

ONYX APARTMENTS INVESTMENT GUIDE.

31 BANK STREET, WEST END

WHY ASTUTE INVESTORS SHOULD CONSIDER **ONYX** IN WEST END, BRISBANE, AS A GOOD LONG TERM INVESTMENT OPPORTUNITY.

Michael Matusik is a leader in residential market analysis and property advice in Australia.

A 25 year veteran in this business, Michael has always been at the coalface of the residential property market; and has seen what works and doesn't work when it comes to new residential property.

Michael is the founder of Matusik Property Insights, a Brisbane-based specialist residential and project consultancy; he writes a regular column for the Courier Mail, pens the Matusik Missive; gives around 50 presentations a year, and is a regular property commentator on 4BC1116 Radio.

PROPERTY CLOCK



Figure 1. Now is an opportune time to invest in the Brisbane market before its peak.

MATUSIK'S SEVEN REASONS WHY™

Here are Michael's seven reasons why astute investors should consider Onyx in West End, Brisbane, as a good long term investment opportunity.

1 Location

West End gets a 98 out of 100 Walk Score® which means it is a Walker's Paradise. By way of comparison, the average Walk Score for the greater Brisbane area is just 49 out of 100.

Walk Score measures the number of typical consumer destinations within walking distance of a dwelling, with scores ranging from 0 (car dependant) to 100 (most walkable).

Why is this important? Overseas studies show that an additional one point increase in a Walk Score means a potential \$3,000 lift in property value. Our recent study of Brisbane also found a very strong correlation between a suburb's Walk Score and a property's investment performance.

2 Value for money

Onyx is priced at 10% below any other new apartment projects across inner Brisbane.

The project is priced at around 6,500/m² gross. This includes the internal apartment space and private balcony space, but excludes all common areas, car parking and circulation space. Most new apartment projects proposed across inner Brisbane are now priced over \$7,200/m² gross.

The two-bedroom apartments at Onyx range from \$499,000 to \$575,000 – averaging apartments at \$530,000. Independent rental advice suggests that Onyx apartments should show gross rental yields in the mid-to-high 5% range.

3 Timing

Sales volumes have increased, with prices also now starting to turn around. Local rents have been rising and vacancies remain tight. Now is the time to act as the Brisbane residential property market has entered an upturn.

Some key points to remember:

- The Queensland economy is projected to grow by 4% per annum
- \$165 billion worth of resource projects are underway
- 30,000 new jobs have already been created in Queensland since last year – more than half were in Brisbane
- Queensland population growth is now at 75,000 per annum, up 50% or 25,000 on 2010's 50,000 annual increase
- The inner Brisbane apartment market is undersupplied to the tune of 40% – 2,650 new dwellings needed each year yet just 1,600 supplied
- Brisbane property values are forecast to grow in earnest in 2013; accelerating during 2014

4 Demographics

The local population has increased by 23% since 2006. Brisbane's West End Peninsula is going through an urban revival.

Three out of five West End residents rent; more than half of them live in apartments and mostly in one and two – bedroom stock. One in three live alone; with a further 25% living as couple. Very few residents own more than one car. The area also supports a high proportion of professionals. The median household income in the area is 20% higher than the Queensland average.

There is a need for more apartments in the local area. Well-appointed apartments, designed to facilitate sharing, are in strongest demand.

5 Designs

The apartments at Onyx are well proportioned and designed. Ideally, and for inner Brisbane, one-bedroom apartments should be no smaller than 50m² (including balcony) and two-bedroom apartments no smaller than 80m² gross.

In addition to excellent locational advantages, Onyx offers investors a number of design imperatives which should maximise rental return and capital growth. These include:

- Well-appointed property with quality fixtures, fittings and finishes
- Good natural light with floor-to-ceiling glass wherever possible
- Good natural ventilation with most apartments having two sides to prevailing breezes
- Physical separation between bedrooms in the two-bedroom apartments
- Bathroom or ensuite to each bedroom
- Dedicated secure car park and basement storage for each apartment

6 Need

The 'need' market caters for local workers. The new housing market priced under \$600,000 in the West End area fulfils this market. Local employment generators are fuelling this need.

There are just over 3,000 registered businesses in the West End area alone, employing, we estimate, close to 25,000 people. Looking further afield, there are 32,500 registered businesses within a ten minute drive of West End.

Close to 285,000 are employed within a short commute of the Onyx projects.

7 Potential Upside

There is also a large and growing local resale market, with over 450 sales settling each year within the local postcode. The median dwelling price in West End is currently \$586,000.

The local vacancy rate is currently 2.3%, with just 140 properties for rent across postcode 4101. Median apartment rents rose \$15 per week during 2012.

Property investing can be made much easier if you:

- Buy a property at the right stage of the cycle
- Buy a new property below the local area's median value