commute to the CBD. This certainly applies to the Parramatta area of north-western Sydney. Apartments in North Parramatta, Westmead and Harris Park are priced from the high \$300,000s, and as a large commercial and retail hub, Parramatta offers extensive employment opportunities – a strong foundation for future price appreciation.

The same trend is seen in Palmerston in the Northern Territory, where first home buyers and entry-level investors can pick up quality apartments in the mid-\$400,000s, yet easily commute to Darwin.

In Queensland, the Gold Coast offers real potential for first home buyers and entry-level investors. Market conditions have improved in many pockets of the Coast over the past 8 months, and the Cabarita Beach / Bogangar area is especially worth a look as it features a primary school, new supermarket and proximity to the beach. Basic houses are still available for under \$400,000, while older duplex units are selling in the low \$300,000s.



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In Tasmania, the First Home Builder Boost (worth \$30,000 until 1 January 2015) is encouraging first home buyers to snap up affordable land in the Hobart suburbs of Oakdowns and Howrah, as well as Newnham and Prospect in Launceston. Government incentives also make it attractive to opt for a new build in Adelaide, and buyers who pick up infill lots in suburbs such as Ingle Farm and Seacombe Gardens will benefit from the extensive road improvements planned for the southern suburbs of Adelaide.

Of course, excellent buying opportunities can also be found in regional cities. In Victoria, the city of Bendigo has a large population of around 80,000 and a robust local economy. It's an affordable market for first home buyers and entry-level investors, with a median price of around \$312,500 for 2-bedroom houses.

I invite you to take a further look at the Westpac / Herron Todd White Property Report for Q3 2014 to discover the key areas offering entry-level prices in your preferred state or territory, and the drivers likely to support long-term price growth.



Victoria

Melbourne

Within the Melbourne metropolitan area, three suburbs stand out as offering good opportunities for both first home buyers and entry-level investors: Coburg, Reservoir and Ringwood. Each of these suburbs, discussed below, combines affordable entry prices and a high rental population, with at least one in three residents renting their home. These suburbs also have strong prospects for future demand supporting long-term capital growth.

COBURG – JUST 8 KILOMETRES FROM THE CBD

Coburg, located 8 kilometres to the north of Melbourne's CBD, is well connected to the city by the nearby Citylink toll road. In addition, Coburg is well served by public transport.

Residents of Coburg enjoy generous retail facilities along Sydney Road and Gaffney Street, as well as proximity to local cafes and restaurants. Coburg Leisure Centre, which includes swimming facilities, is very popular among residents.

Among the three metropolitan suburbs we are reviewing here, Coburg is at the higher end of the price scale for first home buyers and entry-level investors. The current median value of 2-bedroom units is \$423,000, which is considerably more affordable than the median 2-bedroom house price of \$616,000.

For buyers interested in newly built properties, recently constructed townhouses are available at the Coburg Hill development in Coburg North and are priced from around \$530,000.

Over the past 12 months, Coburg house prices have climbed 10.64%, and the median unit price has risen 12.37%. Median weekly rents in Coburg range from \$360 for 2-bedroom units to \$450 for 2-bedroom houses. Both sets of figures highlight the appeal of this location for investors.



RESERVOIR – GENEROUS RETAIL FACILITIES

A little further out, Reservoir lies 12 kilometres north of the city centre and can easily be accessed by the Metropolitan Ring Road.

The suburb is well served by public transport, and the local Northland Shopping Centre provides a wealth of retail facilities. Two-bedroom units in Reservoir are priced at about \$361,000. Houses are less affordable, with the median price of a 2-bedroom house currently around \$484,250.

The past 12 months have seen Reservoir’s median house price rise by 9.31%. Price growth for apartments has been more subdued, rising around 5.49% in the past year.

RINGWOOD – HOUSE PRICE GROWTH OF ALMOST 20% IN THE PAST 12 MONTHS

Ringwood is located about 23 kilometres east of Melbourne’s CBD and offers close proximity to both the Eastlink and Maroondah Freeways. The suburb is well served by public transport, and Ringwood Golf Course is a plus for local golfers. Maroondah Hospital is a 7 minute drive from the town centre, and Ringwood provides a range of retail facilities, including Eastland Shopping Centre, Costco and Ringwood Centro.

First home buyers in Ringwood can pick up 2-bedroom apartments priced at \$400,000. The median price of a 2-bedroom house rises to \$518,788. The median house price in Ringwood has leapt by 19.61% in the past 12 months, compared to a 12.09% rise in the median apartment price.

Entry-level investors in Ringwood can anticipate weekly rents of about \$320 for 2-bedroom units and \$330 for 2-bedroom houses.

STEADY CAPITAL GROWTH

Across each of these three suburbs, we anticipate the next 1 to 3 years to deliver slow but steady capital growth due to current oversupply in the market. Growth is expected to be stronger over the longer term assuming a slowdown in supply rates.

For investors, weekly rents are expected to grow relatively consistently over the next 5 to 10 years, backed by steady population growth.

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Regional Victoria

Bendigo – a wealth of opportunities

Bendigo, one of Victoria's main regional cities, is located about 150 kilometres north-west of Melbourne. With a population exceeding 80,000, Bendigo is self-sustaining and offers a range of employment and business opportunities, which makes the city worth a look by first home buyers and entry-level investors.

The Calder, Hume and Mclvor Highways all link Bendigo to other population centres, and the V/Line rail network offers an easy commute to Melbourne. Local leisure facilities include Kangaroo Flat Leisure Centre and numerous parks, such as Greater Bendigo National Park.

Like many regional areas, Bendigo is considerably more affordable than Melbourne for both first home buyers and entry-level investors. The median price of 2-bedroom apartments is \$279,500, and the median price for 2-bedroom houses is \$312,500.

Over the past 12 months, we have noted property price growth of 9.38% for Bendigo, and this bodes well for owner-occupiers, as well as investors.

At present, investors in Bendigo can expect weekly rents of about \$240 for 2-bedroom apartments and around \$250 for 2-bedroom houses.



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