

# Australia Property Investment Market Predictions for 2007

Median property prices probably peaked in Australia back in 2005 and ever since then there has been one gloomy media report after another claiming that the Australian market is basically not worth a second look for international property investors.

But to write off Australia as a property investment hotspot in its own right is to wipe out some of the most prosperous pockets of property investment potential in the world – as Amberlamb's Australia property investment market predictions for 2007 will show, you just have to know where to look.

While the fact of the matter is that there is currently a large divide between what many Australian workers earn and what three, four or even five times their salary in the form of a mortgage will afford them which has resulted in many stating that the property market has overstepped the boundaries of affordability, there remains universal and increasing demand for housing in Australia...this factor means that there is potential for profit in the Australian property market no matter where in the cycle the real estate market currently is.

Furthermore, there are factors that will ensure certain types of housing are always going up in value and there are a number of factors that investors can consider and tactics that they can employ to ensure they profit from property in 2007 and beyond – even if the market enters a downward cycle or remains stale across the country.

Firstly, all coastal **property in Australia** as well as those properties in the major cities and coastal hotspots valued well above the AUD 1 - 2 million mark are currently hotly in demand and are far less affected by any small economic knocks and shakes meaning that those who are in a position to upgrade their property investment portfolio could do far worse than look at Australia!

Consider this - coastal land and real estate is in finite supply the whole world over and because Australia is a country where the majority of the population centres around beaches, ports and seaside locations, coastal real estate will always represent a good long term investment decision in Australia.

Example One: Sydney - some have gone so far as to say that the state of the property market in Sydney could undermine the city's economy in 2007: so far above average wages is the median house price now that it's an ugly market to be in. But step away from the average and instead consider property above the AUD 2 million mark and you have demand outstripping supply and new developers scarce in number creating a niche market for an investor to explore.

Example Two: Western Australia - great property market growth was recorded between 2005 and 2006 in Perth and surrounding areas but now according to many on the ground the boom is definitely over in the lower price bracket – yet demand for housing above the million dollar mark remains intense and interest rate rises and commodity price increases are not affecting this particular wealth bracket.

‘But what about those of us who have less than a few million dollars to spend to get into the property investment market in Australia’ we hear you cry – right, well you have to employ a few sneaky tactics and consider a few fundamentals in order to find unexplored or under-exploited pockets of profit potential.

We’ve already mentioned the coast as a factor when it comes to the profitability of investment in Australia – i.e., finite supply plus intense demand equals sustainable growth potential – but what about the fact that not everyone can afford to live by the coast? Suburbs one step, two steps and even three or four steps away from the coast will grow in relative proportion to the rate at which coastal properties grow because people will move as close to the sea as they can afford. So, look at how the coastal market is faring in a given location and where it is strong start stepping back and see how far out demand is rippling and examine potential hotspots for you to profit from. Think about renovation projects in the area, consider buying the cheapest homes in the area and upgrading them or consider creating more rental property in the area if demand is still inward flowing.

This outward ripple effect also works when applied in popular city centres and around the central business districts of Australian cities...if there is movement in the centre see how far out that movement can ripple and ride the wave!

Another very important factor that can be applied in the likes of Australia, the UK, USA and even Canada right now is the fuel price factor. Because the cost of fuel for cars, buses, trains and planes is rapidly increasing and enveloping a growing percentage of an individual’s take home pay, more and more people will be demanding access to infrastructure that will reduce their own personal commute bill. Get insight into which towns and cities are extending rail links, who’s adding bridges, bus stops and metro stations...wherever transport infrastructure is improving property prices will rise.

Finally, there are two particularly positive factors prevalent in Australia going in to 2007 that will likely remain throughout the year and which mean property investors who target their investments carefully will do very well thank you out of the current state of real estate down under...the first one is that affordability across the country is shot therefore the demand for rental accommodation is at an all time high. Nowhere is this more obvious than in the main cities close to their respective business districts. But it’s also a factor in some of the evergreen suburb locations where the schools are good, commute links are easy and the

lifestyle achievable is desirable. An investor who targets purchases in these locations to suit the clientele searching for rental stock will likely benefit from increasing yields throughout 2007 and beyond for at least the short term.

The other factor that's making property investors smile is that increasing interest rates and consumer inactivity is leaving housing stock unsold – investors can negotiate hard in a climate like this, buy properties under their value and simply hold them until the market firms again and realise capital gains accrued in the interim – or, better still, rent out their cheaply bought stock, achieve growing yields in the short term and then be sitting on a pretty portfolio of assets when affordability returns to the market...this situation where one can buy low, achieve instant equity and generate increasing yields while the property market around you slowly gets back on course doesn't occur often in a property market cycle meaning that 2007 could actually be one of the most exciting years for canny investors making shrewd buys across Australia!

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