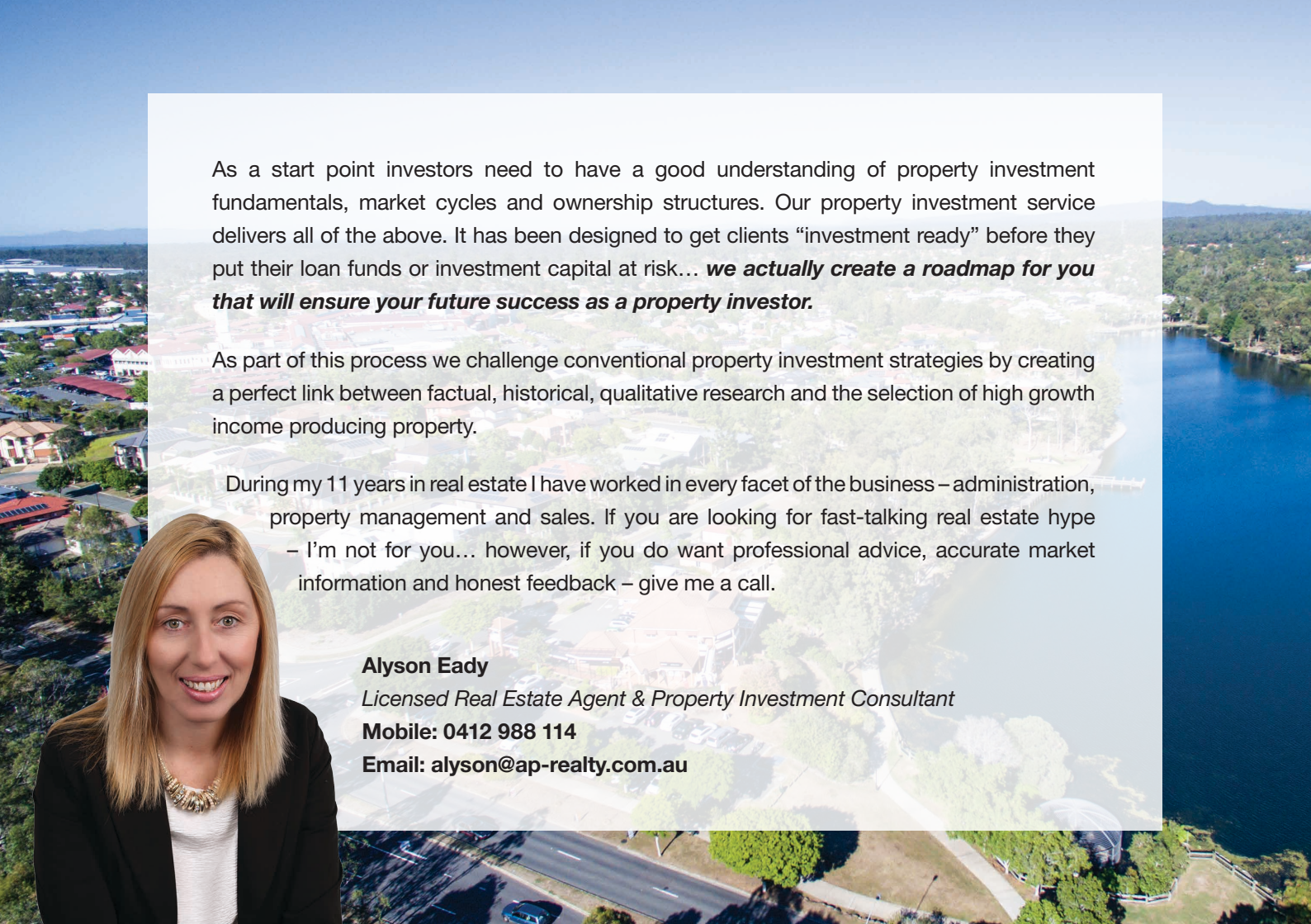




Residential Property Investment


by Alyson Eady



As a start point investors need to have a good understanding of property investment fundamentals, market cycles and ownership structures. Our property investment service delivers all of the above. It has been designed to get clients “investment ready” before they put their loan funds or investment capital at risk... ***we actually create a roadmap for you that will ensure your future success as a property investor.***

As part of this process we challenge conventional property investment strategies by creating a perfect link between factual, historical, qualitative research and the selection of high growth income producing property.

During my 11 years in real estate I have worked in every facet of the business – administration, property management and sales. If you are looking for fast-talking real estate hype – I’m not for you... however, if you do want professional advice, accurate market information and honest feedback – give me a call.



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Introduction to Property Investment

In recent years the Australian property markets have turned the corner and as a consequence of this many people are considering “trading-up” the family home or leveraging on their equity to buy an investment property...

If history repeats itself, and it probably will, some will get it right and develop financial freedom through their investment but sadly some will choose the wrong product or the wrong location and see little capital growth occur in their property over time.

At any one time there are about 250,000 properties for sale around Australia and in my view less than 2% of these are “investment grade”. Almost anyone can make money during a property boom because the market covers up most mistakes. However when the market turns down (like post GFC) many property investors without a business system find themselves in trouble.

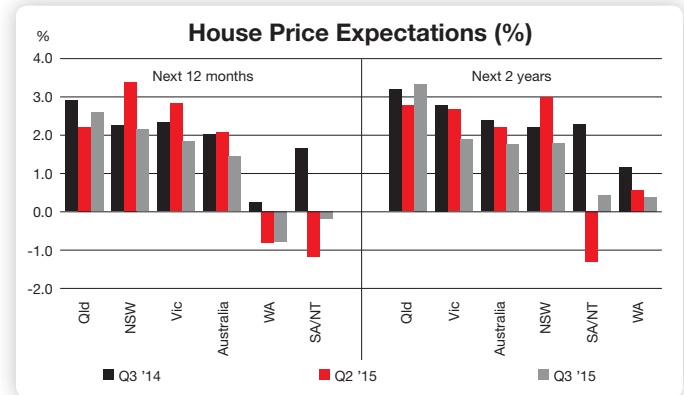
Strategic investors develop and follow a sound business system that takes the emotion out of their decisions and ensures that they don't speculate. This will assist them to produce consistent profits while reducing their investment risk.

Some of the lessons that I have learned are:

- Every property boom is followed by a downturn and each downturn paves the way for the next boom.
- You know that the property market moves in cycles so take a long term position.
- Buying only “investment grade” properties will guarantee that your ability to borrow in down markets (at the bottom of the cycle) will not be compromised.



- The nation has multiple property markets and each city moves independently – according to its local economics. Turn off the noise from the current booming cities and focus locally.
- Don't chase the “fast-money” – property is a long term investment. As investment guru Warren Buffet says, “Wealth is the transfer of money from the impatient to the patient”.
- All of my research shows that well-located properties have kept doubling in value every 10 years or so, making many ordinary Australians property millionaires.
- Treat your property investment like you would a business, the successful investors that I have worked with have grown a substantial asset-base by surrounding themselves with a great team of professional advisors... mortgage brokers, accountants and solicitors, who guide them in getting the right finance, setting up the correct ownership and asset protection structures, and knowing how to legally use the taxation system to their advantage.



Many “hot spots” quickly become “cold spots”

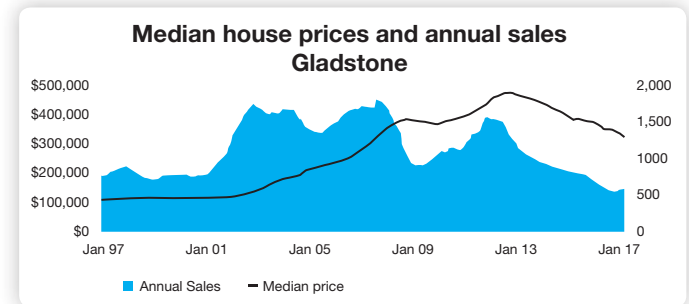
Towns or suburbs touted as “hot spots” usually end up being “cold spots” that investors should actually stay away from, according to new research. **Startling analysis conducted by RiskWise Property Review of the “2011 Queensland hot spots” found that about 60% of these actually underperformed national average results over the next five years.**

The analysis found that 12 of 20 purported Queensland hot spots in 2011 failed to live up to expectations, with six of the nine recommendations for unit investment missing the mark completely. The worst performers were central Queensland locations, which may be unsurprising now – however, mining regions were all the investment rage in 2011 due to the strength of the resources sector at that time, Doron Peleg, CEO of RiskWise Property Review, said.

“The hot spots in Queensland included a number of high-risk areas, such as Gladstone, Emerald, Chinchilla and Mackay,” he said. “Effectively, these were areas with a very significant amount of land and it should have been assessed that it is

unlikely that the capital growth there would be sustainable.” These investors have seen a very significant decline in their property value, leaving them with a negative equity and no buyers on the horizon.

Hot spot lists usually only measure potential short-term performance of a location which is not the right way to look at property investment.



Does property double in value every 7 years?

**Have you seen
this type of
advertising?
Is it for real?**

Would you be comfortable doubling your investment every 3 years?

Grow \$225k into \$5.772 million in 12 years

Your Invitation – FREE seminar

Secure Investment Property @ Wholesale Price

Let's have a close look at whether this is really the case. Say you buy an investment property for \$500,000 today – 7 years from now it is worth \$1 million. If we follow this trend, the property will be worth:

→ \$2 million in 14 years → \$4 million in 21 years → and \$8 million in 28 years

Wow it looks like a great investment. But if we look at the history of property values, we see that this probably won't happen for most properties during a 7 year period.

Research shows that between 2006 and 2016, home values across Australia's capital cities increased by a total of 72% during that time. If we examine the figures in more detail, we find that the 10 year growth varied significantly between capital cities. While average values in Melbourne doubled (100.9%), other results for the 10 years were: Sydney 78%, Darwin 75%, Canberra 48%, Brisbane 44%, Perth 44%, Adelaide 41%, Perth 44% and Hobart 17%.

So if you bought an investment property in a capital city other than Melbourne, it's likely that your investment didn't double in value.

While considering the averages, keep in mind that there isn't just one market in each capital city. The rate of growth can vary considerably between suburbs, types of property and even in the same street or development.

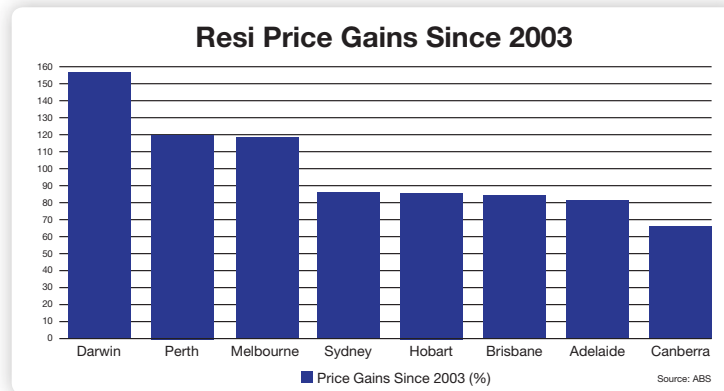
According to RBA research, Australian housing prices have increased by an average of 7.25% per year since 1980. Unfortunately, there is no way to predict the annual growth rate of a property.

For property investors, I recommend residential investment property that is both appealing to home owners and in a good

location – near jobs, schools and transport. Good investment properties will also have the right balance of capital growth and cash flow.

So do homes double in value every seven years? *Usually not. For this to be true, a property would need to increase in value by nearly 10% p.a.*

Do homes double in value every 10 years? *Quite possibly, but it will depend on many factors including the location and type of property.*



Buyers Agents

Full Service Operation

Our property investment service has been designed to get clients “investment ready” before they put their loan funds or investment capital at risk... ***our aim is to create a roadmap for you that will ensure your future success as a property investor.***

Getting into a market that is turning makes more sense than chasing property in a hotspot that everyone is already talking about or buying in your own backyard because you know the area.

Part of our role is to Identify low entry point suburbs in growth corridors within the emerging market. In the SE corner of Queensland we have a network of builders and developers with whom we have worked for the last 15-20 years – providing residential house & land packages and light commercial/industrial investment opportunities.

Source ■ Negotiate Price ■ Contracts ■ Supervise Build ■ Property Management

Where packages are to be constructed we become your “feet on the ground” and oversee the process through to completion for you. When finished we then arrange for tenants to be secured by a local property management professional.

We also arrange where required – independent valuations, building & pest inspections and local solicitors to manage the conveyance.

In simple terms we do the leg work for you... acting as Buyers Agents to source investment properties in high growth areas – buying directly from developers, builders, project marketers and private vendors.

No fee is payable by you for this service.

The property vendor pays us our normal property sales commission... we also have in-house cutting edge software that can analyse a potential investment and determine your after-tax cash flow position quickly to assess whether a deal is feasible before you’ve even seen the property.



Investment Research

Nationally – 15,000 suburbs, 350,000 properties on the market and constantly changing market conditions – so how do we pick market winners?

RESEARCH – RESEARCH – RESEARCH...

Once you have identified the “macro-market” then look to the heat maps and other indicators to pinpoint the emerging suburbs. Use the internet to confirm your thoughts and gather information.

Key property indicators include:

- ✓ **Current rental yields** – around 5% is fine.
- ✓ **Vacancy rates** – very low, less than 2% preferable.
- ✓ **Number of rentals vs owner occupants** – a figure of 30-35% renters is normal.
- ✓ **The amount of stock on the market** – low is good, compare to last year.
- ✓ **Vendor discounting** – is list price being paid?
- ✓ **Days on the market** – compare to last year.

It will become obvious that when you analyse this data if a market is turning...



Selling a Leased Property

A tenancy agreement does not automatically end when a rental property is sold. The purchaser takes on any agreement in place prior to taking ownership.

Selling the property

- Property manager/owner must give the tenant a Notice of lessor's intention to sell premises (Form 10), which includes how they plan to market the property.
- If the selling agent is different from the property manager, the selling agent must give the property manager a copy of each Entry notice before entering the property.
- An open house or on-site auction can only be held if the tenant agrees in writing.

Fixed term agreements

The property owner cannot make the tenant leave because they decide to sell the property. The tenant can stay until the end of the term, and the purchaser will take over the tenancy.

The property manager/owner and tenant may agree (in writing) to end the agreement early (this may include compensation for the tenant).

Periodic agreements

If the purchaser requires vacant possession, the property manager/owner must give the tenant a Notice to leave (Form 12) or Notice to leave (Form R12) for rooming accommodation.

The tenant must have at least 4 weeks' notice from the signing of the contract of sale.

Tenant has just moved in or signed a new agreement

If the property is advertised for sale or the property manager/owner enters to show the property to a prospective buyer during the first 2 months of an agreement (including a new agreement), and the tenant was not given written notice of the proposed sale before entering into the agreement, the tenant can end the agreement by giving a Notice of intention to leave (Form 13) with 2 weeks' notice.

The tenant must give the property manager/owner the notice within 2 months and 2 weeks of the start of the tenancy.

10 reasons to change your Property Manager...

Property management is so much more than collecting rent and sending the owners a statement at the end of the month!

Property managers are a crucial part of an investor's team of professionals who must have the knowledge and experience to satisfy an owner's needs. If they don't live up to this then it may be time to find a better property manager who will.

These are the top 10 reasons why landlords change agencies...

- 1 The current agent never returns phone calls or emails.
- 2 The property manager has resigned and they don't know who is caring for the property.
- 3 The tenant has vacated and the owner didn't know.
- 4 The property is in an unacceptable condition.
- 5 The property manager didn't hold back the bond for repairs or rent.
- 6 The weekly rent has been the same for five years.
- 7 The tenants are always in arrears and no action is taken.
- 8 The property manager is not up to date with legislation.
- 9 The property manager hasn't inspected the property for 6 months.
- 10 The property is empty and there has been no advertising.

Many property owners put up with sub-standard management of their property because they feel it is just too hard to change property management companies... ***NOT TRUE... changing your management agent is easy and we can handle this for you!***

Our promise to you is that we will look after your investment property as though it were our own.



Client Service Standards Guarantee

The following schedule itemises the list of services that will be provided under our property management agreement. If you are not happy with any of our standards or obligations **we will manage your property for three months rent free!**

- Advertise both nationally and internationally on real estate websites.
- Conduct open homes for prospective tenants or private one-on-one inspections as required.
- Thorough background checks.
- Applications are presented to owner for approval.
- Preparation of lease agreements, bond lodgements and thorough entry condition reports (which includes photos).
- Collection of rental payments/daily monitoring of rental arrears / strict procedures for outstanding payments.
- Conduct regular routine inspections which includes photos.
- Attend to any maintenance issues promptly – total communication with owners.
- Notification of any breaches or changes to the tenancy agreement.
- In the unlikely event that legal action is required, presenting the case to the magistrate at QCAT on your behalf.
- Appraise the current rental market prior to the lease expiring.
- Regular drive-by inspections.
- Attending to any property insurance claims quickly and with detailed reporting.

The Residential Tenancies Authority (RTA) is the Queensland Government statutory body that administers the Residential Tenancies and Rooming Accommodation Act 2008 (the Act). Under this Act the tenant must:

- Pay the rent on time.
- Keep the property clean and undamaged and leave it in the same condition it was in when they moved in (fair wear and tear excepted).
- Keep to the terms of the tenancy agreement.
- Respect their neighbours' right to peace and quiet.

It is also our role to ensure compliance with these conditions.

RESIDENTIAL INVESTMENT GUIDE

IMMEDIATE ENVIRONMENT

EDUCATION (Multiple Choice)		Distance to the amenities			
	VERY CLOSE	CLOSE	REASONABLY CLOSE	FAIR DISTANCE	
Day Care Centre	25	15	7	1	
Pre-School	25	15	5	1	
Primary School	25	15	5	1	
Secondary / Senior	25	15	5	1	
Tertiary	25	15	5	1	
PUBLIC TRANSPORT (Multiple Choice)		Distance to the amenities			
	VERY CLOSE	CLOSE	REASONABLY CLOSE	FAIR DISTANCE	
Train/Rail	20	15	5	2	
Bus Service	20	15	5	2	
Train/Rail with adjoining bus service	25	20	10	7	
SHOPPING CENTRES (Multiple Choice)		Distance to the amenities			
	VERY CLOSE	CLOSE	REASONABLY CLOSE	FAIR DISTANCE	
Major Complex (100 stores+)	50	25	5	1	
Medium Complex (50 stores+)	25	20	2	1	
Local Centre (15 stores+)	15	15	2	1	
Convenience Stores	10	7	0	0	
MEDICAL OPTIONS (All Multiple Choice)		Distance to the amenities			
	VERY CLOSE	CLOSE	REASONABLY CLOSE	FAIR DISTANCE	
Major Hospital	20	15	10	7	
Private Hospital	15	10	7	5	
Medical Clinics	10	7	3	2	
Doctor's Surgery	5	4	2	0	
Chemist	5	4	2	0	
VIEWS (Multiple Choice)		Distance viewed (more than)			
	1km	3km	5km	7km	
Scenic (Landscape)	100	75	50	25	
Residential / City	150	100	75	50	
Water	250	175	150	100	
DISTANCE FROM CBD (Multiple Choice)					
0 – 3km	250				
4 – 6km	200				
7 – 10km	150				
10km +	125				

RESIDENTIAL INVESTMENT GUIDE

DISTANCE FROM WATER (Multiple Choice)					
500 metres		200			
1km		100			
5km		75			
10km		50			

POSITION OF THE BLOCK (Multiple Choice)					
<i>Note: If noise from this road can be heard, it may affect re-sale.</i>					
Rarely used, quiet street		50			
Good street – reasonable traffic		35			
Good street – frequent traffic		15			
Average street – minor traffic		5			

NOISE LEVEL (Multiple Choice)					
No noise outside the natural surrounding		20			
Occasional vehicle/bus		10			
Systematic sounds (vehicle/train/etc.)		10			

MAJOR PUBLIC AMENITIES (Within 2 kms) (Yes or No)					
Pool		2			
Parkland		5			
Library		3			
Restaurants/Cafés		5			

FACILITIES (Multiple Choice)	Distance to facilities				
	VERY CLOSE	CLOSE	REASONABLY CLOSE	FAIR DISTANCE	
Petrol Station	15	10	5		2
7 Eleven or equivalent	15	10	5		2
Ambulance	10	5	3		2
Police	10	5	3		2

IS THIS PROPERTY (Multiple Choice)					
The best in the street		75			
Above average (in relation to the street)		50			
A below average property (which has potential)		20			
An average property		10			

SIZE OF THE BLOCK (Multiple Choice)	Sizes in square metres						
	350 sqm	400 sqm	450 sqm	500 sqm	600 sqm	700 sqm	800+ sqm
Within 7km of CBD	25	75	100	125	200	225	250
Outside 7km of CBD	5	10	15	25	50	75	100

RESIDENTIAL INVESTMENT GUIDE

IS THE PROPERTY (Yes or No)

Very secure	15
Tri-lock front door lock	15
Easily accessible	10
Sloping with views	75
A level block	10
Fitted with security screen doors	25
Fitted with security screen windows	25

LANDSCAPING (Multiple Choice)

Exceptional quality/auto sprinkler system	50
Good design/easy to maintain	25
Bad design/hard to maintain	5

BUILDING MATERIAL (Multiple Choice)

Fully rendered home	100
Face brick/rendered	75
Face brick	50
Weatherboard/chamferboard	25
Masonite/hardi-plank	15
Aluminium siding	10
Foam mouldings/windows and doors	-100

ROOFING (Multiple Choice)

Galvanised	10
Concrete tile	40
Colorbond	40
Overhangs/Eaves	40

FENCING (Yes or No)

	Fully Fenced	Back Only	Back & Sides
Brick	25	10	15
Colorbond	20	1	2
Timber	8	1	4

FLOORING (Multiple Choice)

Vinyl/Tile	5
Carpet/Vinyl	10
Carpet/Timber	25
Carpet/Tile	50
Timber	50

RESIDENTIAL INVESTMENT GUIDE

KITCHEN (Yes or No)

Breakfast bar	5
Smoke detector	5
Rangehood	5
Microwave space	5
Access to verandah	5
Adequate bench space	5
Garbage disposal	10
Built-in wall oven	10
Built-in dishwasher	15
Large pantry	15
Modern/renovated	50
Gas – street supply	50
– bottle	25

SOLAR POWER (Yes or No)

Hot water	50
Electricity	100

BATHROOM (Yes or No)

Shower over bath	5
Modern	5
Exhaust fan	5
Stand-alone shower	50
Two-way bathroom	10
Separate bath	15
Toilet separate from bath	50

ELECTRICAL FITTINGS (Multiple Choice)

Below average quality	2
Average quality	7
Above average quality	15
Ceiling fans to all rooms	20

BUILT-IN WARDROBES (Yes or No)

Main room	10
Two rooms	20
Three rooms	30
Four rooms	75
Walk-in wardrobe in main room	40
Ensuite off main bedroom	40

RESIDENTIAL INVESTMENT GUIDE

RATING

Outstanding..... 1800 points

Excellent..... 1600 points

Very Good..... 1500 points

Good..... 1300 points

Fair..... 1000 points

GARAGE (Yes or No)

Work bench	5
Side door entrance	5
Direct access to house	10
Carport (not lock-up)	10
Single (lock-up)	20
Double (lock-up)	50
Panel lift door	20
Remote control doors	20
Storage area	30

WATER (Yes or No)

Water tank	50
Is the property water compliant?	25

DRIVEWAY (Multiple Choice)

Concrete	5
Aggregate	10
Concrete stamped	15
Paved	25

GENERAL (Yes or No)

Security system	25
Deck under main house roof line	50
Deck with views	50

EXTRAORDINARY ITEMS

DEPRECIATION BUILDING WRITE OFF

Construction between 18/7/85 – 15/9/87	50
Construction between 16/9/87 – current	150
Construction prior to 18/7/85 but partially renovated	30
Paved construction prior to 18/7/85 but fully renovated	50

YIELD

To find the yield, multiply the potential weekly rent by 90%. Multiply this by 5000, and then divide the purchase price into the figure achieved.

Yield Percentage (Go to the closest yield shown above from the answer calculated)

5	6	7	8	9	10
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SUMMARY

This checklist is a guide to a person considering the purchase of residential property. The point system used has been created to assist you with the property selection process. It was created to open the mind of the user, to help base his/her purchase on logic and reason and to avoid choice by emotion.

A LIFETIME OF **EXTRAORDINARY**
PROPERTY EXPERIENCE IN RESIDENTIAL MARKETS

OVER 28
YEARS IN
REAL ESTATE

OVER 30
YEARS IN PROPERTY
DEVELOPMENT

INVESTMENT PACKAGES IN **OVER 60**
LOCATIONS THROUGHOUT QLD & NSW

AN
EXPERT
FINANCIAL SERVICES
SUPPORT NETWORK
AT YOUR DISPOSAL

OVER
\$500
MILLION
OF PROPERTY SALES

HUNDREDS OF PROPERTIES
UNDER MANAGEMENT



For almost 30 years we have specialised in crafting authentic tailor-made solutions for buyers, sellers and property developers.

Our long-standing experience allows us to deliver reliable and successful outcomes for our clients. We pride ourselves in the extensive first-hand knowledge and personalised service our team of property professionals offer.

You can rest assured knowing that you will be guided by experts offering unparalleled local knowledge and experience.

Thinking about
buying or selling?
We are - all the time!



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