

# Insider tips for maximising your profit in Gladstone



**W**ith Gladstone firmly back in investors' radars, the Gladstone market has picked up dramatically over the past few weeks says Julie Watts with Elders Real Estate.

"Local sentiment is very positive, with excitement about the new LNG projects that are coming to Gladstone and the infrastructure this will bring along with it," she says.

"The market reacted quite quickly, with the bottom end already moving up in price. Gladstone has been very quiet over the last two years and the prices had not moved at all until very recently. That's now translating to the middle sector of the market as well."

Lindy Lear from Rocket Property Group says their Gladstone offices experienced a surge in enquiries and sales for their investment packages within days of the BG Group's investment announcements.

"We now have a waiting list of investors as the developers are not releasing land for building at the moment," she says.

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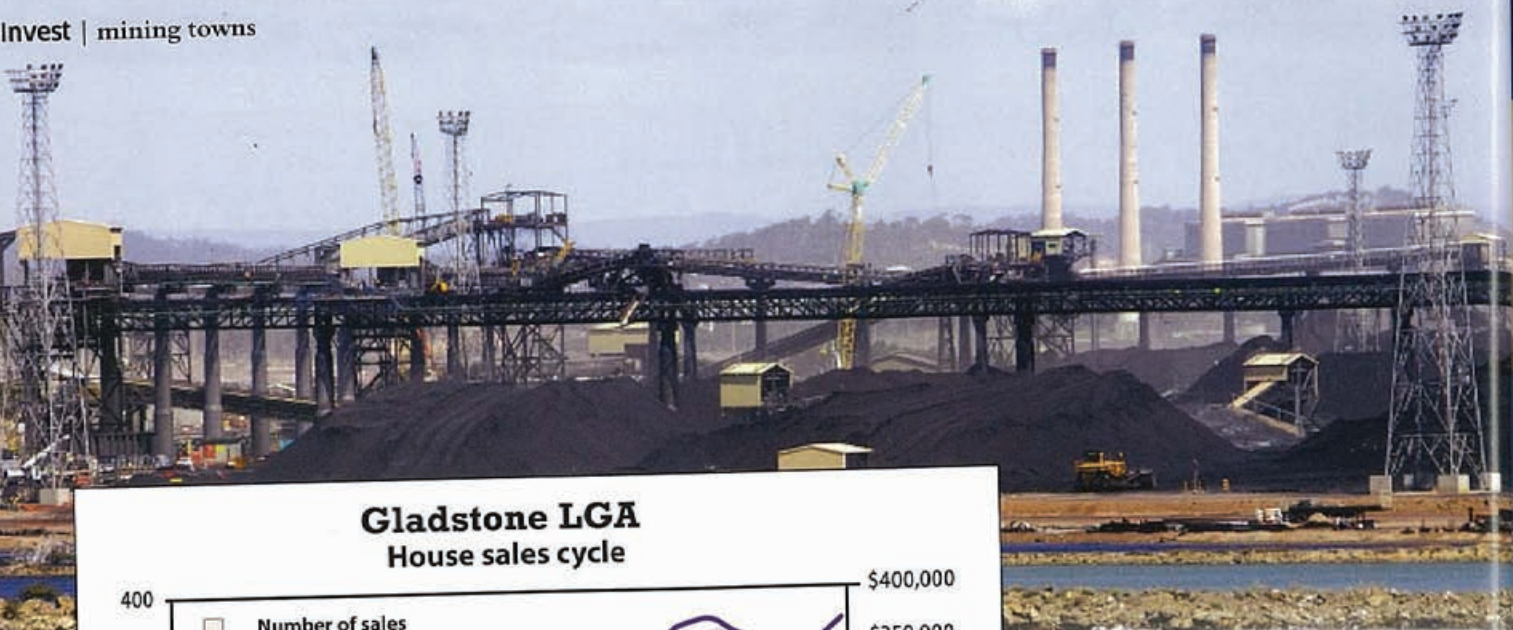
Principal—Colin Burke with offices in Gladstone, Calliope & Tannum Sands

Julie Watts  
Graeme Watts

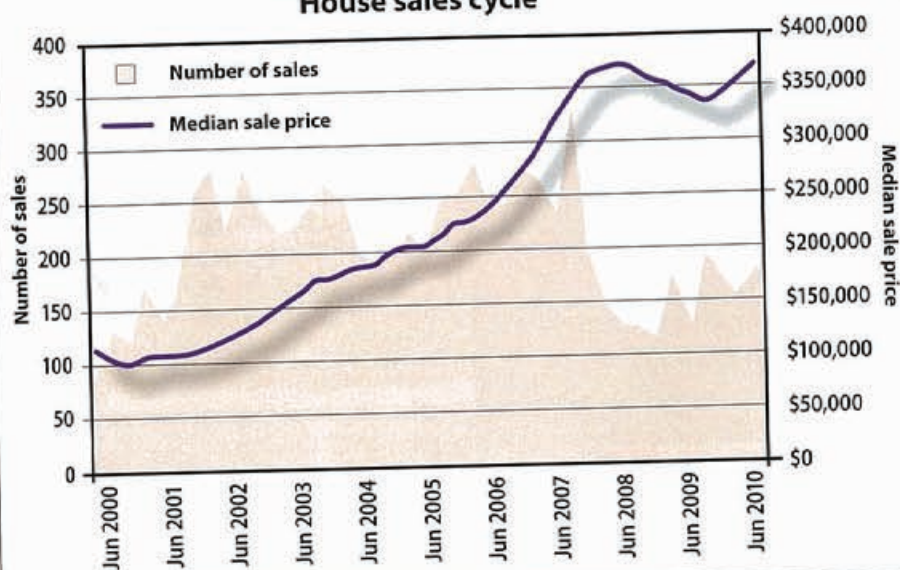
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### Gladstone LGA House sales cycle



Source: PDS Live 2010, PRDnationwide

According to Geoff McWilliams, residential land director at Citimark Properties, during the first two weeks of the announcement the initial spike in interest lifted property prices by 4–5%, but he sees that the stock shortage will inevitably push prices even higher as homeowners and investors compete for the available stock.

“During the past two weeks, a lot of the developers’ stock has been sold, so we’re out of stock while we wait for new approvals. The workers don’t hit town until first or second quarter of next year; that’s when the real underlying demand will really start to occur and that will continue to build over the next few years. But there’s very little that can be brought up in terms of developments over the next three to four years. Yes, there are a lot of products with approvals but there are only a handful of developers in town who are delivering. So the supply is not going to keep up with demand: there’s no way it can.”

Ian Hosking Richards of Rocket Property Group believes the current strong capital growth and tightening vacancy rates will continue over the next year, resulting in some fairly impressive house prices and even higher rentals.

McWilliams is even more bullish with his outlook. “Maybe Gladstone won’t get to the same level as Port Hedland because it does have the capacity to get more housing built, but I can see property prices going up by 50% within the next 12 months. We’re very excited, Gladstone is going hard,” he says.

#### Buying tips

“Gladstone is so hot at the moment that virtually anything should give you great potential for capital gains and rental yield,” says Hosking Richards.

However, it still pays to be selective in order to maximise potential gains. In Gladstone, your typical tenant will

be a high income earner and may also benefit from Employer Rental Subsidies, so they are not necessarily that price-sensitive.

Hosking Richards says he chooses property based on his normal buying criteria: buy new (or near new) for maximum depreciation benefits, and stay in the median price range for your chosen area and dwelling type.

Much of Gladstone’s heavy industry is located centrally around the harbour, so the conventional wisdom of buying as close to the CBD as possible might not be applicable in this particular case.

“Look in the middle-ring suburbs and seek out slightly elevated sites if possible with a pleasant outlook on to rolling hills,” says Hosking Richards. “By staying away from the immediate CBD, you will also avoid much of the air pollution that is apparent closer in to town. Make sure you stay away from coal train tracks.”

While the prospect of making big gains are certainly hard to resist, investors are warned to keep a cool head and be selective with their purchases.

“Red hot property markets will always attract a certain group who are just in it for a quick buck, and Gladstone is no different,” says Hosking Richards. “Don’t get carried away by the feeding frenzy or high-pressure sales tactics. There are builders and land developers in the area who have ethics and integrity and you need to be confident that you have found one of them before you sign on the dotted line.” ■