STORY

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Take heart, property investors! While prices may have soared out of reach in some locations, there are still exciting prospects in others – even in the same city. Using a tried-and-tested strategy, our three experts tip the winners for the years ahead.

100 SUBURBS SET TO BOOM

If you listen to or read any mainstream media, you would think that property values all around the country are falling. But that's not the full story.

The market is broad and diverse, and as such is made up of hundreds, if not thousands, of sub-markets, each subject to a unique set of price influences. Yet given the strong media attention on Sydney and Melbourne, it's easy to forget this. In fact, right now across Australia there are markets that are booming while, yes, there are others in decline. The true challenge or skill is knowing which one to buy in right now.

You'd have to have been living under a rock to not know about the recent boom in Sydney. From 2012 to 2017, most Sydney properties piled on about an extra 70% in value. That's roughly $500,000. It's fair to say that during that boom many Sydneysiders earned more from equity growth than they earned from working 9 to 5. But over roughly the same time Perth and Darwin were in price decline.

HOBART TAKES OVER

Sydney's growth stopped at the end of 2017, although to highlight our point about sub-markets within markets, it didn't happen everywhere. In fact, the median house price in the Waverley local government area to the east of Sydney's CBD has grown by more than 10% in the first half of 2018. This area stretches from Dover Heights in the north to Queens Park and Bronte in the south.

While Sydney prices may have peaked generally and Perth prices look to have bottomed, the prices in the west haven't changed significantly so far in 2018.

Hobart, on the other hand, has recently rushed to the top of the growth charts. It was almost the perfect baton change, with Hobart starting just as Sydney was stopping. After a long period of stagnant values, Hobart had high double-digit growth in 2017 and this has continued well into 2018. And there is still a chronic under-supply of property that looks some way from being resolved.

EXTRAORDINARY OPPORTUNITIES

All this time Adelaide and Brisbane have been relatively flat. Yet the current data suggests both these cities have a few good ducks lined up for some growth in the next couple of years.

Canberra has been a consistent and solid gainer – no rapid growth as with Sydney, Melbourne and Hobart but not mediocre like Adelaide and Brisbane.

By the very nature of different markets operating to different cycles, you get a greater appreciation of each capital city market beating to its own economic conditions, largely independent of the broader national market. And this isn't restricted to just state capitals; there are about 100 significant urban areas around Australia that have unique economies. (See table, next page)

Not only is there a wide degree of economic independence among significant urban areas but within each area – as with Waverley in Sydney – there are individual suburbs and clusters of suburbs with unique supply and demand characteristics. Furthermore – and this is what makes picking a winning location that little bit harder – it's also possible that at any point in time one suburb could have quite different capital growth prospects from those of a nearby suburb in the same area.

And the differences don't just end at the suburb level. Within the same suburb, house prices could be growing strongly while units are static.

All this means that there are thousands of property markets, many of which are in different price cycles from the national cycle. And that's the truly exciting bit. As we lift our eyes towards values in 2020, there are potentially dozens of extraordinary growth opportunities in many areas across the country, even if the broader market appears to be in decline.

SUPPLY AND DEMAND

So how do investors unearth these gems? The price for any service or good is determined by the law of supply and demand. Real estate is no different. If demand for property outweighs supply, then the price will increase. Conversely, if supply exceeds demand, prices will fall.

Jeremy, Be and Bryce are the co-creators of LocationScore.com.au, which was born out of their passion for educating DIY property investors to make smarter decisions. Each is a respected expert in his own right yet they regularly collaborate on other projects, such as the Property Couch podcast and Empower Wealth Advisory, as a specialist advisory practice.

METHODOLOGY HOW THEY'RE RANKED

For property buyers and investors alike, it's crucial to find markets in which demand exceeds supply. But how is this done? Here is a list of some of the key metrics used to gauge supply and demand for real estate:

- **AUCTION CLEARANCE RATES**

The auction clearance rate is the number of properties that sell at auction as a percentage of all properties auctioned. Imagine a market in which the bidding is fierce for most auctions; the auction clearance rate will obviously be very high. This single metric can be used as a gauge of demand relative to supply.

But what if there was only one auction? The clearance rate can only be 100% or 0%. That's a massive difference for the supply and demand story based on the result of a single auction. This is why it's important to consider multiple indicators, rather than just one indicator in isolation.

- **DAYS ON MARKET**

The length of time a property spends listed for sale before selling is called the "days on market". Imagine eager buyers ready to make quick offers as soon as a new property hits the market. Properties will sell very quickly in markets where demand exceeds supply. The lower the average days-on-market figure for a suburb, the more likely demand exceeds supply.

- **VENDOR DISCOUNT**

This is the difference between the original asking price and the eventual sale price. When demand exceeds supply, sellers are in the box seat and are less negotiable on price. Buyers are forced to make strong offers or miss out, so the average discount rate is usually quite small.

- **RENTER PROPORTION**

The renter proportion is the percentage of renters in a market compared with the total number of residents. Investors don't want to be competing for tenants with other landlords. The proportion of renters should ideally be as low as possible since it is a supply metric.

- **VACANCY RATE**

The percentage of rental properties that are currently available for rent is a measure of the demand and supply for rental properties by tenants. When vacancy rates drop, it means rents are likely to rise.

- **RENTAL YIELD**

The rental yield is the annual rental income as a percentage of the property's value. The yield can sometimes be a precursor to capital growth. But it is also an indicator of the cash flow potential for a property market.

- **PERCENTAGE OF STOCK ON MARKET**

The measure is the number of properties for sale in a specific market versus the count of all properties in that same market. Some suburbs are larger than others, so when calculating supply you need to do so as a percentage. The percentage of stock on market is a great indicator of supply. For strong price growth we want supply to be as low as possible.

- **ONLINE SEARCH INTEREST**

When a potential buyer examines a property for sale listed on a real estate website, their search is recorded. If we have a count of the number of searches and compare it with the number of properties, we have a rough idea of the level of demand relative to supply.

- **USING THE POWER OF BIG DATA**

It's virtually impossible to manually collate the data to research thousands of property markets around the country in a short time. Fortunately, there's a shortcut that can be used to cull the list to something more manageable without missing a terrific opportunity – it's the use of big data.

Big data is the new resources boom for property buyers and investors. So instead of buying in risky mining towns, you can now mine data to find safer locations set to deliver quicker gains.

Gone are the days of subjective, opinionated research used to find growth hotspots. The experts and their divining rods are being replaced by data science. Big data algorithms have already been outperforming the growth picks of the highest-profile experts in property investment.

So in taking up the challenge of predicting the best markets today that we believe will outperform by 2020, we used our demand-supply formula that we call the LocationScore. We score every suburb (by house or unit) out of 100. The higher the score, the more demand exceeds supply, which greatly increases the probability of property value rises in that location for that property type.

To determine the LocationScore for each suburb and property type, we combine the eight metrics listed here. Some metrics are more important than others, so we allocate each one an importance rating. Then we combine all eight metrics based on their relative importance into one overall score.

These top 20 lists contain the top markets as ordered by LocationScore for each price range. It's these markets that, in our view, have a better chance of experiencing immediate capital growth than markets with lower scores, indicating declining or soft demand.

Historically, 83% of the top 20 LocationScore markets have outperformed the national average growth rate over the next three years. What is also interesting is that quite often the LocationScore top 20 had growth rates that were double the national average, reinforcing the fact that the law of supply and demand influences price movement in property.

TOP 20 SIGNIFICANT URBAN AREAS by population

RANK	SIGNIFICANT URBAN AREA (SUA)	STATE/ TERRITORY	POPULATION ESTIMATE AT JUNE 2017
1	Sydney	NSW	5,131,326
2	Melbourne	VIC	4,850,740
3	Brisbane	QLD	2,408,223
4	Perth	WA	2,043,138
5	Adelaide	SA	1,333,927
6	Gold Coast-Tweed Heads	QLD/NSW	693,321
7	Newcastle-Maitland	NSW	491,183
8	Canberra-Queanbeyan	ACT/NSW	447,457
9	Sunshine Coast	QLD	375,399
10	Wollongong	NSW	299,203
11	Geelong	VIC	260,138
12	Hobart	TAS	226,884
13	Townsville	QLD	195,346
14	Cairns	QLD	165,925
15	Darwin	NT	146,612
16	Toowoomba	QLD	145,631
17	Ballarat	VIC	103,481
18	Bendigo	VIC	97,096
19	Albury-Wodonga	NSW/VIC	91,923
20	Mackay	QLD	91,788

- Three SUAs cross state borders.
- Queensland has the most SUAs in the top 20.
- Wollongong has twice the population of Darwin.
- Adelaide has almost six times the population of Hobart.

Around $300k

There's no need to settle for a poky studio even in one of the bigger cities. If you know where to look, you can find great value with the promise of strong growth.

It's always interesting to watch the expression on people's faces in Sydney and Melbourne when you talk about being able to buy great properties at this price point. In most cases they think all they can get for their money at best might be a one-bedroom studio in one of the bigger cities. This is so far from the truth and, as demonstrated, you can even buy houses in some of our capital cities, and our data is suggesting this might be worth considering!

Glenorchy, Tasmania 7010 – houses

This suburb is about a 20-minute drive north of Hobart's CBD. Its LocationScore was 82 at the end of June 2018. The LocationScore is considered "good" if it is over 62 and "excellent" if above 77.

The LocationScore for Glenorchy houses has risen from the mid 60s about three years ago into the low 80s now. The rise has been an almost straight line with very little volatility.

The standout statistics that have led to such a high score include fast selling times, low discounting and high yields.

Three years ago it typically took about four months to sell a house in Glenorchy. Now it takes less than four weeks.

Discounting is around 0.25%. That means sellers will turn their nose up at anything but the most generous-sounding offers.

The yield is over 5.5% and the vacancy rate is a miserly 0.33%. With interest rates being so low, many investors are likely to have a property that is comfortably cash flow positive.

One negative about Glenorchy, though, is the higher proportion of renters to owner-occupiers at 43%. The country-wide average is under 30%. It's nothing alarming but keep in mind that some streets may have trouble spots.

Whittington, Victoria 3219 – houses

This suburb of Geelong is about an hour and 20 minutes from Melbourne's CBD. The house market at the end of June had a LocationScore of 82. From mid 2015 to mid 2017 the LocationScore has been under 75. It's only been in the past nine months that things have started to really heat up.

None of the metrics were truly outstanding for June but almost all of them were comfortably better than the nationwide averages: quick selling times, low discounting, very healthy yield and a low percentage of stock on market.

Auction clearance rates are a bit patchy, with low volumes recently. But they have tripled from the same time two years ago to the end of June, to an impressive 84%.

Online search interest has risen from about 30 a year ago to over 130 now. That's more than double the Australian average.

The percentage of stock on market has been quite volatile for the past three years. This is normal for thinly traded markets where supply is tight. Stock levels have more than halved from three years ago, now down to 0.36% – well below our benchmark of 1%.

However, Whittington does have a higher proportion of renters to owner-occupiers than is considered "good". Ideally, we want it as low as possible but 30% is the pass mark and Whittington's is sitting at over 40%. We wouldn't have cause for alarm unless it was as high 60%. Finding good streets shouldn't be a problem.

Berriedale, Tasmania 7011 – houses

A little further north of Hobart than Glenorchy is the suburb of Berriedale. At the end of June, Berriedale's house market had a LocationScore of 82.

Prices have grown by about 25% in the past 18 months with the LocationScore up from the mid 70s. Although the growth has taken a breather for a few months, the supply and demand metrics indicate there's even more to come.

Houses are selling in about a month on average. Go back just two years and they were taking four months.

A vacancy rate of 2% to 3% is considered a balanced market. But the vacancy rate for houses in Berriedale was less than 0.5% at the end of June 2018 – no room at the inn. This helps to explain yields approaching a dizzying 6%.

Stock on market is chronically low at 0.42% and the number of online searches conducted in June reached fever figures at 180 per property available.

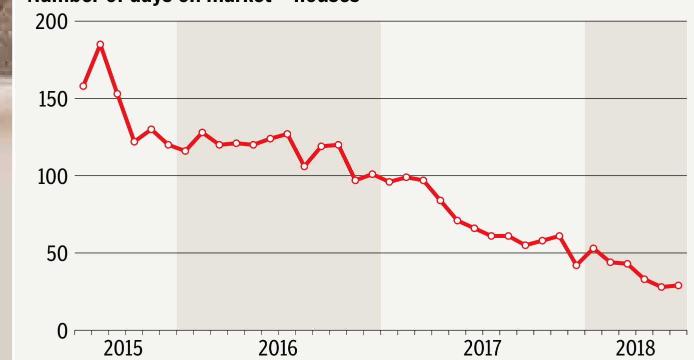
Just a word of warning about the Berriedale housing market, though. It only just squeezed into consideration for this report due to a lower than ideal statistical reliability score of 60%.

Top 20 for around $300k

STATE	SUBURB	PROPERTY TYPE	LOCATION SCORE	MEDIAN PRICE	DAYS ON MARKET	DISCOUNT	AUCTION CLEARANCE RATE	PROPORTION OF RENTERS	VACANCY	YIELD	STOCK ON MARKET	INTEREST (SEARCHES/ PROP)
VIC	WHITTINGTON	H	82	$325,836	33	1.71%	84.1%	41.3%	0.62%	4.95%	0.36%	147
TAS	GLENORCHY	H	82	$336,213	25	0.27%	Nap	42.8%	0.33%	5.66%	0.54%	147
TAS	BERRIEDALE	H	82	$339,482	29	3.42%	Nap	29.7%	0.46%	5.82%	0.42%	180
TAS	CLAREMONT	H	81	$313,114	30	2.46%	Nap	34.0%	0.31%	6.03%	0.71%	171
TAS	INVERMAY	H	79	$272,963	45	3.87%	Nap	54.1%	0.46%	5.72%	0.34%	198
TAS	DODGES FERRY	H	79	$309,173	40	2.43%	Nap	19.3%	1.46%	5.50%	0.41%	101
TAS	BRIGHTON	H	79	$321,179	41	2.58%	Nap	23.1%	0.26%	6.15%	1.79%	151
VIC	SWAN HILL	H	78	$264,057	60	1.94%	71.4%	34.1%	0.25%	5.49%	1.32%	71
SA	PARA HILLS	H	78	$330,544	65	2.80%	71.5%	19.5%	0.42%	5.14%	1.30%	93
TAS	SUMMERHILL	H	78	$294,949	31	3.05%	Nap	28.5%	1.27%	5.94%	0.71%	141
SA	BRAHMA LODGE	H	78	$263,839	81	4.08%	Nap	29.0%	0.62%	5.93%	0.51%	150
VIC	WENDOUREE	H	78	$270,228	40	3.13%	Nap	40.8%	0.43%	5.23%	0.36%	91
VIC	GOLDEN POINT	H	77	$309,062	52	3.45%	100.0%	40.7%	0.69%	5.18%	0.78%	102
QLD	ASHMORE	U	77	$334,566	71	3.23%	Nap	27.7%	0.76%	6.15%	0.83%	143
VIC	IRYMPLE	H	77	$306,935	63	5.28%	Nap	16.8%	0.41%	5.62%	0.94%	179
SA	PARA VISTA	H	76	$348,050	55	2.03%	25.0%	29.9%	0.40%	5.02%	0.63%	264
NSW	GRIFFITH	H	76	$325,542	57	3.38%	58.0%	37.8%	0.20%	5.48%	0.65%	50
SA	INGLE FARM	H	76	$337,145	51	4.40%	81.7%	25.4%	0.33%	5.23%	1.45%	77
VIC	HIGHTON	U	76	$339,484	52	3.66%	Nap	22.5%	0.72%	4.66%	0.52%	199
SA	HUNTFIELD HEIGHTS	H	76	$285,929	60	2.63%	Nap	34.4%	0.27%	5.75%	1.16%	82

Berriedale, Tasmania

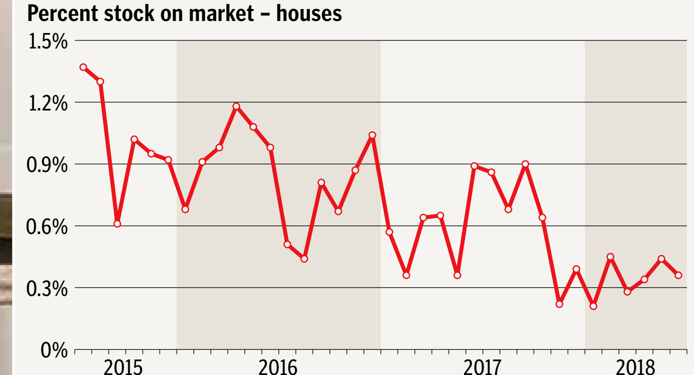
Number of days on market – houses



Source: DSRData.com.au

Whittington, Victoria

Percent stock on market – houses



Source: DSRData.com.au

Around $500k

High auction clearance rates show that this "Bermuda triangle" of suburbs has what it takes and will continue to be a magnet for entry-level buyers

In our more populated cities $500,000 is entry-level buying, where at best your option will be living on the outer fringes if you want a house or townhouse with land. If you opt for something a little closer in, you may have to reside in a medium- or high-density unit complex. In some of our larger regional cities, having $500,000 could get you into a middle-market or even an upmarket suburb.

Latham, ACT 2615 – houses

Latham is a suburb to the north-west of Canberra. It's a 20-minute drive into Canberra central.

Prices for houses are typically between $500,000 and $550,000. They've risen by about 5% over the past 12 months and were pretty flat for the couple of years before that. But we don't expect this lacklustre performance to continue.

The housing market in Latham topped the LocationScore charts for June with a whopping 85. Over the past four months the LocationScore has reached a three-year high.

One of the startling statistics contributing to this score is a very high auction clearance rate of 97%. That's one of the highest in the country for a market that has a decent number of auctions.

And supply is extremely tight. The percentage of properties for sale at the end of June was only 0.28%. The Australian average was 1.33%. Half a per cent is considered very tight.

Vacancy rates are very low too at around 0.3%, which is a tenth of what is considered normal. The past two years have been particularly difficult for renters.

Combine this with a vendor discount of 1.2% and you can see why sellers are licking their lips while buyers scramble for scraps.

One minor concern would be that the online search interest is not that flash. It's been around 50 recently but off a low base of only 30. For a market like this we'd expect it to be at least 100.

Charnwood, ACT 2615 – houses

Charnwood is the next best suburb in the $500,000 bracket and it's right next door to Latham. The price range is a little lower but the recent growth is similar.

The metrics are pretty much the same as for Latham. This makes sense. We wouldn't expect the nature of the market to vary dramatically when the housing stock and demographics are so similar across this area. The LocationScore was 82.

Auctions are clearing at around 86%. Discounting is just over 1%. Vacancy rates are ridiculously low, as is the stock on market. Even the movement in the Charnwood metrics is consistent with what has been happening in Latham.

Again, the metric of concern is the online search interest, which is only in the 50s. But admittedly it has risen significantly in the past year.

Macgregor, ACT 2615 – houses

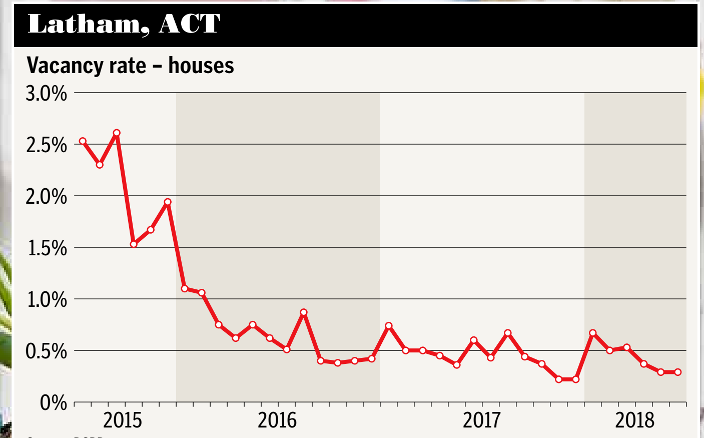
Macgregor is adjacent to both Latham and Charnwood. The three suburbs form what could be called a "Bermuda triangle" for buyers.

There's no escaping the high demand and low supply in this area. All three property markets have very similar metrics. Macgregor's LocationScore was 81 for June. The recent history of changes to the key metrics is another ditto.

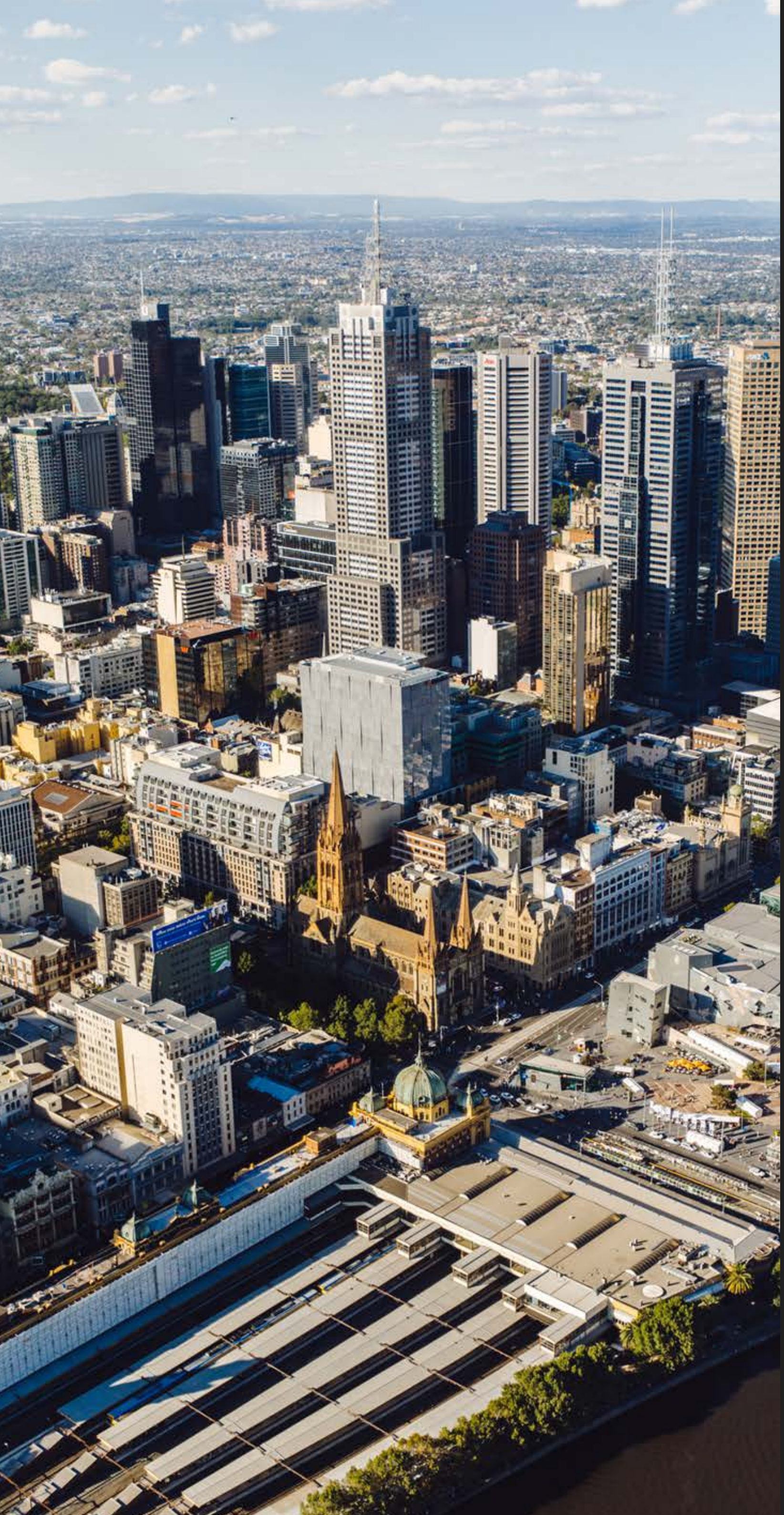
We often credit markets in a cluster like this with more potential for growth than suburbs that are on their own. Isolated suburbs are effectively pioneering growth for an area. That demand may be diluted as buyers look nearby for easier alternatives. But when the neighbouring suburb is just as bad, buyers have nowhere else to go. Quite often they simply dig deep and pay more.

Top 20 for around $500k

STATE	SUBURB	PROPERTY TYPE	LOCATION SCORE	MEDIAN PRICE	DAYS ON MARKET	DISCOUNT	AUCTION CLEARANCE RATE	PROPORTION OF RENTERS	VACANCY	YIELD	STOCK ON MARKET	INTEREST (SEARCHES/PROP)
ACT	LATHAM	H	85	$527,100	37	1.20%	97.2%	20.5%	0.29%	4.76%	0.28%	56
ACT	CHARNWOOD	H	82	$456,340	36	1.06%	86.5%	32.2%	0.28%	4.84%	0.29%	54
ACT	MACGREGOR	H	81	$504,521	36	1.20%	77.9%	21.5%	0.25%	4.69%	0.48%	51
ACT	KAMBAH	H	81	$548,564	44	1.37%	82.1%	22.6%	0.28%	4.72%	0.41%	39
TAS	HOWRAH	H	80	$482,102	25	4.29%	Nap	18.2%	0.37%	4.75%	0.46%	173
VIC	TULLAMARINE	U	79	$455,196	31	2.86%	82.2%	35.0%	0.63%	4.00%	0.20%	118
VIC	BAYSWATER NORTH	U	79	$505,776	22	-0.23%	85.4%	24.6%	0.54%	3.77%	0.58%	115
VIC	SEAFORD	U	79	$469,460	37	1.17%	95.2%	33.9%	0.70%	3.85%	0.32%	117
NSW	CARDIFF	H	79	$493,564	31	2.07%	100.0%	26.0%	0.65%	4.12%	0.52%	84
VIC	CAMPBELLFIELD	H	78	$527,361	41	2.94%	100.0%	25.5%	0.14%	3.77%	0.66%	128
VIC	DARLEY	H	78	$453,057	39	1.45%	Nap	18.7%	0.58%	4.38%	0.52%	111
VIC	BANNOCKBURN	H	78	$469,548	45	2.80%	Nap	12.8%	0.82%	4.46%	0.52%	153
TAS	LINDISFARNE	H	78	$487,287	24	2.41%	Nap	22.6%	0.51%	4.70%	0.67%	170
NSW	EAST MAITLAND	H	77	$460,798	44	2.27%	67.2%	36.5%	0.37%	4.46%	0.62%	122
TAS	LENAH VALLEY	H	77	$545,780	28	3.25%	70.9%	23.7%	0.44%	4.24%	0.81%	172
QLD	FERNY HILLS	H	76	$540,804	40	2.22%	45.3%	13.9%	0.91%	4.45%	0.84%	158
VIC	SUNBURY	H	76	$517,184	32	2.20%	66.6%	21.4%	0.55%	3.87%	0.79%	118
VIC	BAYSWATER	U	76	$544,148	32	1.18%	87.7%	32.1%	0.47%	3.59%	0.61%	113
NSW	GLENDALE	H	76	$478,243	41	3.90%	100.0%	28.7%	0.69%	4.57%	0.59%	66
TAS	KINGSTON	H	76	$454,460	39	1.67%	Nap	30.1%	0.29%	4.86%	1.11%	233



Source: DSRData.com.au



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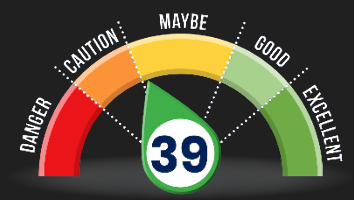
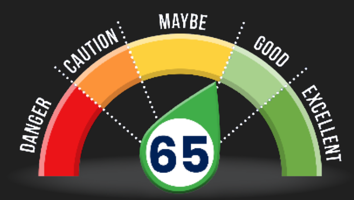


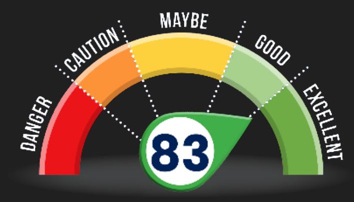
SOUTH BRISBANE, QLD (HOUSES)

Supply only just outweighs demand in this market. There is little driving capital growth so expect prices to remain flat or increase a little slower than the national average.*



KOGARAH, NSW (UNITS)

Sellers are in no panic and buyers are making decent offers. Demand is ahead of supply but not alarmingly. Expect growth to exceed the national average. *



BAXTER, VIC (HOUSES)

Properties in this suburb are highly desired by buyers but there are very few available. The imbalance of demand and supply will drive prices in the suburb higher at a fast rate. *

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* LocationScore extracted in October 2018

Around $600k

At this price you can get much more for your money. Although these suburbs have already seen good growth, demand is still strong and supply is limited.

We are starting to push into a price point that offers more bang for buck, as in some locations you are now starting to shop in the upper-class bracket. As per our list, this budget also brings you into a couple of the bigger income cities, such as Melbourne and Canberra, and we are also getting some land as part of this equation.

Dunlop, ACT 2615 – houses

One of the best markets around the $600,000 price tag is Dunlop houses. The suburb is about 5km north-west of Belconnen and another 15 minutes' drive into Canberra central. It sits next to two markets in our $500,000 price range, Charnwood and Macgregor.

The LocationScore for June was 79. This is a few points lower than the markets in the cheaper price ranges. But it is still in the "excellent" range, which starts at 77.

The LocationScore for Dunlop houses has been steadily rising for the past three years. It spent most of the last year above 75 and has edged into the 80s a couple of times.

The standout metric for June was the vacancy rate. It has been better than average for over two years now and finished June at 0.26%. That level is considered extremely tight and can mean only more confidence for landlords.

The average discount from the original asking price for June was 4.37%. Our benchmark for "normal" is 5%. However, for all the markets in this report, exceptional statistics are expected and 4.37% isn't exceptional. Nothing to worry about – just a little mediocre, that's all.

There was one concerning metric, however. The online search interest was only 37, which is about half as good as the national average. Ideally, we'd like to see more searches being conducted per property.

Ferntree Gully, Victoria 3156 – units

Ferntree Gully is about an hour's drive east of the Melbourne CBD. This is the only unit market in our report.

As a general rule, investors should favour housing markets for long-term growth. Units have higher risk of poor growth over the long term. It's too easy for a developer to acquire a house or two nearby and knock them down to replace them with a big unit complex. Remember that supply is the enemy of capital growth. For the short term, however, unit markets can be lucrative, especially in small boutique complexes, so aim to buy a villa unit with good land content rather than something above ground level.

Some properties in Ferntree Gully that look like houses are listed by selling agents as units. They may share a wall with another dwelling in a strata-titled block or be an add-on to the side of a house.

The LocationScore for Ferntree Gully units at the end of June was 79. Some of the metrics contributing to this high score include:

- A vacancy rate of 0.25% – tight!
- Over 200 searches conducted online per property available.
- Percentage stock on market of 0.33%.
- Auction clearance rates above 80%.
- Properties selling in a little more than a month.

However, there could be a problem for investors jumping into this market right now – it's already had some big gains over the past few years.

Prices have risen by 40% in the past three years. Although demand is still high relative to supply, the extreme rate of growth must come to an end sooner or later.

Gladstone Park, Victoria 3043 – houses

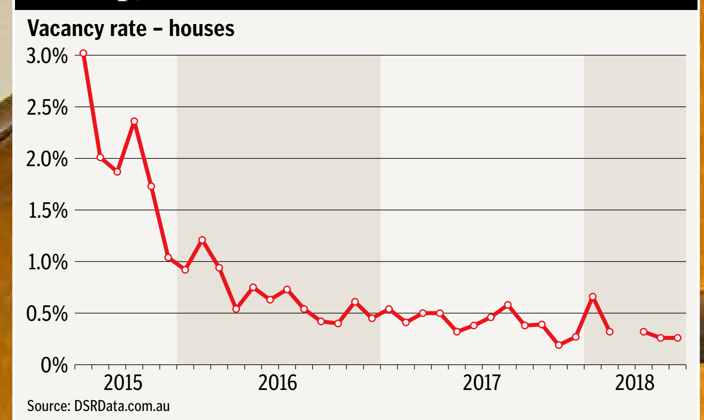
This suburb is about 45 minutes north of the Melbourne CBD and just east of Tullamarine Airport. Houses in Gladstone Park had a LocationScore of 78 at the end of June 2018.

Prices had a big spurt in 2017, piling on around 20%. This market has not been left out of the Melbourne boom but still has some growth left, according to the indicators.

Of particular note are the fast selling times, at around 27 days. Buyers have obviously missed out on previous opportunities and now have their finance sorted and are making confident offers quickly.

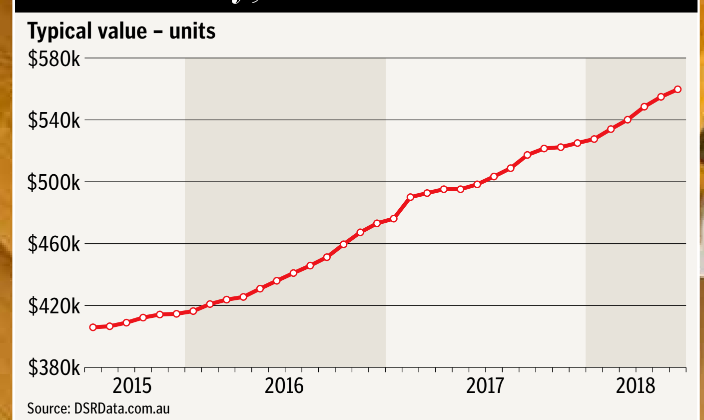
The auction clearance rate was quite high at about 82% at the end of June. Clearance rates have been consistently above 75% for the past three years. Buyers would be frustrated at missing out and might be making strong offers before the auction date.

Dunlop, ACT



Source: DSRData.com.au

Ferntree Gully, Victoria



Source: DSRData.com.au

Top 20 for around $600k

STATE	SUBURB	PROPERTY TYPE	LOCATION SCORE	MEDIAN PRICE	DAYS ON MARKET	DISCOUNT	AUCTION CLEARANCE RATE	PROPORTION OF RENTERS	VACANCY	YIELD	STOCK ON MARKET	INTEREST (SEARCHES/ PROP)
ACT	DUNLOP	H	79	$578,131	32	4.27%	71.4%	18.8%	0.26%	4.72%	0.33%	37
VIC	FERNTREE GULLY	U	79	$559,749	34	3.26%	80.6%	20.4%	0.25%	3.55%	0.33%	217
VIC	WAURN PONDS	H	78	$554,138	34	3.09%	63.6%	21.9%	0.74%	4.02%	0.43%	151
ACT	WANNIASSA	H	78	$592,888	47	1.88%	68.0%	21.8%	0.41%	4.57%	0.46%	43
VIC	GLADSTONE PARK	H	78	$647,137	27	1.76%	82.7%	19.7%	0.63%	3.21%	0.48%	129
ACT	HOLDER	H	77	$630,651	61	1.02%	78.1%	21.1%	0.62%	4.07%	0.35%	53
ACT	FLOREY	H	77	$631,538	32	-1.03%	87.5%	36.5%	0.32%	3.84%	0.27%	42
TAS	BLACKMANS BAY	H	77	$567,576	33	1.31%	Nap	21.7%	0.35%	4.03%	0.60%	150
TAS	SOUTH HOBART	H	77	$622,206	21	3.60%	Nap	33.0%	0.57%	4.32%	0.28%	301
ACT	CALWELL	H	76	$553,782	42	3.04%	56.1%	19.5%	0.13%	4.80%	0.77%	36
NSW	KOTARA	H	76	$636,738	36	1.50%	60.2%	16.4%	0.46%	3.93%	1.07%	117
NSW	MACQUARIE HILLS	H	76	$560,880	23	2.00%	Nap	12.3%	0.83%	4.34%	0.88%	99
ACT	EVATT	H	76	$589,029	60	4.49%	Nap	20.8%	0.26%	4.51%	0.10%	58
NSW	RANKIN PARK	H	76	$609,164	28	1.64%	Nap	12.1%	1.65%	4.17%	0.42%	125
ACT	RIVETT	H	75	$620,661	39	1.12%	61.3%	27.5%	0.55%	4.16%	0.49%	37
ACT	ISABELLA PLAINS	H	75	$569,805	48	1.07%	67.8%	24.6%	0.13%	4.53%	0.99%	33
VIC	LANGWARRIN	H	75	$622,324	39	2.09%	78.1%	19.4%	0.59%	3.59%	0.86%	163
VIC	BALACLAVA	U	75	$568,872	37	2.68%	79.5%	54.8%	0.70%	3.76%	0.22%	131
VIC	FRANKSTON SOUTH	U	75	$565,107	37	4.08%	100.0%	17.3%	0.83%	3.61%	0.55%	95
VIC	MONBULK	H	75	$639,155	32	3.36%	100.0%	16.2%	0.67%	3.73%	1.38%	295

Around $800k

This kind of money will get you a house on a good-sized piece of land in one of the better locations – perhaps with a decent coffee just around the corner

Outside Sydney, $800,000 puts you well and truly in the buying range of some of the better locations in most capitals. In the case of our short list, the Melbourne offerings are out wider but the land portions are sizeable compared with how tightly they carve up land these days in many new estates. Our regional city selection can even put you in a chic downtown area of Newcastle.

Diamond Creek, Victoria 3089 – houses

Prices in Diamond Creek – about an hour's drive north-east of the Melbourne CBD – have been climbing towards $800,000 for the past few years but still have room to go higher.

The LocationScore for June was 77. It's been up in the mid to high 70s for the past couple of years. It appears to be somewhat quarantined from the cooling in the broader Melbourne market.

The online search interest at the end of June was 169, which is more than double the national average.

The proportion of renters to owner-occupiers is only 10% – a tenant-sparse suburb. Investors won't have many other landlords to compete with. Combined with a vacancy rate under 1%, this should be a hassle-free investment.

Yallambie, Victoria 3085 – houses

About 45 minutes' drive north-east of the Melbourne CBD, Yallambie has house prices tipping in at over $800,000. There has been good growth during the Melbourne boom. But according to the LocationScore, there is more to come.

The LocationScore for June was 77. It's been a little volatile for this market over the past few years, oscillating between the mid 50s and low 70s.

Yallambie's metric of note is the percentage of stock on market. At the end of June it was sitting at only 0.33%. This is about four times smaller than the national average at the same time.

Another great metric is the discounting of only a little more than 1%. Sellers are in no way desperate.

One concerning statistic for investors is the yield, which was only 3% at the end of June. There's nothing alarming about this but it is going to make it just a bit harder for investors to service a mortgage and they will be more dependent than ever on good growth.

The auction clearance rate is pretty healthy too at 78%. It has been above 70% since almost the start of the Melbourne boom.

Hamilton, NSW 2303 – houses

House prices in this central suburb in Newcastle are just under $800,000. They've risen sharply in the past 18 months from around $600,000, so you might be thinking it's had its run.

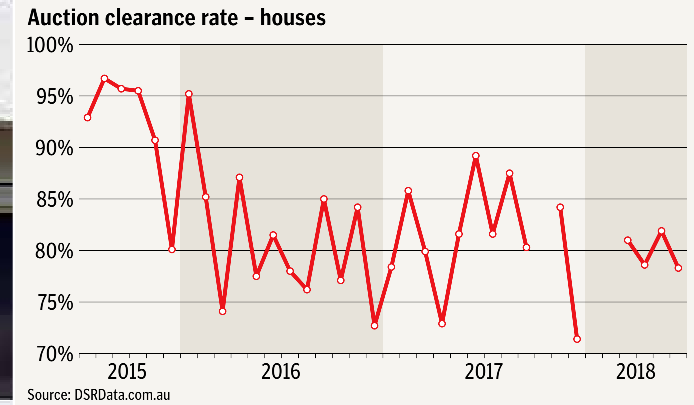
But the LocationScore for June was 76. This is just under the "excellent" range and is the highest the score has been in the past three years, so growth appears to be unabated for now.

Discounting from the original asking price is at zero. That means the offers above the asking price match with those under. There must be some pretty happy sellers at the moment.

The percentage of stock on market is pretty tight too, sitting at just 0.34%. The vacancy rate is under 0.5%, its lowest point in three years.

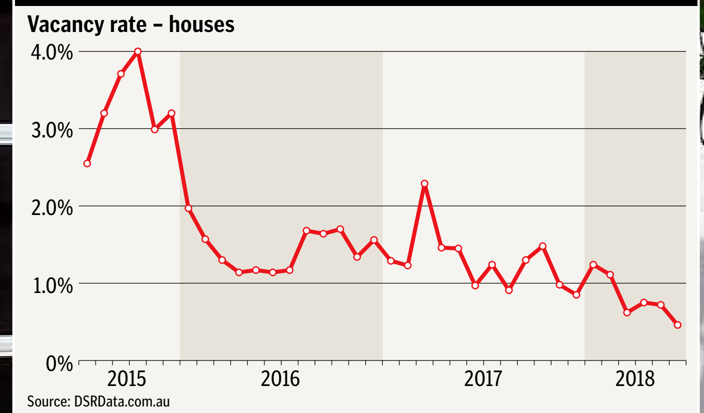
One thing to watch, though: the proportion of renters to owner-occupiers is quite high at 46%. Our benchmark is to have less than a third of all residents as tenants. But in this market it's nearly 50-50. Investors may need to choose streets carefully. Definitely get a good property manager to help find a reliable tenant.

Yallambie, Victoria



Source: DSRData.com.au

Hamilton, NSW



Source: DSRData.com.au

Top 20 for around $800k

STATE	SUBURB	PROPERTY TYPE	LOCATION SCORE	MEDIAN PRICE	DAYS ON MARKET	DISCOUNT	CLEARANCE	PROPORTION OF RENTERS	VACANCY	YIELD	STOCK ON MARKET	INTEREST (SEARCHES/ PROP)
VIC	DIAMOND CREEK	H	77	$782,149	42	2.63%	76.2%	10.3%	0.93%	3.22%	0.51%	169
VIC	YALLAMBIE	H	77	$802,842	35	1.22%	78.3%	26.3%	0.86%	3.02%	0.33%	148
NSW	HAMILTON	H	76	$771,341	38	0.00%	77.4%	45.9%	0.46%	3.36%	0.34%	136
VIC	CHELSEA HEIGHTS	H	76	$755,688	30	1.67%	91.5%	14.2%	1.13%	3.04%	0.65%	182
ACT	NICHOLLS	H	75	$836,367	45	2.22%	60.8%	16.4%	0.57%	3.92%	0.58%	53
VIC	GREENSBOROUGH	H	75	$834,046	37	1.79%	68.0%	17.1%	0.74%	2.83%	0.75%	177
VIC	CROYDON SOUTH	H	75	$785,844	36	1.35%	70.9%	18.7%	0.61%	2.80%	0.78%	187
VIC	WATSONIA NORTH	H	74	$798,247	50	2.53%	75.9%	11.2%	1.06%	2.84%	0.67%	170
VIC	WATSONIA	H	74	$822,651	40	2.35%	79.0%	29.6%	0.86%	2.71%	0.44%	183
ACT	FADDEN	H	73	$752,334	57	1.85%	45.8%	8.2%	0.75%	4.21%	0.73%	39
ACT	MCKELLAR	H	73	$806,713	46	0.00%	86.5%	20.7%	0.32%	4.09%	0.53%	114
NSW	OATLEY	U	73	$807,637	30	3.38%	Nap	20.4%	0.80%	3.19%	0.32%	96
ACT	FORDE	H	72	$786,123	50	1.55%	49.6%	23.7%	0.64%	4.20%	1.08%	66
VIC	FRANKSTON SOUTH	H	72	$816,007	40	3.70%	67.0%	17.3%	0.60%	2.96%	0.94%	145
SA	LOWER MITCHAM	H	72	$750,523	59	4.47%	88.1%	17.1%	1.02%	3.23%	0.63%	214
SA	COLONEL LIGHT GARDENS	H	72	$756,288	47	2.69%	88.2%	11.4%	0.00%	3.71%	0.68%	325
VIC	GOWANBRAE	H	72	$792,824	32	2.65%	Nap	13.3%	0.83%	2.91%	0.69%	129
ACT	CHAPMAN	H	71	$837,345	68	1.49%	52.4%	11.7%	0.00%	3.99%	0.42%	68
NSW	REVESBY	U	71	$760,186	37	4.04%	56.3%	34.7%	1.01%	3.47%	0.28%	97
VIC	OAKLEIGH EAST	U	71	$808,607	104	3.29%	85.7%	36.0%	0.92%	2.82%	0.16%	186

$1m plus

All the major cities can go on the shopping list now and the suburbs get more desirable. But investors will find that as values increase the yields tend to decrease.

While opportunities are available in almost every regional location, yields are lower, placing more pressure on investors to cover the shortfall between rent and expenses. Having $1.5 million opens every major city as a possibility and in most you are shopping in the good, if not great, suburbs.

Park Orchards, Victoria 3114 – houses

A 40-minute drive east of the Melbourne CBD, Park Orchards is just north of Ringwood and west of Doncaster. Prices are comfortably over $1.5 million in this market.

The LocationScore has spent most of the past year in the mid 60s. It popped up to 77 only in June. The most impressive metric is the proportion of renters to owner-occupiers. It's one of the lowest in the country at only 3.4%.

Other metrics of note include: a zero vacancy rate and online search interest of over 300 per available property.

But it's not all smiles for high-equity investors – the yield is a miserable 2.26%. Even by Melbourne's standards, that's low. And the percentage of stock on market is a little high at 1.1%. However, the figure is quite volatile from month to month. A line of best fit might place it closer to 0.5%, which is quite good.

Malvern, Victoria 3144 – houses

Malvern is about 10km south-east of the Melbourne CBD. Prices for a house are well over $2.6 million, having climbed by over $500,000 in the past 18 months.

The LocationScore for June was 76. It was in the mid 50s just two years ago.

Most of the metrics we analyse looked favourable for Malvern. But nothing really stood out, with the possible exception of the rather low stock on market. The figure for June was sitting at 0.43%, which is almost a third of the Australian average.

One thing to watch for is the very low yield. There was insufficient rental data available to publish a figure for the yield for June. But rest assured it would not get above 3% when the median for a house is above $2.5 million.

North Narrabeen, NSW 2101 – houses

This suburb is about 45 minutes' drive north of the Sydney CBD and only a kilometre from the beach.

Prices for houses are around $1.5 million. But the term "house" is used a little loosely. Some townhouses and villas qualify as houses.

The house price has had some great gains during the Sydney boom and has levelled off a little recently. But this looks as if it might be just a breather because the LocationScore is still pretty high at 76.

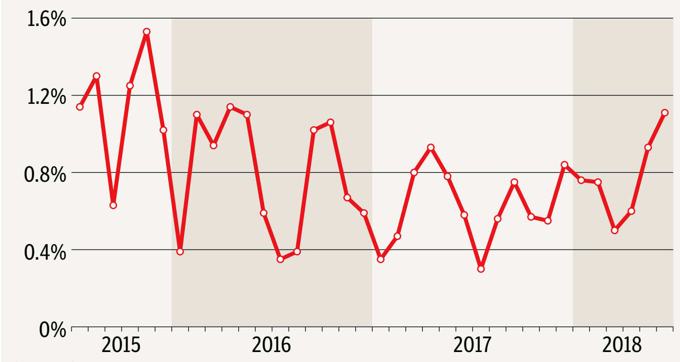
The chief contributors to the high LocationScore include: a low percentage of stock on market of only 0.32%, discounting of only 1.1% and about 150 online searches for each property.

As with all property markets in this price range, the yield is very low. Investors shouldn't expect much help from rent to service a mortgage.

One other caution: the vacancy rate has been rising. It's still quite low but is something to monitor over coming months. Perhaps lock in tenants for two years where possible.

Park Orchards, Victoria

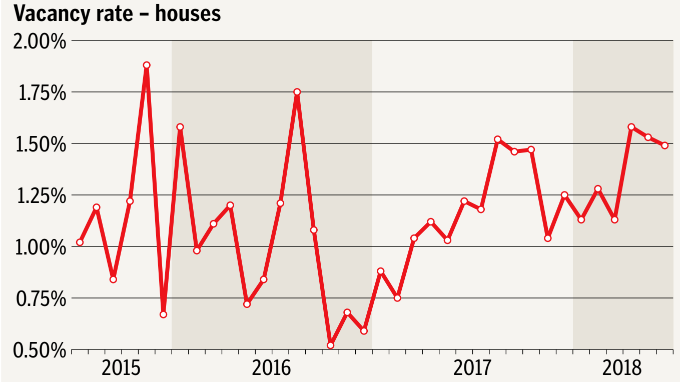
Percent stock on market – houses



Source: DSRData.com.au

North Narrabeen, NSW

Vacancy rate – houses



Source: DSRData.com.au

Top 20 for $1m plus

STATE	SUBURB	PROPERTY TYPE	LOCATION SCORE	MEDIAN PRICE	DAYS ON MARKET	DISCOUNT	AUCTION CLEARANCE RATE	PROPORTION OF RENTERS	VACANCY	YIELD	STOCK ON MARKET	INTEREST (SEARCHES/PROP)
VIC	PARK ORCHARDS	H	77	$1,534,146	34	2.36%	70.9%	3.4%	0.00%	2.26%	1.11%	308
VIC	MALVERN	H	76	$2,673,017	39	3.78%	70.4%	30.8%	1.01%	0.00%	0.43%	105
NSW	NORTH NARRABEEN	H	76	$1,487,988	29	1.12%	70.7%	17.6%	1.49%	2.81%	0.32%	152
NSW	GRAYS POINT	H	75	$1,315,098	45	3.91%	63.6%	5.8%	0.93%	3.12%	0.49%	148
NSW	BEACON HILL	H	75	$1,570,907	41	4.37%	71.4%	13.0%	1.08%	2.88%	0.30%	158
VIC	CANTERBURY	H	75	$2,834,485	44	2.40%	71.8%	20.2%	1.81%	0.00%	0.79%	242
NSW	ALLAMBIE HEIGHTS	H	75	$1,686,892	36	5.33%	82.3%	18.3%	0.95%	3.01%	0.26%	296
NSW	MENAI	H	74	$1,064,469	37	1.56%	56.4%	17.5%	1.14%	3.37%	0.54%	134
VIC	EAGLEMONT	H	74	$1,912,635	38	3.94%	71.2%	18.5%	1.44%	0.00%	0.91%	193
VIC	ASHBURTON	H	74	$1,807,492	66	5.45%	73.6%	25.8%	0.77%	0.00%	0.58%	158
VIC	CLIFTON HILL	H	74	$1,397,110	36	1.47%	76.4%	40.6%	0.50%	2.42%	0.42%	180
NSW	BALGOWLAH	U	73	$1,220,307	36	2.34%	69.1%	31.8%	1.10%	2.79%	0.36%	162
NSW	BANGOR	H	73	$1,151,459	44	4.16%	70.6%	7.1%	1.53%	3.34%	0.58%	185
VIC	FAIRFIELD	H	73	$1,426,699	39	0.00%	75.2%	43.3%	0.40%	2.18%	0.33%	77
VIC	OAKLEIGH SOUTH	H	73	$1,034,368	37	3.55%	76.6%	22.4%	0.43%	2.56%	0.64%	118
ACT	AINSLIE	H	73	$1,059,778	40	3.57%	80.3%	38.3%	0.29%	3.39%	0.22%	43
NSW	LOFTUS	H	73	$1,106,211	43	6.16%	84.6%	8.6%	0.87%	3.05%	0.53%	150
NSW	KAREELA	H	72	$1,196,382	27	3.85%	65.0%	3.9%	0.00%	3.23%	0.42%	272
VIC	MURRUMBEENA	H	72	$1,391,093	38	0.71%	72.4%	38.8%	0.54%	2.04%	0.57%	167
VIC	NORTH WARRANDYTE	H	72	$1,066,663		3.06%	85.4%	5.7%	0.86%	2.61%	0.46%	223

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