

## Boom towns forecasted

by Ernest Chan : Wednesday, March 12, 2008

Property website Hotspotting.com.au has forecasted Australia's next six 'boom towns' located in Queensland, Western Australia, South Australia, Victoria and New South Wales.

The nominated emerging property hotspots are: Wandoan in Queensland, Geraldton in Western Australia, Ceduna in South Australia, Wonthaggi in Victoria and Broken Hill and Muswellbrook in New South Wales.



Hotspotting.com.au director, Terry Ryder, said Australia's boom towns have been delivering a strong property price growth that has been fuelled by major mining, resources and industrial activity.

As such, Mr Ryder suggested that it was important for property investors to get in early in order to ride the boom town wave of success.

However, he also warned that given a boom town's spectacular short-term growth, investors need to time their entry and exit effectively, in order to reap the rewards.

"In many well-known boom towns, property prices have now risen so much that they have passed their peak and no longer represent good buying," he said.

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

According to Mr Ryder, the most important thing for boom town property investors to realise is that it can be a roller-coaster ride, with price growth rising and falling dramatically on the fortunes of the mining operations.

"No boom lasts forever, whether that be in one town, one region or country, or even globally," said Mr Ryder.

"Investors therefore need to research the longevity of the mining activity supporting the town and also look closely at what else is underpinning the local economy."

Mr Ryder added that the best bets are those towns that have several drivers of growth and a multi-faceted economy encompassing mining as well as other activities such as agricultural, industrial and residential development and tourism.

Selection of the six new locations in the Hotspotting.com.au National Top 12 Boom

Towns report have been based on the forecasted economic surge of new major mining and industrial projects either directly in the towns or its surrounding areas.

Mr Ryder said some capital cities, such as Adelaide, can also be classified as boom towns as the economic benefits of statewide mining flowed back to the nearest city.

Wondoan, in Queensland, has an average house price of \$160,000 and is considered a boom town, given that it has a \$1 billion Xstrata open-cut coal mine and a \$1 billion 'missing link' rail line between Surat Basin and Gladstone.

Meanwhile Geraldton, in Western Australia, is a forecasted boom town. The town, where a typical house will cost around \$320,000, has a new \$2 billion port and rail link development, power station projects and multiple mines.

With a typical house price of \$170,000, Ceduna in South Australia is also tipped to be a boom town, given its mineral sands mining, marina development, residential projects and upgrade to its port.

Wonthaggi in Victoria, with a typical house price of around \$210,000, was selected for its \$3 billion desalination plant, possible power station, as well as its solid tourism and real estate market.

In Broken Hill, New South Wales, a typical house will cost around \$120,000. The area is undergoing an expansion of existing mines, a \$2.5 billion wind farm project and a new Honeymoon uranium mine.

With a new Anvil Hill coal mine, expansion of the BHP mine and multiple mines and power stations in the area, a typical house in Muswellbrook, New South Wales, costs \$240,000.

Hotspotting.com.au also reported on the six existing boom town hotspots.

Adelaide, where the typical house price is \$350,000, is considered a hotspot given its economic benefits from statewide mining activities, infrastructure projects and population growth flowing back to capital.

George Town, in Tasmania, is considered a hotspot due to its \$2 billion pulp mill, \$240 million power station and existing industrial facilities, including an aluminium smelter. A typical house costs around \$170,000.

On the other hand, Mt Barker in South Australia has a typical house price of \$290,000 and is an existing boom town given its development of a copper mine, Angus zinc and lead mine and the strength of the Adelaide Hills property market.

Mildura in Victoria, where the average house price is \$200,000, is considered a boom town hotspot based on its \$420 million solar power station, \$130 million riverfront

development and diverse economy based on agriculture.

Gippsland in Victoria, with a \$5 billion synthetic diesel project, \$750 million clean coal power station, new gas plant and transport infrastructure, has a typical house price of \$195,000.

Finally, Zeehan, in Tasmania, is considered a boom town hotspot given its two new major mining ventures, existing Zinifex mine and cheap houses. A typical house in the area goes for around \$130,000.