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[Apr 24 2012](http://matusikmissive.wordpress.com/2012/04/24/ten-horse-town/)

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## An independent opinion on most things residential

**Ten-horse town**

The Dysart fracas a week or two ago reinforces my long-standing advice to those foolish enough to ask me: “You shouldn’t buy property – regardless of the current returns – in one-horse towns”.

In fact, I will go further and suggest that buying in any town with less than five pillars of economic growth, isn’t a wise long-term decision.  Why five?  That’s so that if one of the pillars gets knocked down, then usually the place can still get by.  Think of it like a table with five legs.

The more economically diverse the location is, the better if you ask me.  Capitals cities are well-supported by economic multiplicity, and it is better still if they have a nexus with resources including mining, like Brisbane.

But major regional centres are also economically diverse; and again, those with a strong connection to resources offer much sounder investment fundamentals than “fewer-horse” towns.  Yes, you might miss out on some extraordinary rental returns and capital growth, but such returns only take place because the investment is high risk.  It is called “extraordinary” for a reason.

Give me the more garden-variety residential investment returns any day.  I have enough problems sleeping at night as it is.

Townsville is a ”ten-horse” town and its economic foundations are evenly spread.  No one industry section holds more than 13% of its employment.  Mackay has eight pillars of growth and mining isn’t the largest one.  Ditto for Toowoomba. Gladstone has six, as does Rockhampton, Bundaberg, HerveyBay and Cairns.  Hervey Bay, Cairns and to some degree Bundaberg have too much exposure to poor-performing industry sectors like tourism, retail and new construction and not enough to the muscle industries, such as health, education, mining, transport, storage and defence.

The Sunshine and Gold Coast – to some degree – are suffering from the same cold.

Brisbane and Townsville are the two markets to watch in Queensland over the next couple of years.  My writings about Brisbane are now somewhat old hat.

Townsville – as well as having ten economic pillars of support – also holds one of Queensland’s most strategic assets – the Port of Townsville.  Did you know that $2.1 billion worth of goods are shipped through the Port of Townsville every year?  That is two and a half Instagrams…..or to us ordinary folks, a million million (yep, that’s twelve zeros).

The Townsville Airport now supports 95 flights per week and can take any sized aircraft.  Combined with both ports, two rail and freeway networks, Townsville is the hub of north Queensland– the true “CBD of  the north” if you ask me.

In addition, there is $1.25 billion worth of infrastructure projects underway, including 30,000 square metres of new office space.  Townsville, outside of Brisbane, holds more government and defence personal than any other place in Queensland.  25,000 tertiary students study at James Cook University or Barrier Reef TAFE and despite cyclones, the high Aussie dollar and the general economic malaise, 850,000 people visited Townsville last year.

And to top it all off, Townsville, outside of the capital cities and their immediate surrounds, is the fastest growing urban area (in terms of actual population) in Australia.

But, and there is nearly always a “but” these days, the locals cannot see the forest for the trees.  And I am finding this to be a common occurrence across the country these days.

Townsville locals will rush off to buy in a nearby “one-horse” town, but won’t give blue-chip assets in their home town the time of day.  Strange, indeed

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