

This newsletter has been designed to keep you updated on what is happening within the industry and our Real Estate Office

From the desk of the Property Manager

INTEREST RATES RISE AGAIN!!

Every time I hear that interest rates are on the rise I hold my breath. I am sure I am not the only one out there that does this.

There are many options you can take when this occurs however, before making any decisions I think we need to understand what options we have.

1. Sell the property
2. Put the rent up
3. Live with it
4. Seek new finance options

I have listed the options the way in which we are more likely to react, however I think we need to completely reverse the order.

Looking at your finance options first may help to ease the repayments and depending on your position it may even open up new investment opportunities. Also there could be a number of professional or investor discounts you may be missing out on.

Remember why we purchased an investment property to start with, to make **\$\$\$\$!**

With this in mind we must be careful how we exit the market to ensure we don't lose money by selling too soon.

If you would like to get a free home loan health check or a free real estate appraisal then please give Rachel a call on 08 8395 2233.

Top Five Investment Mistakes to Avoid

Everybody makes mistakes, even property investors. This article focuses on some of the biggest mistakes property investors make, and more importantly, how to avoid them.

Mistake 1: Falling in love with the property – If you inspect a property and care what the curtains look like, whether the kitchen has stainless-steel appliances and what the colour scheme is, you're probably making this mistake. You need to remember that the property is for someone else to live in "the tenant". The best thing to do is consult with your local property manager to find out about what features are desirable for tenants in a given area, rather than you guessing what you feel would be desirable for them. If you are looking for a property in a family targeted area, then dishwashers, fenced yards and safety around the home should be a priority.

Mistake 2: Not seeking expert advice – Investors who sign on the dotted line without consulting their accountants, solicitors or finance brokers are playing with fire. What is the impact of that property purchase on your taxable income?

How much money can you actually borrow?"



Mistake 3: Not having a risk mitigation strategy – Many investors fail to ask themselves questions such as: What happens if the property remains vacant for an extended period of time? What happens if the property burns down? What happens if interest rates go up? What happens if there is a change in our circumstances? What is your back-up plan if something goes wrong? A risk mitigation strategy will give you peace of mind today and tomorrow.

You should consider insurance cover, back-up savings plans, and fixed or split interest rates.

Continue P.T.O.

Inspirational Tip

"People will forget what you said, people will forget what you did, but people will never forget how you made them feel."

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Mistake 4: Not performing due diligence – “Due diligence” is the research you should undertake prior to making the purchase to ascertain if the property is a good buy or not. It is often common for investors talk to the selling agent, ask a few questions and then make their decision. You should take into consideration how far away schools, shopping centres, medical facilities and transport are; what council’s plans for the area are; what capital growth the area has seen; and what the vacancy rate is, to name a few. You need to do your homework to ensure that you really are buying a great property.

Mistake 5: Not crunching the numbers – Most investors rely on guesstimates rather than sitting down and doing the hard numbers related to their purchases.

For example, an investor purchased a negatively geared property in a major capital city thinking that it would be (negatively geared) by \$100 a week. On proper analysis of the numbers, the investor discovered that the property was costing closer to \$260 a week (out of pocket expenses).

For those investors who don’t feel confident about doing the calculations on paper, we strongly recommend that you seek advice from a professional accountant.

When purchasing an investment property take your time, don’t get emotionally attached to the property, do your research, have a back-up plan and always seek professional advice from your building inspector, pest inspector and accountant or financial advisors.

What do Tenants Really Want?

Are you meeting their needs?



Value for money: How does the rent compare with similar properties?

Security: Security screens, deadlocks and window locks rate highly.

Good location: Public transport, natural light, peace and quiet.

Cool temperature: Reverse-cycle air-conditioning, ceiling fans, central heating.

Cleanliness: Clean properties attract clean tenants.

Equal-sized bedrooms: This is common feedback from the majority of tenants.

Everything working: Tenants will test taps, water pressure, sliding doors, even the oven.

Low maintenance: Ceramic or timber floors and easy to care for lawns and gardens.

Cabling: Wired for Foxtel/Austar, extra power points, data cabling

Car parking: Ability to protect and house their car ■

IMPORTANT: This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. The newsletter is issued as a helpful guide to clients and is for their private information. Every effort is made to ensure the contents are accurate at the time of publication. We take no responsibility for any subsequent action that may arise from the use of this newsletter. Published by THE PPM GROUP - www.ppmssystem.com & Raine & Horne Northeast

Sale Property of the Month



1/13 Araluen St, RIDGEHAVEN

Price Guide \$270,000 to \$295,000
3 bedroom home featuring 2 brms with built ins, updated kitchen and bathroom, formal lounge, ducted cooling, gas space heating, double garage with auto roller door. All weather pergola with decking, compact low maintenance grounds. Potential rental income \$255 to \$270 pw



We would like to take this opportunity to wish you a safe and joyous Easter with family and friends.

Recently Rented

Keeping you updated on the local rental market

HOUSES

Vingara Street, DERNANCOURT
\$310 per week

Bogan Street, HILLBANK
\$275 per week

Oakwood Court, RIDGEHAVEN
\$330 per week