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Property tip: go unknown coastal

Florence Chong | June 24, 2008

THE national property market has been rattled by the Reserve Bank's campaign of interest rates rises, but experts insist well-located properties with water views remain as safe as an investment in blue-chip shares.

The trick, as with most property investments, is to identify the right location.

Yesterday, Colliers International released a list of the 11 under-rated coastal attractions it believed would defy the wider property market.

Jonathan Rivera, Colliers state director of residential research, said prices for these properties had continued to rise in the past year despite the sluggishness in the wider market.

He cited Coolangatta, where the median house price rose 31.1per cent last year. Mr Rivera said the town, left behind in the development of the rest of the Gold Coast, could grow further in the coming year.

The southern part of the Gold Coast had become a focus for development to keep up with demand and growth for coastal properties. The Pacific Motorway from Brisbane had made Coolangatta more accessible.

Mr Rivera singled out other coastal hot spots poised for future growth but that were still affordable.

Over the past five years the median unit price in Broome had risen by an average of 26.1per cent a year. The northern West Australian port had benefited from burgeoning tourism.

Mr Rivera said coastal property had performed well when the markets had been driven by sound fundamentals, such as population growth, a strong tourism market and confident residential developers.

Also important were private and public investment in infrastructure and job creation, as well as airports, hospitals, schools, transport and arterial roads.

Mr Rivera stressed that the key driver for capital gains was scarcity.

Coastal properties were in limited supply while demand from empty nesters, holiday home buyers and coastal investors continued to grow.

Mr Rivera said the cost of buying into well-established coastal communities that satisfied all these "market fundamentals" was higher.

The rate of return was often better, he added.

Mr Rivera suggested investors looked to emerging coastal communities that might not yet have all of the fundamentals.

He said Cardwell, in far north Queensland, was a good example of an emerging market.

The town, about two hours from Townsville, was poised to benefit from the rapidly growing Townsville economy.

"It will become to Townsville what Noosa has become for Brisbane in the last two decades," he said.

Mr Rivera said coastal communities in South Australia would be worth watching because the potential for capital growth was "exponential".

These coast towns, including Port Hughes and Moontha Bay, would piggy back on the resource boom in the state and become prime lifestyle regions.

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