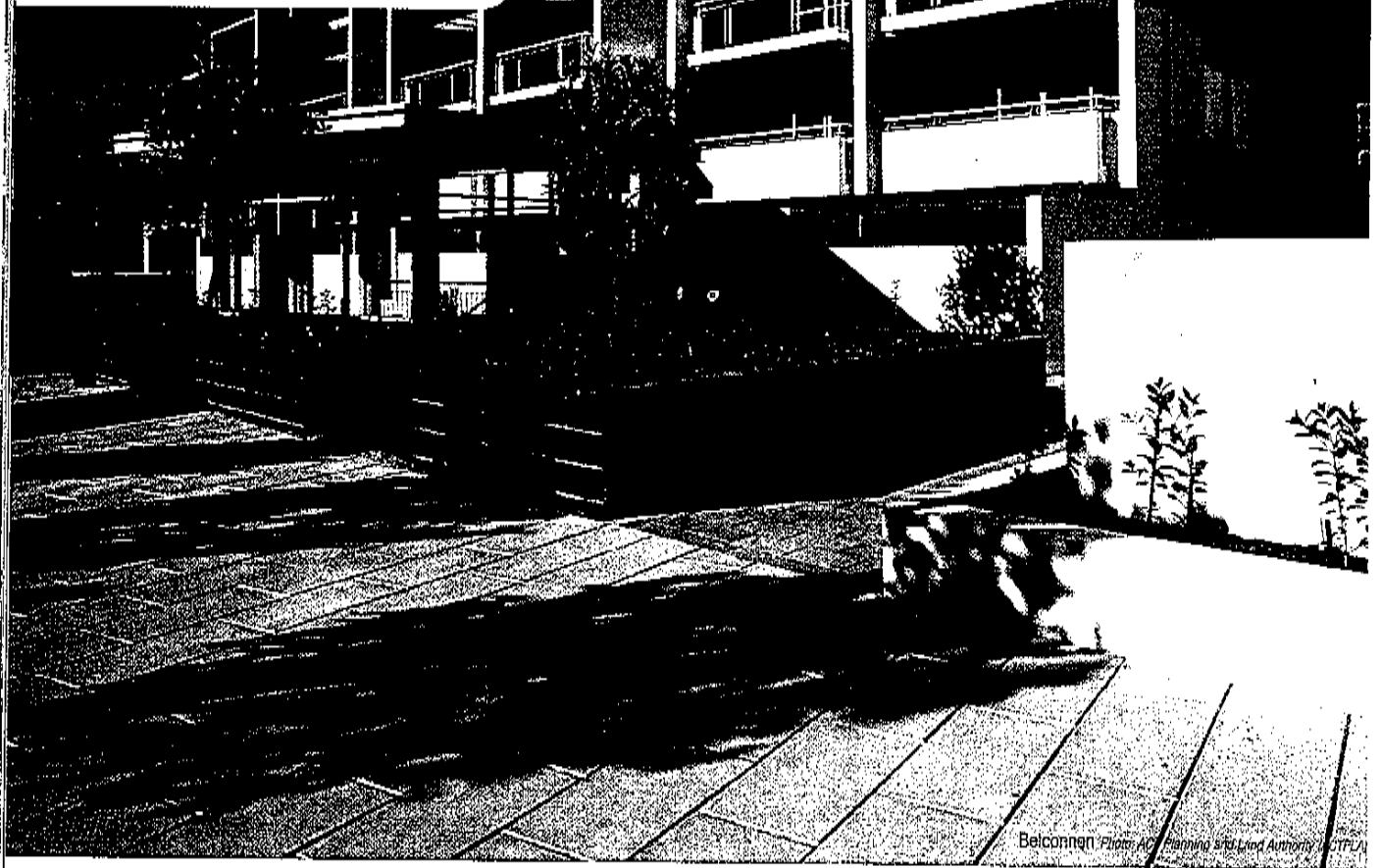


ACT's rising stars

Top picks: Lyneham, Holt, Charnwood

Worth considering: Ngunnawal, Palmerston, Gordon



Belconnen Photo: ACT Planning and Land Authority / ACTPA

## Lyneham

*Cool factors: Proximity to CBD and universities and affordability*

Despite its proximity to the Canberra CBD, Lyneham still offers investors and homebuyers a range of affordable properties. You can still pick up a two-bedroom unit or townhouse in this inner-city suburb for under \$300,000. This can be rented easily for an average of \$305 per week – giving you a handsome 5.40% rental yield. The cheaper prices for apartments have attracted strong buying in the last 12 months, which pushed capital growth by 6.07% during that period.

Being close to the city – just 5km from the CBD – is beneficial for Lyneham. “It’s almost impossible to find accommodation close to the city centre, so rental properties in Lyneham are in hot demand,” says David James, director with Herron Todd White in Canberra.

The suburb has been evolving since residential development started in 1958. There are older heritage-style homes next to modern townhouse developments. Being an older suburb of Canberra, Lyneham residents enjoy its leafy streets and established gardens.

Lyneham is a popular choice for students and young adults because of its proximity to the Australian National University and University of Canberra as well as the working nodes of the CBD, according to James.

“At the moment, there’s not a lot of stock to buy, but not much to rent either. People have a difficult choice,” he says. “There’s nothing wrong, at the current time, with buying. Canberra is a very resilient town where you’ve got a large public sector providing strong

employment. There’s a lot of commercial activity and I can’t see that stopping over the next six to 12 months.”

While the government has recently approved around 500 new units to come into the market, James is not worried about the threat of oversupply. “The new supply coming online will probably translate to relatively stable home prices,” he said. “Lyneham is still a rising market. The only thing that may have an impact would be the interest rates, especially at the entry level, but it doesn’t hit the prestige homes in Canberra. Last year we saw a big influx of first homebuyers and I’m not surprised if we see something similar this year, as they snap up what’s available at the moment,” adds James.

Real life...

## Independent advice



"We used independent property advisors when we sold our home in Adelaide because the property value estimates given to us by real estate agents varied significantly and we needed an opinion from someone who wasn't trying to get our business.

"The advice given to us was to auction the property and a reserve price was given. This advice helped us to make an extra \$35,000 on the sale of our home. Without this advice we would have advertised our house for sale \$35,000 lower than the last auction bid. When we moved interstate we used an independent property advisor to make sure that we didn't pay too much for our new home.

"We feel an independent property advisor is the best money that we have spent in the buying and selling process."  
 Sharon and Troy Thiele

### Getting the best advice

Regardless of the type of property advisor you choose, Phillip Grahame, director at property advisor Herron Todd White, believes that as long as the service is independent, employing an advisor will give you a significant advantage.

"You could sit down and research all of this on Google and come up with your own views, but we've already done all that and we're all experienced and knowledgeable advisors, so it saves you all of that time," says Grahame.

"Property transactions involve a lot of money changing hands so you want to make sure that you're getting all the right advice about taking up the right loan and buying the right property for the right price. Any small mistake could be quite costly."

### Choosing the right advisor

Independence should be the key when it comes to making sure you are getting the right advice. According to Grahame, not all advisors can be considered independent. "For example, real estate agents shouldn't really be considered as property advisors for the purchaser, because they have a sales-based role, attempting to get the highest possible price for the vendor," he says. "Some buyers may think they are getting advice from the agent, but they're not."

Pepper agrees and says that people looking for advice in the property market should be aware of biased advice sources. "Make sure they [property advice services] are independent and

not affiliated with any real estate agent group or developer," he says. "There's a lot of people out there that are affiliated – in particular with developers – and they might be pushing a certain development where they might be getting remunerated quite heavily for it."

Pepper also recommends that you ensure your advisors are professional and have appropriate qualifications. Because these services are not yet

**"Choosing to use a buyers agent for your property transaction can save you time, money and eliminate stress from the buying process"**

Julie-Ann Cronin, director, The Home Straight

regulated, there is no easy way to separate the grain from the chaff. He believes the industry should be regulated but until then it's up to you, the customer, to scrutinise the source of any advice.

Finding an independent advisor is probably the hardest step in the entire property advisor process. Grahame suggests professional bodies such as the Australian Property Institute may be able to help, and says referrals through a solicitor or accountant may also be useful. Other than that, Google may still be your best bet! ■

## Buying and selling success

Gemma and Scott Williams were looking to sell their townhouse and upgrade to a larger freestanding property within the same area over the Christmas period. Knowing full well how daunting and complicated property transactions can be, they decided to enlist the services of property advisor Property Penguin to help them through the process.

"We were very impressed with the clarity and relevance of information given to us in the 'tip sheet'," says Gemma. "The professionals they arranged to help us were

top notch. The valuers were on the mark, the building inspectors, the pest control company were all specialists in their field.

Gemma and Scott found the property they were after and continued following the advice in the tip sheets provided by Property Penguin. "The team at Property Penguin offers a service above and beyond the typical mortgage brokers and property advisors," Gemma adds. "Every customer special. This is one business where one definitely does not fit all."

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## Darwin's booming towns

Top picks: Nightcliff, Millner, Bakewell, Rosebery

Worth considering: Moulden, Alice Springs, Gray, Woolner



### 4 Nightcliff, Coconut Grove, Millner

*Cool factors: Proximity to Darwin, low supply, strong population growth and affordability*

The growth trend in established residential areas of Nightcliff, Millner and Coconut Grove is powering ahead, thanks to the influx of migrants in the area. While the population growth rate is expected to level off in some areas, northern suburbs including Nightcliff are tipped to be the next bright stars in 2007, according to a report by Wizard.

The majority of housing in these areas is older-style accommodation, built before Cyclone Tracey. It is mainly ordinary little bed-sitters and one-bedroom accommodation, the cheaper kind that investors find appealing, according to Terry Roth, director, Herron Todd White in Darwin. "Millner on the other hand has more modern units and is close to the CBD, making it a more stable bet," he says.

Darwin has the youngest population in Australia by far and also the most transient. "People come here to work for two or three years and then move on, so demand for smaller accommodation such as units or townhouses is strong," says Roth.

Demand in the upper end of the market and for good quality housing has also shown healthy gains, according to Roth. "We've got a big public service workforce and their expectations have gone up from the old days of government housing, so this newer type of dwelling is well sought after," he says.

In Roth's view, the Darwin market is still going through a growth phase, as evidenced by the large number of new units being built and immediately being filled. However, the



risk of oversupply is very real in his opinion. "There has been a large number of units being constructed and approved, particularly in the Darwin CBD. To date, the market has absorbed the supply and we're getting people to move into them, but if we have a hiccup in this population growth and people start leaving town, then we're going to have an oversupply, particularly of ordinary quality units, in the city and inner suburbs," says Roth.

**Tasmania's  
infrastructure hotspots**

**Top picks:** Launceston, Invermay, Zeehan, George Town

**Worth considering:** Youngtown, South Launceston, Kings Meadows, Newstead

## Launceston

*Cool factors: Tourism, infrastructure and affordability*

With affordability improving in Launceston, homebuyers and investors are now able to pick up houses for under \$300,000 after the market fell back last year.

Launceston, with its position at the head of the Tamar Valley – one of Australia's premier wine regions – has a distinct appeal. The city hosts some terrific cafes and restaurants and a thriving arts/design community, so the lifestyle factor is a strong driver for growth in this area of about 70,000 residents.

Besides the tourism and lifestyle aspect, the proposed pulp mill on the Tamar River, just outside Launceston, is also boosting interest in Launceston.

"There has been some speculative buying on both sides of the Tamar due to the planned Gunn's pulp mill project worth about \$1.4bn. It hasn't been approved but it's currently attracting polarised views for and against it," says Andrew Peck, director with Herron Todd White Tasmania.

## George Town

*Cool factors: Infrastructure boom, affordability and lifestyle*

Median value: \$243,000  
Gross yield: 6–7%  
Capital growth last 12 months: 20%

Source: Herron Todd White

George Town is a self-contained town located on the East Tamar. As one of Australia's oldest towns, George Town is famous for its pretty, whitewashed cottages and red roofs that are attracting a growing number of visitors arriving in Launceston.

George Town has also caught the eyes of investors and a strong interest from property speculators, because of its proximity to the Tamar River where two massive developments, a billion-dollar pulp mill and a new power station, are currently under consideration.

"George Town is attracting speculative buying from mainland interests; however, this region is experiencing local buyer input as well," says Peck. "Houses in this area are cheap as chips and people are going to be looking for places to live while the projects are being built. There's also a fast cat ferry service from Melbourne making the town more accessible for mainland visitors."

The 'average' house in the area is of a typical housing commission design, having been originally constructed for the Comalco



Top suburbs	Type	Median value	Median rent	Median yield	Capital growth last quarter	Capital growth last year	Capital growth last 10 yrs (average pa)
Invermay	Houses	\$186,500	\$200	5.56%	2.83%	10.41%	13.03%
Launceston	Houses	\$288,500	\$240	4.38%	4.92%	8.94%	12.59%
South Launceston	Houses	\$211,000	\$205	5.03%	3.18%	9.06%	12.11%
Kings Meadows	Houses	\$216,500	\$195	4.76%	3.29%	9.43%	12.02%
Newstead	Houses	\$269,000	\$270	5.26%	2.00%	7.29%	11.78%
Youngtown	Houses	\$241,000	\$235	5.12%	2.48%	9.02%	11.34%

Source: *Residex*

Plant at Bell Bay. Median value is below Launceston at \$243,000, but so is the overall standard of housing.

Growth in the last year has been steady and positive with Herron Todd White's data suggesting upward movement of 20%.

"Confirmation of the pulp mill project will be required to further maintain this momentum; however, the recent announcement of the new timber mill, which will house 100 employees, has generated further confidence in the growth prospects of the area," says Peck.

Current gross yields are around 6-7%, which is steady as both rents and property prices have moved in line with each other.

## Invermay

*Cool factors: Affordability, proximity to city centre of Launceston*

Invermay, a suburb in Launceston, is currently attracting strong buying interest from first homebuyers and investors alike, according to Peck. Historically, Invermay is an older, workman's area, and up until the last decade has been one of those less-desirable areas to live in. However, the recent arrival of first homebuyers and renovators/upgraders has turned this ugly duckling into a swan.

Houses in the suburb fetch a median value of \$186,500, and can be rented at \$200, giving investors a healthy 5.56% rental yield. Capital growth has also improved, with prices rising by 10.41% in the last 12 months.

## Zeehan

*Cool factors: Mining boom, low supply/high demand and affordability*

Median value: \$110,000  
Median yield: 6-7%

Source: *Herron Todd White*

Zeehan, a small town on Tasmania's west coast, is experiencing a major revival. Founded in 1882, Tasmania's "Silver City" had at one stage 26 hotels and a population of around 10,000, making it Tasmania's third-largest town. Nowadays, there are only about 1,200 people living in this mining hotspot. However, this is about to change with Allegiance Mining spending around \$100 million on its mining operations. The mining projects are expected to generate hundreds of jobs that will require housing. This anticipated demand is causing a buying frenzy among mainland investors, according to Peck. "Investors are falling over themselves as they scramble to get a piece of the action."

According to Herron Todd White, there were a total of 39 residential sales during the calendar year of 2005. Maximum house price was \$100,000, and the cheapest was

\$11,000 so you get a median value of under \$50,000. The speculation due to the mine resulted in 17 sales in December 2006 alone, of which 15 were sight unseen and most were to mainland investors.

"There are virtually no properties available under \$100,000 at present and as a result, gross yields have moved from 11-12% to around 6-7%," says Peck. "Until recently, you could still buy a house for \$80,000. It was a bit of a ghost town until new mines started opening up and workers start to flood in."

The Allegiance Mine Development is in progress and production is expected by the end of the year, which has driven this speculative play, according to Peck. "It's a short-term play, but properties there are going nuts at the moment."

Some homes have been anecdotally reported as having been valued at \$12,000 two years ago and now selling for around \$60,000. A house worth \$75,000 is able to be rented for \$120 a week.