



Herron
Todd White

Independent Property Advisors

Westpac

PROPERTY REPORT

Victoria



Hotspots!

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

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

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

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

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

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

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

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

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

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

Brendon Hulcombe

Chief Executive Officer, Herron Todd White

Victoria

Melbourne is becoming a popular destination for new migrants, and demand is pushing up prices in a number of suburbs, creating hotspots with potential.

Broadmeadows

Located 18 kilometres north of Melbourne's CBD, Broadmeadows offers good links to the city via the Western Ring Road, Pascoe Vale Road and the City Link tollway. The suburb's train station offers additional public transport options including a link to the Metro system, and the airport is just ten minutes away. The redevelopment of the railway station and upgrading of the Western Ring Road will further improve these links.

This traditionally working class suburb offers a multicultural flavour as a result of immigrants from the Middle East settling in the area. Many of the area's homes are former or current housing commission dwellings dating from the 1960's and 1970's. They comprise a mix of brick veneer and concrete and many are ripe for renovation. Broadmeadows is experiencing strong rental demand supported by the local Middle Eastern community. The suburb remains a popular choice for recent migrants from Central Asia and the Middle East. Homes on larger allotments of land in Broadmeadows are generally valued above \$400,000.

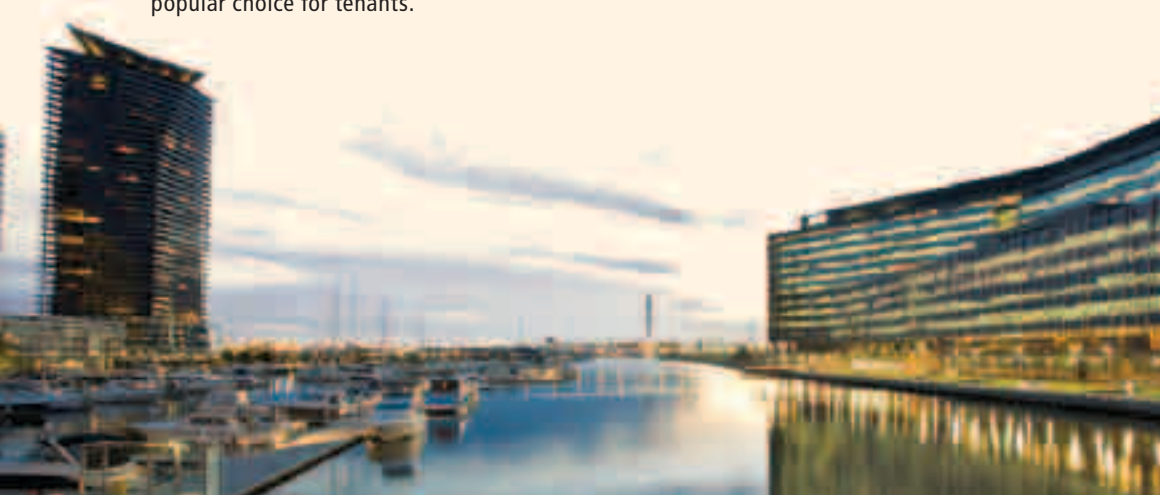
Newport

A second Melbourne hotspot is Newport, located 12 kilometres west of Melbourne's CBD. The suburb boasts good linkages to the city via the West Gate Freeway and Melbourne Road, yet lies adjacent to the popular bayside suburb of Williamstown.

Although the suburb features some industrial land use, Newport is chiefly residential in nature, offering predominantly low density housing serviced by local village shopping extending along Mason Street/Melbourne Road. There are proposals in place to redevelop local community buildings including the local library, which will further enhance the amenity of the area.

Newport features many Victorian style homes that date back to the 1950's, though in recent years there has been an emergence of contemporary townhouse developments. The suburb's excellent location and relatively affordable rents have made Newport a popular choice for tenants.

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Noble Park

Located 32 kilometres south east of Melbourne, Noble Park offers strong transport links through the Monash Freeway and Princes Highway. Noble Park Rail Station has linkages to the Metropolitan rail system, and Melbourne Airport is located approximately 50 minutes away.

Noble Park is an established suburb of basic housing with some redevelopment scattered throughout. Nearby Dandenong offers a valuable employment hub.

The activities of the local council reinforce Noble Park as a property hotspot, with an economic development unit that focuses exclusively on the suburb. Evidence of the council's success in promoting the suburb is already evident in the successful re-branding of the Noble Park shopping centre.

Homes in the area are predominantly 1970's and 1980's dwellings with the recent emergence of contemporary townhouses. Rental demand is strong, backed by demand from South East Asian migrants.

Source: Herron Todd White

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