

Top 20 suburbs to invest in for 2009

Part 1

The residential property market is in a state of flux and most investors are scratching their heads as to where to buy next. We've taken the guesswork out of it for you, having rounded up the experts to pinpoint the hottest suburbs to invest in for 2009. With a mixed bag of investments, from bargain basement buys to prestige properties, there's something for everyone. Sarah Megginson reports

There are certain characteristics that make up an ideal investment property – location, for one, along with easy access to public transport and local amenities, such as schools, shops and restaurants. But it's possible to put a finer point on the drivers that will push your investment property's value forward, says Patrick Bright, CEO of buyer's agency EPS Property Search. For a spectacular investment, things to look out for include the following.

1 Landlocked property
"It's a good idea to target property that is landlocked, such as property that is bound by water or a national park," Bright says. "If there's a limited supply and it's in a desirable location, then it's sure to be in demand into the future."

2 Areas with new infrastructure
There are always up-and-coming suburbs or regions where property hunters can get into the market before

the prices rise, Bright explains. "New and improved infrastructure within a suburb can make a big difference to the area's market value. For example, a new train line can connect an area to the CBD, making it more attractive and liveable for residents who are working in the inner city area."

Our panel of experts



Margaret Lomas



Michael Yardney



Helen Collier-Kogtevs



Patrick Bright



Angus Raine



Gareth Woodham

he says. You can visit local council websites and do some research to find out what infrastructure development is planned for the region.

3 Value for money

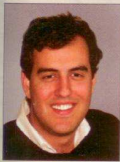
Even if you're shopping for a bargain, you still need to make sure that you know the current market values in the area where you're looking to buy. "I recommend that you research the market over a two to three month period, inspecting around 10-12 properties a week," Bright says. "Inspecting around 100 properties that meet your wish list over a maximum of three suburbs will give you a solid understanding of current values. That way, you'll know a bargain when you see one."

Buyer beware

"Beware of deals that look too good to be true when searching for a bargain property," Bright warns. "Steer clear of rental guarantees, as prices are often inflated to cover the cost of the guarantee. Another trap to avoid is buying sight unseen, as the property can – and usually does – look completely different in a photo or on the internet than in real life."

Buying in small towns with only one or two major employers is also a risk. "While it can look cheap compared with the capital cities, if the region's major employers close, this will have a significant impact on the region's economy, and property values can drop very quickly," he says.

Read on for Part 1 of our experts' prediction hit list for 2009, showcasing opportunities in NSW, Queensland and Western Australia. Look out for Victoria, South Australia and Tasmania in the next issue.



Jonathan Rivera



Tim Lawless

www.yipmag.com.au



Haymarket, Sydney & Surry Hills

- Landlocked property
- Public transport
- Access to amenities
- Proximity to CBD

The inner city cluster of suburbs surrounding the Sydney CBD, such as Haymarket, Chippendale, The Rocks and Surry Hills, are well sought after by renters, particularly by trendy young professionals who seek convenience and instant access to all that the city has to offer.

The sheer number of eager tenants on tap makes these suburbs very popular with investors as the strong levels of demand will ensure rents in the region continue to surge, according to Tim Lawless, research director with RP Data.

"With rental rates likely to increase by at least 10% in 2009, it's possible that those buyers who invest now in these suburbs will see gross average rental yields moving close to 7% in 2009," Lawless says.

"This selection of entry prices to the

inner city unit market, with median unit prices ranging from around \$400,000 at Surry Hills – with an average gross rental yield of 5.6% – to \$680,000 at The Rocks, where the average gross rental yield is 8.4%," Lawless says.

"The rental market should remain very healthy in the Sydney inner city, with vacancy rates below 2% and demand continuing to increase."

Bankstown

- Proximity to CBD
- Value for money
- Council money spent on upgrades

Heading southwest of Sydney, the Bankstown region is one to watch, according to Angus Raine, CEO of Raine & Horne real estate.

"Bankstown is just 20 minutes from the CBD, and there are real bargains to be had," Raine says.

"Our office in Bankstown recently sold a three-bedroom house on 530m² for \$365,000. This represents great value in a city with a median house price well in excess of \$540,000."

Houses in Bankstown, which is home to around 180,000 people and boasts its own regional airport, average \$400 a week on the rental market, but investors "have been slow to take the bait," Raine says. "Two-bedroom villas are selling for \$260,000, with rental returns of \$300 a week."

The Bankstown City Council has also recently released a City Plan covering

Suburb	Property type	Number sold	Median price	Quarterly growth	12-month growth	Weekly median rent	Gross rental yield
BANKSTOWN	House	134	\$420,000	-3.50%	0.00%	\$330	4.09%
BANKSTOWN	Unit	298	\$247,250	0.92%	2.81%	\$290	6.10%
RANDWICK	House	175	\$1,310,000	1.35%	19.09%	\$500	1.98%
RANDWICK	Unit	436	\$480,000	0.00%	4.18%	\$440	4.77%
VAUCLUSE	House	93	\$2,890,000	1.23%	1.40%	\$1,500	2.70%
VAUCLUSE	Unit	65	\$540,000	0.47%	1.89%	\$475	4.57%
DUBBO	House	568	\$235,000	0.00%	6.82%	\$230	5.09%
DUBBO	Unit	39	\$152,500	5.17%	-2.24%	\$160	5.46%
ORANGE	House	600	\$273,667	0.24%	1.92%	\$245	4.66%
ORANGE	Unit	60	\$199,000	-4.67%	-5.24%	\$185	4.83%
HAYMARKET	Unit	122	\$500,000	0.01%	9.89%	\$485	5.04%
SYDNEY	Unit	655	\$529,650	-0.12%	6.25%	\$630	6.19%
SURRY HILLS	House	144	\$809,500	-0.98%	9.54%	\$620	3.98%
SURRY HILLS	Unit	374	\$405,250	3.91%	12.57%	\$440	5.65%

Source: RP Data July 2008