PIPA ADVISER

ISSUE #9

For members of the Property Investment Professionals of Australia

WILL THE BANKING ROYAL COMMISSION PUSH DOWN PROPERTY PRICES?

PROPERTY INVESTMENT PROFESSIONALS OF AUSTRALIA
PIPA

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PROPERTY INVESTMENT PROFESSIONALS OF AUSTRALIA PIPA

PIPA *mission:*

PIPA (Property Investment Professionals of Australia) has been formed by industry practitioners with the objective of representing and raising the professional standards of all operators involved in property investment.

The *PIPA ADVISER* is a bi-monthly title published six times a year by PIPA (Property Investment Professionals of Australia) www.pipa.asn.au

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PROPERTY INVESTMENT PROFESSIONALS OF AUSTRALIA PIPA

PIPA hits the road...

Welcome to the latest issue of the PIPA Adviser. Since the last issue, the Federal Budget has been and gone and property investors generally were left alone – unlike last year!

However, property developers seem to be have been randomly targeted this year.

In fact, it is proposed that people who hold vacant land will not be able to claim their expenses as tax deductions.

This is to stop them from land-banking, which would limit the supply of developable property and put upward pressure on property prices.

I can understand that the government wants to discourage land-banking, but I don't understand the logic of this proposal in its current form.

I explore this important issue more in this edition's Industry News.

I'm sure by now you've seen our marketing of the upcoming 2018 PIPA Breakfast Seminar in Sydney on Wednesday 11 July.

Keynote speakers include PIPA deputy chair David McMillan, who will outline the benefits of having a strong well-thought out advice model, including:

- What's the difference between a buyer's agent and an investment adviser?
- What is an advice model and what does it look like?
- The benefit to the client of using an advice model

CoreLogic research analyst Eliza Owen will also provide an exclusive capital city market review.

Registrations close on Wednesday 4 July, so if you haven't registered yet you only have a few days to do so online.

We will be holding a breakfast seminar in Melbourne in late November as well as in Brisbane early next year, so please keep an eye out for these events, too.

So far this year, we have already produced three special webinars for members on topics including property market reviews, how to grow a portfolio on an average income, and the 5 things that will ruin your chances of media coverage.

Members can look forward to plenty more where those came from, too, as the board has committed to drastically increasing the number of webinars this year.

The PIPA board is also investigating hosting a half-day or one-day conference next year, which is likely to be split between members and consumers.

More information about the event will be released in coming months.

Until next time, then, I hope your business continues to grow in these cooler winter months.

PETER KOULIZOS
PIPA CHAIRMAN

PIPA *media*kit

The Property Investment Professionals of Australia (PIPA) is the peak national property investment industry association. Our members subscribe to a Code of Conduct which considers all consumers and commits to disclosure and a high standard of best practice.

The ***PIPA Adviser*** is a bi-monthly industry e-magazine that features the latest industry news, research and state market analysis as well as PIPA happenings including upcoming events and media mentions.

Delivered to hundreds of PIPA members every two months, the ***PIPA Adviser*** has a potential reach of thousands of property investment professionals across Australia.

As the only e-magazine dedicated to the property investment advice sector, the ***PIPA Adviser*** offers advertisers the unique opportunity to reach a dedicated and sophisticated audience of property investment professionals.

Membership of PIPA is open to all professionals working within the field of property investment advice and can include:

- Qualified Property Investment Advisers (QPIAs)
- Mortgage brokers
- Tax accountants
- Buyers' agents
- Financial planners
- Conveyancers, solicitors and lawyers
- Education and research providers
- Property managers
- Building and/or pest inspectors
- Licensed builders
- Developers
- Quantity surveyors
- Real estate sales agents
- Licensed valuers.

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KIERAN CLAIR
Editor, PIPA Adviser

Southeast Queensland hits new highs

Brisbane's median house price has reached a record level and there's more to come. according to the latest information from the Real Estate Institute of Queensland (REIQ).

The REIQ's March Quarter Queensland Market Monitor revealed Brisbane house prices for the year to date rose 3.1 per cent to $670,000, marking a new high for the River City.

While markets cooled in Sydney and Melbourne, a rise in population numbers and improved economic fundamentals helped drive price gains in Queensland's capital, according to the REIQ.

The Institute also noted listing numbers have fallen 6.4 per cent compared to the same time last year, which will put more pressure on buyers.

Felicity Moore, REIQ Media and Communications Manager, said selling periods were tightening, too, with the city's average of 32 days on market reflecting the fastest-selling market in the report.

Ms Moore said anyone thinking of selling was going to find willing buyers in good supply – even those on a strict advertising budget.

"In this market, we could potentially see a rise in off-market sales as eager buyers pressure sales agents to see property before it hits the market," she said.

Ms Moore noted while the city's oversupply of units had resulted in apartment prices dropping 1.8 per cent during the year to a median of $442,000, rising demand would undoubtedly absorb the excess stock over time.

"The only question remaining was just how long that would take," she said.

Meighan Hetherington, director of Brisbane-based buyers' agency Property Pursuit, said the results

> ***Hendra, Ashgrove and Indooroopilly moved into the million-dollar median club.***

housing were solid, particularly as the number of the city's growth suburbs were experiencing normal levels of sales activity.

"Many of the suburbs that have performed above the Brisbane average have had around four to 4.5 per cent turnover for the 12-month period," she said.

Ms Hetherington said some of the strongest suburban performers included Seven Hills (18 per cent annual price growth), Indooroopilly (24.5 per cent), Ashgrove (16.6 per cent) and Bulimba (14.3 per cent).

"Hendra, Ashgrove and Indooroopilly moved into the million-dollar median club for the first time while Wilston, Fig Tree Pocket and Highgate Hill have slipped out," Ms Hetherington said.

However, she said the broad range of property types and price points available in a suburb like Fig Tree Pocket can result in statistical anomalies that effect median price measures.

"The median price in riverfront suburbs can be affected more often by the spread of sales prices, rather than an increase or decrease in values because they have a great spread of prices ranging from entry level homes to multimillion-dollar riverfront estates," she said.

Ms Hetherington said Fig Tree Pocket housing fell 18.2 per cent to now be well below the $1 million (median) mark at $890,000, while Highgate Hill is down 16.6 per cent to $952,500.

She said despite this result, in reality there's been very little softening in either market.

"Both of these suburbs have a very diverse range of properties from multimillion riverfront homes to entry level," she said.

"In our experience on the ground, prices have not dropped in these suburbs, but the statistics are impacted by a lowered spread of prices in the data set for the period."

For those interested in the broader region, councils adjacent to Brisbane saw stellar outcomes in the REIQ report.

The Ipswich house market grew three per cent to a new annual median house price of $340,000.

Ipswich also reported a population growth of 3.2 per cent for the year to June 2017, which was the largest annual population growth for any local government area in the State.

According to the report, this gain in residents will help take up the area's supply of units.

"The growth in the house market was offset by falls in the unit market, contracting three per cent over the 12 months to March 2018, to an annual median unit price of $319,900," Ms Moore said.

"As with other markets, it is likely that population growth will start to absorb some of this stock soon, however, due to the area's houses being so affordable, units are competing with a range of stock types to find buyers.

You can buy a unit for $319,000 but just $20,000 more will net you a house."

The Logan house market delivered among the strongest performances for all markets in the March report, adding four per cent to the annual median house price, to $395,000.

Logan also bucked the trend on unit prices with 0.7 per cent gain in prices for the year.

The Moreton Bay council area delivered median house price growth 2.4 per cent over the 12 months to March, to reflect a house price of $435,000.

To the east and the Redland LGA saw rock-star growth of 3.9 per cent for the year to record a median house price of $530,000.

"The Redland unit market delivered stellar growth over the 12 months to March 2018, adding 3.4 per cent growth to a new median unit price of $409,500. This was by far the strongest unit growth in all of Greater Brisbane," Ms Moore said.

PETER KOULIZOS
Chairman, PIPA

Property and the Federal Budget

In comparison to last year, property and property investment issues hardly raised a mention in this year's Federal Budget.

Last year saw a very surprising move from the Federal Government to restrict depreciation benefits for property investors and eliminate the ability to claim travel expenses related to investment property.

I suspect these measures were brought in as a knee-jerk reaction to two things:

Firstly, the overheated Sydney property market needed cooling down and some politicians thought it would be a good idea to make investing in property less attractive so as to reduce demand and slow down the market.

However, by the time these measures were even introduced, the Sydney market had already slowed and prices were actually going backwards.

Secondly, the Federal Government felt it had to do something in relation to property investors as the Labor Party's proposal to abolish negative gearing benefits for property investors was gaining in popularity and momentum, and I suspect these measures were brought in just to appease a certain part of the electorate.

THAT WAS THEN, THIS IS NOW

Enough of last year, what about this year?

Property investors can breathe a sigh of relief as there were no direct measures that would negatively impact them.

However, it is a different scenario for property developers.

It is proposed that people who hold vacant land will not be able to claim their expenses as tax deductions.

This is to stop them from land-banking, which would limit the

> ***Developing land can take a very long time.***

supply of developable property and put upward pressure on property prices.

I can understand that the government wants to discourage land-banking, but I don't understand the logic of this proposal in its current form.

The government wants to disallow any tax benefits for expenses incurred on vacant land from the first day of ownership. In my opinion this is unrealistic.

It's not as if one day you buy land and the next day you have a house that is ready for rent.

Developing land can take a very long time.

I don't know of any property developer in any state or territory in Australia that says their planning system is great and development applications are easy to organise and the assessment process is a dream.

Firstly, you have to organise the Development Application.

An astute developer will start this process as soon as they have signed the contract and are waiting for settlement as time is money in property development.

There is much to organise in this process, such as plans have to be drawn up by the building designer/architect.

In many cases, the building design will not be able to be finalised until the surveyors and engineers have done their bit.

This can include pegging the exact boundaries of the site and producing a number of maps that is required for the approval process.

Engineers may have to conduct soil tests and design the storm water system for the property.

If it is a multi-unit development, a private town planner may also be involved.

The requirements of a development application across states and territories vary but what is in common with all of them is there are many people involved in the process and it all takes time.

I have only discussed trying to get the approvals.

Unfortunately, I don't have enough space to detail the construction process, but many of us know it can take up to a year or more to build property and get it to a state where it is ready to be rented.

All this time, the property developer is being penalised, even though they may have done the right thing and started the approval process early, they will not be able to claim any expenses on their tax whilst it is vacant.

I'd suggest that the politicians who thought up this idea need to go back to the drawing board and discuss their proposals with those in the real world, especially those who are in the property industry.

They need to do some proper public and industry consultation before they propose an initiative that will harm those who are trying to do the right thing.

> ***The politicians who thought up this idea need to go back to the drawing board.***

pipa profile

***Grant Foley** runs a boutique Sydney-based buyers agency and was recently elected to the board of the Property Investors Council of Australia.*

CAN YOU PLEASE TELL US MORE ABOUT YOUR BUSINESS?

My business, Grant Foley Property, is a boutique Sydney based buyers agency.

We work with our clients to build and implement bespoke property investment strategies to achieve long-term goals.

Our strategies are built off the back of our own experiences building and holding a $10 million property portfolio across the Sydney, Melbourne and Brisbane markets.

Our clients are mostly astute time-poor professionals who know they want to invest in property to continue to build their wealth, but don't have the knowledge or time to know where to start.

HOW LONG HAVE YOU BEEN A PROPERTY INVESTMENT PROFESSIONAL

I am relatively new to the property investment professional space.

My professional background has been in the fast-moving consumer goods (FMCG) industry, where I worked in business management roles for leading listed companies such as Coca Cola Amatil, Diageo, Goodman Fielder and Woolworths.

It become evident that the skills I was using in my day job were directly transferrable to building my own property portfolio.

Examples included using data to uncover insights, strategy development, financial management, negotiation, performance tracking, relationship building and communication.

I now take these skills into my role at Grant Foley Property.

Also, for most of my career I managed customers, so the client interface piece of my business is second nature to me.

HOW DID YOU FIND OUT ABOUT PIPA & QPIA?

I'd originally heard about PIPA through Margaret Lomas and Ben Kingsley on the Sky News program "Your money your call".

I also recall seeing QPIA referenced in some of the property magazines, positioning it as the must have qualification for investment advisors.

Both the PIPA and QPIA communication really resonated with me.

WHAT WERE YOUR MAIN REASONS FOR BECOMING A QPIA?

Becoming a QPIA was a no brainer.

QPIA is the industry standard in terms of providing the service of property advice, it provides credibility to my business and helps for me to differentiate myself from less professional operators.

WHAT WERE THE MAIN CHALLENGES OF BECOMING A PROPERTY INVESTMENT ADVISER?

I have endless amounts of passion when it comes to anything relating to property investment, so when it came to setting myself up as a buyers' agent and property investment advisor, the process was more exciting rather than challenging.

HOW DOES THE QPIA AND PIPA SUPPORT YOUR BUSINESS AND ITS GROWTH?

Both the PIPA and QPIA logos have pride of place on my website, helping to communicate to clients that I am qualified, I am professional, and I deliver a quality service bound by a Code of Conduct.

When my clients see my PIPA credentials they know they are dealing with someone they can trust.

WOULD YOU RECOMMEND OTHER PROPERTY INVESTMENT PROFESSIONALS TO BECOME MEMBERS OF PIPA? WHY?

Absolutely, yes!

Anyone who is serious about being a property investment professional should become a PIPA member.

We need to be the change we want to see, helping PIPA (as the peak industry body) build scale to the level where we can drive positive change, including regulation.

A regulated property investment advice industry is better for everyone, including most of all, our clients.

The recent royal commission into banking has thrown fuel on the fire regarding the need to have better controls in place for advice-giving industries.

WHAT WILL PICA FOCUS ON DURING THE LEAD UP TO THE FEDERAL ELECTION AND WHY DID YOU DECIDE TO BECOME A PART OF THE ORGANISATION?

Yes, I was lucky enough to be selected to sit on the National Board of PICA working with some of the best minds in the industry.

Our current focus is membership, and we are looking to quickly build to 100,000 members, so we can provide a strong and cohesive voice representing Australia's two million property investors.

Ahead of the next Federal Election, it is imperative we bring facts to the table regarding all property-related policy discussion.

Without a strong industry body in place to provide balanced and factual responses, the discussion is one sided and investors' interests are not represented.

An example of this is Labor's proposed changes to negative gearing, where we believe the changes are not well thought through and may have a negative impact to not only property investors, but to the economy as a whole.

These changes could see falling house prices (including owner occupier homes), job losses, rising rents, and over-development of our inner-city fringes to name but a few.

PICA is not against a review of the current policy and would welcome the opportunity to be involved in the discussion.

I put my hand up to join PICA, as I believe in the charter of the organisation and believe I can contribute in a positive way.

WHAT'S NEXT FOR YOUR BUSINESS IN THE NEXT 12 MONTHS AND BEYOND?

My singular focus for the next 12 months will be to delight my clients, exceeding their expectations in each and every transaction.

My longer-term ambition will continue to be centred around quality of service provision and client outcome. ∧

INTERESTED IN BEING A PIPA MEMBER PROFILE IN THE PIPA ADVISER? EMAIL US...

enquiry@bricksandmortarmedia.com.au

Will the banking royal commission push down property prices?

The Financial Services Royal Commission has exposed some irresponsible lending by Australia's biggest banks. Some of the revelations from the commission have affected certain banks' share prices but not their profits.

The question is whether the information brought to light by the commission will further push down property prices?

THREE OUT OF FIVE EXPERTS SAID YES, HERE ARE THEIR DETAILED RESPONSES:

Disclosures:
Grattan Institute began with contributions to its endowment of $15 million from each of the Federal and Victorian Governments, $4 million from BHP Billiton, and $1 million from NAB. In order to safeguard its independence, Grattan Institute's board controls this endowment. The funds are invested and contribute to funding Grattan Institute's activities. Grattan Institute also receives funding from corporates, foundations, and individuals to support its general activities as disclosed on its website.

Cameron Murray is a senior economist at The Australia Institute and member of the Sustainable Australia political party.

HARRY SCHEULE

Professor of Finance

The shortfall of wages to pay for housing costs has made Australia's household debt to GDP ratio one of the highest in the world (approximately 100%).

Another worry of this debt explosion is that mortgages account for over 60% of Australian bank assets and the banking is dominated by few large banks. Their failure has the potential to disrupt the economy. The Australian Prudential Regulation Authority (APRA) has responded by tightening lending standards.

The royal commission will lead to a greater risk awareness in the banks and as a result a re-balancing of the amount of loans banks make compared to consumers' potential earning and debt repayment. APRA has made it clear in its submission to the commission that it expects banks to better reflect household living expenses and mortgage interest payments, in their calculations on how much they lend.

The effect of these changes will be that banks reject more consumers who apply for loans and offer less of them going forward. Home buyers will then have less ammunition available in bidding for real estate which will eventually dampen house prices. It will be interesting to see whether these changes will make houses more affordable. But much will depend on whether or not people get a wage rise.

RACHEL ONG

Professor of Economics

One of the key outcomes from the Financial Services Royal Commission is the tightening of banks' lending standards and stricter credit controls. As a result, households may find it more difficult to get home loans and borrowing costs may rise.

Theoretically speaking, this should lead to a reduction in demand for properties. However, this prospect is unlikely to translate into any meaningful reductions in property prices. Property prices in Australia have remained persistently high since the early 2000s.

This reflects policy settings that have systematically encouraged over-investment in property, over time. These policy settings include negative gearing and capital gains tax discounts, the First Home Owners Grant, as well as decades of financial deregulation and historically low interest rates.

It's unlikely that the financial services royal commission will lead to any sudden hikes in interest rates or meaningful changes in policy settings, that have fuelled competition for property in the markets thus far. Property prices in Australia will continue to remain stubbornly high, reflecting a long-term structural problem that has been neglected by policymakers for decades.

This article was originally published on **THE CONVERSATION** [Read the original article]

BRENDAN COATES

Fellow

Tighter lending standards to reduce the amount of money prospective homebuyers could borrow would push down property prices, at least in the short-term. But the effect is likely to be modest, because banks have already tightened lending criteria in recent years.

The royal commission has focused on banks' compliance with responsible lending laws, which require lenders to make "reasonable inquiries" about an applicant's financial situation before lending money, and the use of the Household Expenditure Measure to assess living expenses. Given the controversies the commission has exposed, tighter rules are likely.

But the banking regulator, the Australian Prudential and Regulatory Authority (APRA), has already tightened lending standards. Since 2014 it has required banks to assess borrowers' ability to repay the loan at an interest rate of at least 7% - more than three percentage points above current discounted mortgage rates. These changes have had a material impact: the share of new loans, where the loan exceeds 80% of the purchase price, have declined sharply since 2014 and overall credit growth has slowed.

APRA also recently removed the 10% cap on growth in investor lending, which could offset the impact of any tighter lending rules arising from the royal commission.

CAMERON MURRAY

Lecturer in Economics

One of the main factors enabling the enormous house price increases over the past six years has been easy access to mortgage finance. We can already see reports of more conservative lending happening this year, and further tightening of lending standards due to the Financial Services Royal Commission will reduce the ability of potential housing buyers to bid up prices.

It's essential to keep in mind the buyers who set prices in the housing market are usually investors. So what matters is how lending constraints and recent price trends affect investor demand. Investors have been rather quiet on the markets lately, with first home buyers making up a recent high of 18% of new mortgages.

The downturn in prices in the housing market that we are now seeing could be short-lived. Outside of Sydney (and Melbourne to a lesser extent) returns might seem relatively attractive for investors. Another price boom could begin next year as lenders find that the only buyers that fit their new tight qualifications are outside of areas with already inflated housing prices.

Remember, housing markets are ruled by feedbacks — price rises attract more buyers, further increasing prices. The reverse also holds. So the net effect of tighter lending controls due to regulatory changes that come out of the commission depends on whether the shock is big enough to send the market into a downward spiral, or only temporarily halt the current upswing.

MARIA YANOTTI

Lecturer in Economics

The royal commission is more likely to affect the supply of financial services, than demand for loans. As a consequence of the commission's findings we would like to think that financial institutions will have to put in place better compliance processes and stop cost-saving or income-generating practices that disadvantage or put consumers at risk.

These new processes and practices will translate into higher costs for the financial institutions, which will be passed on to consumers via higher interest rates and/or lower access to finance. Banks already need to collect more data on their consumers to accurately assess their risk in taking certain products, particularly home loans.

This situation will result in lower demand from those looking to own a home, in favour of higher demand for rental housing. But the effect of higher interest rates may not be strong enough to decrease demand for property by real estate investors and businesses.

We have to keep in mind that the financial services industry is also facing major technological changes, which will potentially lower the cost of providing financial services to consumers.

And even though the reputation of many of our financial institutions will be tarnished by the commission, the industry is still an oligopoly and consumers don't have many alternative choices for real estate finance.

Real drivers of property prices are land availability, construction costs, population growth, and to a lesser extent finance access and cost.

PIPA *depreciation*

New free service for property managers

BRADLEY BEER
CEO, BMT Tax Depreciation

BMT Tax Depreciation has announced a new service to help investors understand depreciation deduction estimates.

New to Rent provides property managers with complimentary depreciation estimates tailored for each rental property their agency lists.

The estimates highlight the difference that depreciation can make to an investor's cash flow and ultimately help industry professionals establish a point of difference in today's competitive property management industry.

For investor clients, being advised of the potential depreciation deductions they could be claiming is a valuable source of information, helping them to determine their after-tax cash position.

The New to Rent process is simple:

1. Our depreciation experts will identify each new rental property listed online.
2. The depreciation estimates for these properties will be emailed to the property manager.
3. The property manager can forward the estimate through to the owner, showing them the deductions they could be entitled to claim.

Take advantage of this free service today by signing up at bmtqs.com.au/new-to-rent-sign-up or calling 1300 268 277.

This feature is also available through MyBMT. To register simply visit mybmt.bmtqs.com.au.

PIPA in the news

PIPA is a regular commentator and expert source in property-related stories across the nation. Below are a selection of articles from the past two months.

your investment property

Property Investment Advice Should Be Regulated

The Royal Commission has highlighted the need for property investment advice regulation, amidst the myriad revelations of dodgy operators and unsound financial advice.

http://bit.ly/PIPA-009-15A

nestegg.com.au

A good budget for investors

With the budget's guts now laid bare, property experts have had time to think about what it means for investors. As it turns out that, for the most part, it is a good one.

http://bit.ly/PIPA-009-15B

SmartProperty Investment

Housing more affordable than 30 years ago: Experts

A real estate investment advisory body has claimed that property is more affordable now than nearly 30 years ago, and that other experts may not have been looking at the right numbers.

http://bit.ly/PIPA-009-15C

new members

***PIPA** welcomes our newest members and QPIAs...*

CORPORATE MEMBERS

- DAVID EASTERBROOK
  Elite Buyers Agents
- ROBERT POLLINA
  Blackbook Group

QPIA

- DAVID ROBBINS
  Performance Property Advisory

JEREMY SHEPPARD
Director of Research,
LocationScore.com.au

LocationScore

The best demand upswing areas revealed

New research has identified the Australian regions where demand is swinging upwards and is likely to result in good property times ahead.

Our half-yearly **LocationScore Property Swingers Report** is a study that lays bare demand vs. supply across Australia's 20 largest Significant Urban Areas (SUA).

The research has also highlighted the most promising suburbs in each SUA – unearthing rising markets set for firming capital gains.

We marked each suburb in each SUA out of 100 on eight key indicators that illustrate demand, supply and growth prospects.

We then aggregated these results to create a running relative-demand rating for each SUA over the past three years.

We've picked SUAs instead of suburbs because when it comes to LocationScore property swingers, size matters.

Given the breadth of data researched, even minor changes to an SUA's aggregated LocationScore reflect a significant shift in relative demand.

> ***Even minor changes to an SUA's aggregated LocationScore reflect a significant shift in relative demand.***

Based on a three-year comparison, the SUAs of Bendigo (VIC), Townsville (QLD), Ballarat (VIC), Geelong (VIC) and Hobart (TAS) have become the most alluring for buyers.

After a masterful performance in the capital gains stakes last year, you'd think Hobarts might have exhausted itself – but you'd be wrong. Our figures show it has plenty of stamina and is set to keep going.

Hobart, Townsville, Bendigo and Darwin (NT) came out on top looking at swings across a one-year period.

However, it was interesting to watch lesser known SUAs find their groove.

Many of these wall-flower locations sit outside the traditional hotbed of big city capital gains.

Our analysis reveals it's these seemingly quiet positions which can fire with the strongest demand.

Conversely, it's been a poor outcome for Wollongong (VIC) and Sydney (NSW) over both the one-year and three-year measures.

Regions considered the dominants of the capital growth party throughout the last half-decade are having a breather while new players take the lead and drive the action.

SYDNEY

Sydney's softening market is entrenched, according to the new research.

The results reveal Sydney's market slowdown is well and truly entrenched with buyer demand waning.

Vendors must become realistic about their pricing, or risk seeing extended days on market until they reprice appropriately.

Despite the overall poor performance, the suburban markets of Allambie Heights, Oatley and Annandale were deemed the most promising as demand still continues to outstrip supply.

MELBOURNE

Melbourne has put on a promising performance despite a reasonably flat LocationScore result across the three years.

Melbourne's median LocationScore never reached into the 70s in the past three years like it did for Sydney's boom.

But Melbourne had scores in the mid to high 60s and although there's been some recent cooling, the median is still a very entertaining 65.

This is the second highest median LocationScore for any significant urban area in the country.

For investors keen to get a piece of Melbourne, Baxter, Cockatoo and Eltham show the most promise according to the report.

BRISBANE

While Brisbane has been expected to show plenty of promise, its LocationScore confirms a history of steady-as-she-goes demand vs. supply.

In fact, Brisbane's result continues the city's history of slow and steady gains and stable long-term performance.

Our research shows it presents investors with an overall growth potential that is best described as measured.

Brisbane buyers could do well in Bray Park, The Gap and Everton Hills according to the results.

PERTH

Perth's market is coming back to a natural balance after softening dramatically during the past two years, according to LocationScore figures.

> *It should come as no surprise the Gold Coast region is full of swingers.*

However, it will take more time for confidence to be restored and get the growth up again.

It looks like the worst is now over, but while Perth can enjoy a more positive outlook around its real estate, signs of strong sustained growth are still a way off.

Those looking to take advantage should hone in on the suburbs of Floreat, Sorrento and Padbury.

ADELAIDE

Cautious optimism is probably the best way to describe real estate markets in the City of Churches, according to the research.

Adelaide has some highly ranked suburbs alongside some quite ordinary suburbs.

This is another city showing promise but with no clear “buy” signal.

It’s a market to watch and even dabble in, but not one to dive in head-first anywhere you like – not yet anyway.

Suburbs worth your attention include Modbury North, Sheidow Park and Redwood Park.

GOLD COAST – TWEED HEADS

The research says it should come as no surprise the Gold Coast region is full of swingers... in terms of real estate markets that is.

In fact, the Gold Coast–Tweed Heads region has been doing a fair deal of swinging around over the past three years.

This part of southeast Queensland is looking reasonably stable but is still not showing signs of an all-out boom as may have been suggested due to the Commonwealth Games by many real estate commentators.

Suburbs of interest in this area include Mermaid Waters, Tweed Heads and Elanora.

NEWCASTLE - MAITLAND

A softening LocationScore could be telegraphing the end of this regions boom run, according to the research.

If it falls again next month, it might mark the start of the end of price growth in the region.

Prices have climbed around 25 per cent over the past three years, which is a pretty good run.

The pick of the region includes Merewether and Kotara.

CANBERRA – QUEANBEYAN

This region’s property market has been a silent but smouldering performer, according to the research.

Despite not much noise being made about Canberra – Queanbeyan, it’s one of the hottest markets in the country by median LocationScore.

There are only thre other property markets in the top 20 significant urban areas with a better LocationScore at the end of March 2018 – Hobart, Melbourne and Geelong.

Keep your eyes on Latham, Amaroo and Kaleen.

SUNSHINE COAST

Despite some anecdotally good reports, a recent softening in the numbers for the Sunshine Coast should be watched carefully.

In fact, the LocationScore has dropped from 63 in January to 58 in March and it’s unlikely this is purely seasonal.

Currumundi is a suburb worth of a second look according to the research.

CENTRAL COAST

One of NSW's hottest markets over the past three years is slowing down.

Many property analysts speculated this was an overflow of growth from Sydney, but growth in the median value of properties in the Central Coast has exceeded the growth in properties in Sydney for most of the period when Sydney was booming.

Demand has definitely subdued from three years ago.

The median LocationScore is now down to 61 – a 12-point drop in three years is a significant change.

Buyers keen on the region should keep an eye on Kariong, Green Point and Berkeley Vale.

GEELONG

The Geelong region didn't really start heating up until January 2016 according to our research.

Since then it has piled on more heat, swinging all the way up to a head-turning score of 69 in December 2017.

Recently it's backed off a tad to 66, but this is still the second highest LocationScore for any significant urban area in the country.

Expect capital growth to accelerate.

The standout suburb in the region is Bell Post Hill.

WOLLONGONG

While its LocationScore has softened, the Wollongong region is still outperforming most others in the swinger stakes.

Wollongong comes in equal fourth with Canberra – Queanbeyan in rankings of the best significant urban areas in Australia by LocationScore.

Check out Horsley and Bulli for Wollongong's best prospects.

HOBART

Here's even more evidence of the strengthening demand for real estate in the Tasmanian capital.

At the end of March 2018, Hobart was ranked as the top significant urban area for growth in the country, with a LocationScore of 71.

This is similar to the LocationScore Sydney had during its boom.

Demand is outweighing supply and by a considerable margin.

Particularly smoking hot markets include Howrah and Lindisfarne.

> ***At the end of March 2018, Hobart was ranked as the top significant urban area for growth in the country.***