

Which state is best?

API asks the experts which state they'd buy in for the most capital growth over the next five years.



MARGARET LOMAS
DESTINY

There's no question in my mind that Queensland is emerging from its economic slump to present one of the most solid property investment prospects we've seen for some time.

Rather than frenzied buying, brought on by the fear of missing out, I feel the larger regional centres of Queensland, and Brisbane itself, will offer sustainable growth occurring over many years, compounding the gains for the investor prepared to get in now and ride the wave. I don't forecast major booms, instead a steady growth rate, year in, year out, on the back of strong economic growth and improving gross state product figures.

Areas to watch include those with a strong family demographic, diversified employment opportunities and house prices around 15 to 20 per cent under the Brisbane median, currently about \$480,000, as well as populations rising faster than inflation.

Big regional centres with major infrastructure upgrades are ones to watch.



BEN KINGSLEY
EMPOWER WEALTH

For capital growth to occur with residential property you need a limited or tightly held supply, combined with enough demand from buyers who have the borrowing capacity and desire to live in that location. For the vast majority of locations in Australia it's actually owner-occupiers who drive up the value of property, because they represent 70 per cent of the total market and they buy 'emotionally', pushing prices higher.

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I'm not sure it's a state versus state question. My research leads me to some of our largest cities and in particular the ones experiencing positive economic growth, positive influx of interstate and international migration and where job opportunities pay higher incomes. Then within those states, I'm keen on buying in the suburbs and areas that have the highest liveability and status appeal, where these 'emotional' buyers will push up the values quicker than the broader market to give an outperforming result.



HELEN COLLIER-KOGTEVS
REAL WEALTH AUSTRALIA

I nominate Victoria, but I do so cautiously because investors need to be mindful of the fact that not all parts of any state are going to grow in value magnificently in the coming years.

I nominate Victoria for its potential infrastructure, strong employment, high population growth and relative affordability, compared to New South Wales where there's a real affordability issue. It also trumps Queensland and Western Australia, where mining has been a problem, hence I wouldn't select either of those states.

While it's impossible to know exactly how each state and territory is going to perform, the one thing we do know is that some suburbs will experience strong capital growth and others will remain sluggish, that's the nature of the beast.

As a property investor then, it's up to you to do the research so that you invest in one of those suburbs that goes through a boom, rather than a bust. You can do this by trawling through the statistical data and engaging in thorough due diligence, so you can narrow your search down to one particular suburb or town.



TODD HUNTER
WHEREGROUP

To summarise an entire state into one property market is impossible. If I were to shrink that down to a region, then I'd say southeast Queensland will perform the best over the next five years. This will be far different to other parts of the state like Gladstone, Mackay and other mining towns in the Surat Basin that are areas to avoid. New South Wales and Victoria have experienced good growth over the past two years and will now see more moderate growth, if any, in the next few years. With southeast Queensland having experienced seven years of a declining property market, the tides have now turned, so expect to see some impressive increases in value.

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MIRIAM SANDKUHLER
PROPERTY MAVENS

New South Wales had a great run over the past two years but I'm predicting Victoria will be the best over the next five years. Here's why. The economic transition from the west coast to the east has started and Victoria will be a prime beneficiary.

It has the highest number of migrants, with 1500 people arriving in Melbourne each week. There's a lower entry-point for buyers with a median price of \$683,000 for a Melbourne house versus \$825,000 in Sydney.

There's about \$27 billion of new infrastructure coming, which will contribute to the economy and jobs. Melbourne is increasingly a global city, ranked number one in the world's most liveable city index and attracting more investors from Asia than any other Australian city. Also Sydney's great run looks set to finish. Property veterans will remember Sydney set records in the 1980s and late 1990s but these periods were followed by years of low growth.

If investors are highly selective, they can make good capital gains in most major cities, but over the next five years, I think Victoria will be the best.