Forget Cities, It's Time To Invest In Regional Property

This year has been a bumpy ride for the Australian property market. Increased optimism post-election saw markets correct themselves with the securing of negative gearing and capital gains tax benefits. Couple this with our historically low-interest rates and banks finally relaxing lending criteria and it really is a buyer's market right now.

But while consumer confidence has slowly risen, confidence in capital cities isn't at its peak, and regional locations are presenting a more compelling case for property investment.

Just last week, the media reported that Australia's strongest housing market is in Launceston, Tasmania – news that would have many people choking on their lattes and smashed avos!

Yet, Launceston has outperformed all of the major capital cities and shown growth of 20 per cent over the last 18 months, while many others have gone backward.

According to CoreLogic, in 2018 property in regional Australia returned stronger growth performance relative to capital cities; likely due to better housing affordability, more sustainable long-term growth trends and improving economic conditions.

Regional Victoria is no exception to this, with certain areas significantly overtaking Melbourne in median house-price growth.

Real Estate Institute of Victoria (REIV) data shows high rental yields — which are double those on offer from the average Melbourne house — are prominent in the suburbs of Moe, Stawell, Shepparton, Ballarat and Bendigo. REIV research has found that a median-priced three-bedroom house in these suburbs is returning yields above 6 per cent, compared to a median rental yield for a house in greater Melbourne at 2.9 per cent.

Bendigo is a no-brainer for investors with a vacancy rate of just 1 per cent.

Regional towns are often bolstered by major government infrastructure projects which strengthen their local economy, driving robust employment and population growth.

The Victorian Government's brand-new $2.6 billion 'Delivering for Regional and Rural Victoria Program' is also set to create an estimated 4,500 jobs. Similarly, there are solid opportunities in New South Wales' New England region and further north in Queensland, regional markets connected to mining towns such as Mt Isa.

But investors are warned to not fall into the trap of thinking any regional town is fair game for property investment. Some regional locations are tipped for growth, others may see values go backwards over time.

In this dynamic market, investors need to search for opportunities to unlock growth and professional advice is always recommended when investing in property. This is even more so when investors are investing interstate in unfamiliar markets.

It is critical to do your homework to identify growth locations and the focus should always be to first map out your goals and then find a property to make them happen.

2019 is a great time to be a property investor – prices have pared back, interest rates remain low, finance is freeing up and there still are hotspots to be found IF you know where to look. You don't need an investment in a major capital to achieve your investment goals when regional areas can get you well on your way for a fraction of the price.

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