

Story Terry Ryder

# 10 top cheapies



## If you're looking for property under \$200,000, look outside the big cities

**I**T'S THE LOUDEST CRY I HEAR from the property public: We want to invest but we can't afford city prices. Where can we buy something with growth prospects for \$200,000 or less? The key message is that there is life beyond the capital cities. Prospects for a growth investment can be much stronger when buyers look to regional areas.

There they can find a surprisingly large number of good prospects: centres that are growing, with solid local economies, low buy-in prices, above-average rental returns and drivers of capital growth.

New South Wales provides a good example. When investors think "NSW property" they tend to think Sydney. But the Sydney market is both flat and expensive. Many NSW areas boast lower prices and markets that are tick-

ing over nicely.

While many parts of Sydney and the NSW sea change towns suffered declining prices after 2003, rural NSW has remained solid. Regional centres like Tamworth and Wagga Wagga have avoided any price carnage and have long-term capital growth averages in double digits (Australian Property Monitors data). Smaller centres such as Moree, Gunnedah, Glen Innes and Parkes are thriving but remain affordable.

It's a similar story around the nation. Melbourne's market has cooled after a busy 2007, but the Gippsland region has multiple drivers of growth, and affordable real estate. Brisbane's no longer pumping, but regional centres like Charters Towers look good. (WA is missing: following its recent property boom, it's difficult to find any cheap locations with meaningful prospects for capital growth).

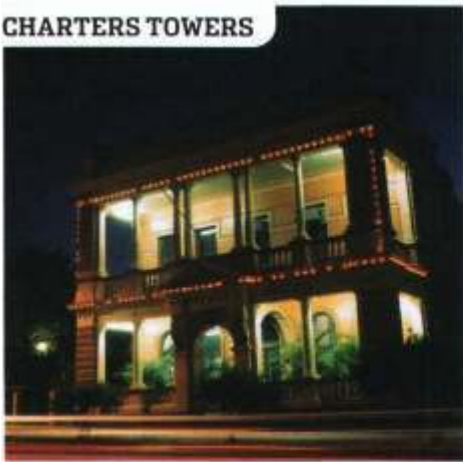
My criteria for investors on a budget were (1) realistic possibilities to buy houses for \$200,000 or less; and (2) identifiable drivers of capital growth. These are my top 10 in alphabetical order:

### **Broken Hill NSW**

After years of decline, the iconic mining town

# Regional NSW has remained solid with lower prices and markets that are ticking over nicely

CHARTERS TOWERS



that gave its name to BHP is back in business. The resources boom has stopped the population drift and the outback town of 21,000 people bristles with activity and confidence. Old workings are being expanded, new ones being cranked up. The new Honeymoon uranium mine is over the border in South Australia, but Broken Hill is the nearest regional town.

Economic diversity is important for property investors and Broken Hill also has a healthy tourism industry (300,000 visitors a year), while there are plans involving Macquarie Bank for a \$2.5 billion wind farm nearby. Despite big capital growth recently, you can still pick up the typical Broken Hill house for around \$130,000 (61% of residents own their houses without mortgages).

## Charters Towers Qld

This North Queensland regional centre is defined by its gold rush architecture. It retains many splendid buildings from the 19th century boom times when it had its own stock exchange. And gold fever has returned to Charters Towers, spurred not only by the resources boom but new technologies which allow old workings to be re-attacked. New



INVERELL

surrounding it, including the Edinburgh defence precinct (massive and expanding) and the 650ha Edinburgh Parks industrial estate.

It will benefit from the new Northern Expressway and the \$300 million redevelopment of the Lyell McEwin Hospital. Its housing is neither modern nor palatial but most of it is solid and rentable.

## George Town Tas

Many investors want to wait and see whether the Gunns pulp mill goes ahead before committing to an investment in George Town, on the Tamar River near Launceston. But the controversial \$2 billion mill isn't the only show in town. It already has major industry creating jobs and there's a \$330 million power station under construction (300 new jobs).

This is primarily why 35% of households rent in George Town. Its property market will go to another level if the pulp mill negotiates all its hurdles and starts building (up to 2500 new jobs) - but with typical houses costing \$170,000 and plenty of activity already, it's a worthy inclusion on this list either way.

## Gippsland Vic

Few regions have as many powerful drivers of future capital growth as Gippsland, east of Melbourne. With the Latrobe Valley already generating 80% of Victoria's power, there are several mega projects in the offing - a processing plant associated with the Kipper gas field in Bass Strait, a \$750 million clean coal project with \$150 million in government grants, a \$5 billion synthetic diesel project (the demonstration plant alone is \$400 million) and others.

The RAAF base at Sale is being expanded to make it the major teaching base in Australia. Traralgon, Morwell and Sale are affordable towns which will benefit from all this activity - and from improved road links to Melbourne. The \$2 billion EastLink tollway and the \$300 million Pakenham Bypass have sliced 30 or more minutes off the drive to the city.

## Inverell NSW

Some places just reek prosperity. A busy town centre, no empty shops, buildings freshly painted, nice landscaping features, beautiful parks, even the public toilets have architectural merit. Inverell is one such place. The northern NSW town is the world's biggest supplier of sapphires.

It has been a centre for mining since 1875, originally for diamonds and tin, and later for sapphires. It now is a thriving commercial and service centre for the surrounding agricultural economy. Visitors are met with

GIPPSLAND



findings of gold seams in the area add to the excitement. There's reportedly more gold underground today than the total extracted in the late 19th Century.

Charters Towers was doing fine before the return of its golden days: it attracts tourists because of its history, has a strong beef cattle industry (and a major cattle-selling complex) and is a centre for education (with three boarding schools, a distance education centre and a TAFE college). Forty transport businesses operate out of Charters Towers. Property developers are busy too. Some parts of the market are expensive but there is still potential to buy around \$200,000.

## Elizabeth SA

The Elizabeths (there are eight suburbs with Elizabeth in the name) have almost ghetto status in the minds of some Adelaide residents, but they continue to deliver for those smart enough to buy there. Seven of the eight Elizabeths had double-digit capital growth in the past year, but they all have median house prices in the \$160,000-\$180,000 range.

Elizabeth stands out not only for its affordability but the number of employment nodes

welcoming streetscapes, historic buildings and a vibrant CBD.

This centre of 15,000 people is known for its shopping facilities, sporting amenities and as a place with good education and medical facilities. Tourism is significant for the town, contributing \$40 million and 450 jobs to the regional economy annually. Typical houses cost \$185,000.

### Melton Shire Vic

The qualities that make a capital city “ugly duckling” area worth considering as a cheapie with prospects include affordable housing, public transport links, access to the CBD, government initiatives to improve the area, economic drivers to create jobs and a significant kicker to help the area rise above itself. The Melton precinct in Melbourne’s north-west has all those features.

You can buy houses for less than \$200,000, it’s on the Melbourne-to-Ballarat train line, 35 minutes from the CBD, and one of Australia’s leading population growth areas.

Melton Council is working to lift economy and liveability, and the big kicker is the Deer Park Bypass and Western Freeway upgrade, which will speed up road journeys to the City. Melton is easy to disregard – it’s on the city outskirts, presents as mortgage-laden battler country and suffers from a bad reputation.

But it remains the only part of Melbourne with houses under \$200,000 and it has an ambitious council with a 25-year, \$15 billion plan to make the shire a major growth area.

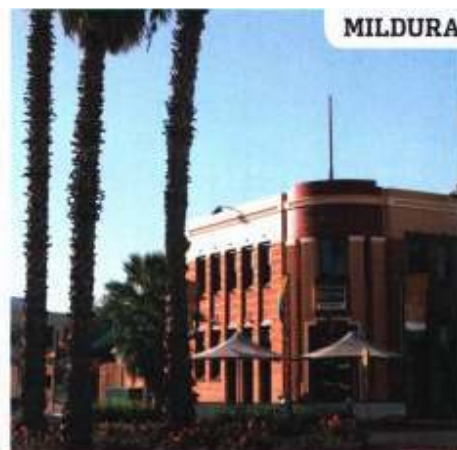
### Mildura Vic

This Victorian regional city is more of a “stayer” than a boom town – a solid but unspectacular market that keeps on steadily delivering good results. As author/investment advisor Margaret Lomas says: “It’s more a warm spot than a hot spot.”

Mildura has a strong, diverse economy, affordable real estate, plenty of new development – and is the site for the world’s biggest solar power station. Mildura sits on the banks of the Murray River in the heart of Sunraysia, in the north-west of Victoria.

It’s at the junction of three major highways (the Sturt, Calder and Silver City Highways), 560km from Melbourne and right on the NSW border. It’s a regional centre of 27,000 (the Mildura Rural City Council including the towns of Red Cliffs, Irymple and Merbein, has 51,000). It’s a popular tourist destination, renowned for its produce including oranges, melons and dried fruits. It is described as “a riverside resort” and “an oasis in the desert”.

**Mildura is a stayer rather than a boom town, seen as “more of a warm spot than a hot spot” in Victoria**



NORTH-WEST NSW



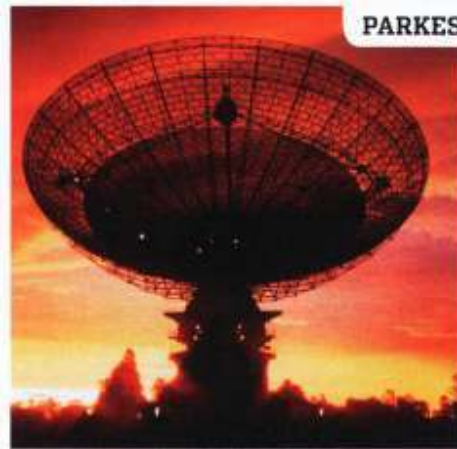
Major new developments include the \$130 million Mildura Riverfront Master Plan and the \$450 million power station. The cheapest houses are found in Red Cliffs (\$145,000 median) and Merbein (\$165,000).

### North-west NSW

The north-western region of NSW is one of the richest agricultural areas in Australia and regional towns like Moree and Narrabri are prospering as a result. It’s a region where every locale has massive grain silos and storage warehouses to support local agriculture, while Narrabri is the headquarters for two major agricultural research stations.

The area also has a healthy tourism industry, with Moree attracting visitors as the “artesian spa capital” of Australia, while Narrabri draws visitors thanks to its prominence in cotton production. The area stands to be one of the main winners from plans for major inland rail links – one to link Melbourne to Brisbane (almost certainly through Moree) and the other to link Moree with Toowoomba.

The \$850 million Queensland-to-Hunter-Valley gas pipeline will also snake through this district. Both towns have been able to withstand the trend of falling populations in



rural Australia and look to have prosperous futures as locations with affordable real estate and potential for growth, particularly in Moree where the median price is \$175,000.

### Parkes NSW

Parkes is the regional centre of an agricultural area reinventing itself a transport hub. Parkes, in many ways, is at the nation’s crossroads. Important road and rail links intersect.

Around 1400 semi-trailers drive through Parkes on a typical day. A number of major transport companies have based themselves there. One is spending \$135 million on a new freight terminal, with 600 jobs in stage one.

The proposed inland rail link, if and when it’s built, will cement Parkes’ status as a highly strategic place in the world of transport logistics. Other developments include a \$100 million aged care facility.

As an economic bonus, Parkes has mining operations around the region, including Rio Tinto’s Northparkes copper/gold mine. And I’m not forgetting the radio telescope featured in the movie *The Dish*.

• Terry Ryder is a long-time writer and author of books on real estate. His website is [www.hotspotting.com.au](http://www.hotspotting.com.au)