

★ ★ ★ API ★ ★ ★

HOT 100

As investors emboldened by improving economic conditions look to leap back into the property market, API provides a guide to the hottest 100 locations around the country for investment.

MATTHEW LIDDY

YOUR GUIDE TO THE HOT 100

- View the list as a guide to areas worth researching for future investment.
- Don't buy property in a given location just because it's on the list. Not all properties in Hot 100 locations will show the same performance.
- Buy for the long term. Even though the Hot 100 is designed to highlight locations that are expected to see price growth in the next 12 months, property is best viewed as a long-term investment. API asked its panel of experts to choose locations that would perform well in the short term as well as over a longer period of time.
- This list is not your due diligence. You must perform more detailed research into the locations where you're going to invest and on the particular property you're purchasing.
- The Hot 100 suburbs are published in alphabetical order, not in any order of priority.
- H = houses, U = units, SNR = statistically not reliable.

PROPERTY educator Peter Koullizos from TAFE South Australia says that when he submitted his picks for last year's API Hot 100, he had no idea the global financial crisis (GFC) was going to play havoc with world economies to the extent it did.

In fact, very few saw it coming. Twelve months on, the Australian property market has performed relatively strongly during a period of extreme economic stress.

RP Data senior research analyst Cameron Kuser says the results during 2009 "have really defied expectations".

Terry Ryder of hotspotting.com.au is expecting a steady year ahead for most locations, even as the stimulus of the First Home Owner Boost is withdrawn. But as always, there'll be some standout performers.

"I think we'll be speaking less about first homebuyers and more about trade-up buyers and investors in the next 12 months," he says.

"I think investors will be chasing boom towns again, notably in Western Australia, Queensland and, to a lesser extent, South Australia. Beyond those one-off boom situations, there'll be a steady market with some price growth but nothing too spectacular. University academic economists will continue to predict the end of life as we know it, with property values falling 40 per cent, but they will be proven wrong yet again."

Kuser says he believes Sydney will lead the market turnaround.

"It's the commercial hub of the country and has recorded virtually no value growth for five and a half years. We still believe Sydney will be one of the best performing markets in the coming year."

On the other side of the country, Perth has suffered a rough year, coming off the back of its resources boom, but Kuser says it too is starting to recover.

"I doubt the recovery will be exceptionally strong but well-located properties close to quality amenity are the type which should over-achieve next year."

Here API compiles its third Hot 100 in conjunction with a panel of some of Australia's most respected property researchers, who are asked to name the suburbs they believe will show the best capital growth over the next 12 months, as well as offering good medium to long-term investment potential.

★ ★ ★ ABBOTSFORD, VIC ★ ★ ★

Median price: \$620,000 (H); \$495,000 (U)
Location: Inner East Melbourne

WHERE can you buy a house within three kilometres of Melbourne for around the \$600,000 mark? In Abbotsford, which Real Estate Buyers Agents Association (REBAA) Victoria member Michael Ramsay nominates for the Hot 100. Ramsay says the suburb, bordering the Yarra River and situated just three minutes from the Eastern Freeway, has several major residential and commercial projects under way.

"It features ample warehouses for future development and an established multicultural shopping strip. New townhouses are selling for in excess of \$1 million down to period cottages at \$500,000," says Ramsay, the founder of Michael Ramsay Property buyers agents.

★ ★ ★ ALBION, QLD ★ ★ ★

Median price: \$664,000 (H); \$361,000 (U)
Location: North Brisbane

METROPOLE Property Investment Strategists director Michael Yardney says the inner-north Brisbane suburb of Albion has recently been rezoned for urbanisation.

"This is likely to transform Albion from a light industrial suburb to a trendy urban village hub," Yardney predicts. "This transformation is aimed to attract young executives wanting a low-maintenance, high-amenity lifestyle close to the city."

"Units on the market in Albion six months ago were sold for around \$370,000 but today they're a scarcity. This pocket has benefited from recent completions of large infrastructure projects that now enable traffic to bypass the area or move quicker through it, with the widening of the area's major arterial and the Northern Link busway that delivers a faster public transport service."

Properties with development potential are the biggest opportunity to seek out in Albion, Yardney adds.

★ ★ ★ ALDERLEY, QLD ★ ★ ★

Median price: \$587,000 (H); \$350,000 (U)
Location: North Brisbane

A COMPARISON of prices in the suburbs surrounding Alderley, six kilometres from the Brisbane CBD, suggests this somewhat underrated suburb could be headed for bigger and better things, according to REBAA Queensland member Scott McGeever.

McGeever, principal of Property Searchers, says Alderley offers good access to public transport, good amenities and quality schools.

"Given that the median house price statistics for houses in three of the four adjoining suburbs are nearly \$100,000 above Alderley, we think that the suburb is a hot pick."

★ ★ ★ ASHMORE, QLD ★ ★ ★

Median price: \$463,000 (H); \$297,000 (U)
Location: Gold Coast

ASHMORE sits just behind Southport on the Gold Coast, only six kilometres from the glitter of Surfers Paradise and the glitz of Main Beach, yet with affordable property still on offer. As a result, Herron Todd White property advisers believe this predominantly middle-income suburb is well placed to deliver price growth.

"Since the early days of urban sprawl on the coast, Ashmore has generally provided confidence to both investors and owner-occupiers due to its close proximity to schools, hospitals and shopping centres, which are easily accessible via a generally functional road network," Herron Todd White says.

"For many of these reasons prices for residential properties remain firm despite the recent adversities facing other property sectors."

"Whilst many believe that affordable housing has been extinguished as a result of recent frenzied demand from first homebuyers, sales of houses have recently been recorded as low as \$340,000 for a liveable 1970s home in a quiet street..."

beachside suburb that enjoys price growth rippling out from prestige neighbouring suburbs Bondi and Tamarama.

"It's close to the city, it's got good transport, it's in the proximity of the Prince of Wales Hospital... and the University of New South Wales," Yardney says. "What I would suggest would be the best investment is an older '60s or '70s apartment with renovation potential."

★★★ COTTESLOE, WA ★★★

Median price: \$1.9 million (H); \$700,000 (U)
Location: Beachside Perth

"COTTESLOE is a blue-chip suburb that's traditionally one of the best performing residential suburbs in Perth due to its ocean-side locality and relatively close proximity to the CBD," explains WBP Property Group WA branch director David Shorter in nominating this perennial Perth favourite for the Hot 100.

"The GPC has seen losses of up to 30 per cent in Cottesloe over the past 12 to 18 months and thus the suburb is expected to rebound strongly in the coming 12 months."

★★★ DICKSON, ACT ★★★

Median price: \$565,000 (H); \$NR (U)
Location: North Canberra

JUST four kilometres from the Canberra CBD, Dickson boasts a central location, proximity to shopping, restaurants and offices, and all at a comparatively affordable price, according to Cameron Kusher. Kusher says Dickson

houses represent "good value for a suburb in the north Canberra district, so close to the CBD and well supplied with local amenity".

★★★ DULWICH HILL, NSW ★★★

Median price: \$698,000 (H); \$378,000 (U)
Location: Inner West Sydney

DULWICH Hill is just a hop, skip and jump from fashionable inner-west suburbs such as Newtown and Leichhardt (both on the Hot 100 list themselves), but it's a more affordable entry point to this sought-after pocket of Sydney, according to REBAA NSW member Rich Harvey. Harvey, managing director of propertybuyer, says Dulwich Hill has a strong community spirit, a selection of multicultural restaurants and several parks, but nearby suburbs have a higher median price.

"Price growth stemming from Stanmore and Leichhardt should filter through to Dulwich Hill (via) the ripple effect," he says.

"Prices are reduced for properties that back onto the railway or major roads - Canterbury Road and Old Canterbury Road. It lacks the industrial feel of suburbs such as Marrickville and there are plenty of semis and houses ripe for renovation. Some new unit developments are also cropping up in the area."

★★★ ELWOOD, VIC ★★★

Median price: \$911,000 (H); \$453,000 (U)
Location: Bayside Melbourne

MICHAEL Yardney put forward this near-city

bayside suburb of Melbourne for the Hot 100, alongside nearby St Kilda West.

"They've both outperformed Melbourne in the long run and will continue to because they're aspirational suburbs where people, especially Generation Y, are wanting to live," Yardney says. Elwood has enjoyed growth of 36 per cent over the past three years, Yardney says, adding he'd look to buy apartments with some scarcity value, such as art deco apartments, and with off-street parking.

★★★ ENMORE, NSW ★★★

Median price: \$608,000 (H); \$405,000 (U)
Location: Inner West Sydney

PETER Koullizos believes units at Enmore have particularly good prospects over the next 12 months, as they're extremely affordable with some around the \$300,000 mark.

"(You can) live within six or seven kilometres of Australia's global city and only pay \$300,000 for a unit (with) excellent access via train, and Enmore is only just starting that gentrification process - whereas neighbouring Newtown has almost finished it and neighbouring Erskineville is well under way. Enmore has only just started."

Enmore, Koullizos contends, will pick up a ripple effect from Newtown and Erskineville, with demand moving outward from those sought-after suburbs. Like its neighbours, Enmore benefits from a strong rental market thanks to its proximity to the University of Sydney and the Royal Prince Alfred Hospital.

"These are going to be growth drivers not just for next year but for years to come."

★★★ FAWKNER, VIC ★★★

Median price: \$392,000 (H); \$NR (U)
Location: North Melbourne

IN Melbourne, heading north is more affordable than heading south or east, if Fawkner is anything to go by.

Cameron Kusher says the suburb has "a very affordable median price compared with surrounding suburbs and those suburbs at a similar distance south or east of the city".

"Fawkner enjoys quality rail amenity, with its own train station and another located within walking distance just outside of the suburb," Kusher says. "A number of buses also service the suburb."

★★★ FLEMINGTON, VIC ★★★

Median price: \$572,000 (H); \$280,000 (U)
Location: Inner Melbourne

FLEMINGTON, jokes Peter Koullizos, is really

popular for one day a year, home as it is to 'the race that stops a nation', the Melbourne Cup. But he believes it also has potential to become very popular year-round with property owners.

The suburb offers units for under \$300,000 five or six kilometres from the Melbourne CBD, with very good public transport access into the city and the ability to add value to period-style properties, Koullizos says.

"It's been targeted by the State Government as a 'major activity centre'... so you're getting government money going in there," he adds.

"Stick to the units because I think they're very much undervalued."

★★★ FOOTSCRAY, VIC ★★★

Median price: \$474,000 (H); \$286,000 (U)
Location: Inner West Melbourne

FOOTSCRAY'S property market has "a number of big positives going for it", says Peter Koullizos, including its location close to the city and Victoria University, and being

FRANKSTON ITSELF, AS OPPOSED TO FRANKSTON NORTH OR FRANKSTON SOUTH, IS THE PICK FOR VALUE FOR MONEY, KOULLIZOS SAYS.

named as a 'transit city' under the Melbourne 2030 planning strategy, meaning it'll attract public money. But perhaps the biggest factor in its favour is its migration rate.

"Melbourne is beating the rest of Australia for overseas migration; it's even beating Sydney. Footscray has been a favourite of recently arrived migrants for the last 60 years. The Greeks and the Italians settled there in the '50s and the '60s; the Vietnamese settled there in the '70s and the '80s and now we're having a lot of the Africans and Indians settling there..."

"With Australia as a whole, not just Melbourne, almost at record levels of overseas migration there's just going to be more and more demand for property in suburbs like

Footscray - relatively close to the city, relatively cheap."

He adds, "Overseas students and overseas migrants are going to be two very big drivers (for Footscray) for the 2010 calendar year, on top of the ongoing expenditure through the State Government through the Melbourne 2030 initiative."

★★★ FRANKSTON, VIC ★★★

Median price: \$300,000 (H); \$235,000 (U)
Location: Mornington Peninsula

FRANKSTON stands to benefit from an influx of public money over coming years, says Peter Koullizos, as it has been named a 'transit city'

HOTSPOT CLUSTERS

A number of localities around the country have attracted more than one entry on this year's Hot 100 list.



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