

EXPERT OPINION

Is Australian property truly unaffordable?

Sydney might be out of reach as a location to buy property in for many Australians, but that doesn't mean you can't afford to buy property at all



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Philippe has countless years' experience in property investment. He has helped many first-time and experienced investors achieve their goals

SYDNEY LOOKS set to record another year of solid growth in 2017. While the city may not smash through the double-digit figures it's been achieving for the last few years, Sydney property owners will likely see their assets move forward in value before the year is through.

For those who already own property in Sydney, this is fantastic news.

To those readers who don't have a Sydney property in their portfolio, I urge you not to despair just yet!

Many investors have recently expressed their frustration to me, lamenting that they feel they are 'locked out' of our capital city property markets. Sydney is getting too expensive with low yields, they complain, and Melbourne is catching up. Adelaide is in a low growth phase and Perth is in the doldrums, while Brisbane is at risk of oversupply... So where are they meant to invest?

Not where, but what

The answer to this question isn't where, but what.

All too often, people get caught up worrying about where to invest. Which suburbs are in a high growth phase? Which cities are set to boom?

Which locations are showing strong signs of population growth?

These are great questions to ask and they're certainly important to your investing success. But rather than focusing on exactly where they want to buy, investors

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would be far better served by concentrating on what financial fundamentals they want to see before they invest. This will ultimately dictate where to invest.

These fundamentals include:

- **Capital growth.** This is what will create wealth. It relates to population expansion, economic drivers, amenities (schools, shops, childcare facilities, medical facilities, sporting grounds, infrastructure, transport, etc.)

- **Cash flow.** This is what will allow you to afford these properties until you can cash in on capital growth. So yield is important (and is lacking in Sydney and Melbourne), especially if you are looking at building a property portfolio.

Investment 'triple winners'

For many people, the truth is that Sydney is priced well out of their reach, or the structural low yield is too punishing to their cash flow. It will probably remain that way in the near future. However, fortunately, Australia is comprised of thousands of individual property markets – and Sydney is just one of them.

When you begin looking for your next property with structured criteria at the back of your mind, you will

start to see that Sydney isn't the only location in Australia that provides capital growth. In addition, better yields than Sydney will make these locations a lot more attractive for you in the current market.

In fact, across the country there are a reasonable number of areas that offer the coveted 'triple winners' investors are chasing: great growth prospects, acceptable yields, and an affordable price tag. Uncovering them is simply a matter of knowing exactly what you need to look for, and doing your due diligence.

NEED HELP WITH YOUR PORTFOLIO?

Contact Philippe at Multifocus Properties & Finance and get a jump-start on your portfolio with expert advice

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