

CREATING  
WEALTH



## PROPERTY INVESTOR

# NEWSLETTER

JUL – AUG  
2018

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

### WHEN YOUR TENANT GIVES NOTICE TO VACATE

Time is always of the essence when it comes to a tenant giving notice. We understand that it is important to be proactive from the time notice is given to vacate to reduce extended vacancy periods, lost income and potential disputes.

The vacate process needs to be carefully managed. Following are a few tips that will assist in reducing the vacancy period and lost rent.

- Confirm that the notice period is correct. If the notice has not been calculated correctly it could result in the notice being invalid.
- Quickly advertise the property with quality photos, floor plans and video tours to ensure that it stands out over all other properties and is rented in the quickest possible time; achieving the highest possible rent.
- Educate the tenant in what needs to be cleaned with a detailed checklist.
- Ensure that all rent, cleaning and maintenance accounts have been paid prior to the release of the bond.
- Be fair, friendly and amicable in all discussions to achieve a win/win situation for all parties.

We will always keep you updated.

## HOW TO CREATE EQUITY FROM SIMPLE RENOVATIONS

Whether you are thinking about listing your property on the market or simply looking to add value to an existing investment property, renovating can be an effective way to create instant equity.

Property owners eager to lift the value of their homes often ask the question, how can I ensure maximum value from a simple renovation?

Before jumping straight into a renovation, it is essential to carefully plan and budget for any upgrades you are considering. The key is to make sure you know what adds value, without over-capitalising.

### Here are a few recommendations:

1. It is always important to consider your renovations with rental yields in mind. As with investment property selection and purchase, a renovation is all about attracting the best rental yields or bottom-line profits. It is important to keep the prospective tenant's needs at the forefront of any renovation. For example, consider what upgrades would appeal to a tenant. A simple re-carpeting job can cost as little as \$3000 while adding as much as \$10,000-\$20,000 to a property's value, and undertaking a complete refurbishment for \$50,000 may add \$100,000 to its value.
2. Know how to add value with little outlay. If you are looking to sell your home or investment property, but do not have the budget for a large-scale renovation, there are several small-scale improvements you can do yourself to instantly lift its' value. A fresh coat of paint can make a world of difference to worn-out interiors, and it is impressive how much a decent scrub and clean can increase the appeal of a home. Backyard gardens can be improved with a selection of new plants, bark and the grass areas fertilised. Re-grouting of wet area tiles, replacement of old appliances and fresh window coverings can transform the appeal of a property.
3. Light it up. One of the things that buyers subconsciously notice is light within a property. Despite whatever amazing features the property might have, if it is not naturally well-lit, it can impact the feel of a property. If your property is dimly lit, consider replacing old light fittings, switches and sockets with more efficient ones.

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# HOW TO CREATE EQUITY FROM SIMPLE RENOVATIONS...Continued

If you are in a house, semi or townhouse, a skylight could also uplift living areas, kitchens or bathrooms with poor natural light. Removing clutter and opening blinds/curtains are other easy ways to enhance your property's appeal and demonstrate an abundance of natural light.

4. Hire an independent property valuer. Many inexperienced buyers risk over-capitalising or making upgrades that don't impact the value of the property. Even before beginning the simplest of renovations, it's worth hiring an independent property valuer, as they can advise you on how much value a renovation has the potential to add. A valuer can guide you if spending \$30,000 on a kitchen renovation will add more than \$30,000 to your home's overall value, for instance. They will also be aware of circumstantial factors, such as the average value threshold of properties in your street.

5. It doesn't have to be perfect. Don't worry if not everything about the property is pristine. A place that is liveable to rent out straight away is often the most realistic and affordable option for investors. If you have an eye for improvements, investing in a place that needs a simple renovation presents a real opportunity for equity. However, if you are purchasing a property to 'flip', beginners should start off with small improvements rather than a complete renovation. That way, not only can you take your time saving and planning for a complete renovation, but seeing the difference between the property's actual worth and what you can make it worth enables you envision its' full potential.

Regardless of whether you are considering minor upgrades or large-scale renovations, renovating a property has the potential to significantly increase your home's overall value, even in a flat market. To receive maximum return from renovations, always remember to consult the experts and stick to your budget.

## WHAT IS RETURN ON INVESTMENT (ROI) AND WHY IS IT IMPORTANT TO KNOW?

Return on investment, or ROI, is the ratio of a profit or loss made in a financial year that is expressed in terms of an investment and shown as a percentage of increase or decrease in the value of the investment.

The basic formula for ROI is:  $\text{Net Profit} / \text{Total Investment} * 100$ .

Return on investment is often referred to when purchasing a property to determine the viability of profits and stability of returns. However, ROI calculations can also be beneficial to investors when considering improvements, renovations or the purchase of new fixtures or fittings to determine the return on investment.

As an investor it is necessary 'at regular intervals' of owning a property to upgrade and replace fixtures and fittings. An astute investor will take advantage of this, to upgrade the fixtures and fittings to complement the depreciation benefits available to maximise potential tax returns and create more money in their bank accounts. When improving, renovating or upgrading a property you can use this formula to determine the viability of the addition.

For example: If you invest \$15,000 on improvements to the property that results in a \$50 rent increase per week the ROI on would be 17.3%.

Calculation:  $\$50 \text{ rent increase} \times 52 \text{ weeks} = \$2,600 / \$15,000 * 100$ .

The average rate of return on an investment is often considered at 10.6% according to many investment specialists.

## Properties Recently RENTED

### HOUSES

**Buffalo Cres, Goulburn**  
3 bed, 1 bath, 1 car \$320 pw

**Taralga Road, Goulburn**  
3 bed, 1 bath, 1 car \$350 pw

**Cohen Place, Goulburn**  
4 bed, 1 bath, 2 car \$420 pw

**Marulan South Road, Marulan**  
5 bed, 2 bath, 2 car \$530 pw

**Bartholomew Way, Nattai Ponds (Mittagong)**  
4 bed, 2 bath, 2 car \$600 pw

**Kamilaroi Crescent, Nattai Ponds (Mittagong)**  
4 bed, 2 bath, 2 car \$600 pw

**Boolwey Street, Bowral**  
3 bed, 2 bath, 1 car \$750 pw

**Isabella Way, Bowral**  
5 bed, 2 bath, 2 car \$795 pw

**Elm Street, Bowral**  
5 bed, 2 bath, 1 car \$800 pw

### UNITS/TOWNHOUSES

**Alfred Street, Mittagong**  
2 bed, 1 bath, 1 car \$380 pw

**Watson Road, Moss Vale**  
3 bed, 2 bath, 2 car \$480 pw

## TALK TO THE PROPERTY EXPERTS

### BUYING, SELLING & PROPERTY MANAGEMENT

Shortly we will be making contact with you to provide you with a free, no-obligation current market sales appraisal on your investment property and to assist you with the possibility of expanding your portfolio. In the meantime please feel free to contact us if you have any questions about your property.