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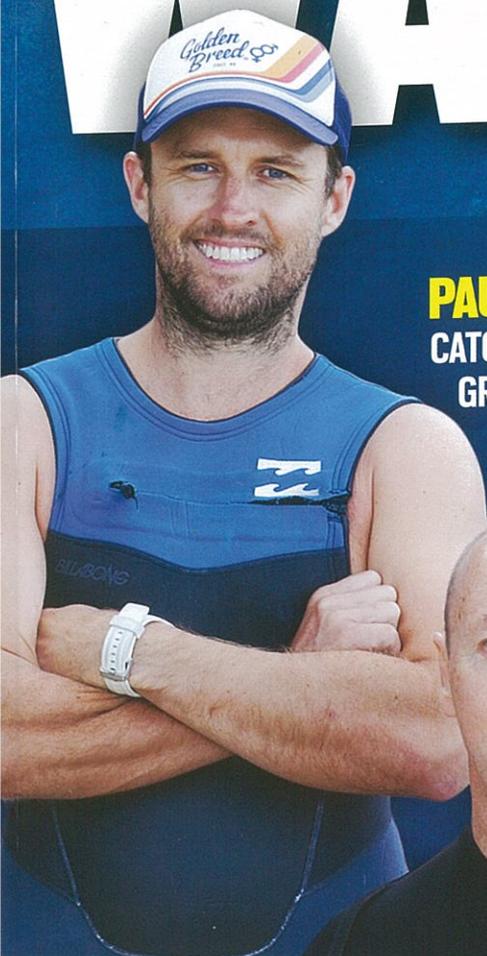
FOR HOMEBUYERS, INVESTORS & PROPERTY PROFESSIONALS

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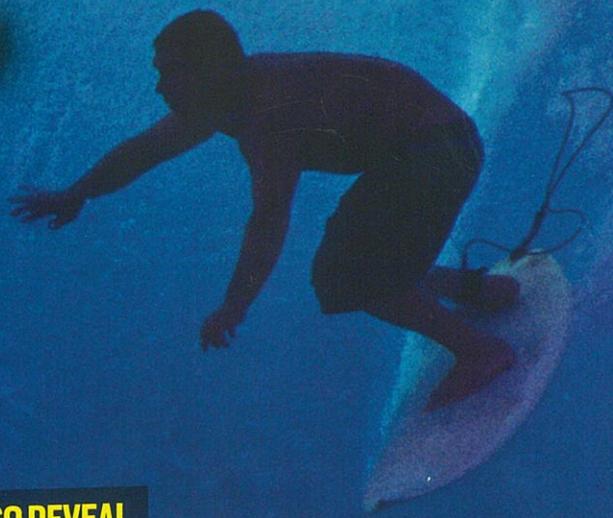
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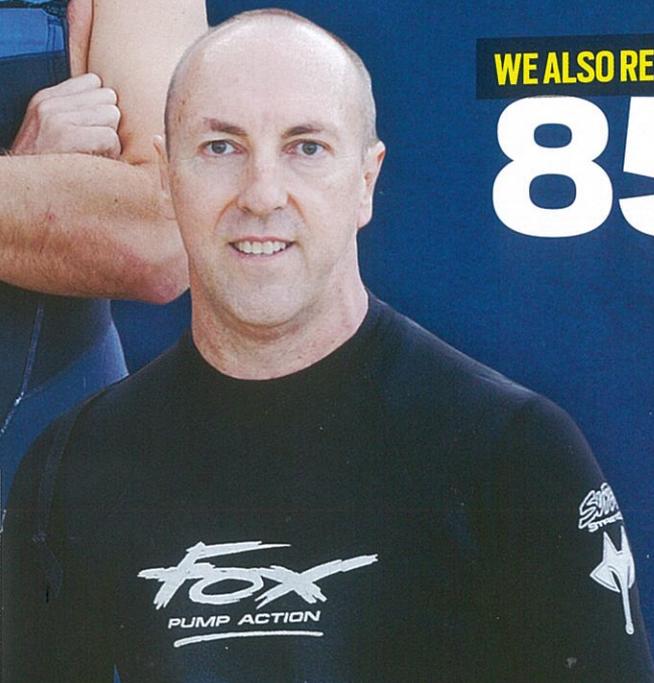
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THEY DO EXIST: THE NATION'S MOST DEVELOPER-FRIENDLY COUNCILS



Deakin University Burwood campus

UNDER THE RADAR

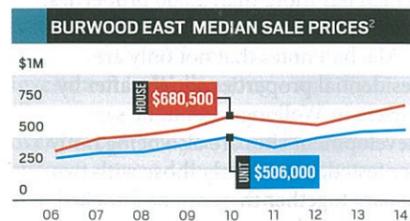
Burwood East is being overshadowed by its more recognised neighbours, but new developments are helping it come out of the dark. KIERAN CLAIR (@kieranclair)

It'd be easy to think Burwood East was a mythical place. The question, "How is Burwood East perceived?" brought noticeable blank responses from some local sources. They weren't abiding by the long held rule of "If you don't have anything nice to say..." either. It's more that Burwood East is regarded as a bit of a no man's land surrounded by the higher profile suburbs of Burwood, Mount Waverley, Blackburn, Glen Waverley and Box Hill.

However, rather than hang its head as the wallflower with which no one wishes to tango, Burwood East looks set to rise to the challenge.

History shows these overlooked addresses are often one tasty latte spot away from hitting it as a hot investment option for buyers. Some even believe Burwood East may be on debut – a bridesmaid with an eagle eye, sharp elbows and lightning reflexes set to snaffle the bouquet.

ALL ABOUT BURWOOD EAST ¹		
	House	Unit
Median price Aug 15	\$899,000	\$567,000
12-month growth	23.2%	-0.3%
Median rent Aug 15	\$420	\$358
Rent growth Aug 15 (YoY)	2.4%	-2.1%
Gross rental yield Aug 15	2.4%	3.3%
Properties sold Aug 15	172	13
Properties sold Aug 14	146	22
Average vendor discount June 15	-17.11%	3.21%
Average vendor discount June 14	-2.21%	0.0%



A GREAT LOCATION

Burwood East is conveniently located 17 kilometres from Melbourne's CBD in the direction of the sunrise. Bounded by Highbury Road to the south and Eley Road to the north, it's a four-and-a-half-square-kilometre suburb that's too quickly overlooked, according to Sam Lally, a buyers' agent with Buyers Advocate.

"It's one of those suburbs that's stuck behind Blackburn South and it's just off to the side of the Burwood Highway.

"People just don't know where the border stops and starts... buyers might be buying in Burwood East and they don't know Blackburn South inhibits into it. They suddenly realise, 'Oh, right, we're in Burwood East!'"

Lally puts the lack of recognition down to one main factor – no train station.

"You've got the main line for Camberwell that stops at Alamein, but other than that the only other line you've

“People just don't know where the border stops and starts... they suddenly realise, 'Oh, right, we're in Burwood East!’”

SAM LALLY

got out there is the Belgrave/Lilydale line, which runs further north through Surrey Hills and Blackburn, so where Burwood East starts, it's sort of in the middle of nowhere.”

Of course, life doesn't begin and end with steel tracks. There are other options for commuters and broader reasons to choose the suburb. There's a tram along the Burwood high street – the number 75 – that goes all the way into the CBD.

Greg Cooper, principal at Cooper Newman Real Estate, says other convenient facilities are readily accessible, too.

"Burwood East has reasonable proximity to a number of shopping centres like Doncaster or the Glen and it's not a lot further to go to Chadstone. It also sits between two freeways – the Monash freeway and the Doncaster freeway.

"The first ever Kmart in Australia is in Burwood East and some years back they did a significant expansion of that and added about 50 shops.”

Despite the public transport shortcomings, Burwood East does have one major facility in close proximity that guarantees a ready source of tenants, Lally says.

"Deakin University... I don't think there are any colleges out there for people to live in, so you do get a lot of students wanting to live in the surrounding area.

"Given the tram on Burwood road runs past the university, it's easy access for them... and generally for people who are at university, their parents pay the rent so you do get pretty good returns.”

HOUSING TYPES

Burwood East has a traditional property type that shouldn't surprise – detached homes on suburban blocks, although a move to more units and new houses is under way. Despite its status as "relatively affordable" compared to neighbouring suburbs, Burwood East still requires decent coin from its potential buyers, according to Cooper. He says a traditional block with a 1960s home will set you back around \$1 million, with a gross rental yield of approximately 3.5 per cent.

"You won't get in for below \$900,000 for a full block of land even without a house on it. Blocks are typically smaller in Burwood East so you'll find them sitting between 530 and 600 square metres.”

He says it's land value that's propelling the price.

"Land values have shown fairly extraordinary growth in the last couple of years... since the time this cycle first started two years ago prices have gone up about 33 per cent, which is a lot more than the average for most of Melbourne over that period.”

BURWOOD EAST FACT SHEET

Burwood East has a low supply to demand situation. There are few rental properties available to tenants and there is an undersupply of for-sale listings. Discounting has been muted. Incomes in Burwood East are growing slightly faster than the Victoria average. The proportion of renters to owner-occupiers is below average for Victoria. Stock for sale levels are up by 7.3 per cent year on year.

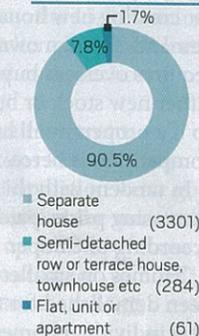
Source: SQM Research, www.sqmresearch.com.au (accurate to October, 2015).

OCCUPANT TYPE³



■ Owner-occupiers
■ Mortgage holders
■ Renters

HOUSING MAKE-UP¹

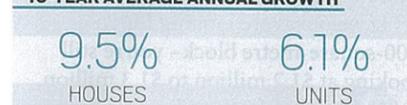


■ Separate house (3301)
■ Semi-detached row or terrace house, townhouse etc (284)
■ Flat, unit or apartment (61)

VACANCY RATES³



10-YEAR AVERAGE ANNUAL GROWTH³



KEY DRIVERS

- University.
- CBD access.
- New development.

POPULATION⁴

10,141

WALK SCORE⁵: 59

Burwood East has a Walk Score of 59. There are about 42 restaurants, bars and coffee shops and people can walk to an average of two restaurants, bars and coffee shops in five minutes.



Asian buyers, particularly foreign investors, who find they can't afford Burwood East's more expensive neighbours are driving the demand for sites.

"Because of the strong interest in the general precinct of Boxwood to Glen Waverley to Burwood from Asian investors, we have an extraordinarily high number of sales that take place here to investors... we would sit probably in the order of about 70 to 75 per cent sales to investors," Cooper says.

The result is any allotments suitable for creating new housing are in hot demand. Foreign ownership legislation requires overseas buyers purchase either new stock or build from scratch, so if a property will help achieve this, competition is fierce.

In tandem with this demand are the increasing prices paid by developers, according to Cooper.

"Homes on smaller blocks of land have been demolished for the construction of new individual homes... It's when you get over 600 square metres that you're then in a position to be able to develop them for attached housing."

Lally agrees competition is keen.

"They're trying to get those two- or three-townhouse sites," he says.

"Developers are looking for an 800-square-metre block— you're still looking at \$1.2 million to \$1.3 million.

"Unrenovated homes have developers coming in and looking for a dual occupancy, or triple or quadruple sites even, putting townhouses on them and making money."

The price of family homes has risen beyond the reach of most buyers, with competition at auctions blowing reserve prices out of the water. Still, if you simply must be in a detached house along this particular corridor, Burwood East is your budget option.

■ FOR THE BUDGET CONSCIOUS

So, Burwood East is in a blue-chip Melbourne corridor and relies on the popularity of adjacent suburbs to boost its house price, while sites with development potential lie beyond the reach of casual investors. It begs the question – what is the best investment in this market? The consensus is that older attached housing offers a way in. Lally says, for example, a villa unit can strike the perfect balance between a house and an apartment.

THE BRICKWORKS PROJECT

Project set to drive the east

Rezoning of the old Burwood Brickworks site by the Victorian Minister for Planning, Richard Wynne, will facilitate a project set to house more than 2,000 residents. The 20-hectare site on Middleborough Road has

been vacant for almost 20 years, however Wynne fast-tracked the plans so the developer could commence a \$500 million investment in the property.

"Demand for housing around inner suburbs is at an all-time high," Wynne says.

"With Melbourne's population set to grow, we need more smart development in the right locations."

A spokesperson for the developer says the site has been a blemish on the neighbourhood and they're eager to help rebuild the area.

"By providing new infrastructure and amenity to service the broader Burwood community this will essentially breathe new life into the neighbourhood."

The spokesperson says the plan is for a mixed-use project they hope will create a social hub for the area, and plans for the residential component will appeal to a broad range of potential buyers.

"Up to 950 homes with a mix of apartments, terrace housing and detached and semi-detached homes for around 2,000 residents; with a variety of demographic and household types catered for."

The proposal incorporates a civic plaza and supermarket as well as specialty and other retail services. There will also be space dedicated to commercial and community facilities, such as a gym, commercial offices and a medical centre.

"The masterplan caters for a variety of demographic and household types – our product mix and price points will be aligned to appeal to both owner-occupiers and investors."

The project will also incorporate 2.7 hectares of publically accessible open space, as well as the establishment of 500 new street trees, pedestrian ways and bike paths.

The spokesperson confirmed the project is being completed in seven stages, with the final completion date scheduled for 2023.



An artist's rendering of the public space at the Brickworks

"They're proving extremely popular because they're still affordable and they're growing in value like there's no tomorrow."

Lally says investors can expect about 3.75 to 4 per cent gross yield on these holdings, which isn't too shabby considering your distance from town and the upside capital gains potential.

For an even more affordable space, then units are the go, but smart buyers need to be selective. Whitehorse Council are looking to nearby Box Hill as the epicentre for high-rise development, with 30-storey towers approved. This pro-development council has Burwood East earmarked for less ambitious accommodation, with a number of low-rise style apartment projects coming out of the ground along the highway, according to Cooper.

"Here in Burwood East it's relatively new so they're selling off-the-plan at the moment.

"The initial wave about four or five years ago was for student apartments and they now struggle to resell, so no more of those are being built currently, but [owner-occupier style] apartments are relatively new for the suburb."

These new properties will, once again, attract demand from foreign buyers, but this creates an opportunity for locals who want to get a piece of Burwood East.

"Typically older style circa 1980s units, two-bedroom, will be sitting at around the \$500,000 mark. Then, if you're looking at townhouses, which are typically a bit newer, you'd be looking at three-bedroom and would pay around \$800,000 to \$900,000," Cooper says.

Older units, particular ones where some cosmetic work builds fast equity, will provide the best option for buyers, according to Cooper. Rental demand is assured and it's a great foot-in-the-door buy.

■ THE MARKET AHEAD

Cooper says buyers into this eastern corridor would be acquiring great quality property in his hometown, but don't set your expectations too high for short-term gains.

"We're at the tail-end of a rather steep climb in prices, so I'd say it's going to be relatively muted growth over the next 12 months.

"It's certainly got all the core fundamentals for when it next kicks up but honestly nobody knows whether it's going to be a quiet six months and then take off or whether it's going to be quiet for two years."

Lally has a big piece of advice for Burwood East investors – patience.

"It's a buy-sit-and-hold area of Melbourne. You're not going to make massive profits like the Mount Waverley or Glen Waverley areas did."

He points out, however, that this is a blue-chip real estate region with potential for long-term gains.

“As long as you're not part of the herd mentality, you'll still make money in Melbourne real estate.”

SAM LALLY

"In these particular suburbs I think there's still room for growth," he says.

"As long as you're not part of the herd mentality, you'll still make money in Melbourne real estate.

"Everyone follows, so they'll go to Preston or Coburg – they go to the northern suburbs but they don't think outside the square and say, 'OK. What markets have people been priced out of, and what's going to be the next suburb they go back to?'"

"Melbourne real estate works under the Ripple Effect and the further you

go back away from the CBD, the lower the prices get, and the lower the prices get the higher the yields get. So, getting in the mix within, say, the 15-kilometre radius of the CBD where Burwood East is, there's still a good cross-section of yield and growth."

So, sit tight and wait for profit.

"As long as the prices keep moving along and with the population we've got coming into Melbourne at the moment, plus people buying up, it's one of those commodities everyone needs, so I can't see it losing much steam at all." API

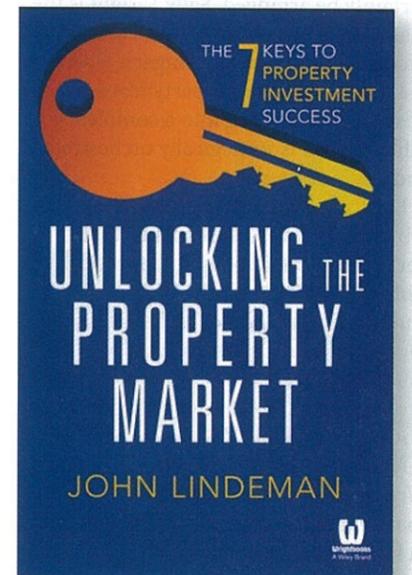
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