The Area Selection
Traffic Light System

A proven 8-step framework to help you confidently choose the best area to invest - and avoid costly mistakes.

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Area Selection Traffic Light System

Introduction

If youre watching this, Im guessing youre someone who wants to buy an investment property but you're not sure where the best place is to invest.

I mean, how do you work out where to buy a property that actually rises in value?

How do you make sure you can get your property rented quickly so you're not held back by cash flow issues?

And ultimately, how do you find a property that serves as a stepping stone to building long-term wealth?

If that sounds like you, then you're in the right place.

My names Niro Thambipillay. Ive been investing in property for 23 years now. I'm also a buyers agent, and Ive helped clients purchase tens of millions of dollars worth of property. Ive even been lucky enough to be voted one of the most trusted real estate entrepreneurs in the entire Asia-Pacific region.

Today, Im going to share with you my proprietary Area Selection Traffic Light System.

Now, this is going to be a hand-drawn framework nothing polished but it's powerful. Itll make it so much easier to figure out not just where to invest, but also how to avoid making costly mistakes.

Because heres the thing: when you buy in the wrong area and struggle to get your property rented, everything starts to go pear-shaped.

Your cash flow suffers. The stress builds. And if your property doesnt go up in value or worse, it falls then your retirement plans go out the window. Your wealth-building goals are put on hold. And all because you didnt know how to assess the risk properly.

And with property, the worst part is this: you often dont know if youve made a good or bad decision until years down the track.

Area Selection Traffic Light System

Thats why this traffic light system is so powerful. It helps you spot risks early, gives you peace of mind, and helps you make confident, informed decisions.

Step 1: 1: Price Trends

Start by looking at the price movement in the area over the last 12 months. Are prices falling? Thats a red flag we move on. Theres no point buying something that will be worth less in a years time, even if your strategy is long-term.

If prices are flat, its an amber light. Worth exploring further.

If prices are rising, thats potentially a good sign but we still need to dig deeper. Is the rate of growth holding steady? Accelerating? Slowing down? If its consistent or accelerating, green light move on to the next step. If its slowing, amber light proceed with caution and verify other data.

And remember, were not focused on what prices did over the last three years. Past performance doesnt guarantee future results. This is just an initial litmus test.

Step 2: 2: Sales Activity

Next, we look at sales activity. Are properties selling faster than they were 12 months ago? Thats good it suggests demand is increasing relative to supply.

If time on market is reducing, green light. If its increasing, amber or even red flag, depending on the magnitude.

Then look at vendor discounting. Are sellers needing to discount less to get sales over the line? If discounts are reducing, demand is strengthening another green light. If discounts are increasing, thats a warning sign.

Best case? Both time on market and vendor discounts are decreasing big green light.

Step 3: 3: Population Growth

Now we assess long-term demand. Is the population growing in the area?

If not, its not automatically a red flag. For example, in middle-ring suburbs that are landlocked, the population may not grow simply because theres no space left and thats okay, especially if no large-scale development is happening.

But if population is flat and theres a wave of new development (like high-rises), red flag. Thats a recipe for oversupply.

If population is growing, then ask: how much land is available to build on? Is it zoned residential? Are development approvals aligned with population growth?

What we want is demand growing faster than supply green light.

Step 4: 4: Owner-Occupier vs. Tenant Mix

Are people moving in to live or just to rent?

A high tenant population (say, 70% or more) could signal a transient market. Often these are linked to temporary projects mining towns, for example. When the work dries up, so does the population and you're left with a ghost town.

We want to see at least 50%, ideally 60%+, owner-occupier rates. That means people are putting down roots, building communities, and contributing to steady demand.

Step 5: 5: Rental Demand

This ones simple: will your property get rented quickly?

Because if it doesnt nothing else matters. Your stress increases. Your cash flow suffers. Your confidence gets shaken.

So we look at vacancy rates. A balanced market is around 3%. Below that? Strong demand. I prefer areas at 2.5% or lower.

Why? It gives peace of mind. It means rents will likely rise over time, which improves your cash flow and borrowing power.

Step 6: 6: Infrastructure

Infrastructure drives long-term growth but you need to know what type.

Theres construction-phase infrastructure (like roads), which create temporary jobs. Then theres permanent job-creating infrastructure (like hospitals and universities). Those are green lights.

Also consider connectivity. A new train line can open up a region and drive major capital growth. A great example is Sydneys Hills District. Once the metro went in, property values exploded.

Then look at livability infrastructure parks, schools, shopping centres, aquatic centres. These dont necessarily create jobs, but they attract families and drive owner-occupier demand which supports prices long-term.

Step 7: 7: Economic Strength and Diversity

Look at the local economys health. Is the local areas GRP (Gross Regional Product) growing in line with or faster than the state GDP?

If so great. It means money is flowing into the region and into real estate.

But you also want economic diversity. If the whole area depends on one industry (like mining or tourism), thats risky. One downturn can cripple the market.

Areas with multiple industries are far more resilient and that means better, safer growth.

Step 8: 8: New Supply

We know theres a housing shortage nationally but at the local level, that can vary dramatically.

If an area has been zoned for high-density development and there's a lot of construction happening, thats a red flag.

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Oversupply pushes rents down and makes it harder for your property to grow in value.

On the flip side, if an area is landlocked or has limited development and strong demand, thats a green light.

So, this is your area selection traffic light system. Use it to assess markets objectively step-by-step. Yes, no, maybe.

Look for the areas with the most green lights. Too many ambers? Be cautious. Too many reds? Walk away.

If you dont have time to go through this yourself or youd prefer an expert team to do it for you thats exactly what we do for our clients.

Just like we helped:

- Sam, who bought at $549K 18 months later it was worth $740K.
- David, a single dad bought at $553K, later valued at $720K.
- Raj, a time-poor doctor bought at $699K, now valued at $950K.

This framework works. And if you want us to apply it for you, just tap the link below to book a completely free, no-obligation call with a member of my team.

Otherwise I wish you profitable investing.

You can book your free, no-obligation consult with a member of my team here:

https://www.investmentrise.com.au/property-buyers-agent-service/