

Smaller, ordinary properties have suddenly become big news, as buyers rediscover their potential. Margaret Lomas looks at why humble homes are now magnificent.

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he markets are down and the economy is slumping. As is often the case in times like these, analysts and experts are offering predictions on what might

happen next – and where you should be in 2009. Many of them will be pushing investors in every direction, and a fair few will be pushing them in the direction of property.

The past 10 years have been a period of exceptional property growth. It mattered little where you invested, property went up. No special knowledge was needed – it was enough to just take the risk and make a purchase, and usually it worked out well. Even if you paid more than the market value, little damage was done as the markets were moving so swiftly that values quickly rose to cover any gap.

When the economy turns sour, however, so do the fortunes of property. When consumer sentiment flees the market, pure economic principles take over, and investing well in property becomes more strategy and buy than

who likes what, and where the flock is heading.

People with a barrow to push, or a dollar to earn, will talk up markets all over the country, citing stats which often don't stack up. But only those investors who can understand what the factors are that intrinsically drive a property market will be able to successfully invest in property in the coming years. Only those investors with the capacity to pick hotspots on their own will find areas that boom long before others have even heard of the places. And only those investors who carefully conduct the relevant research and take the time to be certain of their buy will buy well, and at the bottom of a market.

Australia is headed for a property shortage. At the same time, rentals are also scarce and so yields are on the increase. The government is providing a host of incentives to kick-start the property market, and despite falling interest rates, people are watching their dollars and becoming prepared to spend less on mortgages. These things mean that in some areas property will be on the boil, sooner rather than later. But, unlike in the past, it won't be the romantic, sea-view properties, the innovative environmental properties or the exclusive, high-end properties that experience this boom – it will be the bread and

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butter, lower end of the market ones; the properties people have to sell to survive and which renters will demand in greater quantities as rents begin to climb out of reach of the average person.

Investors must look for areas with an increasing population, where the industry is diverse and where properties are at the lower end of the market price-wise. They should be considering those areas that show low rates of unemployment and economic vibrancy, evidenced by the numbers of businesses being conducted and the occupancy of commercial premises. They should seek out those properties in areas where councils have strong and long-sighted infrastructure development plans and who seem to be catering toward a growing number of residents. And, most importantly, they should avoid the tendency to follow the masses and listen to those with a vested interest in selling them a property.

Intrinsic growth drivers are easy to uncover, but it takes time and patience to do the research well and to learn the skills you need to ensure that you always know how to pick the hotspots on your own, and before anyone else does. Hotspots will be where you never expected to find them. They won't have any special characteristic that makes them particularly interesting or unique. They won't be areas being heavily marketed by developers using platitudes to describe them and working hard on your emotions to sell you into property which simply will not perform in the coming economic climate.

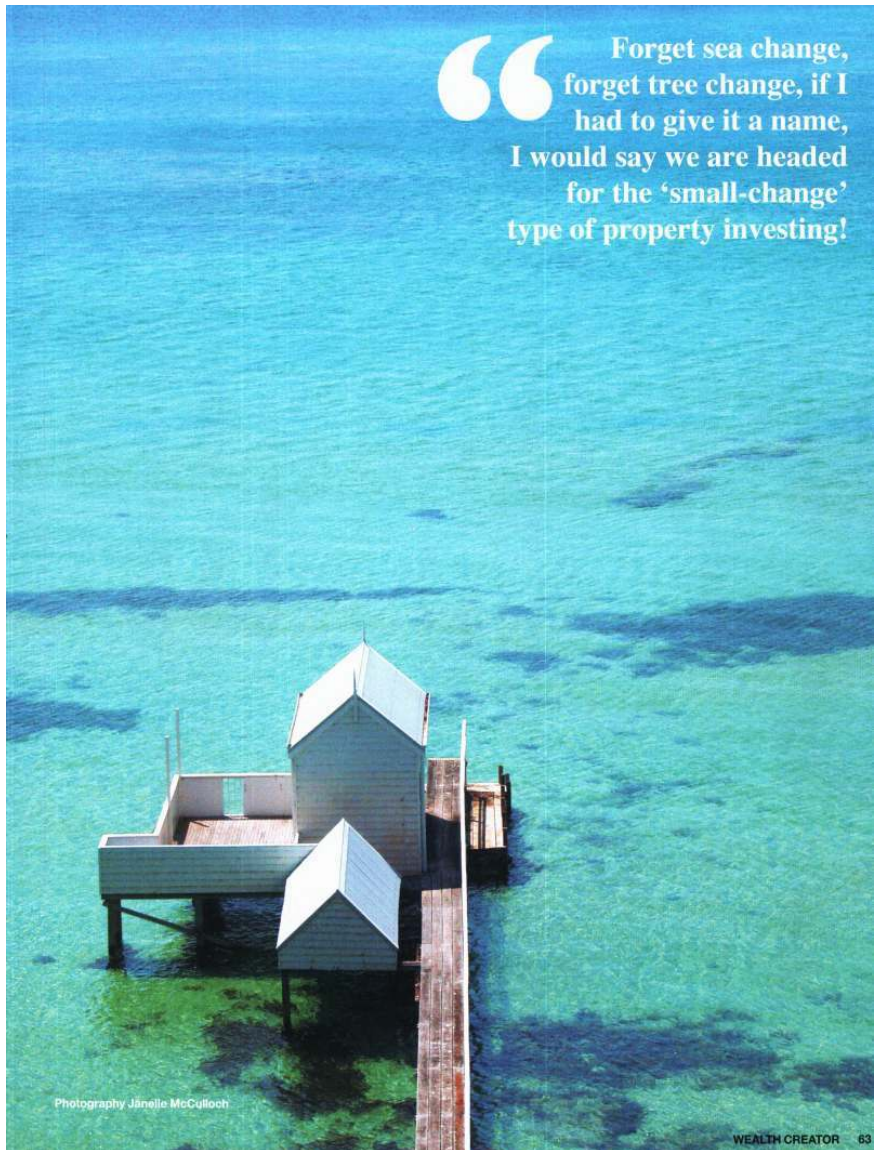
They will, however, be in every working class nook and cranny of this country, in every place where people live, work and play, and where housing is the most affordable. They will look like the house next door to you, and have a family like your neighbours living in it.

Forget sea change, forget tree change, if I had to give it a name, I would say we

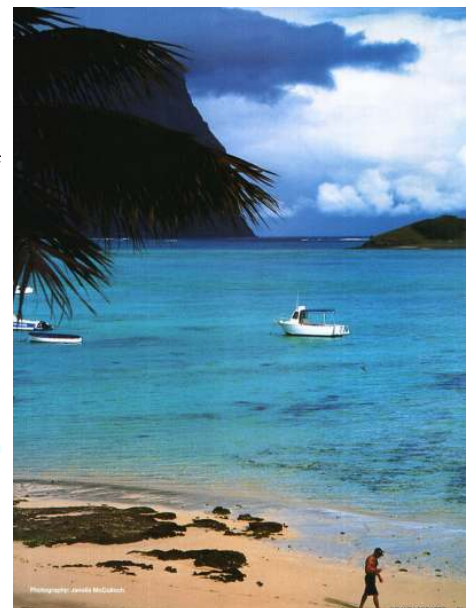
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Margaret Lomas is a commentator, author and host of Moneymakers, a property show on SKYNews Business Channel. Her latest book, '20 Must-Ask Questions For Every Property Investor', offers advice on whether commercial property is right for you.

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Photography Janelle McCulloch



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