



## PROPERTY INVESTOR

# NEWSLETTER

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### DO YOU NEED EXTRA CASH?

Knowing if you have equity in your investment property can give you greater peace of mind, allow you to build your investment portfolio and assist with upgrading or renovating the property.

Landlords who request a complimentary (no obligation) sales appraisal are often surprised at the increase in their property's value.

If you would like a current appraisal of your investment property, please feel welcome to contact us today.

We are here to work towards maximising your income and optimising capital growth. Property investment and creating wealth for our clients is our passion.

**“PEOPLE WHO ARE CRAZY  
ENOUGH TO THINK THEY  
CAN CHANGE THE  
WORLD, ARE THE ONES  
WHO DO.”**

Apple



## WHY IT CAN BE BETTER TO BUY AN INVESTMENT PROPERTY THAT HAS OWNER-OCCUPIER APPEAL

The appeal of an investment property to potential tenants should be at the forefront of an investors mind, as it is the tenant who will pay the rent and, ideally, take good care of the property.

But possibly, more important is the appeal to future buyers, even if the investor has a buy-and-hold strategy. This is because demand from owner-occupiers, rather than investors or renters, is the key driver of capital growth in the long-term.

### **Owner-occupiers dominate**

Two-thirds of Australians live in a home they own, while the remainder rent, according to Australian Bureau of Statistics (ABS) data. Owner-occupier appeal is one of the core aspects to look for in an investment property, because these buyers represent the largest segment of the market.

*Residential real estate is not dominated by investors, it's dominated by people who have a basic survival need. Seventy per cent of the market buy property for a roof over their head and 30 per cent buy it as an investment.*

You really want to buy a property that suits families and couples who are on higher incomes. If a property only appeals to investors, there may be less possibility of long-term capital growth and market share of buyers.

*A good strategy comes down to understanding that property is about people. Who really wants to live in your property – not rent it but buy it.*

Owner-occupiers are more emotional in their property decisions than investors, who are primarily motivated by financial return.

They are more likely to pay a premium for a property that ticks all the boxes, while investors are more likely to walk away if the numbers don't stack up.

### **Know your future buyer**

Many investors base purchasing decisions on rental yield, as properties with high rental returns are more likely to be positively geared.

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## OWNER-OCCUPIER APPEAL Continued...

To maximise capital growth, smart investors should consider selecting properties that will appeal to affluent buyers, as owner-occupiers who earn more can borrow more.

Despite the higher price tag and lower yield, an 'investment-grade' property is driven by broad demand.

Smaller properties (such as studios and 1-bedroom units) appeal to singles and couples and properties in regional areas appeal mostly to local owner-occupiers and investors and, without the diverse employment options found in the capitals, affluent buyers can be limited.

On the other hand, a free-standing two or three-bedroom house 30 minutes from the CBD of a capital city would appeal to a larger number of more diverse buyers.

It is true that at the end of the day, the property you buy will be determined by your investment budget. Look for properties in the medium price range (above the medium may have yields that are too low, increasing holding costs), good locations, near transport, schools, shopping and lifestyle amenities as the increased demand and the limited supply of this property type will mean its value will increase faster than less sought-after properties.

Despite the sometimes, higher price, lower yield and a potential shortfall between rental income and expenses, an 'investment-grade' property is more likely to generate greater wealth for the investor through strong, long-term price growth.

## WHEN YOUR TENANT VACATES THE PROPERTY

Do you know when your tenant's lease expires or if they are moving out of your investment property?

It is essential for landlords to be aware of the lease end date with each property and be proactive leading up to the end date.

Listed below are a few points to consider:

- Do you and the tenant/s want to sign another lease?
- What length of lease do you want? Remember there are usually increased vacancy periods in winter and over Christmas. Ensure your lease does not end at these times.
- Discuss the option of a rent increase with your property manager. 60 days' notice is required for any rent increase. A rent increase can also be written into the new lease if it is a long-term tenancy.
- If the tenant is vacating, ensure that your marketing campaign starts immediately and is appealing to prospective tenants to attract interest. Marketing and open homes should occur before the tenant moves out. This will minimise the vacancy period between tenants.

## INVESTOR MISTAKE

### Getting the structure wrong

Have you sought professional advice on how to structure your investment property and future portfolio additions? Establishing the right structure to purchase your properties can help minimise the amount of tax you pay, maximise your potential for growth and protect your assets against any losses.

Most people begin to look at this once they have already started creating their portfolio, but this can sometimes be too late.

We recommend that you do your own research now and seek out specific advice as to what structure is going to work best for you before you purchase a property. It could save you thousands of dollars and untold hours of stress and worry as you build your portfolio.

## 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

## Some Properties Recently RENTED

Keeping you updated on the local rental market

### HOUSES

15 Mayor St, Goulburn

\$370pw

18A Balaclava St, Mittagong

\$520 pw (on the market for sale)

3 Stombucco Pl, Goulburn

\$370pw

4 Downes Pl, Mittagong

\$400pw

15 Dale St, Burrawang

\$650pw

### UNITS

4/11 Oxley Dve, Bowral

\$395pw

1/15 Suttor Rd, Moss Vale

\$280pw

2/137 Cowper St, Goulburn

\$220pw

Just a reminder that whilst most of our tenants are fabulous and pay their rent in advance or at least on time, as we don't tolerate rental arrears in our offices, on occasion a tenant may fail to pay on time due to unforeseen circumstances.

As an investor, it is important to always have a backup and not solely rely on rental funds to cover mortgages or other payments due in case the funds are delayed or you have property expenses during that month or perhaps a vacancy period.