WHAT'S HOT ⬆ WHAT'S NOT ⬇

SUBURB REPORT - JUNE 2017

A Case Study Comparing a Potential 'Goldmine' Suburb versus a 'Money Graveyard'

Author Featured In

your investment
property

2UE 954 NEWS TALK

Wealth NEW CREATOR

PROPERTY observer

SmartProperty Investment

THE AGE

sky NEWS   **ten**

Australian **PropertyInvestor**

HELEN COLLIER–KOGTEVS

© 2017 Real Wealth Australia

Disclaimer

Helen is not an accountant, real estate agent, financial advisor or solicitor. Helen is an investor who is sharing information from research and her own personal experiences only.

The information is not intended to be a vehicle for the provision of investment and related advice to you. Helen is not giving you legal, accounting, investment, real estate, valuation or financial advice. The information contained in this booklet will not be effective unless you obtain appropriate independent professional advice and do the necessary research and due diligence in respect to your own personal financial position and lifestyle.

You must be cautious about making investments where your decisions are not based on sound research and independent professional advice as it is not only risky but can be disastrous.

Helen and her associated companies, including Real Wealth Australia Ltd are no way liable for any loss, damage or misunderstanding caused by mis-management of any information. Ultimately you will need to make the final decision yourself based on your situation, lifestyle and independent professional advice.

What's Hot and What's Not: Property Research Report – June 2017

Last month, we released our 'What's Hot, and What's Not' suburb research report as an exercise in education.

I'm a huge believer in educating yourself as the best defense against a bad decision and so I wanted to give you an indication of how much information is out there, freely available online, to help you on your investing journey.

I pledged to send you a new report each month, highlighting different suburbs, based on the research my team and I have done. We'll be leveraging sources including the Australian Bureau of Statistics, CoreLogic, Residex, various Real Estate Institutes and more to bring you the latest facts and figures.

As pledged, here is our next report in the series. I hope you find it valuable!

HCK

In this report, I explore two suburbs that are very closely linked: North Geelong and South Geelong.

In these neighbouring suburbs, the growth predictions for houses are strong. However, when it comes to units, there are very different growth prospects from an investment point of view.

Let's begin with what's hot…

What's HOT: NORTH GEELONG and SOUTH GEELONG *houses*

Below is some key statistical data found.

Suburb statistics: North Geelong

Population:	2395
Location:	5km from Geelong CBD
Average wage/salary income	$884 per week
Unemployment rate:	5.6% (Geelong city, August 2016)

Suburb statistics: South Geelong

Population:	912
Location:	3.1km from Geelong CBD
Average wage/salary income	$1253 per week
Unemployment rate:	5.6% (Geelong city, August 2016)

Financial statistics: North Geelong

Median house price	$370,000
Median rental return (houses)	$310 p/week
Average return (last 10 years)	8.8%
Average growth rate (last 10 years)	3.6%

Financial statistics: South Geelong

Median house price	$442,500
Median rental return (houses)	$420 p/week
Median unit price	$326,098
Median rental return (units)	$300 p/week
Average return (last 10 years)	11.4%
Average growth rate (last 10 years)	6.9%

Best and worst streets: North Geelong

Number of Streets in the Suburb: 122

Top 5 Streets in the Suburb by Median Value:

Street Name	Median Dollar Value
Separation St	$537,684
Donga Rd	$532,772
Backwell St	$498,670
Holmes St	$486,479
The Fairway	$473,580

Street with Highest Value Property:
Corio Quay Rd

Lowest 5 Streets in the Suburb by Median Value:

Street Name	Median Dollar Value
Osborne Ave	$221,982
Walsh Gr	$243,732
Ballarat Rd	$245,651
Melbourne Rd	$249,331
Rutledge Bvd	$258,132

Street with Lowest Value Property:
Kerr St

Best and worst streets: South Geelong

Number of Streets in the Suburb: 76

Top 5 Streets in the Suburb by Median Value:

Street Name	Median Dollar Value
Wood St	$752,889
Barwon Tce	$702,186
Moorabool St	$671,535
Latrobe Bvd	$661,941
Park Cres	$648,021

Street with Highest Value Property:
Moorabool St

Lowest 5 Streets in the Suburb by Median Value:

Street Name	Median Dollar Value
Findon St	$303,290
Balliang St	$305,408
Swanston St	$321,737
Park Cres	$332,227
Bellerine St	$337,261

Street with Lowest Value Property:
Fyans St

About these suburbs:

North Geelong is situated in the Victorian city of Geelong, approximately 5 kilometres from the city's city centre.

The median age of suburb residents is 41, and the average household size in 2.1. Almost half of the suburb is not married, while around 40% are registered as married, and around 10% are recorded as being in defacto relationships.

There are three local primary schools located in the area, in addition to one high school, making it a popular suburb with young families. The area attracts more professionals than any other occupation, and more Australians than any other ethnicity.

There are around half a dozen parks and playgrounds within 5 kilometres of the suburb, as well as eight child care centres within the same distance, further demonstrating the suburb's appeal with families.

Considering the demographics of North Geelong, which appear to be **comprised of mainly established families with children and professionals, houses would be the much wiser investment**.

Predicted capital growth for houses in the suburb is 2% over the next 5 years and 4% over the next 8 years, which trumps the expected growth for units, which is currently -3% and 0% respectively.

Meanwhile the **suburb of South Geelong**, sometimes referred to as Geelong South, is also located in the city of Geelong, around 3 kilometres away from the CBD.

This suburb is slightly closer to the CBD, and therefore closer to the region's employment hub, though it's also a smaller suburb from a demographic point of view: it is home to around 900 people, whereas North Geelong is home to more than 2000 people.

The median age of residents in South Geelong is 36, and the size of the average household is 2.2 persons. Nearly 40% of local residents are registered as being married, while around 12% identify as being in defacto relationships.

There appears to be more professionals living in the suburb than any other occupation, and significantly more Australians than any other ethnicity – similar to its neighbour, North Geelong. There are around 20 childcare centres within 5 kilometres.

Future growth prediction for <u>North Geelong</u> – houses:

Predicted Capital Growth	Period	Suburb Growth	Melbourne Metro Growth
	Next 5 years*	2% p.a.	0% p.a.
	Next 8 years*	4% p.a.	3% p.a.

* In some years this rate of growth will be exceeded, while in other years it will fail to materialise. On average the Capital Growth is predicted to be as quoted above. Based on the expected rate of growth over the next 8 years the median value of Houses in suburb North Geelong will be in the order of $499,000.

Future growth prediction for <u>South Geelong</u> – houses:

Predicted Capital Growth	Period	Suburb Growth	Melbourne Metro Growth
	Next 5 years*	5% p.a.	0% p.a.
	Next 8 years*	6% p.a.	3% p.a.

* In some years this rate of growth will be exceeded, while in other years it will fail to materialise. On average the Capital Growth is predicted to be as quoted above. Based on the expected rate of growth over the next 8 years the median value of Houses in suburb South Geelong will be in the order of $920,000.

What does all this mean?

Houses, rather than units and apartments, are the far better investment choice in this particular market.

My tip: Get to know the suburb at a granular level to find out which schools and childcare centres are the most in demand. Finding a house in close proximity to these will ensure your property appeals to family tenants.

What's NOT: North Geelong and South Geelong units

Here, we're going to look at what's not as hot.

In this case, the outlook is clear: units are the far riskier investment.

The point of this is to demonstrate that by reviewing statistical data, you can create a clear picture about a suburb's investment credentials. When considering a suburb to invest in, it is essential that you do this basic level of research, as it could save you from buying a property that moves you away from your wealth creation goals, rather than towards them.

Financial stats – North Geelong

Median unit price	$326,098
Median rental return (units)	$300 p/week

Financial stats – South Geelong

Median unit price	$355,000
Median rental return (units)	$253 per week

In South Geelong, in the last year, 21 houses have sold in the suburb and during the same period, only 7 units were sold. The average house takes 39 days to sell, while the average unit takes a whopping 603 days to offload.

Considering this, in addition to the fact that the predicted capital growth for units is stagnant or negative growth in the next five to seven years, it is clear that houses are the smarter investment.

Future growth prediction for North Geelong – units:

Predicted Unit Statistics for North Geelong 3215

Predicted Capital Growth	Period	Suburb Growth	Melbourne Metro Growth
	Next 5 years*	-3% p.a.	2% p.a.
	Next 8 years*	0% p.a.	3% p.a.

* In some years this rate of growth will be exceeded, while in other years it will fail to materialise. On average the Capital Growth is predicted to be as quoted above. Based on the expected rate of growth over the next 8 years the median value of Units in suburb North Geelong will be in the order of $295,500.

Future growth prediction for South Geelong – units:

Predicted Unit Statistics for South Geelong 3220

Predicted Capital Growth	Period	Suburb Growth	Melbourne Metro Growth
	Next 5 years*	-1% p.a.	2% p.a.
	Next 8 years*	0% p.a.	3% p.a.

* In some years this rate of growth will be exceeded, while in other years it will fail to materialise. On average the Capital Growth is predicted to be as quoted above. Based on the expected rate of growth over the next 8 years the median value of Units in suburb South Geelong will be in the order of $372,000.

What does all this mean?

Units and apartments do not represent a smart investment decision in this market.

You may be thinking that South Geelong units present a positive cashflow situation and your thinking would be correct. And if you managed to purchase a unit in South Geelong at a ridiculous price that you manufactured your capital growth, then this may present an excellent opportunity for the investor looking for growth and cashflow.

However, in the long term, units (if purchased at market value) do not present the better opportunity for growth.

Now if your research shows up that certain streets within these areas present better growth, then it is worth considering… just make sure you do your extreme due diligence.

My tip: Avoid investing in units and instead, focus your search on family-friendly houses that better suit the demographic of these suburbs.

Conclusion

There is obviously a lot more research required to drill down further to ascertain whether either suburb is right for your strategy. But what concerns me is that many investors spend a few hours on realestate.com.au and call it research.

Having purchased property all around Australia over the years, I teach my students to nail their strategy first before they look at properties to buy. Purchasing the property is usually the last thing you do so if you line up all your ducks first, you can pounce on a deal quickly and not waste time.

My tip: As I want you to achieve real wealth, I have included my research checklist (22 Research Questions - Suburb) to assist you with purchasing your next quality property investment.

Note: These are some of the resources we have used when compiling this report and they were collated as of June 2017:

- Australian Bureau of Statistics – for demographic data.
- Corelogic – for previous performance data.
- Residex – for future growth predictions.
- Realestate.com.au – for sales and rental data.
- Domain.com.au – for sales and rental data.
- Real estate industry bodies – for sales and rental data and trends.
- Google maps

Checklist: Researching a specific suburb

1. What is the median price for the suburb?	Notes:

2. What has been the capital growth for the suburb over the last 12 months, 5 years and 10 years?	Notes:

3. What types of properties are popular with tenants?	Notes:

4. Is the rental market strong in the suburb?	☐ Yes ☐ No Notes:

5. What has been the vacancy rate for property types in the suburb?	Notes:

6. What is the anticipated rental demand for the suburb in the next 6 months, 1 year and 2 years? What is driving this rental demand?	Notes:

7. Are there any major infrastructure changes occurring in the suburb i.e. freeways, shopping centres etc.?

☐ Yes ☐ No

Notes:

8. What other developments are happening in the suburb? Is the Local Council pro-development in the suburb?

Notes:

9. What type of properties sell better in the suburb – houses, townhouses, units or apartments?

Notes:

10. What are the sought after streets/pockets in this suburb?

Notes:

11. Are there any streets/pockets that are less desirable to tenants/owner occupiers? Why?

☐ Yes ☐ No

Notes:

12. What is the demographic of people who rent in this suburb?

Notes:

13. Is public transport available? What types?

☐ Yes   ☐ No

Notes:

---

14. How quickly can a property be rented out?

Notes:

---

15. What is the relative proximity to schools, childcare centres, sporting facilities?

Notes:

---

16. Are executive rentals in demand? What types of property are executives after?

☐ Yes   ☐ No

Notes:

---

17. Are furnished rentals in demand? If so, for what type of property?

☐ Yes   ☐ No

Notes:

---

18. What is the travel time from this suburb to the city? What are the busy roads and critical points of access? Where is the traffic congestion?

Notes:

19. What are the usual lease periods for property – 6 months, 1 year etc.?

☐ Yes ☐ No

Notes:

20. Is the suburb under a flight path?

☐ Yes ☐ No

Notes:

21. What is the current average number of days on the market before a property is sold?

Notes:

22. Is the Council planning any rezoning in the area?

☐ Yes ☐ No

Notes:

Additional comments

FIND THE PERFECT SUBURB FOR YOUR STRATEGY

10 PROPERTIES IN 10 YEARS MENTORING PROGRAM

FIND OUT MORE

www.realwealthaustralia.com