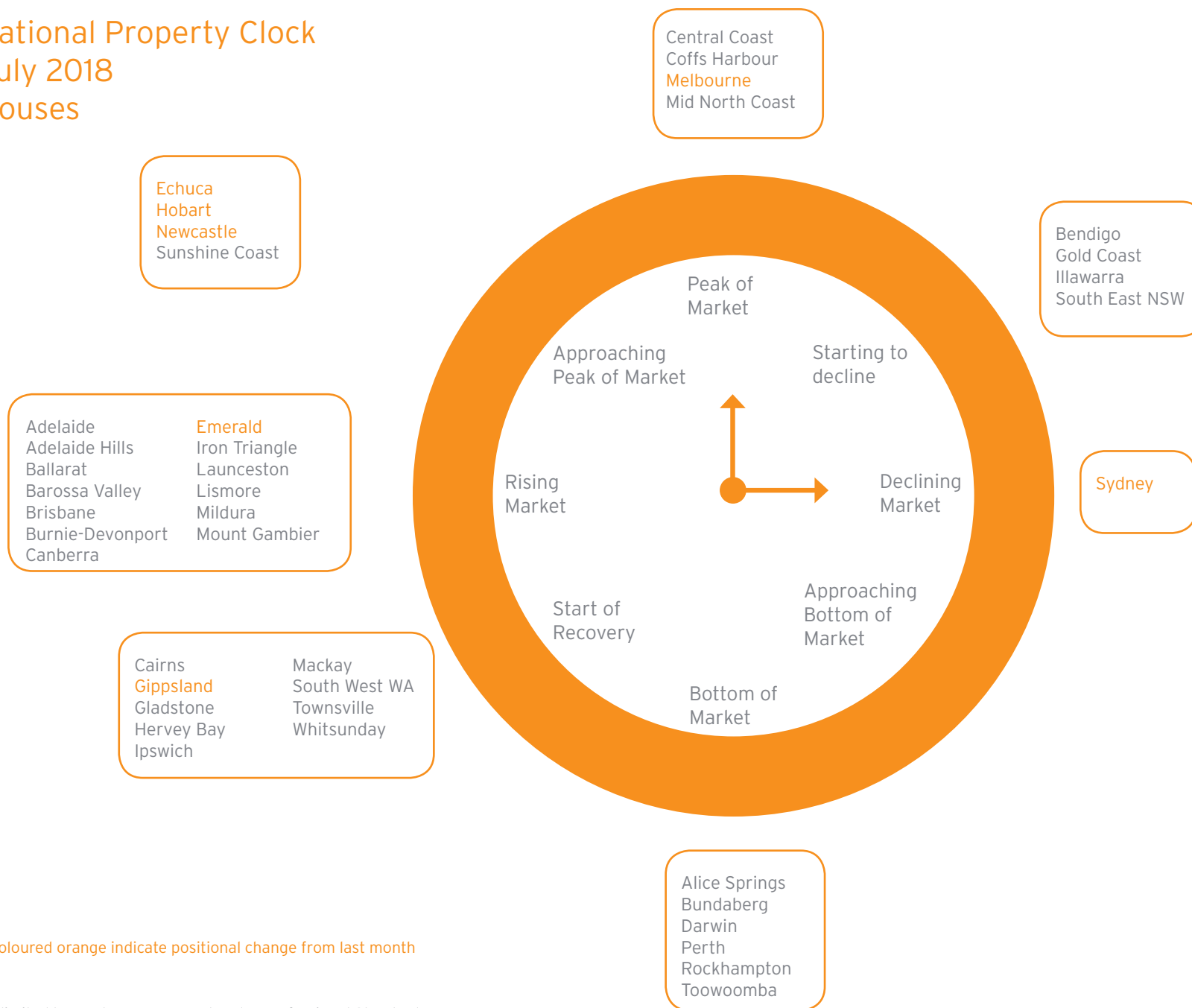


Residential

# National Property Clock

## July 2018

### Houses



Entries coloured orange indicate positional change from last month

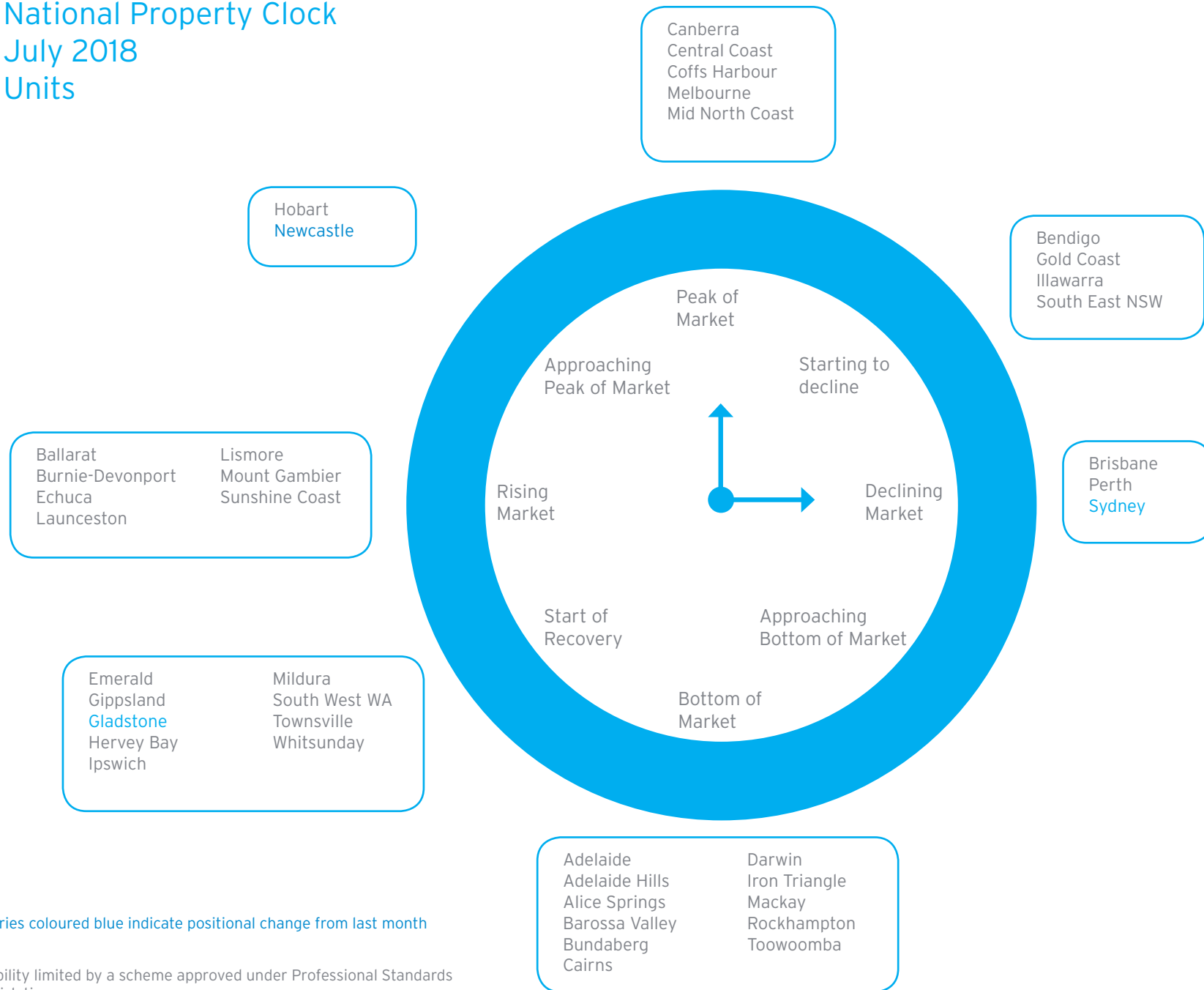
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# National Property Clock

## July 2018

### Units



Entries coloured blue indicate positional change from last month

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## New South Wales

### Overview

Each July we revisit the Lazy \$500,000 theme where our offices around the nation give their opinion on how this sort of money is best spent in their patch. It's been fascinating to watch the evolution of value each year, and while some markets have flattened in 2018, there's no denying half-a-million dollars doesn't buy what it used to.

Check out our retrospective update on each office's picks from last year as well.

### Sydney

Within the wider Sydney region, residential property below the \$500,000 price point is an ever diminishing market. That being said, there is still property available for that budget, it's just that purchasers will have to sacrifice in other areas such as location, commute time, level of accommodation or the overall condition and features of properties in this price range.

Generally speaking, the further you drive from the CBD, the cheaper the real estate. This may change when Parramatta grows into the role of Sydney's second CBD but for now the old rule of thumb still applies.

It should come as no surprise that outer western Sydney will provide buyers with the greatest number of options for the sub \$500,000 price point within the Sydney region. Even here though, finding these properties is starting to become a stretch.

Campbelltown offers buyers within this price point a mid 2000s 2-bedroom, 1-bathroom townhouse or a more modern 2-bedroom, 2-bathroom unit. In Bradbury, only a short distance from Campbelltown, you can still pick up a 3-bedroom house for around \$470,000 to \$500,000. These would be considered secondary dwellings within the Bradbury area either located on busy roads, with irregular block shapes or in average to poor condition. Campbelltown and surrounds is circa 60 kilometres from the CBD but more importantly around 25 kilometres from the Badgerys Creek Airport precinct. This is an important feature for growth in this area in the coming years.

In Woodbine within the Campbelltown LGA, the only dwelling available for sub \$500,000 is a fire damaged house on an irregular block.



A fire damaged house in Woodbine  
(Source: CoreLogic)

The Liverpool and Fairfield unit market still offers plenty of stock available for under \$500,000, with the vast proportion being older style, 1960s and 1970s low rise walk-up developments. There are 2-bedroom units available for under \$500,000, however these are mostly 10 to 15 years old now, with some showing their age more than others.

The Blacktown local government area offers buyers a number of options for sub \$500,000. Examples include mid 2000s 2-bedroom 2-bathroom units within close proximity to the station for circa \$450,000.

If a detached house is required, then buyers will have to consider less sought after areas. This is highlighted by a recent sale in Whalan of an ex Department of Housing property selling for \$460,000. This house was a fibro dwelling 30 metres away from overhead transmission powerlines, without any covered car accommodation and in fair overall condition. It did have a level 575 square metre block and was adjacent to a local park. At sub \$500,000, this presents a prime opportunity for first home buyers or investors to enter the market. This area is approximately 50 kilometres from the Sydney CBD, 13 kilometres from Penrith and 25 kilometres from the proposed second airport at Badgerys Creek.



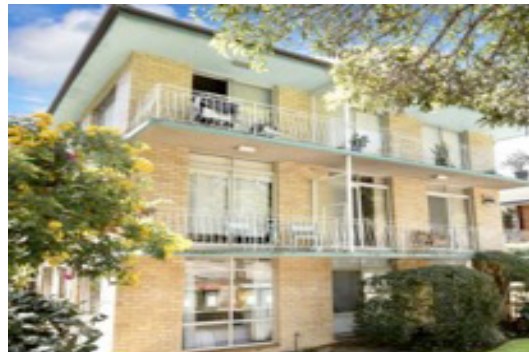
A recent sale of a dwelling in Whalan

(Source: CoreLogic)

Within new estates on the outskirts of western Sydney, buyers with a budget of up to \$500,000 can only find land. Examples would include a rectangular shaped 375 to 400 square metre parcel in Marsden Park or Austral in the south-west. Further south in Campbelltown you can get more bang for your buck with similar money buying you a circa 500 square metre block.

For even better value, buyers can head to North Richmond where for \$475,000 to \$500,000 you can acquire a 650 to 700 square metre regular shaped block. The commute is around 70 kilometres from the Sydney CBD and approximately 50 kilometres from both Parramatta CBD and the proposed second airport at Badgerys Creek.

On the northern beaches, a softening of the residential market over the past year has seen an increase in the number of units available in this price range. Half a million dollars will fetch you a 1-bedroom or studio unit in some locations, with units that peaked in the \$520,000 to \$550,000 range now selling within the \$480,000 to \$500,000 price range. Examples of this would include older style circa 1960s to 1970s units in Dee Why that are typically smaller than average (under 50 square metres). These are typically geared towards first home buyers and investors due to their affordability and offer higher than average yields (often around 4.5%).



2/38 Pacific Parade, Dee Why recently sold for \$480,000

(Source: PriceFinder)

Alternatively, if you are looking to be situated closer to Manly, a renovated studio unit recently sold for \$490,000 at 103/48-52 Sydney Road, Manly. The unit is located in a very convenient position, although at the expense of internal live size, having only a 31 square metre living area.

If you're looking to stretch the budget and enjoy the water, a property located in the Pittwater Estuary such as Scotland Island, Great Mackerel Beach or Elvina Bay may be an option. These areas are only accessible via water services and as a result are priced significantly lower than traditional areas. They typically under perform the market and offer little investment opportunity, being geared primarily to owner-occupiers for either permanent occupation or to be utilised as weekenders.

Sales in the price range are hard to come by but they do exist, representing the bottom end of the market.

An example would include 13 Diggers Crescent, Great Mackerel Beach which sold for \$535,000 in July 2017. The sale is an older circa 1950s fibro dwelling comprising of 2-bedrooms and 1-bathroom, located on an easy sloping 594 square metres with limited views.

28 Richard Road, Scotland Island sold for \$665,000 in May 2018 and represents the bottom end of the Scotland Island market. The home is located on the southern side of Scotland Island offering an original timber clad, 3-bedroom, 1-bathroom dwelling, located on a moderately sloping block with some filtered Pittwater views.



28 Richard Road, Scotland Island

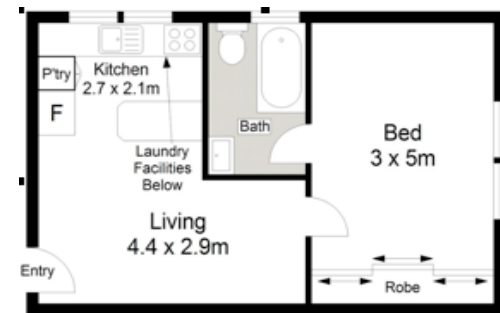
(Source: PriceFinder)



A 28 square metre studio in Rushcutters Bay recently sold for \$376,000

(Source: PriceFinder)

In the southern suburbs, a budget of \$500,000 would restrict a buyer to older style 1-bedroom units or an older style, over 55's 1-bedroom villa. An updated 1-bedroom unit in a 1970s building in Searl Road, Cronulla recently sold for \$500,000. The 38 square metre unit, which last transacted in 2010 for \$245,000, is an approximately 750 metre walk to the railway station and Cronulla Beach.



GROUND FLOOR

3/20 Searl Road, Cronulla

(Source: PriceFinder)



There are fairly limited options for the over 55's market in this price range in the south, however a budget of \$400,000 to \$500,000 will provide an opportunity to purchase a 1-bedroom villa in a 1970s to 1980s complex in a suburb such as Sutherland, Kirrawee or Caringbah, with close proximity to railway stations and shopping facilities.

The sub \$500,000 price point in Sydney is mostly made up of first home buyers and investors. These participants are generally more sensitive to price and interest rate movements. With signs that interest rates may creep higher over the next two years and banks tightening the criteria for investor lending, a flow on effect to this sector of the market is likely.

#### Lismore/Casino/Kyogle

A lot has changed in 12 months in terms of what one can score with a lazy half a million. In other words, in some places, that \$500,000 would get you less whereas in some places you could get more for your money.

However, the mix of product may have varied slightly, particularly in the more regional areas within the Richmond Valley and Kyogle Council areas.

Still, in the more remote areas, we have noted a distinct fall in some markets. For example:

- 7 x \$50,000 to \$75,000 per steep timber vacant 40 hectare bush blocks in the rural localities of Drake and Tabulam; or

- 4 x \$120,000 to \$125,000 standard vacant residential blocks in Casino and Kyogle. Relatively flat but may ask slightly more than \$125,000 individually, so a package deal of say four at the nice round figure of \$120,000 each would be hard for a vendor to pass up in the current market.

There are not too many residential properties within Casino or Kyogle that would use up the whole \$500,000 in one transaction, however the ones that do usually deliver the full quota of features from air-conditioning, good quality appointments, pool, established landscaping or a full renovation of an older style character home.

For those inclined towards a more rural residential setting, there are opportunities to use a substantial part of the \$500,000 to acquire an established property with a modern 4-bedroom, 2-bathroom home with double garage in close proximity to the town centres of Casino or Kyogle. Typically, such properties would comprise lots ranging in size from 4,000 square metres to five hectares.

Semi remote rural localities with properties on lots from 40 hectares to even 100 hectares under \$500,000 have still been available over the past 12 months and provide semi modern homes with established ancillary improvements. However, distance and maintenance of the land are factors that any potential purchaser must consider.

Within Lismore city, the lazy half million has been more restricted in its purchasing power due to the coveted \$600,000 price bracket being surpassed quite frequently. However, opportunities still abound. Good quality level vacant residential lots are around the \$225,000 plus mark in the new, developing residential estates, so buy two and possibly use the remaining \$50,000 as a deposit for a house to be built on each of the lots.

It should be still possible to find two residential house properties for around \$250,000 each, however they are likely to be located in a flood prone area, need cosmetic attention or front a busy road.

There are still a number of 2-bedroom, 1-bathroom, brick and tile residential units with single carports available within reasonable proximity of shopping and educational facilities in Lismore City which have an expected price level range of \$175,000 to \$250,000 and attract a rent of around \$235 to \$275 per week.

At present, even with the record low interest rate levels, the future of any significant price improvement is not generally clear as there is still the overriding climate of people expressing that age old concern of "is my job secure?"

#### Ballina and Byron

\$500,000 in Lennox Head would buy you a basic 2-bedroom unit within reasonably close proximity of the Lennox Head shopping precinct and beaches.

Within Ballina, \$500,000 would buy you a reasonably neat and tidy 3-bedroom villa or townhouse or a very basic residential dwelling. Further from the coast, \$500,000 would still get you a reasonable 1990s 3- or 4-bedroom residence within the townships of Alstonville or Wollongbar. Rental demand remains strong across the Ballina Shire with increases in rental prices experienced over the past 18 to 24 months, however increases in value levels across the shire have generally out performed increases in rental prices resulting in lower yields.

There is little that can be purchased in or around Byron Bay or the Lennox Head area for a lazy half million in 2018. In Byron Bay, \$500,000 would only allow you to purchase a basic 2- or 3-bedroom townhouse or villa located west of the city centre.

The suburb of Lennox Head has limited options for a lazy half million as well, offering maybe an older villa or townhouse purchasing option. In truth, potential purchasers looking to buy into the Byron Bay or Lennox Head market will almost need a lazy \$750,000 at a minimum for a solid investment opportunity.

Ocean Shores however would present an easier opportunity to spend a lazy half million as a dated to semi-modern, 3-bedroom house can be purchased at around the \$500,000 to \$600,000 mark. As the market has continued to firm over the past 12 months, these opportunities even within the locality of Ocean Shores have become harder to find.

The prediction from last year's lazy half million edition remains true, as the market in the Byron Shire is almost void of the \$500,000 price bracket and has spread to localities in recent times considered secondary. It should be considered however, that the unit market in Ocean Shores would be all on offer for a lazy half a million dollars. This suburb provides a great locality to major service centres such as the Gold Coast Airport and major shopping facilities.

#### The Clarence Valley

Across the Clarence Valley there are ample investment opportunities available for under \$500,000. With many localities such as Grafton showing median prices of under \$400,000 and rental returns remaining strong due to the Pacific Highway upgrade and new Grafton Jail, investors as well as owner-occupiers are active in the market. However since the initial interest, the rate of turnover as well as stock available on the market have shown signs of slowing, albeit without any hindrance to sale prices.

Maclean has also continued to perform as a significant player in the sub \$500,000 market. Yamba continues its momentum as fewer opportunities, particularly detached dwellings, are available at this price, however across the Clarence Valley, there remains numerous detached dwellings, units and even some acreage and rural residential properties for sale at affordable prices.

Over the past 12 months, this market has performed relatively in line with our predictions and is likely to continue at this level until the infrastructure upgrade workforce shifts. It is prime to capitalise on rental returns whilst keeping in mind the opportunity for capital gains in the long term.

#### Coffs Harbour

Twelve months on and the \$500,000 is seemingly becoming more like the entry level rather than mid-market as it was several years ago.

Demand has remained strong from the home buyer and investor sectors whilst supply remains relatively limited resulting in upward pressure on values, typically within the most affordable sector of the market of \$350,000 to \$550,000.

We are now seeing sales within the suburban areas of Coffs Harbour and traditionally lower value areas south at Boambee East and Toormina producing sales of older style (20 to 40 years) 3-bedroom, 1-bathroom properties on 700 to 1,000 square metre sites within the \$500,000 to \$550,000 range which were typically \$400,000 to \$450,000 12 months ago.

East of the Pacific Highway from Coffs Harbour heading north to Woolgoolga you will find it very difficult to pick up a free standing home for \$500,000. Your best chance is within Sandy Beach (south of Woolgoolga) or Corindi Beach (north of Woolgoolga) where a 3- or 4-bedroom home is still in the \$450,000 to \$550,000 range.



The new home market has just about seen its days for property under \$500,000 within the greater Coffs Harbour area. The entry level is around the \$475,000 mark for which you will get a project style home of 120 to 140 square metre plus garage and patio on a 450 to 550 square metre site. Typically the new home market west of the Pacific Highway is within the \$550,000 to \$650,000 range whilst east of the highway, beach front suburbs start at \$650,000.

Whilst interest rates remain low and supply and demand factors remain unbalanced, we can only expect a continuing shrinking of the lazy half a million dollar market. The Coffs Coast offers a diverse range of property and lifestyle benefits which attract an ever increasing population from the capital cities who come with full pockets and consider \$500,000 to be bargain buying.

#### Mid North Coast

This month, we consider where we would park \$500,000 in the mid north coast property market to achieve a solid investment result and we have selected the major regional centre of Port Macquarie for our discussions.

Particularly within the Port Macquarie region, \$500,000 now will only purchase limited stock, as prices for an average 4-bedroom, 2-bathroom and 2-car garage now exceed the \$500,000 mark. There are still some older 3-bedroom, 1-bathroom,

single garage dwellings scattered throughout the township close to town and major amenities that can be obtained for around the \$500,000 and with the market stabilising we expect these types of dwellings to out perform some of the dwellings in less central locations. Also large good quality villas in smaller complexes close to amenities have been popular, seeing good growth and now fetching close to the \$500,000. Again we expect this stock to remain solid over the next six months as they appeal to the ageing down sizing market.

With the winter season upon us, unique or properties that are of limited supply are still gaining close to full asking price, however the more standard properties seem to be sitting on the market for longer and are seeing some reductions in asking price.

For investors chasing a mix of yield and capital growth, we consider the following areas as solid investment:

- Good quality older 3-bedroom dwellings with the possibility of a granny flat have been popular with investors producing an almost neutral return, with investors cashing in on university student accommodation.
- New house and land packages in the outer and western regions of Port Macquarie and nearby towns and villages can be purchased at between \$500,000 and \$600,000. Whilst these dwellings

are not located within the main stream capital growth area, solid rents and tax depreciation benefits are making up the shortfall for the prudent buyer.

Rental prices around the CBD, the hospital and Charles Stuart University areas have remained steady due to student accommodation style developments being completed and a shortfall in student intake. We have also noted that houses are remaining longer on the market for rent and in some instances rent has had to be reduced to gain a tenant.

With dwellings being built in the outer suburbs for a cheaper price than purchasing an existing older dwelling within the township or Port Macquarie, many new purchasers are opting to build. We are therefore still seeing demand for vacant land in the outer suburbs.

With two elections next year (federal and state) we expect that the housing market will stabilise further and that major growth may not be seen again until after these events.

#### Central Coast

It doesn't seem that long ago that a lazy \$500,000 could buy two properties within many parts of the New South Wales central region. How times change - with this amount, one might now find an old dwelling on the outskirts or an older unit close to town.



Purchases at this level are becoming rare on the coast - a little more looking and agility is now required. No better evidence of this is seen than when taking a look at the statistics available to us all via RP Data. The March 2014 median value for Narara was \$392,500. It now stands at \$628,000 and similar levels of increase are seen in most suburbs making up the region.

It isn't surprising given the strengthening market seen over the previous three years.

Here are some specific examples of what \$500,000 (or less) may buy you:

- A circa 1977, 2-bedroom, 1-bathroom unit fronting a busy road on the Gosford CBD fringe - \$420,000
- A near new, 1-bedroom, 1-bathroom unit close to Woy Woy about 1.5 kilometres from the shops and station - \$480,000
- A circa 1960, basic 3-bedroom, 2-bathroom dwelling with single garage in need of renovation - \$495,000

These are brief details that relate to the southern end of the region and fortunately, there are still a number of locations towards the northern end of our region where property prices remain under the \$500,000 mark. These include Budgewoi, Buff Point, Gorokan, Gwandalan, Mannering Park and Chain Valley Bay. All good, solid areas that surprisingly, haven't been discovered yet by those coming into the region.

Typical examples of values include:

- A circa 1980, 2-bedroom, 1-bathroom partly renovated dwelling in Mannering Park with single detached garage - \$445,000
- A well presented, circa 1998, 3-bedroom, 1-bathroom brick and tile dwelling with attached carport - \$495,000
- A 1993, 4-bedroom, 2-bathroom brick and tile dwelling with single garage in Buff Point - \$515,000
- Numerous examples of 3-bedroom, 1-bathroom dwellings in the \$400,000 to \$450,000 range in Chain Valley Bay.
- A 1980, brick and tile dwelling with 3-bedrooms and 1-bathroom on a 715 square metre parcel with value adding potential.

These coincidently are areas identified when this subject was visited last year.

When we speak of where the best buys are, it's hard to go past the northern end of the region. There are many choices for good value properties under \$500,000. At present, for numerous reasons we would single out Gorokan as the pick location for good value. From both an owner-occupier and investor perspective, the area is well serviced with schools, shopping and proximity to the lake and beach. This is an area that has the feel of gentrification occurring.

The northern end of the region doesn't hold all the benefits. If keen enough to move quickly on attached housing at the southern end of the region, there are some good investments there too. A 2-bedroom unit purchased for \$440,000 in East Gosford could achieve a potential rental of \$330 per week.

So who are the buyers and where are they coming from? No surprises here - most buyers in this segment of the market include young first home buyers, mum and dad investors and most often, those with good deposits but priced out of the Sydney market.

It is the latter who many say are responsible for the large increases in values seen in some of the region's suburbs. This is no more evident than the peninsula suburbs of Woy Woy, Umina Beach and Ettalong. With few exceptions, the days of securing real estate at less than \$500,000 in these areas are now a distant memory.

When thinking of the sub \$500,000 market segment, we often associate it with the investor market. In this market, return and gain are the key motivators and whilst readers would be very familiar with the rises in values in just about every centre, returns seen in our region sit at around a respectable 5% to 6% in general speak.

It's difficult to say how this sector will perform over the coming period. It is now generally accepted that the market has or is about to slow. At present, while

it appears that the number of transactions in the market has reduced, sale prices remain stable for the time being.

### Newcastle

Half a million dollars in Newcastle could buy you a modest 3-bedroom house in Merewether or one of Newcastle's other sought after suburbs just ten years ago.

But what does it get you now?

Just recently, an older run down 2-bedroom house, or what agents would call a renovator's delight, sold in Merewether ten blocks from the beach for \$1.2 million, so unfortunately at the half a million dollar price point things have changed a lot over the past decade.

This time last year, we discussed the buyers who were moving 30 to 40 minutes out of Newcastle and buying larger lots with bigger and more modern houses with their half a million dollars. These properties are still about.

But is it possible to be closer to the Newcastle CBD with half a million?

The straight answer is yes, it is possible.

There are still a few 1- and 2- bedroom units in and

about the CBD that can be picked up for half a million, but these generally only appeal to investors or buyers without children. What about the average family?

Unfortunately for those wanting to live less than 20 minutes from the CBD there are not a lot of options but they are about for astute buyers.

Wallsend, one of Newcastle's larger suburbs about 20 minutes west of the city, is probably the first place buyers looking for a family home at this price point would be advised to start their search. It is still possible to pick up a 1950s to 1970s modest weatherboard home on a reasonable block size at \$500,000 in or around Wallsend.

For those wanting to be closer still, bargains can be found but usually it is all land value and renovations become a necessity, generally lifting costs over the \$500,000 mark.

Half a million is not what it once was, as new home buyers are being pushed further and further from the CBD and beaches of Newcastle. Even with many property analysts predicting a downturn over the next few years, it is safe to assume that buying a home ten blocks from the beach and five minutes from the CBD at \$500,000 is a thing of the past.

### Southern Highlands

We noted this time last year the ramp up of the northern villages of the Southern Highlands, such as Hill Top and Colo Vale. As we round out the 2018 financial year, the median price for Hill Top is just north of \$600,000 and Colo Vale stronger still, with proximity to freeway and pricepoint driving this growth. At the \$500,000 mark, there are isolated opportunities available, more realistically entry point is \$560,000, comprising late 1960's to early 1970's built dwellings on smaller blocks of land in Mittagong and Moss Vale, located in the previous social housing precincts. The market sub \$750,000 is still strong across the Highlands and we do not expect this market appetite to diminish over the current period.

### Illawarra

There has been strong growth in residential property values in the Illawarra over the last 5 years. This uplift has now taken most property values well over the \$500,000 mark. Half a million dollars will mostly limit a purchaser to vacant land in one of the new housing estates (Calderwood, West Dapto) or an older style 1- or 2- bedroom unit. There are still limited opportunities to purchase a free standing dwelling for under \$500,000, however, it is likely that this dwelling will be in fair condition and would require some updating. Look for dwellings in suburbs

around Warrawong/Berkeley and Warilla/Barrack Heights.

Further down the Coast it is still possible to pick up a free standing dwelling in and around Nowra in the \$300,000's, however these properties will not be in the most desirable neighbourhoods and will require some work. Decent houses are available for between \$450,000 to \$500,000. Other Shoalhaven townships such as Culburra Beach, Sanctuary Point and St Georges Basin all still offer houses for under \$500,000. For something a bit different, try a one acre bush block in Woodridge Estate in Bangalee, priced around \$400,000.

The residential market has finally slowed down now and it will be interesting to see what properties continue to be available for under \$500,000 in the coming years. If prices have another surge, there will be very limited supply remaining.

## Victoria

### Melbourne

The Melbourne residential property market has shown a steady increase in values over the past 12 months and while the market witnessed a softening in 2018, Melbourne's nation leading population growth is expected to underpin continued growth at perhaps a more moderate pace.

With the RBA's decision to restrict lending to investors and revelations from the Banking Royal Commission resulting in further tightening from the big four banks to all lenders, finance for residential development has been more difficult to come by, thereby potentially constraining growth and supply.

However there remain significant opportunities for growth in residential development in both inner (apartments) and outer (houses) Melbourne with non-bank and off-shore lenders in some cases filling the breach along with self-financed developers.

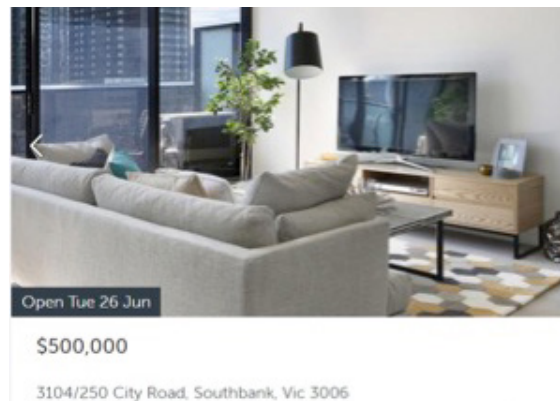
#### Melbourne CBD and inner-city suburbs

The Melbourne CBD and inner-city suburbs residential market remained relatively steady over the 2017/18 financial year with rental returns ranging from 3% to 6% and apartment values rising 7.9% to record a median of \$506,000 (Corelogic, June 2018).

An amount of \$500,000 now buys a 1-bedroom, 1-bathroom, 1-car space city apartment or a 2-bedroom, 1-bathroom apartment. The apartment living area will vary generally between 50 and 60

square metres which reflects \$7,500 to \$8,500 per square metre.

In the competition for buyers, developers are now offering incentives such as allocated refrigerated wine storage, cinema rooms, BBQ facilities, gyms and swimming pools.



( Source: Realestate.com)

The average days on market for apartments is 98 days. This has not changed from last year. Apartment approvals marginally increased while medium density and detached housing approvals grew substantially. This is reflective of a recent shift towards medium density development as developers become increasingly wary of potential oversupply within the inner-city market.

### Eastern suburbs

While there had been an increase in values over the previous 12 months in the eastern suburbs there are now signs of a slowing in the market with an overall decline in prices as well as a decline in supply. Days on the market now average about four weeks and weekly rents average \$330 to \$380.

This time last year the median unit price in Bayswater was \$467,000 (HTW, June 2017) with a rental return of \$330 and rental yield of 3.67%. Today they are achieving a median of \$506,000 (RP Data) with a rental return of \$350 per week reflecting a yield of approximately 3.6%.

For \$500,000, purchasers will now find a modern 2-bedroom, 2-bathroom, 1-car space apartment in Box Hill, Wantirna South or Ringwood, or an older 2-bedroom, 1-bathroom, 1-lock up garage villa unit in suburbs such as Ringwood, Croydon, Bayswater, Boronia and Kilsyth.

The majority of purchasers are first home buyers with units generally more popular than apartments.

### Inner Northern Suburbs

Values in the inner north vary from suburb to suburb with median house prices in Coburg and Carlton increasing from June 2017 by \$22,000 and \$75,000 respectively and values in Collingwood continuing to plateau, while surrounding suburbs such as Fitzroy and Brunswick have seen an overall decrease

in values due to unit properties being the major influence on the market (REIV).

Generally, \$500,000 will buy a new 1- or 2-bedroom unit with 1- or 2-bedroom post-war units with larger floor plans reflecting stronger values. Current rental levels on properties of this calibre would likely yield a 2% to 2.5% return.

Poorly located properties situated on a bare minimum 100 square metre site are achieving prices in the range of \$800,000 to \$850,000.

### Outer Northern Suburbs

The outer northern suburbs continue to expand with multiple estates releasing new house and land packages. The median house price continues to rise. Areas such as Mernda, Broadmeadows, Craigieburn, Sunbury and Mickleham all showed substantial growth over the past 12 months.

	Median House Price (\$)	Median House Price (\$)
	June 2017	June 2018
Mernda	525,000	600,000
Broadmeadows	550,000	622,500
Craigieburn	500,000	565,500
Sunbury	460,000	555,000
Mickleham	520,000	570,000

(Source: REIV)

A price of \$500,000 would buy a semi-detached 3-bedroom house in the northern part of this region (Craigieburn, Mickleham, Kalkallo) while similar sized properties located closer to the inner northern fringe are fetching a minimum \$600,000 to \$800,000.

With the continued growth of housing estates, properties closer to future transport links, community services, schools, shopping and proposed or existing infrastructure developments are commanding higher values. Rental returns currently stand at 3% to 4% for the best located properties.

### Outer South East

The outer south-eastern suburbs are continuing to flourish, with new land releases occurring monthly. Cranbourne East, Cranbourne West, Clyde, Clyde North, Pakenham and Officer have all seen a huge growth in housing development.

These suburbs offer suburban family living within an hour's drive of the CBD. House and land packages are becoming more common and present as an affordable option for many first home buyers looking to get into the market.

A detached family home in Clyde North consisting of 4-bedrooms, 2-bathrooms and double lock-up garage can still be purchased as a house and land package for around \$500,000, while an existing dwelling can be acquired for around \$550,000, a slight increase from this time last year. The graph below displays sold prices in Clyde North over the previous 12 months.



Source: CoreLogic

A slight decrease in lot sizes perhaps reflects developers seeking to optimise profit.

A recent trend aimed at capturing the market for retirees seeking a low maintenance property has seen off-the-plan townhouses with adjoining party walls achieving prices at around the \$400,000 mark.

The State Government's recently announced \$236.8 million investment in land to accommodate 14 new schools in the city's booming locations, including Clyde North, Pakenham and Cranbourne West, has been driven by population growth and the growing demand from first home buyers and young families to buy in the region.



### Outer Western Suburbs

The outer western suburbs, including Rockbank, Melton, Point Cook, Tarneit, Truganina, Werribee and Wyndham Vale, have a high number of new housing estates with plentiful land supply and relatively low values compared to established inner suburbs.

In these new estates, \$500,000 can buy up to 700 square metres of land, a smaller block of land (around 300 square metres) with a small dwelling or a small existing dwelling, according to the suburb and location, quality and reputation of the estate.

Point Cook is considered one of the more expensive suburbs as far as new housing estates go in the outer west, represented by its median, 3-bedroom house price of \$580,000.



### Supply and demand in Point Cook

The level of competition in a suburb can affect prices and availability.

(Source: Realestate.com)

### Inner North West

Due to the relatively high land values in this area, entry to the property market with only \$500,000 may prove difficult. Purchasers on this budget may need to look at strata properties.

The sale of 7G/71 Henry Street, Kensington, a circa 2012, 2-bedroom, 1-bathroom apartment with 65 square metres of living area, achieved \$500,000 in December. Other than these smaller apartments, \$500,000 in the area will likely only secure smaller parcels of land sub 300 square metres.

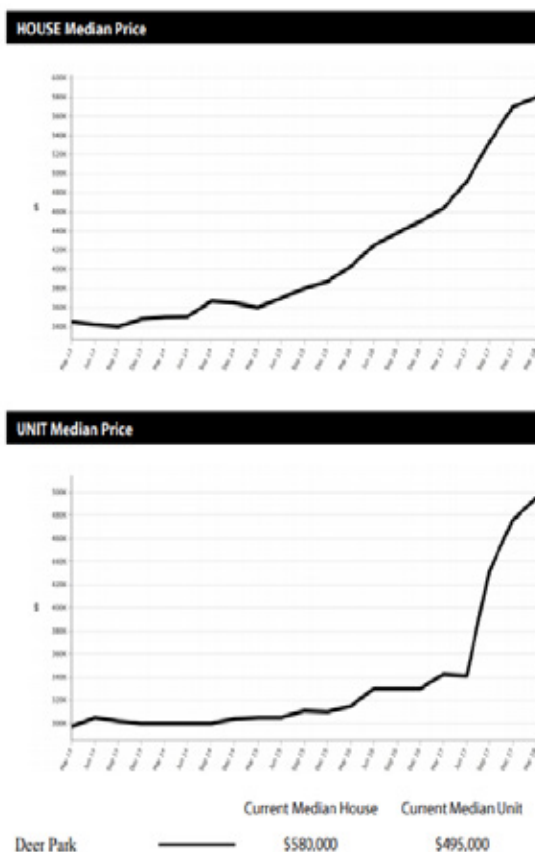
Values for existing 2-bedroom, 2-bathroom apartments from Essendon down to Kensington and Maribyrnong down to Yarraville have experienced steady capital growth over the past 12 months.



(Source: Realestate.com)

### Mid to Outer Western suburbs

Established suburbs in the mid to outer west, including Deer Park, Derrimut and Cairnlea, offer a larger supply of established freehold dwellings and land available to a purchaser limited to \$500,000. Typical properties for this amount consist of older 3-bedroom dwellings on around 500 square metres of land or newer dwellings on roughly 300 square metres of land. These assets present as a good option for first home buyers and offer good capital growth as detailed by the consistent increases shown in the graph below.



(Source: REIV)

### Summary

Ultimately, location remains the most influential factor when determining values within the Melbourne metropolitan property market with closer proximity to services, particularly transport, shopping and schools, and the CBD, being the key drivers of demand and price growth.

The outer suburbs currently offer the best opportunities to obtain a detached 2- to 3-bedroom dwelling for a price of around \$500,000, whereas the inner suburbs offer a purchaser a 1- to 2- or potentially a 2- to 3-bedroom unit in a poorer performing location.

Generally, median house and unit values showed steady growth over the 12 months to June 2018, however recent sales evidence suggests a slowdown with the potential for a slight decline in some regions in the short to medium term.

### Echuca

The lazy half a million puts the buyer fairly and squarely in the middle of slightly better than average 4-bedroom, 2-bathroom accommodation in the Echuca Moama marketplace with established surrounds plus pool or shed depending on the size of the block. Generally speaking, there is good demand for rentals of these types of properties though this tends to spike seasonally in the lead up to Christmas with the net migration of professionals into town. Typically yields sit at around 5% and a little higher during peak periods and lower during off months.

### Mildura

\$500,000 is enough to buy an above average home in Mildura. The main segments where we see this price point are modern homes, often with a pool, in better regarded subdivisions in Mildura, or slightly older homes on 4,000 square metre lots within ten kilometres of Mildura. The choice will come down to personal preference, with people wanting convenience and lower maintenance choosing the former and those wanting the extra space and room for sheds or greater landscaping choosing to live out of town.

At this stage, we would expect both categories to perform well over the short to medium term. With the outlook for interest rates remaining low and Mildura's economy improving on the back of stronger conditions in the horticultural sector, we expect demand for better standard housing to remain strong. There appears to be a larger pool of buyers prepared to pay \$500,000 than was evident two or three years ago.

Last year, when posed with the question of where to invest \$500,000, we suggested buying a complex of three or four 1980s built residential units. This option remains attractive for investors, with low vacancy rates providing certainty of income and a likelihood that rents will increase in real terms.

### Ballarat

Last year we told you \$500,000 would get you a renovated period property in a good location close to the CBD. The sale we gave as an example was 427 Doveton Street Nth Soldiers Hill; a four bed, two bath period dwelling renovated in the past seven to ten years set on a 552 square metre block.

As we look at the example sales provided in the article, we can see that the inner ring period property market has indeed strengthened significantly. To illustrate the point, in the past week, 322 Lyons St Sth, Ballarat Central sold for \$500,500.



( Source: Realestate.com)

On balance, this property is in a similar location to the Soldiers Hill property, however, it is on 50 square metres less land and provides 3- bedrooms, 1- bathroom and open plan living areas. Additionally, this dwelling is in an inferior internal condition to the dwelling analysed last year.

There are however large sections of the market which have only seen moderate growth. These areas include large parts of Alfredton, Delacombe and Sebastopol. The growth in these areas is limited by the ongoing supply of land and dwellings onto the market. In these areas \$500,000 will still buy a near new dwelling with four bedrooms and 2- bathrooms on 600 square metres of land.

In many ways, this price point is the 'sweet spot' in the market. The pool of purchasers at this price point is deep and varied, including families, singles, young couples, downsizers and investors. Due to this deep pool, we expect the price point to continue to perform well as the population of Ballarat continues to expand.

Rental returns at this price point however, are generally not spectacular with single period dwellings close to town returning circa 3% to 4% and modern dwellings returning 4% to 5%.

### Bass Coast

The \$500,000 price point in the Cowes residential market will buy you a modern three to four bedroom 2 bathroom dwelling located on a 480 square metre to 600 square metre allotment in the new housing estates. Alternatively, you could purchase an older style three bedroom dwelling in original condition below \$400,000 however, in closer proximity to the beach or township, which appeals more to the investor/holiday market rather than the owner occupied market seen in the new housing estates.

Within the past six months the Phillip Island residential market has seen strong buyer activity with a good level of demand resulting increased capital growth. The entry level and middle markets have seen a significant increase in values in both existing smaller style holiday houses and modern dwellings. Agents are particularly reporting a strong demand for vacant residential allotments within new subdivisions with demand outweighing supply, with many purchasers consisting of retirees from the Melbourne eastern suburbs.

For a new three to four bedroom dwelling in a new rental ranges from \$350 to \$400 per week.

### Wellington Shire

In the Wellington shire area, \$500,000 will purchase a good quality four bedroom dwelling in a modern estate, generally with reasonable ancillary improvements, including outdoor living area and shedding. Alternatively, \$500,000 will also buy a renovated older style dwelling in a central location, close to the CBD and recreational facilities in a well regarded area. In terms of rural residential, it's possible to purchase a reasonable quality (although older style) dwelling with extensive ancillary improvements for around \$500,000.

For investors, \$500,000 could buy two circa 1970s dwellings in established areas in Sale or Maffra, with a rental return in the order of 5.5 to 6.5%.

In the short to medium term, property at these price levels is expected to show a low to moderate level of growth in the Wellington Shire, particularly given the expansion of the East Sale RAAF Base and subsequent population growth and job creation in the area.

## Queensland

### Brisbane

There are residents in other capital cities (mostly south of the border) who consider \$500,000 for property to be a pittance! A paltry sum that would scarcely land you a decent inner-city parking spot, let alone a liveable abode where you can lay claim to home ownership.

Well it certainly doesn't stretch as far as it used to in Brisbane, but if you've got your wits about you, there are some exciting possibilities for those with a half a million on hand.

For detached housing within the Brisbane City boundaries it's tough, but not impossible, to find an excellent opportunity under this magic mark.

Shooting for lowest-priced, closer-in suburbs can be a good basic strategy if you believe that as a market strengthens, the bottom range is brought along for the ride. 'A rising tide floats all boats' if the oft used catchphrase.

Our cheapest near-to-the-city suburbs are probably those that include some lighter industrial uses in the south; think Rocklea and Acacia Ridge. For \$500,000 you'll be spoiled for choice with some excellent transport, convenience and community facilities on hand. In fact, you can spend substantially less than half a million here and still end up with a decent, long-term holding. Just make sure you look for good fundamentals, such as homes that were well above the 2011 flood line; have decent sized allotments;

aren't on main roads; and are well away from the industrial sheds.

If you'd rather be a bit closer to town you'll find a couple of options in an area like Moorooka too. The homes will definitely need some work and you might have to compromise a little on position at this price, but they're worth a look.

Middle ring suburbs with renovation potential probably offer the most exciting upside for buyers. Chamferboard homes in Mitchelton and out to Keperra are a possibility. If you can add a few touches for a reasonable budget you will also end up with a very comfortable dwelling that's smack bang in a location chock-a-block with retail, commercial and lifestyle facilities including parks and transport options. Look again for great fundamentals and not too much work beyond some cosmetic renovation.

Stepping a little further afield and you are absolutely spoiled for choice at the \$500,000 property mark in the suburban fringe. In the north, check out Bald Hills, Bracken Ridge and Taigum. There is plethora of options with some decent quality, lowset brick dwellings as well as highset weatherboard homes. Facilities in these suburbs are strong, there's easy access to the train and Bruce Highway, and the affordable buy-in price bodes well for future value rises.

In our more satellite locations such as the western corridor, there will be some nice near-new homes

available for under the \$500,000. Springfield Lakes offers options as long as you look for a trade-off between house size, condition and land size. Our pick would be to steer away from the brand-new stock and look for something that's around 12-months old.

If you'd like to go all the way to Ipswich, you'll find some beautiful older housing throughout the council area that will fall well within budget. For investors, there's also strong demand from tenants too. Ipswich has seen excellent growth in lifestyle facilities and employment options, and the train line makes for an easy commute into Brisbane's CBD.

In fact, pretty much beyond the 20 kilometres radius from the Brisbane CBD there'll be a heap of options for purchasing under \$500k.

Our tip for housing in this price bracket is to stay as close to town as possible. Your trade-off for saving money shouldn't be about compromising on value-driving fundamentals, but rather on those things you can correct or improve.

Looking at Brisbane's unit market and \$500,000 is a lot of coin to splash around.

Our problems with inner city unit oversupply are well documented. That said, apartments built specifically for owner occupiers have been enjoying decent demand as downsizers look to help promote the inner-urban lifestyle of out city.

If you want more than 2- bedrooms and a decent,



useable floor area, then look for something that isn't brand spanking new. You might be surprised about the sort of hard bargain you can drive at the moment. Just don't expect booming capital growth with these. If you do buy a unit with owner occupier appeal and a car space, be prepared to hold it in your portfolio for quite a while.

What might produce a better result is spending a little less and buy an older unit within walking distance of the CBD. Think Auchenflower, Milton or Paddington in a three-story walk-up complex. These can be renovated, usually come with a decent floor area and the body corporate is kept very reasonable too. Prices can be around the \$380,000 to \$420,000 mark. Yields for investors are pretty good with these but, again, keep this for the long term because there's no indications these will be rising in value soon.

Some of our choices for detached housing from July 2017 last year included Kedron, Wavell Heights and Aspley in the north. That northern cluster of suburbs has done fairly well over the course of the year with reasonable quality homes finding good demand. In fact, getting in under \$500,000 will be a chore with most listing looking for "offers over \$499,000" on the major listing portals. Unless you score some luck, you might have to step further away from these markets.

In the south we suggested Runcorn, Calamvale and

Parkinson. Again, options for detached, decent quality homes in these suburbs have fairly much dried up over the past 12-months.

All in all, Brisbane will be on the radar for sub-\$500,000 buyers. It's a sector that shows a lot of promise as we see net interstate migration numbers and employment statistics improve in our river city.

#### Gold Coast

North-west Gold Coast and Lower Logan City  
A half a million dollars will still easily cover you for a lot of property investment options in the north-west. \$420,000 to \$450,000 will get you an average quality 4-bedroom, 2-bathroom plus double lock-up garage dwelling with a rental return of \$380 to \$400 per week. However there has been an issue with the return on the investment with a large over supply in this market and a large number of vacancies. We have a situation now whereby there are so many new properties and with higher than average vacancies, rents promised to investors have been in decline and property managers at times offering significant incentives to rent.

Further to this, a year ago we were assessing proposed dwellings on an as if complete basis from the civil construction stage because all the released land was already sold out. Now when we do these valuations we find that many blocks from the newly released stages are still available, showing that the oversupply is now affecting the developers and also

resulting in them slightly reducing their prices.

The better choice for investment option in our view would be established housing which is not subject to the same market conditions as the new developments and just the usual ebbs and flows of the market. We predict this market still has some growth left in the short term but is starting to slow. We further think that if interest rates were to increase, then any market growth will stop in its track and perhaps start to decline.

#### Gold Coast Hinterland

From a historical perspective, the Gold Coast hinterland has been a haven for those wanting to break away from the fast pace of the Coast's glitter strip. For these buyers, lifestyle has been equally if not more important than price or convenience. In recent years, as the M1 motorway resembles more of a carpark than a road, the difficult commute along the north to south axis of the Gold Coast has encouraged some buyers to turn their gaze westward into its hinterland localities where commuting is a little easier and the lifestyle slower paced.

Developers have responded with residential estates at Maudsland, Gilston and Canungra that offer 400 to 800 square metre lots with covenants that make a new \$500,000 house just possible. Further west, where increased distance equates to lower entry prices, new residential estates around the fringes of Beaudesert make a new \$500,000 house an



easy bullseye to hit. The potential for housing in Beaudesert to increase in value over the long term will, however, hinge on the success of the broadacre Bromelton industrial estate which is currently in its infancy. Whilst these areas have the potential to offer solid rental returns, any growth in value and rental returns should be steady rather than strong over the long term.

For an investor more prepared to break a sweat and be more involved in the process of house ownership, there may be other more fruitful options to consider. A little closer to amenities and employment centres lie Oxenford and Pacific Pines where the odd detached house can still be snared for under \$500,000, albeit with some compromise on age and condition (that is where the breaking a sweat bit comes in). These areas have a history of solid demand from renters and good returns for investors.

For a left field option, Tamborine Mountain may be worth a look. Historically, Tamborine Mountain had a name for eccentric people and diverse, if not, eclectic, housing styles. A popular destination for day trippers and weekend getaways, Tamborine Mountain has in more recent years gained a more mainstream appeal to buyers and renters and property values in recent years have responded. With a strong desire amongst the long standing residents to keep development on the mountain to a minimum, the

ability to purchase a house on Tamborine Mountain for under \$500,000 may be short lived.

Southern Gold Coast and Northern New South Wales In this locality, it is now confirmed that the market peak is history and the property cycle has turned from increasing to decreasing.

The best strategy for investing \$500,000 would be a duplex style unit (with minimal body corporate fees) in an area such as Miami, Burleigh Waters, Palm Beach or Varsity Lakes. Rental vacancies in these areas remain low and returns are quite solid.

Further south in areas such as Tweed Heads and Banora Point there are still opportunities to purchase housing in the under \$500,000 price range, however the type of property available in this price range would likely be in a secondary location, be of a substantial age or in need of repair, which would impact on the rental price achievable and the bottom line.

#### Sunshine Coast

In the two previous years, our tip was to park your lazy \$500,000 in an older original dwelling along the coastal strip anywhere between Noosa to the north and Caloundra and Golden Beach to the south. If you had taken our advice, you would have enjoyed two years of excellent capital growth as demand for these entry level, well positioned beachside properties has

generally continued to be very strong. It is likely a \$500,000 beachside property purchased mid 2016 would be more like a \$600,000 property in the current market.

Today it is more difficult to find sub \$500,000 properties along the coastal strip, however there are still some beachside localities that provide this opportunity and it's these areas which we think will again be the best place to park your dollars. Golden Beach, Battery Hill and to a lesser extent Aroona to the south and to the north Mudjimba, Pacific Paradise and Mount Coolom are probably the only areas in which you may find a freestanding dwelling for around \$500,000.

Units in these beachside localities also provide plenty of investment opportunities for under \$500,000 and we have seen some upward movement in the sub \$500,000 unit market, however nowhere near the increases seen in the housing and vacant land markets. Again it has been the smaller complexes with lower body corporate fees aimed more at owner-occupiers as opposed to the larger holiday unit complexes which have shown higher increases and we would expect this trend to continue.

The other markets which still offer good value for money are the hinterland townships, from Glass House Mountains and Beerwah to the south through to Cooroy and Eumundi to the north, which are all

positioned along the northern railway line. Most of these towns still have a reasonable supply of traditional residential properties (larger allotments) for under \$500,000, although you will get less for your money compared to this time last year. Entry level rural residential properties on land sizes of between 2,000 and 4,000 square metres still offer very good value for money and property can still be purchased below \$500,000. Whilst previously these areas had experienced some capital growth, they hadn't kept pace with properties along the coastal strip, however since mid 2017 these areas have performed well with sales showing good growth in most instances at rates more in line with the capital growth rates seen along the coastal strip.

The other options last year were house and land packages in the new estates around Caloundra West (Stockland's Aura Estate) and Palmview (Avid's Harmony Estate) where it was and still is possible to enter the market at or below \$500,000. Supply of these modern small lot developments is likely to continue as more land is developed and we still think the high levels of supply may limit growth in the future.

The past 12 months has generally been another good performing year across all residential property markets here on the Sunshine Coast. Stronger interstate migration levels to south-east Queensland

combined with significant local infrastructure projects including the new Maroochydore CBD make the Sunshine Coast an attractive investment destination if you can find a lazy \$500,000. Happy investing!

#### Toowoomba

Looking back twelve months, the prediction of a steady Toowoomba market has proven to be accurate. The total number of properties listed for sale year on year is similar, however sales volumes have continued to soften over the past twelve months and values have remained steady.

The Toowoomba property market is relatively affordable when compared to many locations in Australia, therefore half a million can purchase a wide range of properties. The \$500,000 price point is mostly dominated by the owner-occupier sector and comprises many different properties such as renovated older character homes within the established inner suburbs, original and renovated 1970s to 2000s brick homes in many suburbs, new houses in developing areas and homes on larger acreage lots in close-by neighbouring suburbs.

Investors are far less active above the \$400,000 price point in Toowoomba.

With this month's focus on the \$500,000 price point, we have provided recent examples of property sales

in this segment.

Below is a sale of a typical, owner-occupier home in the established area of Middle Ridge. This property sold for \$500,000 and comprises a 4-bedroom, 2-bathroom dwelling with double garage.



(Source: Realestate.com.au)

An alternative option for buyers seeking larger lots is represented by the sale of a 6-bedroom, 2-bathroom dwelling in the satellite suburb of Westbrook for \$510,000. This property features a 2,371 square metre lot and a detached shed.



(Source: Realestate.com.au)

For those seeking older style character homes, this property in Mount Lofty sold for \$500,000 and comprises a renovated, extended 4-bedroom, 2-bathroom dwelling with detached double garage and six square metre Colorbond shed.



(Source: Realestate.com.au)

The \$500,000 price point in Toowoomba and surrounding areas is well above the median house price which is around the \$390,000 mark. Therefore, there are many areas across the region where homes can be secured at this price. Areas which may generate superior capital growth or resale appeal are likely to be concentrated in the eastern suburbs including Mount Lofty, East Toowoomba, Rangeville and Middle Ridge.

It is also possible to secure two dwellings at this price point in Toowoomba. Some older style detached dwellings (2- to 3-bedroom, 1-bathroom) in the

western suburbs including Harristown, Newtown and Wilsonton are selling at between \$200,000 and \$300,000 and can provide strong rental returns. Two older style or even semi modern strata units can easily be purchased for under or up to \$500,000, reflecting the affordability of the Toowoomba residential market.

#### **Cairns**

A \$500,000 property investment in Cairns will secure a well located modern executive style suburban dwelling, or alternatively an above average quality apartment in the Cairns CBD, located on the mid to upper levels of a high rise unit development. Indeed the purchaser or investor at this price level would find a large range of sectors, styles and locations available to choose from. However it remains difficult to spend \$500,000 on a new apartment due to the absence of new unit construction at that level.

The \$500,000 mark in the Cairns market is relative to the current (May 2018) median price trend levels of approximately \$403,000 for houses and \$216,000 for apartments. Median price trends are continuing to demonstrate flat market conditions. Over the latest twelve months, 75% of houses and 93% of apartments sold in Cairns have transacted for \$500,000 or less.

### Townsville

As Townsville's fragile start of market recovery continues, a \$500,000 investment would secure you a good quality modern home in a desirable suburban residential estate or a home in a desirable inner city suburb. It remains very much a buyer's market as the recovery continues to find its feet.

Inner city projects including the new stadium currently under construction along with the proposed waterfront precinct and the general amenity offered by the city centre and The Strand makes the suburbs of South Townsville, North Ward and Belgian Gardens desirable locations for a \$500,000 investment. Over the past six to twelve months, the suburbs of North Ward and Belgian Gardens have seen a firming in prices. These suburbs typically comprise older style homes with a \$500,000 investment getting you a renovated home on a small allotment or a renovator on a larger allotment.

The middle class suburbs of Idalia, Annandale and Douglas are in close proximity to major employment hubs such as the Lavarack Army Barracks, Townsville Hospital and James Cook University. A half a million dollar investment in these suburbs would provide you with a good quality masonry block home with additional features such as a pool, high quality fit out or aspect. These suburbs provide good amenity

including supermarkets, walking and bike paths, parks and barbecue facilities.

The majority of buyers in this price bracket currently in the market are intending owner-occupiers. With the inner city market historically the first market to feel any price pulse at the start of a recovery, houses in the suburbs of North Ward and Belgian Gardens are likely to continue to be attractive investments.

### Rockhampton

Time to focus once again on what you can get for a lazy half a million. Upon reflection from this time last year, we are happy to report our position on the property clock has improved, from a declining market to now be at the bottom of the market. As a result, \$500,000 will purchase a similar product type as 12 months ago.

For purchasers looking to spend \$500,000 in the Rockhampton region, there are a number of options. Modern homes on the northside, predominantly Frenchville and Norman Gardens, will provide the option of purchasing an established 4-bedroom, 2-bathroom dwelling with double garage in a well-regarded locality.

Alternatively, in our sought after localities south of the river, a Queenslander, typically in neat, updated condition, without views can be purchased.

Each of these options are generally sought by owner-occupiers, typically second or subsequent home owners looking to upgrade before the local market starts to see an improvement in prices.

Investors on the other hand, have more options available to them for the use of their \$500,000. Whilst they could seek a return on something like the above, returns would be considered quite low (in the order of 4% to 5%). Perhaps purchasing two or three cheaper properties in our investor pockets in the older, established and centrally located suburbs would provide a greater return on investment. These property types include anything from an aged Queenslander, to ex Queensland Housing Commission stock to 1970s highset homes.

The Rockhampton unit market is generally fairly thinly traded, however \$500,000 could see you purchase an established 2-bedroom riverfront unit.

Sets of flats remain a constantly sought after option for investors. Currently \$500,000 is likely to buy a set of up to five flats. With recent sales of flats showing gross returns in the order of 8% to 9%, this is probably the best return available in current market conditions.

The short to medium term performance of the Rockhampton market and region overall is generally considered to be a period of stabilisation. Capital growth is not expected to be huge but returns should remain fairly solid in the interim with vacancy rates showing a tightening trend, currently at approximately 3%.

Buyers at this price point should be reasonably comfortable investing into the current market, where prices seem to have been stabilising over recent months and a number of infrastructure projects are in the pipeline for the region including Rookwood Wier, the Capricorn Highway duplication and the Rockhampton Ring Road project.

#### Gladstone

Several options are available for those with a cool \$500,000 to park in the Gladstone property market. On the whole, these options are very similar to what we described on this topic back in July 2017.

One option for example, for those who have the capital and are willing to wait until market conditions improve, is to pick up a handful of older style 2-bedroom units or townhouses around the city fringe. There have been multiple transactions of this type of property in the past year, with values mostly sub \$100,000 and showing gross returns of approximately 4% to 7%.

At the other end of the spectrum, properties which

transact at around the \$500,000 mark appeal more to the owner-occupier than the investor.

Locations such as Boyne Island and Tannum Sands have the added lifestyle appeal due to their close proximity to the beach and the Boyne River. In this area, \$500,000 is generally able to purchase a large, well-established dwelling on a moderately sized block which may even benefit from river or sea views. Although dwellings at this price point are typically older and perhaps slightly more dated than what this price point can find elsewhere, the added benefit of being within close proximity to the beach and the Boyne River compensates for this.

There are also properties located within various established suburbs of Gladstone itself or even some of the outer rural residential areas which are certainly able to command this sort of money. Dwellings in these areas are typically generous in size (above 180 square metres of living), well-appointed and often include a shed or pool and sit on large allotments.

#### Mackay

It's that time of the year again, where we get to see what the lazy half million will get you in Mackay and take a look back and reflect on where we were 12 months ago. Last year we wrote:

*"Well, 12 months on and it appears time has spoken and we think the Mackay residential market has*

*reached the bottom. Although there still appear to be some lower sales out there, they are more isolated now than in previous years. So for the lazy half million, it's pretty much the same as what we said last year for owner-occupiers. For \$500,000 you are looking at a large executive style rendered dwelling around ten years old or younger with shed and pool in the northern beaches, still with some change to be had for the back pocket. In the better quality estates in the north, you can now get good quality brand new dwellings from most of the builders in Mackay for under the \$500,000 mark. In the traditional older suburbs south of Mackay, there have been very limited sales of older style Queenslanders over the \$500,000 mark. You can get a fully renovated large Queenslander for this price point."*

It feels a bit like ground hog day writing this article. The residential market in terms of value has not seen any material increases over the past 12 months. The biggest difference with spending the lazy half million in the current market is that you have to act twice as quickly on less available stock to secure a property before it sells from under you! The past 12 months has seen increased buyer activity with greater demand and shortening times on market.

Last year, for the investment market we wrote:-

*"For investors, anecdotal evidence from agents indicates that rental vacancies are starting to tighten*



*and in some cases rental values have increased slightly. For an investor with half a million, there have been recent sales of duplex and small flat buildings. For under half a million dollars there have been buildings containing four or five flats selling under \$500,000 with gross yields between 8% and 9%. Older style duplex properties have been selling between \$250,000 and \$300,000 on gross yields around the 7% mark."*

This still holds true in Mackay, with one small exception. Over the past 18 months, rental vacancy rates have tightened significantly and currently sit around the 3% mark with rental values starting to increase.

It is considered to be an ideal time to invest in Mackay. Values are currently at levels not seen in almost 13 years. Optimism is returning to the mining industry on the back of increased prices for coking coal and flow on effects to the resource sector including increased employment opportunities, not only in mining, but in large infrastructure projects currently underway including the \$500 million Mackay Ring Road project and the new sports precinct project.

#### **Hervey Bay**

The Hervey Bay market has experienced minor movement over the past 12 months, however less involvement from first home owners due to the cancellation of the local incentive schemes. Investors are far less active above the \$450,000 price point

with typically owner-occupier purchasers active above the \$500,000 price range.

\$500,000 in Hervey Bay can accommodate a wide range of buyers with many different types of property. This price point would include the entry level range for esplanade properties, typically comprising of circa 1950s older style dwellings in need of refurbishment and on smaller lots. Some larger quarter acre Esplanade lots are beginning to reach this price point.

Modern homes on larger lot sizes between 2,000 and 4,000 square metres are available in Wondunna, Urangan and Urraween which generally start around \$460,000. Improvements mostly include 4- to 5-bedroom homes built within the past ten years with a pool, granny flat or shed.

Push out to the outer rural residential suburbs of Sunshine Acres and Walligan and decent sized homes on hectare allotments with good infrastructure improvements can be purchased around that price point.

In terms of high density living, the unit market is still considered very stable with little to no market movement in the past six months. In the current market, \$500,000 is considered to afford a 3-bedroom, 2-bathroom unit appreciating good ocean views in a complex built after 2005 with extensive common improvements.

#### **Emerald**

What will a lazy half a million in Emerald get you in the market place? Nearly any residential property you would like apart from acreage. There are a few prestige properties on one acre or more now selling above \$600,000 and a few prestige residential homes in good locations selling above \$500,000 but in general 95% of the market is still below the \$500,000. You could buy two modern 4-bedroom homes in inferior location for \$500,000 or an executive modern 4-bedroom home in a good location with pool and shed for \$500,000. Nearly all multi unit complexes showing 8% to 10% gross yield are selling below \$500,000 and you could purchase three 3-bedroom strata titled units for \$500,000 away from the centre of town. The options are endless with a lazy half a million in Emerald as the market continues to firm, sales turnover is increasing, rental vacancy rates are tightening and jobs growth is strong. All the stars are aligned currently for the market slowly moving upwards as is evident by the sales from month to month. New housing construction has increased and is selling off the plan from \$350,000 to \$450,000.

#### **Whitsundays**

When looking at purchasing within the Whitsundays, \$500,000 will open up a number of options for investors and owner-occupiers. An owner-occupier could purchase a modern 4-bedroom dwelling with a high quality fit out or a circa 1990s dwelling on a rural residential block close to town.





Before we begin talking about the possible investment options, it is important to note the current rentals in the Whitsunday region are at inflated levels. This is due to the large number of tradesmen who have come to the region to assist with the recovery from Cyclone Debbie. When reviewing investment options please keep in mind that the following rentals may not be achievable in the long term.

Starting with a low risk option, an investor could purchase a similar modern dwelling to the owner-occupier and benefit from rental returns of circa \$520 per week and possible capital gains in the long term. Our next suggestion comes with a low to moderate risk and involves purchasing two 3-bedroom apartments in Cannonvale, each returning circa \$320 per week. As long as both apartments are tenanted this can be a great source of income. If you are looking for a higher risk investment with a higher potential return it might be worthwhile to consider purchasing a property in Collinsville for \$100,000 and a modern, 4-bedroom dwelling with a standard fit out in Cannonvale or Jubilee Pocket for \$400,000. With increased optimism in the mining industry, future projects in the works and a high coking coal price, Collinsville could be an area that experiences substantial growth over the next few years. At present the property in Collinsville would rent for circa \$150 per week and the modern dwelling would rent for circa \$460 per week.

In addition to the rental returns, properties in the Whitsundays market are currently experiencing signs of positive capital growth with an increase in domestic and international tourists visiting the region. We anticipate that this growth will continue with a number of large projects such as the restoration of Daydream Island to be completed in the near future.

In summary now is a good time to look at purchasing as an owner-occupier or investor as the market is starting to show signs of positive growth and at the \$500,000 price point, you will be afforded a number of options depending on the level of risk you are willing to take.

## South Australia

### Adelaide

The March quarter indicated the median metropolitan sale price for South Australia to be \$470,000 which is a 3% increase on the same period last year. Gains over the past 12 months have been more prevalent within the inner and middle rings whilst portions of the outer ring have remained stagnant and in some cases had negative growth. As the median house price hovers in the high \$400,000s, there are plenty of options available for those looking to park their lazy half million. We have focused on detached dwellings for this piece.

The availability of detached houses in the inner ring has become scarce at this price point with purchasers having to turn to dwellings of poor condition or providing basic accommodation or reduced land size. A steady supply of dwellings remains available in the middle ring at this price point whilst the astute investor can pick up two dwellings in the outer ring for sub \$500,000.

Within the inner ring, character dwellings remain the most in demand property type. With a limited supply and an abundance of purchasers only the most basic dwellings are available at this price point. The sales of 24 Birt Avenue, Hilton and 12 Third Avenue, Sefton Park achieved prices of \$495,000 and \$476,000 respectively. Both these properties comprise detached 1900s cottages disposed as 2-bedrooms and 1-bathroom. Both properties were in poor condition and had been advertised as renovator's delights. Hilton is located three kilometres west of

the CBD whilst Sefton Park is located 5.5 kilometres north of the CBD.



(Source: Realestate.com.au)



(Source: Realestate.com.au)

Purchasers looking for something that doesn't require some elbow grease at this price point are turning to 1980s and 1990s dwellings on cut blocks. The sale of 23 Third Street, Magill for \$495,000 provides a good representation of what's available at this price point. This is a circa 1992 single level dwelling of brick construction disposed as 3-bedrooms and 1-bathroom. The dwelling presents in original condition and is situated on an allotment of approximately 300 square metres. Magill is located 6.5 kilometres east of the CBD.

Purchasers wanting to get more bang for their \$500,000 are looking to the middle ring. Development sites, renovated detached dwellings and properties within newer infill developments are available at this price point. South of the CBD, a development site located at 13 Vardon Street, Seacombe Gardens achieved a price of \$520,000. This property comprised a cement sheet clad dwelling on an allotment of 776 square metres with a 30 metre frontage. There is currently a development application over this property to divide it into three allotments. Seacombe Gardens is located 12 kilometres south of the CBD.

The north-eastern suburbs provide some of the most affordable family homes in the middle ring. These suburbs are serviced by a number of large community hubs and have easy access to the CBD via the recently extended O-Bahn bus way and the major arterial roads of Lower North East and North East Roads. Located approximately 15 kilometres

from the CBD are the recent sales of 22 Lynore Avenue, Modbury Heights and 5 Summer Hill Court, Wynn Vale which achieved prices of \$530,000 and \$509,000 respectively. These two properties have been internally renovated and provide substantial accommodation for expanding families. Both properties provide allotments of greater than 650 square metres with 22 Lynore Avenue, Modbury Heights having Adelaide Plain views whilst 5 Summer Hill Court, Wynn Vale has a swimming pool.



(Source: Realestate.com.au)

The outer ring provides the astute investor a plethora of opportunities to park \$500,000 with the ability to purchase more than one property with change left in the back pocket. The median price north of the CBD in this market segment typically falls within the \$200,000 to \$300,000 price range whilst

south of the CBD, median prices typically start at \$300,000. The outer ring provides investors the ability to consistently achieve gross rental yields of 6% to 7%. Located approximately 25 kilometres north of the CBD is 35 Salerno Court, Elizabeth East, a 1970s original 3-bedroom, 1-bathroom brick house on 620 square metres which achieved a sale price of \$185,000. This property had previously been tenanted for \$255 per week indicating a gross rental yield of 7%. Located 24 kilometres south of the CBD is 33 Marston Drive, Morphett Vale, a 1970s partly renovated 3-bedroom, 1-bathroom brick house on 630 square metres which achieved a sale price of \$285,000. This property has the potential to achieve a weekly rental of \$315 indicating a gross yield of 6%.



(Source: Realestate.com.au)

The half a million dollar price point provides a number of opportunities for those looking to purchase detached dwellings in suburban Adelaide. The inner ring remains the best performing segment however with demand being high and a lack of supply, properties at this price level have become scarce. With the inner ring becoming less affordable at this price level, purchasers are casting the net wider into the middle ring. The middle ring is showing the best signs for capital growth at this price point over the next 12 months. Those purchasing in the middle ring should have confidence in the market over the short term. Suburbs to keep an eye on over the next 12 months include Clearview to the north (\$440,500 median house price), Windsor Gardens to the east (\$452,500 median house price), Marion to the south (\$511,000 median house price) and Woodville North to the west (\$385,000 median house price).

## Tasmania

### Hobart

Hens teeth are almost easier to find than a sub \$500k house in the inner Hobart region! The property 'boom' has lifted most houses out of this price segment. However, there are still units to be found with currently two on the market; one a 1970's flat style 2- bedroom 1- bathroom in West Hobart for sub \$400,000 and another sub \$450,000, 2- bedroom 1- bathroom older style in Molle Street.

With Hobart's median pricing just having passed the \$450,000 price threshold (\$453,000 in April; now just \$10k below Adelaide!) the search for affordable housing takes you to the middle ring and outer ring suburbs. For example, in Berriedale you can still purchase a neat 3- bedroom 1- bathroom for around the \$300k mark while in Howrah, a sought after suburb on the eastern shore a 1960's style brick 3- bedroom, 1- bathroom is currently on the market at the \$500,000 range mark.

The housing shortage, as we have discussed previously, has left Hobart with a virtual nil vacancy rate with rents now accounting for a greater percentage of the average wage than in Sydney!

Using the Howrah property as an example we would expect a gross return of around 5% if that were to be placed in the rental pool. Gross yields in excess of 7% are being achieved in some of the lower

socio-economic suburbs such as Bridgewater and Gagebrook.

That said, we are starting to see some cooling in the buyer activity with one agent describing putting a new listing to market this time last year as throwing to a pool of piranhas, while this year it is a pool of trout.

### Launceston

Launceston still offers affordable buying with the median house price just \$292,000 for the Greater Launceston Region. However, taking just the Launceston suburb itself, this rises to \$462,000.

In essence, under \$350,000 will buy you a renovated 3- bedroom, 1 or 2- bathroom brick home in an established, solid residential suburb such as Summerhill and for the investors, you would expect a gross yield of between 5 to 6%. Those who took this advice last year would have enjoyed a capital return upwards of 10%.

The piranhas are very much still feeding in the northern capital with this market continuing full steam ahead.

## Northern Territory

### Darwin

Finding a property worth a lazy \$500,000 is becoming increasingly easier in Darwin, as a result of continued weakening market trends for almost four years now. Across almost all areas of the Territory residential market, both median prices and sales volumes have repeatedly shown softening market conditions, with strong evidence we have almost reached the bottom of the market. Whilst these figures are obviously quite undesirable for vendors and home owners looking to refinance, potential first home owners are in an excellent position to enter into the market. Investors can also take advantage of weak market conditions as well, with rental yields still remaining some of the best in the country.

Overall, the Darwin median price for an average dwelling currently sits at \$505,000. This is split into the four main sectors of Northern Suburbs, Darwin Inner Suburbs, Palmerston and Rural. Traditionally, one of the most popular sections of the market in terms of sales volumes, the Northern Suburbs region currently provides ample opportunity in the half million range. At this price point, a well fitted out ground level 3- bedroom, one bathroom dwelling could be purchased with ancillary improvements, such as a pool and shed. This type of property can be found in suburbs such as Wagaman, Tiwi, Moil, Anula and Wulagi. Generally, they are of rendered masonry or double brick type of construction with an updated level of appointment. Renovated ex-government dwellings are a large portion of this stock, with many

built solid enough to weather 1974's devastating Cyclone Tracy. Looking to the slightly more affordable suburbs of Malak and Karama, at this price point a large 4- bedroom renovated home or a double storey dwelling could be purchased. We draw attention to the recent sale of 29 Bauer Crescent, Karama, a two storey, 4- bedroom, well maintained dwelling with a pool and shed for \$516,000. This lower segment of the market would be perfect for first home buyers entering the market, with those able to take advantage of both the First Home Owner's Grant in the form of stamp duty concessions and The Home Renovation Grant, providing \$10,000. For those savvy investors, the rental yields remain strong sitting at approximately 5.2%, which is substantially higher than other capital cities.

Looking towards the Coastal sector of the Northern Suburbs, the lazy half a million is slightly more restricted in purchasing power, however, opportunities are becoming evident with the weaker market conditions. This area is made up of the suburbs Nightcliff, Millner Rapid Creek and Coconut Grove and Brinkin. Dwellings at this price point are generally in worse condition, however, are generally on larger allotments, being some of the first subdivided residential sections of the Northern Suburb region. The recent unsettled sale in the heart of Nightcliff for a 3- bedroom 2- bathroom updated brick home for a touch over \$500,000 is evidence of this shift in affordability. The recent sale of 9 Burden Place, Millner, with a popular elevated configuration

and 5- bedrooms, 2- bathrooms at \$530,000 is another good example of increased affordability in this area. Rental yields for this segment have remained strong at 4.6% as at March 2018, up 0.2% from the previous quarter. We consider this segment one to watch heading through 2018, with bargains there to be snapped up.

Stepping up in price brackets, the ability to purchase a dwelling in the \$500,000 range almost dries up completely in the popular Inner Darwin market segment. Ludmilla and The Narrows do offer some opportunities in this segment, however, with older homes requiring some work in less than desirable sections of the suburbs. Those with \$500,000 in this area would more than likely look to the much more affordable unit stock littered around the Darwin CBD and inner city suburbs such as Stuart Park, Parap, Larrakeyah and The Gardens. Close to the CBD, Stuart Park offers a large amount of unit stock, with semi-detached 3- bedroom units able to be procured at this price point. This type of product is popular with many purchasers looking to have a small yard and greater portion of land on title, compared to attached units. Generally, at this price level, the unit would be well fitted out and most likely renovated. Dwellings can be purchased in this area around this mark, however, most likely would be pre-cyclone requiring a substantial amount of renovations, which sends the total entry cost well beyond half a million dollars.

The Darwin CBD itself offers ample opportunity to part with half a million dollars. At this price level, a potential purchaser could expect to procure a very modern 2- bedroom, 2- bathroom unit or a slightly older 3- bedroom unit, however, still in decent condition. Approximately 30% of the inner Darwin unit transactions in the first quarter of 2018 occurred at the half million price range (REINT, March 2018). The median price of this segment sits at \$410,000 which is a further 10% drop from the first quarter of 2017. We expect this section of the market to continue to display soft conditions throughout 2018. With the Ichthys Gas Project construction phase coming to a conclusion, more unit stock may become available in the near future. This area is also popular with the investor, with rental yields sitting at 5.5%. Notably, Raine and Horne Darwin have highlighted the increased level of investor activity with reports on Channel 9 and the NT News (28.06.2018).

In the satellite city of Palmerston, located a short 20 minute drive south of Darwin City, \$500,000 opens many doors to both building brand new dwellings and purchasing older properties. This area has experienced a healthy amount of transactions, with some of the highest sales volumes in the Territory in recent times. Dwellings constructed in the mid 1990's to mid-2000's in suburbs such as Gunn, Farrar, Bakewell, Durack and Rosebery with a three to 4- bedroom, 2- bathroom configuration are very popular with owner occupiers and investors alike, with ample stock available at the half million dollars price bracket.

Generally, this type of detached home would be of rendered masonry construction and have a standard fit-out with laminated benchtops and air-conditioning throughout. For those looking to start from scratch, the burgeoning suburb of Zuccoli has been very well received by the market. Whilst allotments are substantially smaller than the older more established suburbs, they are more affordable ranging from \$120,000 to \$300,000 for 300 square metres to 780 square metres. The price of construction has lessened in recent times, so a potential cheap parcel of land and an average build contract for a 3- bedroom, 2- bathroom detached dwelling would land directly in the half million range.

Like the Northern Suburbs, Palmerston offers attractive rental yields at 5.1%. (REINT, March 2018). We expect properties in Palmerston to track with the rest of the Darwin market, buoyed by the construction industry, population growth and essentially employment driven economy.

So whether an investor, an owner occupier or a first home owner, the greater Darwin market currently presents a wide range of opportunities with half a million dollars.



## Western Australia

### Perth

The median sale price in Perth has remained fairly stable since our previous lazy half million dollar edition in July 2017, only slightly decreasing from \$515,000 to \$510,000, although after sales have settled this figure should increase to \$517,000. Currently in Perth, what home buyers will receive for their lazy half million seems to be the best value on offer since 2010 to 2013.

There continues to be stagnation in the Perth market but this tends to be focused around fringe areas that are suffering from oversupply. Consumer and business confidence is slowly increasing and mining investment is expected to find its footing once again. We are already seeing the effects of expansion into new resource areas such as lithium along with the large scale development of new iron ore mines required to maintain current supply levels. Future employment trends are also looking positive and whilst interest rates are still low, the fundamentals are looking strong. Prices will inevitably increase at some point, with purchasing in current market conditions appearing to be a less risky venture than it was 12 months ago.

In previous editions we have written extensively about what can be purchased in outlying suburbs offering generous levels of new supply from large scale land developments. Affordable land values in outer suburbs have been key for many first home buyers in securing the funding for the type of

dwelling construction that they desire, but this can create a barrier for inner-city workers. For many young CBD commuters, living so far out from the centre of Perth presents a big issue in terms of quality of life as they feel the strain of being time-poor and living further away from recreational amenities and entertainment hubs. With significantly heavy traffic in peak periods it can take a long time for employees to reach their place of work in the morning and again to get home in the evening and in many suburbs, public transport is severely lacking.

One solution for this issue is to purchase property closer to the CBD, but as land values increase once you approach the inner suburbs, potential buyers may need to sacrifice a combination of land size, construction quality, age or functionality, or consider purchasing in less desirable areas with potential socio-economic issues or stigma from past issues.

This being said, if you can reach above the \$450,000 threshold there are plenty of options that represent brand new construction in Perth, either in the form of new subdivisions or newly built apartments and strata units. Furthermore, if you are willing to sacrifice ultra-modern construction and purchase a more dated established dwelling, there is a plethora of opportunities within 15 kilometres of the CBD for investors and owner-occupiers. Currently in many inner suburbs you can purchase a substantially liveable property for close to land value. These types of properties also create potential for good returns

on developments in the form of subdivision, or basic demolish and rebuild for owner-occupiers.

So what are some key areas to look out for in the current market? Suburbs such as Karawara, St James, Maylands, Bayswater, Joondanna, Willagee, Kingsley and Warwick all express strong buying at present, with median house prices stretching between \$440,000 and \$640,000. Calleya Estate located in Treeby some 16 kilometres from the CBD is a popular new development area if you are looking for green title house and land packages. Close to Cockburn Shopping Centre, Treeby also boasts great access links to the Kwinana Freeway and Roe Highway.



(Source: CoreLogic)

Pictured above is a 4-bedroom, 2-bathroom, circa 2016 built dwelling on a 375 square metre block of

land. It is listed on the market for just under our lazy half million dollars.

Entry into suburbs within 15 kilometres of the CBD is likely the easiest it will be for some years and for many of these areas we anticipate the potential for gradual but sustained growth. Suburbs such as Hamilton Hill, Spearwood and Coolbellup are all undergoing gentrification as recent zoning changes have sparked mum and dad developers to realise the profitability of their large land parcels. It is a great time for downsizers as there is a myriad of local and international interest in purchasing development sites, with premiums decreasing significantly over the past six months. Rental yields of around 3.5% to 4% are seen in Coolbellup (realestate.com.au) and with the potential for capital growth, investment in these suburbs is warranted.



(Source: CoreLogic)

Pictured above is an example of a typical development site being purchased in the current market. It includes a 1960s dwelling on a 985 square metre block of land. Located in Coolbellup, 15 kilometres from the CBD and zoned R30, it has potential for three lots and is currently listed for under our lazy half a million dollars.

Let's now take a look at some property specific examples situated closer to the CBD to give you another picture of what can be purchased for your lazy half million today.



(Source: CoreLogic)

Pushing a little above our half a million mark, this fully renovated 3-bedroom 2-bathroom 1950s dwelling on 493 square metres of land in St James sold in May 2018 for \$535,000. St James is situated

just seven kilometres from the CBD, a five minute bike ride from Curtin University and is close to the popular café strip along Albany Highway. The median house price in St James is currently \$532,750.

Pictured below is another St James property. This 2 storey, rear strata unit sold in May for \$498,000. Built in 2012, it comes with 3-bedrooms, 2-bathrooms and maximises the use of its 200 square metre allotment.



(Source: CoreLogic)

Maylands is an older suburb located four kilometres from the CBD. The median house price is \$607,500, but most advertised properties in this suburb are for strata units and townhouses. The median unit price has decreased from \$410,000 in 2017 to \$360,000 this year. This can be attributed to an increase in listings from competing newly completed

developments and stagnant demand. Maylands currently represents a good area to live or invest in with a unit rental yield of 3.5% and strong capital growth prospects in the long term (realestate.com.au).

Another viable prospect is the established suburb of Karawara. The following photo is of a house in Karawara which was originally built in 1977, but has undergone recent renovations and is situated on its original 621 square metres of land. The property was purchased for \$485,000 in February this year, with the price representing a figure close to land value.



(Source: CoreLogic)



(Source: CoreLogic)

Bayswater is also an affordable, near city suburb. Pictured below is a 1975 built 3-bedroom, 1-bathroom dwelling situated on a 769 square metre allotment just six kilometres from the city centre. The property transacted in March this year for \$470,000, again below our lazy half a million dollars.



(Source: CoreLogic)

There are a number of similar houses currently on the market close to the CBD which appear to represent good buying opportunities under the lazy half a million dollar mark. A lazy half million can get you a decent parcel of land so don't be too quick in dismissing properties with dated construction as large lots can offer potential for growth.



(Source: CoreLogic)

The property pictured above is located in the suburb of Joondanna, five kilometres from the Perth CBD. This visually impressive 3-bedroom, 1-bathroom dwelling with an almost barn-style aesthetic sold for \$470,000 in March this year. Although situated on a triplex strata, it is a street front lot and displays a great alternative to house and land packages 30 kilometres from the CBD.

Looking into Perth's apartment market, \$500,000 represents an abundance of opportunity in current conditions. Vacancy rates are slowly decreasing but there is still a large amount of stock that needs to be absorbed. The lazy half a million can get you a brand new 2-bedroom, 2-bathroom apartment in an area such as East Perth, Applecross, South Perth, Mount Pleasant, Como, Burswood, Victoria Park, East Victoria Park or Rivervale with this apartment layout attracting fair demand. 1-bedroom and 2-bedroom, 1-bathroom apartments tend to require longer selling periods but can also offer larger discounts.

Values in East Perth have slumped significantly over the past couple of years. The majority of apartments built prior to 2011 have decreased in value since 2012 and 2013, many by up to a factor of 25%.



Hay Street, East Perth  
(Source: CoreLogic)

An example of this is the circa 2002 built 2-bedroom, 1-bathroom apartment pictured above, situated in Hay Street, East Perth. It was purchased in 2013 for \$423,000. The kitchen was subsequently renovated and the property sold earlier this year for \$322,500 after some four months on the market.



Hay Street, East Perth  
2-bedroom, 1-bathroom, 1 Car Bay  
(Source: CoreLogic)

The above unit provides a similar example. It comprises of a 2-bedroom, 1-bathroom apartment in East Perth and was purchased for \$407,000 in November 2012. The apartment resold in February 2018 for \$320,000.

These offerings are significantly below our \$500,000 price point and therefore your lazy half a million dollars will achieve one of these and plenty of spare change. If you look towards East Perth, South

Perth or Burswood you may find some of these dated apartments that have the capacity for future prosperity, but we do urge caution with which units offer the best value. Look at the variables that could assist in increasing the suburb's demand such as new transport infrastructure or redevelopment of entertainment districts, shopping centres, schools and other amenities. East Perth may see an uplift in values as vacancy rates slowly decrease and the newly completed Optus Stadium is also just on the other side of the Swan River which is another attractive selling point.

According to CoreLogic data, at the end of the March quarter Perth's gross rental yield was at 3.8%, whereas Sydney and Melbourne's yields were 2.9% and 2.6% respectively. This is expected as our eastern state counterparts have significantly higher median prices. Yet as Melbourne and Sydney's prices are set to fall, their rental yields may not increase at the same rate. As stated in last month's edition, population increases in Western Australia are slowly reducing the volume of rental properties available, resulting in an increase in Perth's rental prices.

As house price fluctuations generally follow the rental market we may see some expansion of yields before any significant growth in capital.

To summarise, investors should be looking to the west for opportunities to spend their half a million dollars - the value for money proposition at the moment appears solid. There is a plethora of properties that present great value for money with functional spaces and large parcels of land to be



had within 15 kilometres of the CBD. Zoning changes around the city mean that there is development potential in a lot of areas which mum and dad developers are taking advantage of.

Use caution, engage a local property professional to guide you through the maze of higher yields versus capital growth opportunities. The lazy half million certainly goes a long, long way right now.

#### South West WA

As we draw into the middle of the year it provides us with an opportunity to step back and ask the question, where would you park a lazy half million in the south-west of Western Australia?

A good option for medium to long term capital growth in the south-west is along the coastal strip located on the northern side of Bussell Highway traversing the suburbs of Busselton, West Busselton, Broadwater and Abbey. This coastal strip is approximately 500 metres in width and runs for approximately 10 kilometres along the Geographe Bay.

As the city of Busselton continues to grow at an above average rate, this well located section of land will continue to grow in desirability and affluence as the urban sprawl continues to be pushed further away from the coast line. This consequently will result in good capital growth over the medium to long term as an increase in population will lead to stronger demand for a product that has limited scope to increase in supply. As such this well positioned

and limited coastal strip would represent a good option for a prospective purchaser looking to invest \$500,000.

\$500,000 is an entry point into this market and would secure a very basic residence with the vast majority of the value being in the underlying land. While the rental return of the investment would be weak, purchasing within this coastal strip would provide a strong opportunity for capital growth over the medium to long term.

A second option would be to invest in Dunsborough which is a very well sought after and renowned coastal town positioned in the south-west. Dunsborough is located within the Geographe Bay region and attracts a high number of tourists given its beaches and proximity to the world renowned Margaret River vineyard region. More specifically we see the coastal strip that runs from north of Caves Road to the beach as being a good area to invest. Generally the residential dwellings in this pocket are positioned on a good sized lots ranging from 800 square metres and above and are located in very close proximity to the ocean, stimulating demand. \$500,000 is an entry point into this market and would secure a very basic residence with the vast majority of the value being in the underlying land. If these properties were to be purchased with a view to being held for the long term, good capital growth could be expected as it historically has performed well.

Over the past year both of these regions have outperformed surrounding localities. The coastal strip in Busselton and the Dunsborough township have remained relatively level with reduced selling periods while we have seen values in the outlying regions of Busselton and Dunsborough weaken.

The coastal strip in the city of Busselton and the well located township of Dunsborough are just a number of options among many opportunities within the south-west to invest \$500,000.