

THE STATES ■ Victoria



The lower quartile price for Albion will secure you a property much like this one

ON THE HUNT FOR GREAT VALUE

What can you buy for the lowest quartile price at the affordable end of Victoria's market? ANGELA YOUNG

Thanks to Australian Property Monitors' skilled work with the numbers, we can now reveal the statistically typical Victorian suburbs that seem to be offering great value for money.

In order to be included in the data, suburbs have to have the same median house price or lower than the capital (\$535,000) with at least 30 sales recorded and located no more than 25 kilometres from the CBD.

The numbers have thrown up some interesting examples (see the full list in the table, top right). While some of these could well provide some sure-fire winners, it's worth remembering that you need to look below the first layer of data when considering a location's value.

Indeed, reactions from the experts we spoke to were mixed. Secret Agent buyers' agent Paul Osborne felt significantly wary of all 10 suburbs.

"I'd say that a blanket statement could be that with pressure on employment,

all of these listed would provide risk to future cash flow," he said.

"These areas all suffer from the same things as well as public transport being an issue."

Asked which would likely prove the best investment spot, he chose Braybrook as "probably having the best potential moving forward".

POSSIBILITIES

Buyers' agent Cate Bakos, on the other hand, had more positive things to say about some of the areas highlighted, though she, too, wasn't all that excited about the majority. There is, nevertheless, a standout for her.

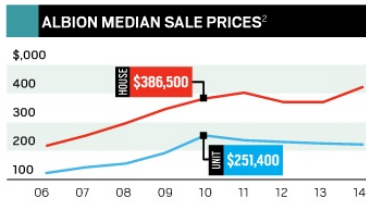
"Albion is my absolute favourite," she says.

Citing the positives of period homes and the nearby rail station, as well as the huge potential in the "superb old Victorian, Edwardian and post-war homes primed for renovation", she describes it as "an emerging local hub in Sunshine", adding, "I've been supporting investment in the area".

"Albion has a fantastic history, which explains the reason for all the 1920s architecture prominent in the area," Bakos says. "HV McKay of Sunshine Harvester Works was a successful businessman who developed an estate for his workers – and many of those houses remain today.

"Being just eight stations from the CBD, it's easily accessible on highway and city routes, offering period houses in great streets and situated just 13 kilometres west of the CBD.

ALL ABOUT ALBION		
	House	Unit
Median price Jul 15	\$430,000	\$195,000
12-month growth	11.7%	-14.7%
Median rent Jul 15	\$320	\$230
Rent growth Jul 15 (YoY)	6.7%	4.5%
Gross rental yield Jul 15	3.9%	5.8%
Properties sold Jul 15	80	34
Properties sold Jul 14	64	50
Average vendor discount Aug 15	-0.4%	2.4%
Average vendor discount Aug 14	-0%	-1.5%



MELBOURNE CITY MEDIAN: \$535,000 | MIN SALES: 30 | RADIUS: 25km | 12 MONTHS TO JUNE 2015

Suburb	Distance to CBD (KM)	Number of sales	Lower quartile (25%)	Median (50%)	Upper quartile (75 %)
Brooklyn	12	37	\$463,000	\$510,000	\$568,000
Braybrook	11	45	\$435,000	\$489,000	\$545,000
Taylors Lakes	22	64	\$410,000	\$460,000	\$521,500
Cairnlea	18	37	\$435,000	\$455,000	\$515,000
Albion	15	36	\$400,000	\$432,000	\$470,000
Keilor Downs	19	52	\$400,000	\$421,000	\$460,000
Burnside Heights	22	42	\$377,000	\$413,750	\$436,000
Derrimut	17	45	\$370,000	\$412,000	\$450,000
Seabrook	20	61	\$370,000	\$400,000	\$430,000
Ardeer	16	43	\$358,000	\$381,000	\$400,000
Delahey	21	63	\$342,000	\$370,000	\$391,000
Sydenham	23	74	\$330,000	\$370,000	\$410,000
Truganina	22	118	\$330,000	\$359,500	\$380,000
Albanvale	20	64	\$310,000	\$329,500	\$347,500

Source: APIM

“It seems to have it all and just needs time now to gentrify,” she says. “I feel it’s one of the west’s best kept secrets. The median price *just* buys an entry-level house, but more likely buys a unit or renovator’s delight, or a nice dated-but-sound house on subdivided land.”

Advantage Property Consulting’s Frank Valentic agrees that Albion holds great opportunity for investors.

“It’s abundant in period homes and Californian bungalows, which hold their value,” he says. “This multicultural suburb also has two creeks, two parks and a railway line, which attracts residents.

“More importantly, Albion’s set to experience a ripple effect from neighbouring suburbs Sunshine and Footscray, which have exhibited tremendous annual growth for consecutive years.”

ALTERNATIVES

When it comes to some of the other suburbs that made the list, Bakos feels only a few would be worth considering.

Like Osborne, she mentions Braybrook as a contender.

“It’s a very industrial area (like Brooklyn),” she says, “and not really near a train station, but being just nine kilometres from the CBD, it’s really hard to argue that Braybrook shouldn’t get a vote.

“After all, there are a few eastern and southeastern suburbs this distance from the CBD, such as Elwood and Kew East/Balwyn, that are highly sought-after.

“I’m not suggesting that Braybrook rivals these private school, high income-earner areas, but amenity and proximity is comparable and I’d dare anyone to argue that point.”

Valentic isn’t arguing. “Braybrook should also be high on the list for investors,” he concurs, explaining that it grew by 10.7 per cent in the last quarter alone.

“Again, property prices are expected to grow in the coming years as Braybrook welcomes buyers spilling over from popular Yarraville.

“The multicultural suburb has large tracts of residential, commercial and industrial areas, and therefore has a high proportion of the labour force in the manufacturing industry.

“The suburb also features the Footscray College of TAFE and Chisholm College, so many students are looking for nearby properties to rent,” Valentic adds.

For the lower quartile price of \$435,000 you can get a three-bedroom house in Braybrook and, as Bakos points out, “in the eastern nine-kilometre radius suburbs, the same house would be roughly \$1.5 million, give or take”.

For Valentic, Seabrook is also a consideration.

“Seabrook’s seeing heightened demand on the back of Altona’s popularity,” he says.

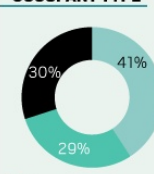
“Located 20 kilometres southwest of the CBD in Melbourne’s southwest growth corridor, it’s a new suburb that features a young population

ALBION FACT SHEET

Albion has a mixed supply to demand situation. There are adequate rental properties available to tenants, however there’s an oversupply of for-sale listings. Discounting has been muted. Incomes in Albion are growing slightly faster than the Victoria average. The proportion of renters to owner-occupiers is below average for Victoria. Stock for sale levels are down by 2.3 per cent year on year.

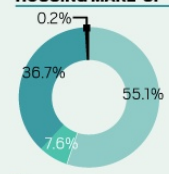
Source: SQM Research, www.sqmresearch.com.au (accurate to September, 2015).

OCCUPANT TYPE³



■ Owner-occupiers
■ Mortgage holders
■ Renters

HOUSING MAKE-UP⁴



■ Separate house (937)
■ Semi-detached row or terrace house, townhouse etc (130)
■ Flat, unit or apartment (624)
■ Other dwelling (3)

VACANCY RATES³

3.3%
ALBION

2.2%
MELBOURNE

10-YEAR AVERAGE ANNUAL GROWTH³

6.5%
HOUSES

2.0%
UNITS

KEY DRIVERS

- ▶ Affordability
- ▶ Period homes
- ▶ Good transport links

POPULATION⁴

4,337

WALK SCORE⁵: 53

Albion has a Walk Score of 53 and is the 201st most walkable neighbourhood in Melbourne. Some errands can be accomplished on foot in Albion and there are about 36 restaurants, bars and coffee shops, though most residents are generally unable to walk to any of them within five minutes.



Source: APIM and SQM Research. ³Source: realista.com.au. ⁴Source: ABS 2011 Census. ⁵Source: www.walkscore.com.au. H = houses, U = units, 10Y = year on year. SQR = statistically not reliable.

INVESTOR SNAPSHOT

Adding value

Forty-something Sandra has been investing in property since 2004, when she began renting out her first home in order to make her first investment purchase. What she learned from her first go was this: "I liked not having to pay any money from my pocket and still have an investment.

"I had an investment and I still had my lifestyle and felt no financial burden from it," she says. "That prompted me to learn more, so I spent quite a lot of time educating myself in investing (property/shares) and was able to decide what type of investor I'd like to be – a cash flow positive one."

In 2009, Sandra moved out of her home and started renting due to health reasons.

"I decided to move with work and reduce travel time as my work hours were already long, and then adding travel time to Coburg where I lived was too much for me," she explains.

"In 2010 I sold (very successfully, at the top of the wave) my property and felt I could now do some investing."

Things then got moving for this investor. Between the years of 2010 and 2013, Sandra bought and built in regional Victoria – Bendigo and Ballarat to be precise – adding another five properties to her portfolio, one of which she sold in January in order to free up some capital.

"All of them pay for themselves and I still get money back at tax time," she says. "In 2014 I set up an SMSF and bought a lovely heritage (renovated) property in Ballarat that's also paying for itself."

In the last few years, Sandra admits she's been thinking about creating capital, as her properties, being of strong yield, don't have

strong capital gain: "Just waiting for capital gain to be generated over time seemed too slow, and that led me to the current position," she says.

That position involved a hunt for a property with a large block of land that would be suitable for two things – Sandra to live in (and therefore of a decent size and close to a train station) and with the ability to subdivide and build at the rear of the property.

Which is where her recent Albion purchase comes in.

“All of them pay for themselves and I still get money back at tax time.”

"It's my first property in Albion," she says, explaining that it's a double fronted Victorian home.

"It's not a typical house that I would buy," she says. "I'm more into modern and simple lines, and my friends commented that this isn't a property they could see me live in.

"My answer was always: 'I have an "investor" hat on, and I have to buy a property that will achieve my goal (to generate growth and value once I subdivide).'

Names: Sandra Mitich

Invests: Albion, Bendigo, and Ballarat

Lives: Hawthorn East

Properties: 5

Strategy: Cash flow positive.



"Or maybe I just said 'I want it to make me money!'"

Paying \$680,000 for the house at auction, it was the garden that came with the property that really drew Sandra in.

"Land size was one of the main features," she says. "I did like the house itself (regardless of what my friends say)... especially the two fireplaces. I can't wait to restore them.

"I can also clearly see how I can extend it at the back and make it absolutely fabulous (and more valuable)," she says.

Any regrets? Definitely not.

"I was looking in a few areas with the same potential – land blocks a good size, close to the city – and Albion/Sunshine was at the top of my list. It's close to the train line (a non-negotiable requirement as I still need to be able to get to the CBD, where I work), the facilities/restaurants, etc. – I like areas with diversity and liveliness.

"Albion has gorgeous houses that one just looks at and sees potential. I don't know how many of those will survive the current apartment development drive, but I thought I'd try and save one."

Conservation of heritage aside, Sandra believes Albion has the potential to be the new Seddon, and that makes it worth investing in: "Albion's a growth area and I can see that in the next two years (estimated time to get all permits and build at the back), it'll be booming."



The large garden area drew Sandra to the investment



The character property in Albion

predominantly comprised of families, probably because it has a median house price of \$370,000 so it's affordable for young parents.

"It's currently undergoing significant population growth, on the tail of the rapid residential development, too, so it's lucrative for investors," he says, adding that its bustling shopping strip and "wonderful" primary school means it's also appealing for renters.

Bakos, however, feels Seabrook is a little too distant from the CBD.

"It only has nearby Laverton station to support public transport," she says. "I'd sooner see an investor buy into nearby Altona Meadows if they had \$370,000 to spend. Travel on the Westgate Freeway is nightmarish at best during peak hour.

"Attraction for tenants would only be based on affordability – and this isn't an ideal basis for a target tenant, in my view," she adds.

Equally unappealing for Bakos are the suburbs of Derrimut – "surrounded

by industrial land and having no rail support, it ticks zero boxes for me as an investment adviser" – and Taylors Lakes.

"At a whopping 23 kilometres west of the CBD, there are plenty of family homes in Taylors Lakes, and my concern is 'house and land package' availability, and lack of scarcity," she says.

"The same can be said for the surrounding suburbs, namely Delahey, Keilor Downs and Sydenham.

"The nearby Sydenham station is light relief but it's still a no-go for me.

"Commuting by car is nightmarish at

the best of times – road infrastructure hasn't caught up with outer-urban growth yet and the Western Freeway features on the traffic reports every day," she says.

Ardeer and Cairnlea are on the "consider it" list for Bakos, with their lower quartile prices of \$368,000 and \$435,000 respectively, with the benefit for the former being its upgraded "hub" train station and situation just six stops from the city loop. For \$358,000 you could also obtain a three-bedroom house there, and an attractive period property at that. **API**

“Braybrook should also be high on the list for investors.”

FRANK VALENTIC

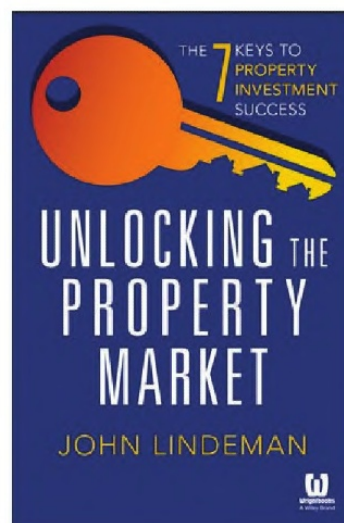
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