

Defence, resources fuel opportunities

Ruth Liew

From the Pilbara in Western Australia to Townsville in Queensland, strong yields and population growth give investors new reasons to invest in regional Australia.

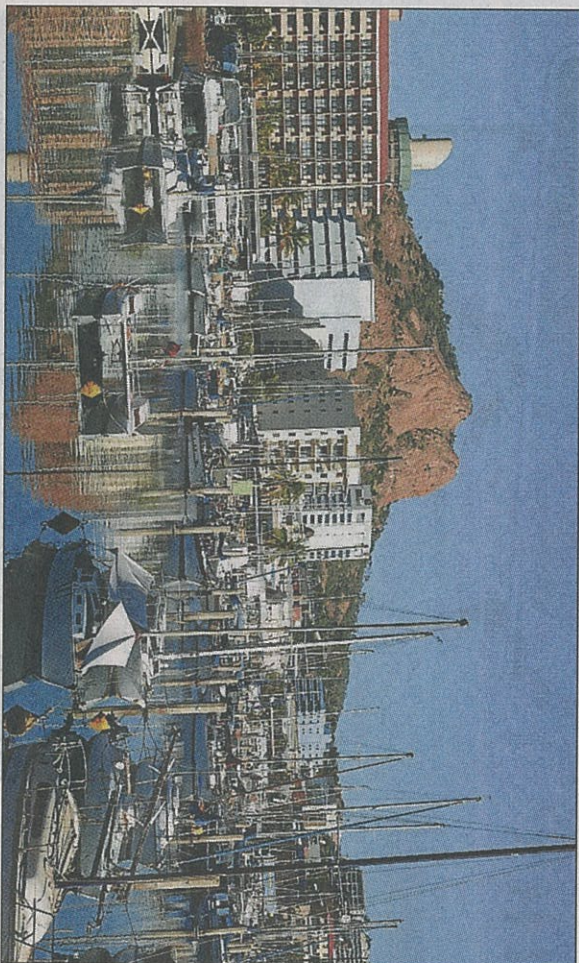
The key to picking top regional investment spots was to identify areas with sustained employment growth, said investment management consulting firm Atchison Consultants' managing director, Ken Atchison.

"[Employment growth] will be resources based, agricultural based and it could be transport based," Mr Atchison said.

Karratha in WA and Townsville in Queensland are among his top picks, due to the mining boom and increase in the number of Defence Force personnel respectively.

Wagga Wagga, Armidale, Newcastle and Parkes in regional NSW provided good buys too, Mr Atchison said, because of education facilities, transport links and predicted upswings in industrial activity and population growth.

Low double-digit yields were not uncommon in these areas, he said. "For agriculture, it's the story of transport and processing. You have to look at... where there is a sustaina-



Sleepy harbour no more ... Defence Force personnel have boosted Townsville's population in recent years, generating the need for more housing, facilities and infrastructure. Townsville is among Atchison Consultants' top picks for investors.
Photo: ROBERT ROUGH

ble supply chain. Wagga, for instance, is a major centre for transport of agricultural goods, and there are universities there too."

Property advisory company Macro-Plan Australia's managing director, Brian Haratsis, favours the resource-rich states of Queensland and WA too. The Pilbara and Townsville were attractive due to the population boom, he said.

The need for industrial and office space would flow from direct and indirect demand for service workers, Mr Haratsis said.

"There isn't any space in Port Hedland, Karratha or in Broome." In the Northern Territory, an increase in the number of Defence personnel based in Darwin and its surrounds would put pressure on offices and industrial holdings.

"Defence now counts for 20 per cent of the NT economy — our forecast is it will be up to 30 per cent in the near future," Mr Haratsis said.

In the ACT, the federal government's proposed minerals resource tax and carbon taxes would create demand for up to 40,000 square metres of new office space to house public servants, he said. "The goods and services tax cre-

ated demand for 40,000 square metres ... I'm just as certain the MRRIT, the carbon tax, the flood levy ... are going to generate the next big boom of office space in Canberra." Tourist-reliant regions of Queensland represent opportunities for investors despite the recent floods and high Australian dollar having had an impact on visitor numbers.

In northern Queensland, Gladstone's vacancy rates were at their lowest in a decade, said Ray White Commercial chief executive Mark Williams. Yields were between 8 per cent and 10 per cent, he said.

"Leasing activity spiked dramatically in the second half of 2010 ... and that's continued into 2011," Mr Williams said.

Mr Atchison said he had "reservations" about the Gold Coast. "It tends to be a lifestyle or holiday destination, and sustained employment growth is less likely."

He stressed that the best time to invest was now, while property prices were in the doldrums. "I'd be looking hard at Noosa, Cairns, if you had confidence and belief in the Australian tourism industry, which I do," Mr Atchison said.

"When everyone else thinks it's never going to get better, it's a good time to buy."