So, where to invest next?

As one Australian property market wanes, another emerges as an ideal target.

inSynergy

Your Property Investment Advisory

Recent reports show Sydney house prices recorded the nation's largest annual fall of up to 6.5 per cent in some suburbs. Understandably, many Sydneysiders are left wondering whether it's an ideal time to invest in property at all.

Much of the media commentates on what they call 'THE property market'. We might be told that the Australian property market is 'overheated', or that the 'bubble has burst', but in reality, there is not one Australian property market. Instead, there are many property markets all at different stages of their growth cycle.

TIMING THE MARKET

Property investing is all about timing. As one market wanes, another emerges as an ideal target.

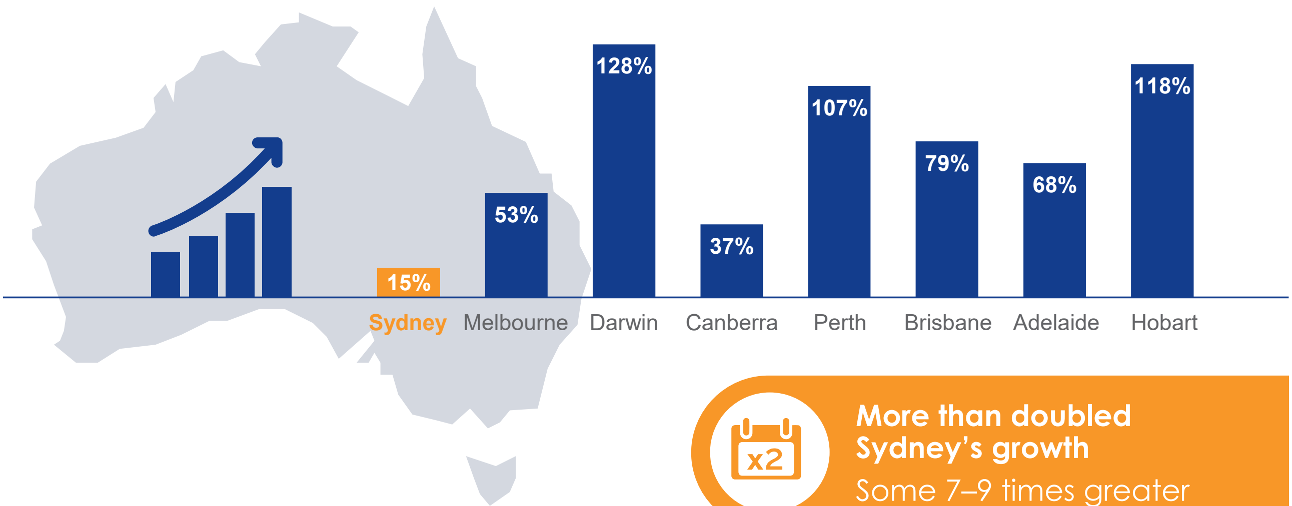
Take a look at the historical growth from 2003–2009 across all Australian capital cities. Property in Sydney only grew by 15 per cent. Some of the other capital cities however, Darwin for example, had nearly 128 percent growth in that same timeframe! On a $500,000 property over that same period, that's $565,000 growth in Darwin versus $75,000 growth in Sydney. There are clearly huge differences between the two markets. One will see you create significant wealth and the other will see your investment perform no better than cash in the bank.

It's actually very common to see variances of 60–100 per cent in property returns, as well as much better rental returns over the same six-year period, whilst one market is booming and another is flatlining/plateauing. Again, on a $500,000 property this can mean differences of $300,000 to $500,000 in capital gains, as well as the difference in yield. This figure however would usually be even higher as the better rental return helps you hold more property, and the higher capital growth helps you invest in more property sooner.

This is a substantial amount of money that could then be used as equity towards your next property purchase or other investment, meaning the difference should grow and compound even further. After another 5, 10 or 20 years, the numbers could be staggering and may equal more than a million dollars by retirement. With values

This is what happened last time Sydney slowed from 2003–2009

% Growth 2003–2009



More than doubled Sydney's growth

Some 7–9 times greater

The Benefits of a Good Strategy

across the majority of Sydney dwindling, market analysts are weighing up the numbers and the consensus points to one major city being a standout option.

BRISBANE SET TO SOAR

Median property values in Sydney are currently nearly double those in Brisbane. The last time this happened was in 2003, leading to a scenario where Sydney peaked and plateaued in the following six years with only 15 per cent total growth, while Brisbane entered a period of strong property growth of close to 80 per cent.

So, by investing in $1,000,000 of property in 2003, you would have been $650,000 better off in Brisbane in 2009. Adding to this, the net rental return is around 50 to 70 per cent higher in Brisbane, so the rent and tax benefits usually covers all the costs such as interest, rates and maintenance. Compare this to Sydney, where low yields mean the net rent leaves you with a high cost to hold the property.

History shows that when the Sydney property market slows, the Brisbane property market grows.

After a long period of sluggish growth, the pieces of the jigsaw are falling into place for Brisbane. The fundamentals are great, yields are strong and affordability is very high.

STRONG FUNDAMENTALS

Multiple major research firms agree that Brisbane can expect good to very strong property growth over the next five to eight years. Factors include a combination of affordability and a large price gap between other capital cities, strong interstate and overseas migration, solid jobs, economic and wages growth forecasts, all combining with a large reduction in apartment supply.

While there have been concerns about the impact of the Sydney and Melbourne slowdown on Brisbane, the market has already factored this into the economy, just as it had in the 2011 floods. We strongly anticipate 50–80 per cent growth in good Brisbane suburbs over the next six to eight years.

Accelerate your property returns with SMART RESEARCH

The importance of good market research from credible, independent providers to help you decide where to invest at any given time cannot be stressed enough. Companies like BIS Shrapnel, Residex and Hotspotting are some of the best.

Savvy investors will also work with an experienced property investment advisor that not only already has much of the data at their fingertips, but can help you interpret it all and, more importantly, put it into practise with your own property portfolio.

inSynergy's one-on-one property investment strategy and planning workshops, ongoing advice and support will teach you how to safely build a high-performance property portfolio to help fund your children's education, your future retirement and much more. Book in to get a jump start on your financial and lifestyle goals this year. Invest in your future and visit inSynergy.net.au for more information, or to arrange a time to chat.

DISCOVER how we can help you

Get in touch now to book your complimentary property investment consultation with inSynergy Chief Property Investment Advisor, Richard Sheppard.

• 60 Minutes | • One-on-one | • No Obligation

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Important note and warning: *This information is general in nature and should not be considered personal financial or tax advice. We highly recommend you discuss these concepts with your accountant, property investment adviser and investment finance mortgage broker jointly to ensure any considered concepts are suitable for your personal financial situation, as one effect of the concept may negatively impact another part of your plan.*

The information contained in this e-Guide is current as at January 2019