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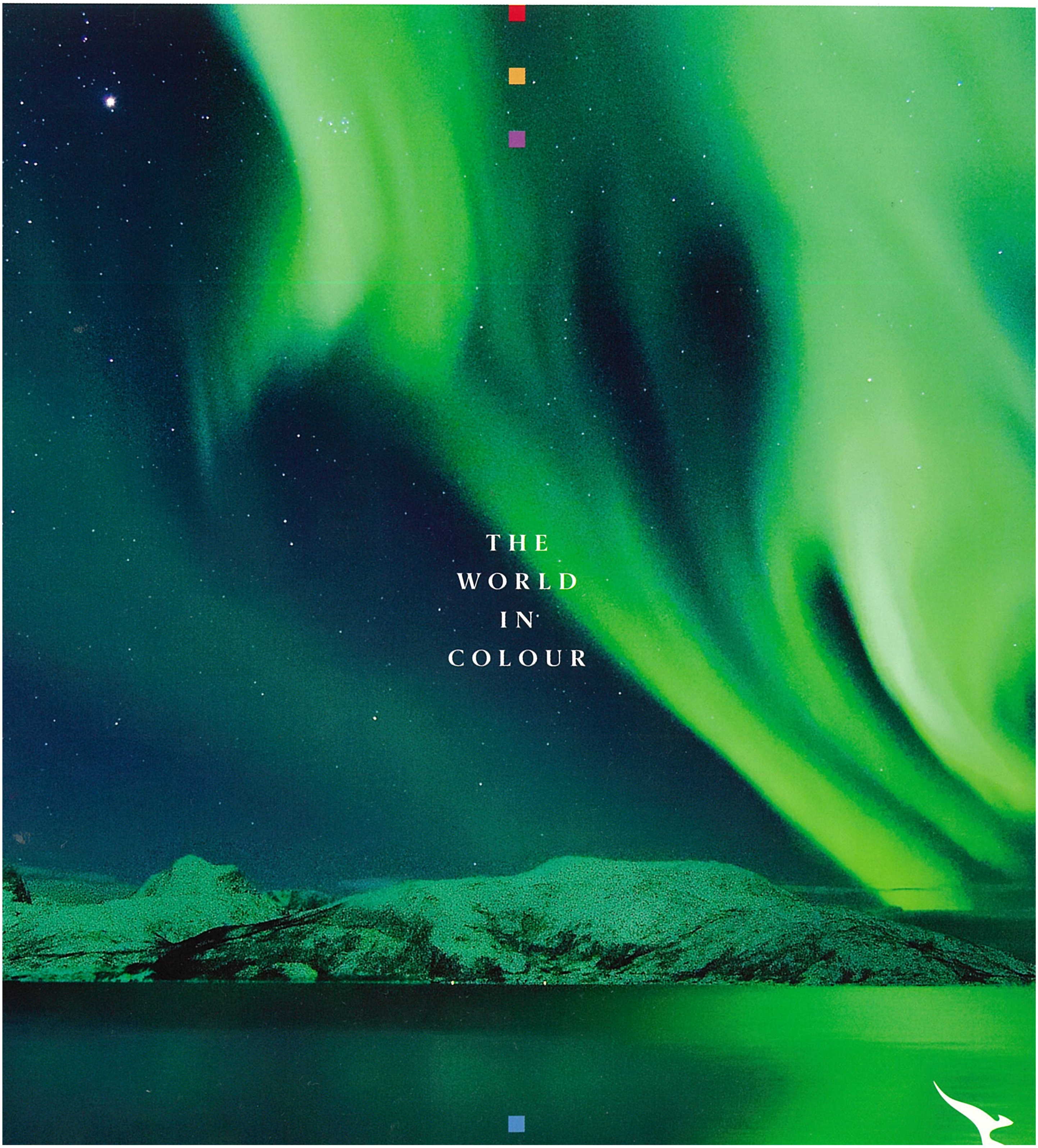
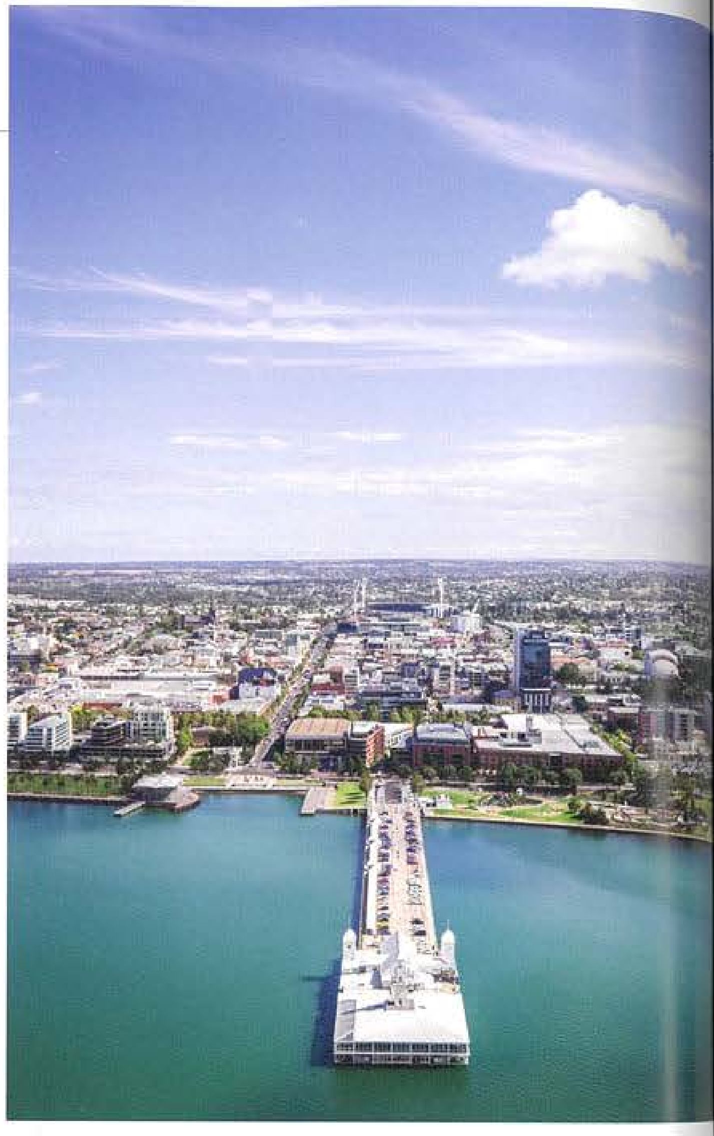


FOUR PROPERTY EXPERTS IDENTIFY THE MOST PROMISING POSTCODES FOR ASPIRING INVESTORS.
BY **ALISON BOLEYN**

HOT SPOTS



SYDNEY'S BOOM might have ended and Melbourne's is trailing off, while Adelaide trends up, Darwin declines and Perth appears to be starting to recover. But there are more than 15,000 suburbs in Australia and property pundits know to read the numbers. Asked to pinpoint the best locations around the country to invest in property – the areas where prices are likely to soar or bargains remain to be found – most experts say there are still many opportunities. "There's so much variety in the economics of each individual market," says property investor and self-confessed "data nerd" Jeremy Sheppard. "I found 120 property markets where there's growth." Here, he and three other real estate authorities consider the hottest options.

The real estate analyst

Jeremy Sheppard
Research director, Empower Wealth

Jeremy Sheppard applies big data to predicting real estate prices. The former computer programmer has developed an algorithm called LocationScore, which identifies markets where demand exceeds supply by using key indicators such as auction clearance rates, days on market, rental vacancies and discounting (the difference between the asking and the sales price).

For the purposes of this exercise, Sheppard has limited his picks to suburbs inside the top 20 of what the Australian Bureau of Statistics defines as Significant Urban Areas (SUAs); he has also restricted his choices to regions with populations of at least 100,000 people. "You don't want to be buying in an isolated town that in five years' time could be a ghost town," he says. While he points out that the fourth-largest SUA in Australia – Perth – has had some negative growth over the past five years, in general, he says, "economic diversity limits risk". He rules out any area where there's high volatility in the data or that is thinly traded. "It might be a great opportunity but the risk is we don't know."

Sheppard particularly likes Canberra, where prices have mostly risen steadily since late 2016 but "it hasn't been an all-out boom so there's still plenty of space to move upwards before it hits the roof". Houses in Charnwood, Kambah and Wanniassa are staying only five to seven weeks on the market with "really tight" discounting of about one per cent (his benchmark is five per cent). Vacancy rates are "staggeringly low" – 10 times tighter than a market considered in balance – and the stock on market (the percentage of a locale's properties currently listed for sale), which in a healthy market is one per cent, is down to a tiny 0.3 to 0.5 per cent. Besides, in Canberra, "the primary industry – government – never goes bust. You might have a change in the actual people but the roles are still there." What Sheppard doesn't like is land tax in the ACT, where there's no threshold before you start paying it. So he recommends the high-scoring Karabar, which is less than half an hour away from the nation's capital but just over the border in NSW.

In Hobart, which topped home value growth for capitals in 2017, he likes units in Moonah and houses in Austins Ferry and Old Beach. Location scores from his algorithm are 82 or 83 (he considers anything over 77 excellent) because online search interest is double or quadruple the national average. Plus, vacancy rates are at 0.35 per cent or lower. Moonah's units sell in just three weeks, compared to a national average of 80 days. "Investors might worry that they've missed the boat in Hobart but when an entire city has growth, it starts at the more affluent areas then ripples out."

Affordability and lifestyle are driving growth in Geelong, a 75-kilometre commute from Melbourne, where prices have been rising over the past three years. Sheppard points to the $400,000 hou[...] Bell Park, Grovedale and St Albans Park, [...] discounting is tight, the vacancy rate is less tha[...] per cent and stock on market performs four [...] better than the national average. "You won[...] a negotiable vendor here," he says. "In fact, ve[...] should probably be hanging on. There's plenty [...] growth to come."

Even in Melbourne, where many investors b[...] the market has had its day, "some suburbs hav[...] growing fiercely for the past four years and [...] have just started". Sheppard likes units in Sunb[...] well as houses in Diamond Creek in the nort[...] and Baxter in the Mornington Peninsula shire. H[...] auction clearance rates are high and time on m[...] is only three to six weeks. In Diamond Cree[...] percentage of renters (versus owner-occupiers) [...] good at 10.3 per cent and vacancy rates are les[...] one per cent, so you won't be competing for te[...]

Sheppard believes Adelaide is in its next g[...] phase, at least in part due to the South Aus[...] government's endeavours to stimulate busine[...] location scores of housing markets in Banksia [...] Para Vista and Birkenhead are lower (at 78 [...] than his other investment tips but stock on m[...] is low, yields are high and the online search int[...] double the nation's average.

Sheppard's top picks

- Austins Ferry, Hobart
- Moonah (units), Hobart
- Charnwood, Canberra

The port city of Geelong, Victoria (left); Perth's CBD (below)

Beau Van Der Graaf

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