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Solid yields attracting investors

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Property is paying dividends for investors who are benefitting from increasing yields and the potential for long-term capital growth, according to The Real Estate Institute of Queensland (REIQ).

The REIQ has prepared its first quarterly state-wide gross rental yield report by postcode, which found houses in regional areas, and units and townhouses in desirable locations, are attracting the highest yields.

REIQ chairman Peter McGrath said dozens of areas across the state are recording healthy yields of more than five per cent.

"With the lack of returns in fixed deposits and other investment options, real estate is continuing to provide good yields and the opportunity to benefit from capital growth over the long-term," he said.

Over the December quarter, four out of the top five performing areas for gross rental housing yields were in regional Queensland.

The results are testament to the affordability of regional areas, which provide investors with good value for money, even in these turbulent times.

"Regional areas perform very strongly because of their diverse employment opportunities and affordable investment properties combined with the rent returns available," Mr McGrath said.

"With the current very low interest rates, and solid yields, there are many very good opportunities for investors to get back into the market.

"And one of the keys to successful property investment is to buy in areas which have a solid employment base and the potential for future growth."

Number one for houses is Oakey in the Toowoomba Regional Council area, with a yield of 6.4 per cent.

Oakey is home to about 4,000 people and development in the region has been in full swing - the meat works have expanded over recent years, along with mining projects in the Surat Basin.

The region is also home to the Oakey Army Base, which provides training for Australian Army Aviation, and also hosts a Singapore Armed Forces Helicopter Squadron. Students at the base provide the area with a steady stream of tenants.

Sarina, south of Mackay, came in at number two with a yield of 6.2 per cent, while the suburbs of Kingston, Logan Central and Woodridge, southwest of Brisbane, took out third spot with yields of 5.7 per cent.

"Suburbs in the western and southern corridors of South East Queensland are very much in the frame for investors, as they have a large pool of affordable properties available," Mr McGrath said.

Over the December quarter, the top performing suburbs for units and townhouses all had one thing in common - location.

Desirable beachside suburbs in the Cairns region took out the top two spots, while Brisbane's inner-city came in fourth and fifth.

Port Douglas is at number one with a yield of 6.9 per cent followed by its southern neighbour, Yorkeys Knob, at 6.8 per cent.

It is little surprise Port Douglas has taken out the top spot given its proximity to the famous Four Mile Beach. And, given its mantle as one of the state's top tourist destinations, it is little wonder that the rent that can be achieved is much higher than in other parts of the region.

Inner Brisbane also featured strongly with Brisbane City and Spring Hill in fourth spot with a gross rental yield of 6.3 per cent; and East Brisbane and Kangaroo Point fifth at 6 per cent.

"These inner city areas benefit from their location close to the CBD, the large selection of units and townhouses available and the type of tenants - including students - they can attract."