Area Selection Traffic Light System Checklist

Step 1: Price Trends

Question: Are prices rising, flat, or falling in the last 12 months?

- ☐ **Rising prices** → Is the rate of growth **steady or accelerating?**

  ✅ **Green Light:** Market likely in early growth phase

- ☐ **Rising prices** → Is the rate of growth **decelerating?**

  ⚠️ **Amber Light:** Market could be nearing the end of its growth phase

- ☐ **Flat prices**

  ⚠️ **Amber Light:** Proceed with caution, investigate further

- ☐ **Falling prices**

  ❌ **Red Light:** Do not proceed

Step 2: Sales Activity

Question: Are properties selling faster or slower than 12 months ago?

- ☐ **Time on market is decreasing AND vendor discounts are reducing**

  ✅ **Green Light:** Demand outpacing supply

- ☐ **Only one of these is improving**

  ⚠️ **Amber Light:** Could be bottom of the market — investigate further

- ☐ **Time on market is increasing AND vendor discounts are growing**

  ❌ **Red Light:** Market is weakening

Step 3: Population Growth

Question: Is population growth stronger than new construction?

- ☐ **Population growing AND limited residential land**

  ✅ **Green Light:** Long-term demand is strong

- ☐ **Flat population AND no new construction**

  ⚠️ **Amber Light:** Could still work if landlocked and undersupplied

- ☐ **Flat or falling population AND lots of construction**

  ❌ **Red Light:** High risk of oversupply

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Step 4: Owner-Occupier Rate

Question: Are 50% or more of local residents owner-occupiers?

- ☐ **60%+ owner-occupiers**
  ✅ **Green Light:** Stable, community-driven suburb

- ☐ **50–60% owner-occupiers**
  ⚠️ **Amber Light:** Might be okay — investigate

- ☐ **Less than 50% owner-occupiers**
  ❌ **Red Light:** Risk of tenant-driven volatility

Step 5: Rental Demand (Vacancy Rate)

Question: Is the vacancy rate below 3%?

- ☐ **≤2.5% vacancy**
  ✅ **Green Light:** Strong tenant demand, faster leasing

- ☐ **2.6–3.0% vacancy**
  ⚠️ **Amber Light:** Balanced, but watch closely

- ☐ **>3.0% vacancy**
  ❌ **Red Light:** Risk of long vacancy periods

Step 6: Infrastructure Investment

Question: Is there real, meaningful infrastructure coming?

- ☐ **Includes long-term job creation, connectivity & livability**
  ✅ **Green Light:** Multiple growth drivers

- ☐ **Includes only one or two elements (e.g. road or school)**
  ⚠️ **Amber Light:** May have impact — investigate

- ☐ **Short-term or speculative infrastructure only**
  ❌ **Red Light:** Unreliable for long-term growth

Step 7: Economic Strength & Diversity

Question: Is the local economy growing and diverse?

- ☐ **GRP rising AND 3+ major industries**
  ✅ **Green Light:** Resilient, future-ready economy

- ☐ **GRP stable AND 2 solid industries**
  ⚠️ **Amber Light:** Could be okay, but monitor risk

- ☐ **One dominant industry or declining GRP**
  ❌ **Red Light:** High exposure risk

Step 8: New Supply (Zoning & Construction)

Question: Is supply under control or exploding?

- ☐ **Tightly held, landlocked, or hard to build**
  ✅ **Green Light:** Low risk of oversupply

- ☐ **Moderate construction that matches population growth**
  ⚠️ **Amber Light:** Monitor future development

- ☐ **High-density zoning or overdevelopment**
  ❌ **Red Light:** Prices and rents likely to fall