

# Betting on the next boom town

Michelle Singer

Australia's next boom towns are not glamorous coastal areas replete with trendy cafes and boutiques but middle of nowhere places set to offer jobs, a demand for accommodation and investment opportunities.

The billions of dollars worth of mining, resource and infrastructure activity planned for out of the way boom areas are the ideal speculative investment areas, according to property commentator Terry Ryder.

He lists Wandoan, in Queensland's Darling Downs; Geraldton, north of Perth in Western Australia; Ceduna, west of Adelaide in South Australia; Wonthaggi in South Gippsland, Victoria; and Muswellbrook and Broken Hill in NSW as the next boom towns.

The towns, on Mr Ryder's *National Top 12 Boom Towns* report, replace those areas that still have growth

## KEY POINTS

- Boom towns can offer big capital gains over a short period.
- However there are substantial risks, such as a proposed major project not going ahead.

but are too "hot" for small investors.

"By identifying the next locations to boom, investors can get a head start on the pack and position themselves now for future growth," he said.

Wandoan has a population of 550 and an average house price of \$160,000 but Mr Ryder said a \$1 billion open-cut coalmine and a \$1 billion rail link between Surat Basin and Gladstone would lift its popularity.

Broken Hill, 1100 kilometres west of Sydney, has had a falling population for years but the expansion of

existing mines, a proposed \$2.5 billion wind farm and a new uranium mine will make it an attractive investment.

Mining has already affected Broken Hill, according to Ray White principal Clifford Wren, who said house prices grew about 35 per cent last year and his "gut feel" was for another cycle.

"Quality housing is difficult to find, that's the issue. In the last 12 months a lot more building has been going on. We've also got a big shopping centre being built in town, with one of the main tenants being Coles," he said.

"The town's a lot healthier and stronger, and people's attitudes are good too."

Mr Ryder said while big capital gains in a short period of time were possible, they weren't without their risks as resources were finite and put a use-by date on capital growth.

"I don't invest in those places myself, I am more cautious and

I prefer regional centres that show steady growth rather than fast growth," he said.

"There's all sorts of things that can go wrong. You can buy on the back of a major new project and find it doesn't go ahead. Also the resource boom won't go forever, and some of these places rise and fall on the back of resources."

RP Data's Tim Lawless agreed that speculative investing in boom towns carried inherent risks, which were magnified in times of uncertainty. He said prices, likely rent, yield and capital growth should be considered.

"A lot of these towns are quite small towns," Mr Lawless said. "Investors are better off targeting the major service centre because it's the area that a lot of workers like to base their family and come back to because it's a more enjoyable place for their families to stay."