

GUIDE TO FINDING PROFITABLE SUBURBS BEFORE IT SURGES IN VALUE

UNDERSTAND THE TRIGGERS & SIGNS A SUBURB IS ABOUT TO SURGE



INTRODUCTION

Successful property investing doesn't have to feel unattainable. When done correctly, property investing can become a great long-term profitable income

But success doesn't usually happen by chance. A good degree of research and analysis on the property market and suburb is required to help make successful, informed decisions that will help you find investment properties the potential to generate sustainable, long-term profits.

An investor looking to fast-track their portfolio growth should understand the triggers of value rises so they understand where to invest before prices start to rise and popularity grows within suburbs.

With the help of this guide, we'll show you exactly what to look for in your search to invest in a suburb that's about to surge in value.

The Local Village Is Growing

Usually when the local village becomes a more popular place to visit the suburb will significantly grow in popularity. People like to be close to community centres and shops, so if these amenities are growing in popularity, then the suburb is likely to soon surge in value.

One of the first signs can be a new cafe becoming popular. This can have the effect of getting the suburb noticed, particularly by a younger demographic who are relatively affluent and who like to try the next up and coming eatery. This can cause the suburb to gain a popular following, it then becomes a desirable place to live, causing demand and price to rise.

Prolonged Under Performance

Pursue suburbs that have been under performing for extended periods yet are surrounded by suburbs that are rising in value. Usually the longer the under performance period is, the quicker the recovery and rise in value and popularity for the suburb.

Unless there is a particular reason for the under performing suburb to be out of favour, it will inevitably have a value correction. The best time to get in and purchase is before it becomes widely known as a growth suburb. To have the confidence to do this, do plenty of research, plus talk to Real Estate Agents and Property Managers to determine if there's change in the way people view the suburb and whether it will likely grow in popularity and value in the near future.

Growing Number Of Amenities

The area becomes increasingly appealing when the number of nice parks, malls, sports centres, and other community areas nearby begin to grow. It's a good idea to invest when you see this beginning to occur, as the area will likely draw high demand from tenants in the near future.

Falling Vacancy Rate

Seeking suburbs with a declining rate in tenant vacancies is a perfect way to discover which suburbs will surge in value. Check Trade Me daily for at least a month to see the tenant movement within suburbs. As a general rule, low vacancy rates mean tenants are moving in and staying within these suburbs, creating shortages in rental accommodation for tenants currently on the market. Plus, when property vacancy numbers fall in suburbs, rents will usually increase within the area, creating higher returns for investors.

Low Levels of Properties For Sale

Try hunting for suburbs with low property numbers being sold. Low property availability often means owners are less willing to let go of their properties because of increasing demand in the area, showing potentially profitable opportunities for investors who are willing to keep an eye out for properties entering the market.

Rising Number of Auctions

Auctions are a good indicator of a coming surge in value. Look on real estate websites and Trade Me to find out how many auctions are being advertised in each suburb. When demand becomes strong, real estate agencies will generally hold auctions for properties, to enable potential buyers to outbid each other and drive up the price. Auctions are often only successful when popularity in the suburb is strong, making auction numbers a good indicator of the coming surge in value for the suburb.

Excellent Accessibility

Check out what local transport is available in the area. Proximity to multiple local transport systems can significantly influence the area's popularity and profitability, as many people rely on the system in day-to-day life, meaning a suburb with limited transport routes is less likely to surge in value.

Great Neighbourhood

Consider the quality and location of the neighbourhood to help evaluate what type of tenants you will attract and how frequently vacancies may occur. Notably, rental properties near universities often attract students; this can cause vacancies during the summer that can be hard to fill. Where as, suburbs close to the city but away from the universities will likely attract young professionals, who are usually able to pay more rent than other tenants, making them a profitable market to consider.

Bottom-Line

To make great returns on investments you should invest before the market is hot and surging in value. Being able to spot the signs that a suburb is about to surge in value is an invaluable skill for property investors, especially for those wanting to expand their property portfolios.

Feel free to contact us to chat about our management processes, whether you have the best rent for your property, and how we can help grow your rental income. If you'd like more information about our company and management systems visit our website www.quinovickenterrace.co.nz for more details.

Information about this report: We (the property managers) have endeavoured to show all rents reported by all property managers and individual's as listed on publicly available sources for the mentioned period. We believe this information to be accurate, whilst all care has been taken, no representation on their own enquires. Properties displayed are only those which have been publicly listed and let by property managers within our company. We advise you seek independent advice on your area statistics if you are thinking about buying and renting an investment property