

Special Report

Australia's Cheapest Suburbs with the Greatest Potential for Capital Growth



Market: Australia
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Report Basis

Prices move in response to the changes of demand and supply. For prices to rise, demand must exceed supply. The greater the degree by which demand exceeds supply the greater the pressure on prices to rise.

There can be a large number of factors influencing the tug-o-war between demand and supply. Some changes that are likely to increase demand include:

- New roads
- Extensions to railway lines
- New bridges
- New hospitals or extensions to existing ones
- Universities
- Private enterprises setting up in an area or
- government departments relocating
- New schools
- Changes in what people find appealing now days

For more information about
fundamental research
techniques, visit
www.DSRscore.com.au

Some changes that might lead to increases in supply include:

- Releases of new land or house and land estates
- Developers replacing low density properties with higher density ones

The degree to which these fundamental forces influence demand and supply can be measured using a set of key statistics. This report gathers and examines those key statistics. It measures the degree of balance between the forces of demand and supply across all suburbs in Australia.

Note that this report only researches the statistics of supply and demand. The report does not detail circumstances concerning the drivers influencing these statistics. The research of those circumstances falls under the banner of "fundamental" research, not statistical research that is this report's focus.

Demand to Supply Ratio (DSR)

There are eight recognised property statistics available from many different Internet sources. Individually they are either an indication of the demand from tenants and owner-occupier buyers for property in the area or the available stock on market to meet this demand.

When viewed together, as a whole, these eight statistics are highly predictive of future price movements in the area as a result of the gap in supply and demand or the Demand to Supply Ratio (DSR).

This gap in supply and demand is represented by a single number or score called the DSR Score.

The DSR ranks a suburb between 0 and 48 based on how it measures against each of the eight statistics (so 8 statistics x a maximum score of 6 for each statistic = 48, which is the maximum overall score). The DSR score is useful for ranking suburbs for easier selection.

- **48** suggests a suburb with a high probability of imminent capital growth.
- **24** is a suburb in theoretical balance.
- **0** is a suburb with a high chance of price decline due to over supply relative to demand.

The DSR is a score that indicates if demand is exceeding supply and by how much. It combines a number of key statistics to give an overview of the ratio between demand and supply.

By using a consistent algorithm, an objective, unbiased and quantitative comparison of the capital growth potential between suburbs is possible. For more information, visit www.DSRscore.com.au.



boomapp.com.au

The 8 Stats Behind the Score.

DAYS ON MARKET >> This is the number of days a property has been listed for sale.

The lower this figure, the more quickly property is snapped up by buyers, showing high demand.

DISCOUNT >> This is the percentage difference between the original asking price requested by the seller and the eventual sale price agreed by the buyer.

The lower this figure, the more demand there is since sellers don't need to be as open to negotiation in order to get their property sold.

AUCTION CLEARANCE RATE >> The percentage of auctioned properties that actually sell.

The higher this figure, the more demand there is from buyers since fewer properties are passed in.

RENTAL YIELD >> The percentage of rental income to property value

The higher this figure, the more demand there is from renters to live in the location.

VACANCY RATE >> This is the percentage of properties that are vacant.

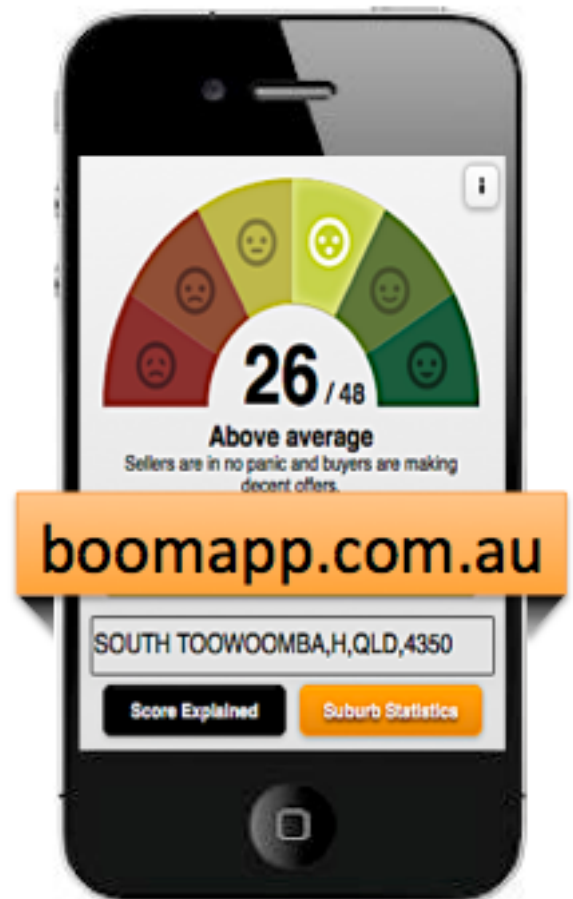
The lower this figure, the Lower the supply of rentable accommodation or the higher the demand for it, or both.

STOCK ON MARKET >> This is the number of properties for sale as a percentage of properties in the area.

The lower this figure, the lower the supply of property or the more demand for it, or both.

RENTERS VS OWNER-OCCUPIERS >> This is the proportion of renters to owner-occupiers that live in a suburb.

The lower this figure, the less supply of rentable accommodation there is. Owner-occupiers tend to take better care of their properties than tenants and are usually of a higher income demographic.



ONLINE SEARCH INTEREST >> This is the ratio of people searching for property online to the number of properties for sale.

The higher this figure, the more demand for property compared to supply for would-be buyers searching online.

Typical value

The typical value is the value of a typical house or unit in a suburb. The typical value is not the average, nor the median, but a calculation similar to medians and averages aimed at providing a more accurate and less volatile figure for the "typical value" of a specific market.

Statistical Reliability (SR)

A suburb's data is tested for depth, breadth and quality and then scored. This statistical reliability is a good measure of how much you can rely on the data behind the score. The more sources of data, the more accurate the conclusions that can be drawn.

Data that has historically shown itself of a higher quality should be given more credit or weight in calculations. Unrealistic figures should be either weeded out completely or at least given lower credibility.

Statistics that have volatile changes from month to month should not be relied upon as much as those showing consistency.

Under \$400k

State	Post Code	Locality	Type	Typical Value	DSR Score	SR
NSW	2761	GLENDEENING	House	\$343,125	41	7.2
NSW	2528	MOUNT WARRIGAL	House	\$395,000	40	7.2
NSW	2285	CARDIFF SOUTH	House	\$306,500	38	7.7
NSW	2226	JANNALI	Unit	\$398,500	38	6.3
WA	6163	COOLBELLUP	House	\$398,750	38	7.7
NSW	2763	ACACIA GARDENS	Unit	\$299,000	37	5
NSW	2120	PENNANT HILLS	Unit	\$347,500	37	6.8
NSW	2147	LALOR PARK	House	\$359,500	37	8
VIC	3134	WARRANWOOD	Unit	\$361,000	37	5.4
NSW	2747	WERRINGTON DOWNS	House	\$366,000	37	7.3

Under \$300k

State	Post Code	Locality	Type	Typical Value	DSR Score	SR
NSW	2763	ACACIA GARDENS	Unit	\$299,000	37	5
WA	6006	NORTH PERTH	Unit	\$278,000	36	7.3
NSW	2148	KINGS PARK	Unit	\$239,750	35	5.2
NSW	2770	HEBERSHAM	House	\$247,750	35	7.7
NSW	2259	KANWAL	House	\$279,000	35	7.2
NSW	2768	PARKLEA	Unit	\$299,000	35	5.2
NSW	2147	KINGS LANGLEY	Unit	\$299,000	35	5.2
NSW	2768	GLENWOOD	Unit	\$299,000	35	5.1
NSW	2502	CRINGILA	House	\$226,000	34	5.8
NSW	2759	ERSKINE PARK	Unit	\$252,000	34	5

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New Townhouse	YOU	Typical
Cost Price	\$337,000	\$337,000
Selling Commission	\$0	\$21,000
Stamp Duty	\$0	\$12,500
Developers Retail Profit	\$0	\$51,500
ACTUAL COST	\$337,000	\$420,000
Upfront Equity	\$85,000	\$0
Retail Yield	7.3%	5.6%
Interest Saving	\$8,800	\$0
TOTAL SAVING	\$126,000	\$0



Under \$200k

State	Post Code	Locality	Type	Typical Value	DSR Score	SR
VIC	3409	NATIMUK	House	\$131,500	31	5.6
VIC	3677	WANGARATTA	House	\$190,250	31	6
VIC	3300	HAMILTON	Unit	\$168,000	30	5.2
NSW	2710	DENILQUIN	Unit	\$107,000	29	5
NSW	2830	DUBBO	Unit	\$171,000	29	6.7
NSW	2340	EAST TAMWORTH	Unit	\$186,000	29	5.5
VIC	3498	IRYMPLE	House	\$192,313	29	7.7
VIC	3507	WALPEUP	House	\$200,000	28	5.1
SA	5540	PORT PIRIE WEST	House	\$128,000	27	6.4

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