



**PROPERTY INVESTOR**

**NEWSLETTER**

APR – MAY 2019

*This newsletter has been designed to keep you updated on what is happening within the industry and our real estate agency*

**20 THINGS TO THINK ABOUT WHEN BUYING AN INVESTMENT PROPERTY...**

1. What do you want to achieve financially?
2. How much will a bank lend you?
3. What percentage deposit do you require?
4. What investment strategy are you going to use?
5. How many properties do you want in your investment portfolio?
6. What type of property/s do you want to buy?
7. What area do you want to buy in?
8. Will you see a mortgage broker?
9. Should you choose a solicitor or a conveyancer?
10. Who are you going to take advice from?
11. What is your strategy for researching the market?
12. What are the vacancy rates in the area you are looking to buy?
13. What are the average rents?
14. Will you buy old or new?
15. Are you prepared to renovate?
16. Can you afford to lose money?
17. Can you afford the repayments?
18. Have you done a cash-flow analysis?
19. What growth indicators does the area have?
20. Do you have an exit strategy?

**HANG IN THERE**

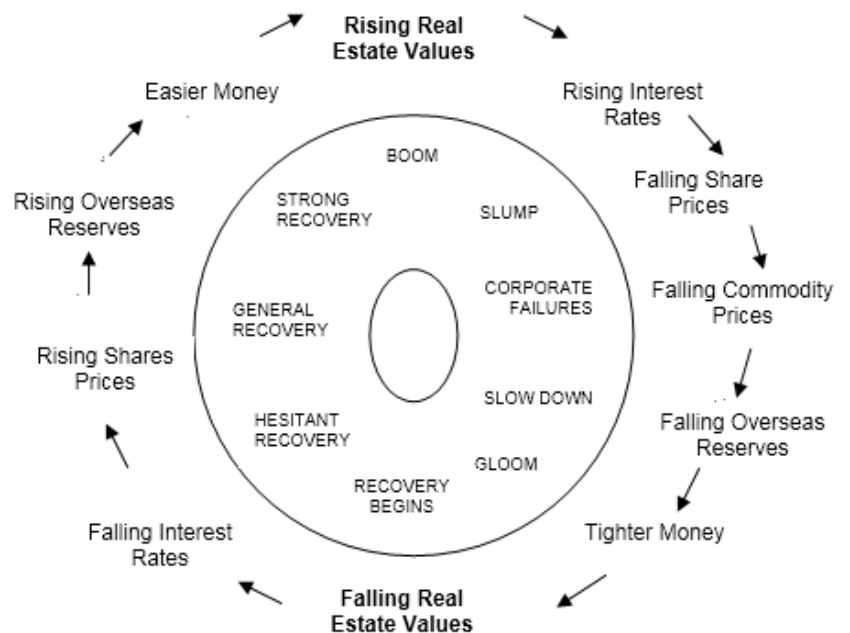
**THE REAL ESTATE CYCLE...**

Times have certainly changed. Especially when we look back over the years of the seventies and eighties ‘era style’ of property management that many will remember, with regards to rights, obligations, expectations and legislation.

However, the purpose of investing remains the same – ‘*To create long-term wealth and a secure financial future*’. It just comes with a few more compliance issues now, that really should be a common-sense expectation for all parties.

The media plays a huge role in how consumers, property investors and people react and feel in general. They can create false emotions that are not necessary in many of the circumstances.

The key to successful investing is not to get caught up or distracted by media hype. Yes, we need to be mindful of market changes and global economics, but at the end of the day we also need to stay focused on the end result, which is ‘*Property investment over time will prosper*’.



P.T.O.

We are focused on maximising your rental income and optimising your capital growth

# LINE OF CREDIT HOME LOANS

There may come a time in your life where you need to access additional cash (money) relatively quickly, without having to wait lengthy loan approval times or you may simply want to have the comfort and reassurance of cash in the bank 'so to speak', without having cash in your bank. It could be that you need the money as you have emergency medical expenses, want to carry out home renovations, you require a deposit to purchase an additional property, car, boat or simply take a holiday, to name a few.

Whatever the reason, there will be times when borrowing money is inevitable. If you have a reasonable level of equity in your home, you could consider a line of credit home loan.

## What is a line of credit home loan?

A line of credit is an ongoing agreement between you and your bank, which gives you access to a predetermined amount of credit (money) whenever you need it. With a line of credit home loan, any money you borrow is usually secured against the equity in your home.

## How does it work?

If the purchase price/value of the home is \$360,000 and you borrow money from a bank with a \$72,000 deposit, you will have \$72,000 equity in your home and a loan of \$288,000, which is the difference of the property value and current loan amount. Ten years later, your debt or loan is down to \$110,000 and your property has increased in value to \$450,000. This means that all up, you now have around \$340,000 equity in your home. Provided you meet the lending criteria of the financial institution, you may be able to take out a loan against a proportion of the equity you have giving you access to a pre-approved credit limit of money that you can borrow as much as you want up to the limit, with additional interest payments obviously.

## The pros and cons

A big advantage of a line of credit is that you are using your property as security against the loan and are a lower risk to the lender and will generally pay a lower interest rate than other forms of debt. As you are using your property as equity, it does mean that if your investment declines in value or you manage your loan poorly you could lose your property. Whether a line of credit loan is appropriate can also depend on what the debt is being put towards and what the other debt option would be. Using a line of credit loan to consolidate credit card debt, for example, could end up being an expensive option if you do not pay off the loan in a timely manner.

## SUDOKU COFFEE BREAK

Every row & column, and 3X3 box, must contain the numbers from 1-9. Good luck!

1								
	2			6	7	8	9	
3				4				
	4			3				
				2	1	6	7	
	6						8	
		7						4
	8			9	3	7	2	
		9						

DREAM BIG,  
WORK HARD,  
STAY FOCUSED  
&  
SURROUND  
YOURSELF  
WITH GOOD  
PEOPLE

## TALK TO THE PROPERTY EXPERTS

### BUYING, SELLING & PROPERTY MANAGEMENT

Call us if you are thinking about  
buying or selling or know of someone  
who is

## Properties Recently

### RENTED

Keeping you updated on the  
local rental market

- Windellema Rd, Windellema – 4br, 2 bath - \$465 pw
- Caroline Ave, Bowral – 4br, 2 bath - \$950 pw
- Southey St, Mittagong – 3br, 2 bath - \$520 pw
- Robertson St, Crookwell – 4br, 2 bath - \$320 pw
- Langley Ave, Renwick – 3br, 2 bath - \$530 pw
- Gap Rd, Parkesbourne – 4br, 2 bath - \$600 pw
- Charlotte St, Robertson – 3br, 1 bath - \$480 pw

# NEWS Update

In light of the current state of the real estate market, we are experiencing higher than usual vacant properties on the rental market. At going to print, there are currently approximately 123 properties listed in the Southern Highlands alone, which is around 100 more than this time last year. By being realistic with pricing and meeting the market there is a greater chance of securing a tenant as they have plenty to choose from right now. Looking after and keeping good tenants is also a good idea in this current climate.