

5. Median Property Price +15%



Now that Property Choice has identified an area that has a:

- i. Capital Growth Rate $>5.5\%$,
- ii. Population Growth $>2.7\%$, and
- iii. Residential Vacancy Rate $<2.4\%$,

- iv. Established and Planned Infrastructure, it is now time to select and assess the suitability of a specific property within the identified area.

Whilst the first four elements of our 8 Step Property Selection Criteria relate to elements that are important in identifying a strong growth area, the next four elements relate specifically to the property within that area.

The first of the four remaining criteria relates to the price range of the recommended property.

You will often hear the term 'bread and butter' property used at the Property Choice offices. This term loosely refers to a typical property that the majority of Australian's can afford to buy and/or afford to rent.

A property within this range is within the Median Property Price and this is the price in which half the properties in the suburb are dearer and half the properties in the suburb are cheaper. It is important to note that the Median Property Price is not influenced by the 'exceptional' property values that may distort the statistics as may be the case in the calculation of the Average Property Price.

When asked whether it is better to spend \$250,000 or \$750,000 on an investment property, the answer is always the same, and that is ... it depends on the area in which you are investing.

At Property Choice, we recommend that a property investor invests at a price point that is no greater than 15% MORE than the median property price for that particular area on any one particular property.

The greatest level demand exists up to, but no more than, 15% more than the Median Property Price.

This means that within that +15% price range, an investor is able to obtain an 'above average' property that is in stronger demand by both purchasers and tenants than at any other price point.

This is, quite simply, a property that the majority of people can afford to buy and/or rent.

By avoiding the 'cheaper' or the more 'expensive' properties you are able to supply a product for the largest population percentile and therefore are able to achieve the greatest level of demand when choosing to rent OR sell the investment property.

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