

Press release

For immediate release

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Favourite Australian holiday destinations may be worst locations for investors

- New research by finder.com.au shows big differences in returns for top tourist areas
- Sydney's CBD topped the list of highest international visitors in 2013, but held the lowest house rental yield of 2.90%
- Do your research: property investors could save significantly by looking for best yields, growth and home loan deals!

January 16, 2015, Sydney, Australia – The biggest tourist areas of Australia may be the worst locations to buy property, according to new research by one of Australia's biggest comparison websites finder.com.au¹.

The research found that the areas with the highest international visitor numbers did not always return the best yields or capital growth.

For instance, Sydney city recorded over 2.8 million international visitors in 2013, the highest number of visitors than any other area of Australia. However, with a median house price of \$1.8 million, rental yield was the lowest of the list of top five most visited areas in each state, at 2.90 percent.

For New South Wales, Sydney's CBD had the lowest house rental yield, while the best house rental yield for the state only managed fourth most-visited destination – Hunter region (Cessnock) at 6.15 percent with a median house price of \$260,000.

The second-highest area of international visitors was Melbourne's CBD, with over 1.8 million in 2013. This was also the lowest house rental yield for the top five most visited areas of Victoria, with a median house price of \$929,500, and rental yield sitting at just 3.6 percent.

¹ Experian Hitwise 2013, 2014



Michelle Hutchison, Money Expert at finder.com.au, said property investors must look beyond tourism numbers when researching the property market.

"It was interesting to see the differences between these tourism hot spots from an investment property perspective, and how much the returns can vary between locations and the type of property.

"Capital growth figures also varied across the states, as well as unit rental yields, which shows that you really need to do your homework by looking at the best likely returns on your investment for different property types.

Alice Springs in the Northern Territory had the highest rental yield for houses at 7.49 percent on the list, with a median house price of \$404,500. On the flip side, Alice Springs also held the lowest rental yield for units at just 2.66 percent


The highest three-year capital growth for houses was Adelaide's CBD, South Australia, at 31.39 percent with a median house price of \$536,500. Conversely, Wilderness West (Strahan) in Tasmania had the lowest three-year capital growth for houses at -30.64 percent with a median house price of \$204,500.

"The research shows that there's a big difference between the costs and projected returns for the top tourist areas of Australia.


"The most important thing to remember when looking for an investment property in a holiday destination is that you have to look beyond the tourism numbers. Just because a lot of people visit the area, it doesn't mean it's going to give you the best return.

"Property investors can also make a big difference to their returns if they do their research on the home loan market. For instance, the average standard variable home loan interest rate on finder.com.au/home-loans is 5.5 percent while rates are starting from as low 4.39 percent – that could mean a saving of over \$200 per month or almost \$73,000 over 30 years."


Top 5 areas in NSW with highest international visitor numbers – housing data

Area	International visitors	Median house value	House rental yield	Three-year capital growth	
Sydney CBD	2,816,469	\$1,800,000	2.90%	N/A	
Northern Rivers (Lismore)	198,854	\$286,000	5.83%	-13.69%	
North Coast NSW (Byron Bay)	138,693	\$734,000	4.84%	19.29%	
Hunter region (Cessnock)	114,262	\$260,000	6.15%	10.08%	
South Coast (Wollongong)	111,679	\$573,000	4.35%	14.74%	


Top 5 areas in NSW with highest international visitor numbers – unit data

Area	International visitors	Median unit value	Unit rental yield	Three-year capital growth	
Sydney CBD	2,816,469	\$621,500	5.74%	25.00%	
Northern Rivers (Lismore)	198,854	179,000	5.67%	-15.87%	
North Coast NSW (Byron Bay)	138,693	\$446,000	5.93%	3.64%	
Hunter region (Cessnock)	114,262	\$267,500	5.42%	1.42%	
South Coast (Wollongong)	111,679	\$372,500	5.56%	11.42%	


Top 5 areas in VIC with highest international visitor numbers – housing data

Area	International visitors	Median house value	House rental yield	Three-year capital growth	
Melbourne CBD	1,856,871	\$9,29,500	3.60%	N/A	
Western Victoria (Warrnambool, Port Campbell, etc) - Warrnambool	142,348	\$312,000	5.32%	2.80%	
Geelong	41,305	\$510,500	4.26%	7.88%	
Peninsula - (Mornington)	38,271	\$515,000	4.39%	2.88%	
Gippsland (Traralgon)	32,921	\$253,000	5.93%	2.96%	


Top 5 areas in VIC with highest international visitor numbers – unit data

Area	International visitors	Median unit value	Unit rental yield	Three-year capital growth	
Melbourne CBD	1,856,871	\$428,500	5.62%	-5.14%	
Western Victoria (Warrnambool, Port Campbell, etc) - Warrnambool	142,348	\$233,500	5.44%	1.45%	
Geelong	41,305	\$437,000	4.43%	-15.25%	
Peninsula - (Mornington)	38,271	\$391,000	4.65%	14.63%	
Gippsland (Traralgon)	32,921	\$195,500	5.55%	-2.15%	


Top 5 areas in WA with highest international visitor numbers – housing data

Area	International visitors	Median house value	House rental yield	Three-year capital growth	
Perth	722,691	\$901,000	3.76%	14.37%	
South West WA (Mandurah, Margaret River, Peel Region) - Margaret River	125,658	\$440,000	4.36%	5.62%	
North West WA - (Broome)	65,608	\$580,500	5.35%	12.24%	
Coral Coast - (Geraldton)	61,985	\$330,000	4.92%	-5.29%	
Golden Outback (Esperance)	42,958	\$355,000	4.50%	8.21%	


Top 5 areas in WA with highest international visitor numbers – unit data

Area	International visitors	Median unit value	Unit rental yield	Three-year capital growth	
Perth	722,691	\$528,500	5.64%	8.51%	
South West WA (Mandurah, Margaret River, Peel Region) - Margaret River	125,658	\$319,000	5.32%	-9.39%	
North West WA - (Broome)	65,608	\$433,000	6.12%	18.60%	
Coral Coast - (Geraldton)	61,985	\$274,000	5.17%	N/A	
Golden Outback (Esperance)	42,958	\$296,500	4.96%	N/A	


Top 5 areas in SA with highest international visitor numbers – housing data

Area	International visitors	Median house value	House rental yield	Three-year capital growth	
Adelaide	343,253	\$536,500	4.42%	31.39%	
Limestone Coast – Mt Gambier and wine regions (Mount Gambier)	41,043	\$223,500	5.56%	1.28%	
Kangaroo Island (Kingscote)	36,743	\$256,500	4.79%	5.32%	
Flinders Ranges and Outback (Port Augusta)	34,759	\$178,500	6.41%	-13.41%	
Fleurieu Peninsula (Mclaren Vale)	20,222	\$398,000	4.63%	0.26%	


Top 5 areas in SA with highest international visitor numbers – unit data

Area	International visitors	Median unit value	Unit rental yield	Three-year capital growth	
Adelaide	343,253	\$356,000	5.93%	-5.17%	
Limestone Coast – Mt Gambier and wine regions (Mount Gambier)	41,043	\$173,000	5.45%	0.29%	
Kangaroo Island (Kingscote)	36,743	\$155,500	5.07%	N/A	
Flinders Ranges and Outback (Port Augusta)	34,759	\$250,000	2.97%	-20.97%	
Fleurieu Peninsula (Mclaren Vale)	20,222	\$263,000	4.94%	N/A	


Top 5 areas in QLD with highest international visitor numbers – housing data

Area	International visitors	Median house value	House rental yield	Three-year capital growth	
Brisbane CBD	974,156	\$1,060,000	3.49%	N/A	
Gold Coast (Surfers Paradise)	792,701	\$954,500	3.30%	-18.35%	
Tropical North Queensland (Cairns)	684,241	\$564,500	4.42%	9.14%	
Sunshine Coast (Maroochydore)	218,404	\$451,000	4.81%	4.60%	
Whitsundays (Airlie Beach)	182,337	\$661,500	3.48%	N/A	


Top 5 areas in QLD with highest international visitor numbers – unit data

Area	International visitors	Median unit value	Unit rental yield	Three-year capital growth	
Brisbane CBD	974,156	\$461,500	6.33%	N/A	
Gold Coast (Surfers Paradise)	792,701	\$304,000	6.66%	-4.17%	
Tropical North Queensland (Cairns)	684,241	\$347,500	6.00%	-15.78%	
Sunshine Coast (Maroochydore)	218,404	\$306,000	5.75%	-5.41%	
Whitsundays (Airlie Beach)	182,337	\$347,000	5.71%	6.80%	


Top 5 areas in TAS with highest international visitor numbers – housing data

Area	International visitors	Median house value	House rental yield	Three-year capital growth	
Hobart	129,292	\$479,500	4.49%	12.18%	
Launceston	53,044	\$337,500	5.02%	-6.00%	
Wilderness West (Strahan)	30,034	\$204,500	6.42%	-30.64%	
East Coast (Bicheno)	26,692	\$291,500	4.49%	26.29%	
North West (Smithton)	24,780	\$179,500	5.75%	5.56%	


Top 5 areas in TAS with highest international visitor numbers – unit data

Area	International visitors	Median unit value	Unit rental yield	Three-year capital growth	
Hobart	129,292	\$452,500	4.87%	1.01%	
Launceston	53,044	\$236,500	6.75%	-11.96%	
Wilderness West (Strahan)	30,034	\$320,000	6.00%	N/A	
East Coast (Bicheno)	26,692	\$260,500	4.51%	N/A	
North West (Smithton)	24,780	\$193,000	4.59%	N/A	

Top 5 areas in NT with highest international visitor numbers – housing data

Area	International visitors	Median house value	House rental yield	Three-year capital growth	
Lasster – Uluru and surrounds (Mount Johns)	136,710	\$554,000	5.63%	N/A	
Alice Springs	121,843	\$404,500	7.49%	2.99%	
Darwin	119,596	\$903,500	3.91%	N/A	
Kakadu Arnhem	59,402	\$545,500	4.38%	N/A	
Katherine Daly	50,346	\$369,500	6.23%	12.73%	

Top 5 areas in NT with highest international visitor numbers – unit data

Area	International visitors	Median unit value	Unit rental yield	Three-year capital growth	
Lasster (Uluru and surrounds - Mount Johns)	136,710	\$442,500	5.31%	N/A	
Alice Springs	121,843	\$257,000	2.66%	40.77%	
Darwin	119,596	\$543,000	6.48%	7.40%	
Kakadu Arnhem	59,402	\$412,500	6.00%	N/A	
Katherine Daly	50,346	\$268,500	7.16%	N/A	

Methodology and sources:

- The research was based on the top 5 areas of highest international visitor numbers for 2013 for each state
- finder.com.au compiled international visitor numbers from Tourism Research Australia and ranked them by highest number of visitors for each area
- Prices and yields sourced from On The House/Residex in December 2014
- Capital growth figures sourced from RP Data
- Regions based on largest town within each region
- ACT was excluded from the study due to limited data available

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