The Housing Market in Australia was generally a struggle in 2011 with declines in the median house price being recorded in every capital city. This could be seen as a correction phase with Income growth required to catch up with financing requirements for home purchases, particularly at the entry level. 2012 is set to be a year of recovery for most Australian Property Markets. The Sydney market came through 2011 relatively unscathed largely due to its underlying lack of supply for housing together with the ever increasing rental market. We expect this to continue into 2012 and a good recovery looks on the cards.

There are many performers in any macro market and many who are the converse to this. People often, when purchasing an investment property (one of the largest decisions of their investment lives), buy in their own back yard. Let us ask you this, whether you shop at Woolworths, buy your petrol at Caltex or get your hair cut at Just Cuts does this serve as an adequate enough reason to solely base your investment decisions into these companies ‘just because’ you’re familiar with it? Well why do so many Australians do this with Property? The opportunity cost can be huge in doing this!

Let’s assume 3 different couples all invested in their local area 9 years ago & let’s see how it would have panned for them all.

Below includes the average compounded capital growth (Units & Houses -not including the rental yields) together with how an investment in that suburb of $500k would look today;

Mr & Mrs Caringbah	(0.83%) - $538,614
Mr & Mrs South Penrith	(1.91%) - $592,817
Mr & Mrs Randwick	(4.76%) - $759,852

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