

Property Investment



"A 6 Step Guide for Investors
& First Home Buyers"

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
\$900

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.


Property Sales & Management



@AP-Realty provides a range of administrative and marketing services for a number of home builders throughout South-East Queensland including the Independent Builders Network, DBC Homes and Choice Homes.

The company is a member of the award-winning @AP-Realty Property Group.

Our expert property team have enjoyed a lifetime of extraordinary experience in residential markets. The principals commenced their property development and buyers agency service in 1988 and have over \$900 million in property sales to their credit.



ratemyagent®

Agency of the Year



property sales
award winner 2019



Suburb: Forest Lake QLD

4 Consecutive Years! 2016, 2017, 2018 & 2019

All you need is the **plan**, the **roadmap**, and the **courage** to press on to your destination...

By following our critical pathway you will achieve success!

**Step
1**

A personal strategic planning discussion

**Step
2**

Workbook 1: A detailed analysis of your borrowing capacity & your finance options

**Step
3**

Workbook 2: Understanding the taxation system & cash flow modelling

**Step
4**

House & land package selection – what & where

**Step
5**

Going to contract & settlement

**Step
6**

For investors, the property management process

Developing your Strategic Plan

The strategic planning session will help you make the best possible property investment choices, and in doing so help you:

- » Structure positive cash flow property investments and identify emerging growth markets.
- » Understand where and what type of property to buy.



In summary, we need to establish
where you want to go and just
how we can assist you to get there.

Your Planning Team



Rick Hayter



Ben Carpenter



Chris Yearbury



Hugh Ochremienko

Our commitment to you...

Commitment is what transforms a promise into reality.

ABRAHAM LINCOLN

- » **LISTEN:** To your goals and aspirations and provide periodic reviews
- » **ADVISE:** On all property related taxation, finance and product selection
- » **SUPPORT:** Provided by our expert financial services network members
- » **ENGAGE:** The entire team and their support staff are on call until all tasks associated with your purchase are completed – liaising with the builder and network professionals as required
- » **CONDUCT:** Professional research and make firm recommendations regarding product selection and location
- » **WORK ETHIC:** Work tirelessly throughout the design and purchase process to ensure stress-free outcomes for you

Why property is a good investment

Leverage: Property offers more financial leverage, and the more leverage you have, the more quickly you can build your wealth...

For example, if you purchase a property for \$400,000 with a 10% deposit you then borrow 90% from the bank. If the property increases in value by 10% you have made \$40,000. Despite contributing only 10% of the purchase price you have received 100% of the property's price growth.

Control: Unlike most other investments classes, property presents you with many options in terms of growing the value and income from your property. You are in total control and determine where you buy, how you finance the purchase and when you sell.

Stability: Real estate is a less volatile asset class than stocks or managed funds, particularly in uncertain economic times. The continuing demand for housing fuelled by strong population growth ensures property prices are always supported in general.

Taxation: You can claim a range of expenses associated with your investment property which will help reduce your tax bill and improve your cash flow.

Tenants pay the mortgage: Property is a relatively passive investment insofar as the rent that your tenants pay you will usually account for about 70% of your borrowings – depending upon your income, the tax office will pay about 25% which only leaves you picking up about 5% of the costs associated with buying the property!

Recession-proof: Property because of its strong cash flow can ride through uncertain times (such as a recession) for the simple reason that it meets a basic need – housing. People will always need a place to live, even during difficult times. Having a roof over their head is number one priority. They are always prepared to forgo other luxuries just to have enough money to pay for their rents or mortgage.

Creates wealth: Real estate is the cornerstone of the world's great fortunes.

Easy to understand: Unlike the share, futures and commodities markets where there are complicated terminologies you need to get your head around, real estate is relatively simple. You already understand property. You live in it, work in it and know what a house, unit or a townhouse is – you don't need to study a 60-page prospectus to learn all about it.

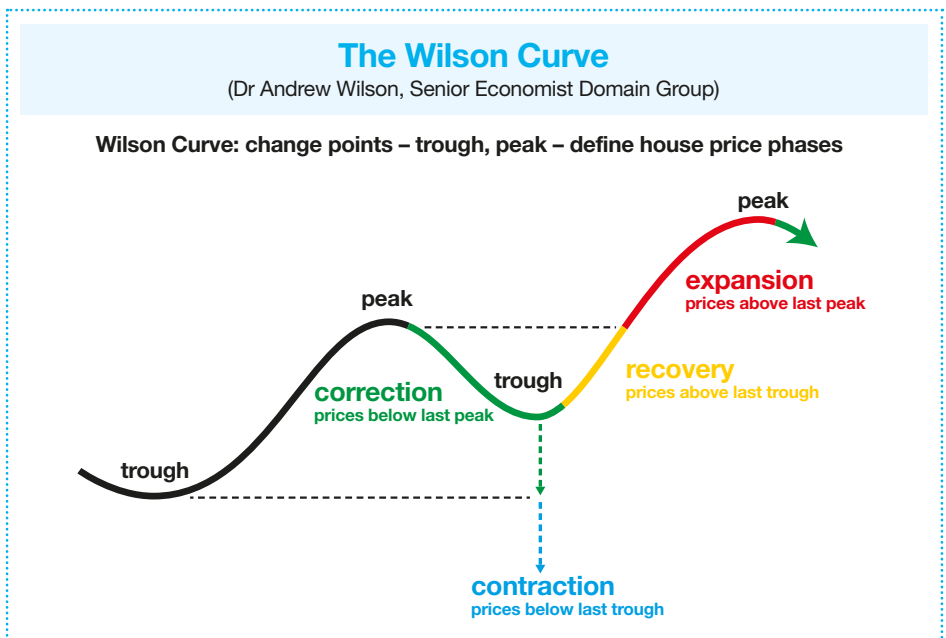
Details matter, it's worth waiting to get it right (STEVE JOBS)

At any one time there are about 250,000 properties for sale around Australia and in our 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.

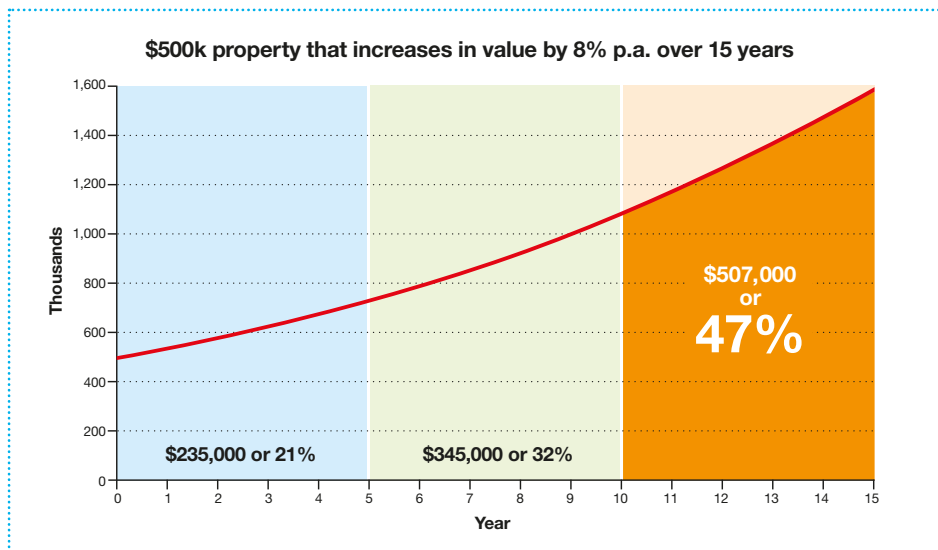
However when the market turns down (like post GFC), many property investors without a strategic plan find themselves in trouble.

Strategic investors develop and follow a blueprint 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.

One of the lessons that we have learned is that every property boom is followed by a downturn and each downturn paves the way for the next boom. The property market moves in cycles – so take a long term position.



Compound Growth is the key



Note that in the first 5 years only 21% of the growth occurred – whereas in the last 5 years 47% of the growth occurred, *i.e. in only one third of the time period (5 years) the investor enjoyed 47% of the return.*

The return in the last 5 years is more than double (in dollar terms) than what occurred in the first 5 years.

This demonstrates the importance of investing in assets (property or shares) that generate perpetual capital growth because **it is the combination of compounding growth plus time that will ultimately deliver your return.**

Positive gearing with a dual occupancy property

One of the latest and most significant positive developments in the property investment industry recently is the dual occupancy property. For those who are not familiar with a dual occupancy, it is in its simplest form, a property with two sources of income.

Some councils will allow a 3 bedroom house with a 1 or 2 bedroom apartment to be constructed on the one block of land; so essentially there are two small homes on the one property. The dual living property is increasingly becoming a popular choice in property investment.

An increasing trend throughout Australia is people seeking dual occupancy properties to house extended family or older children who require freedom, which is where the smaller apartment at the back of the property comes in to play. The main difference between a Dual Occ and a Duplex is that, in most cases, you cannot subdivide and have separate titles with a dual occupancy.

You may also find a “Dual Occ” has a slightly lower price point than duplexes – due to the land price and design of the homes. Regardless of the actual design, they all provide the ability for two separate leases.

Dual occupancy properties have a number of advantages for investors, including:

- » Earning a higher rental return, if the two properties are leased out as separate dwellings,
- » Saving money by living in one of the properties yourself, and renting out the second one to assist with costs.



Returns for both the short and long term are superior and this assists tax payers with the recurring question of *“how can I make my property positively geared?”*

Off the plan – a trap for property investors!

Buying generic, off the plan city apartment stock is an almost guaranteed route to a sub-standard investment outcome, and the return on investment from such a strategy could easily be negative.

Not only do investors need to steer clear of the stand-out pockets of looming apartment oversupply and elevated vacancy rates, they must look to source stock which will retain a level of scarcity value through the cycle.

For units this can mean boutique blocks, river views etc. A simple rule of thumb calculation to avoid getting burnt is to identify the apartment's share of the land that it is built on... **this is usually the engine for capital growth.**

Estimate the value of the land and divide that by the number of apartments. If the land value is less than 10% of the asking price then the engine is probably not big enough to drive future growth.



Many completed units come on at a **15-20% discount to purchase price.**



Hot 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.

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

Summary

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.

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.

In simple terms we do the leg work for you...



Property Management

Property management is so much more than collecting the rent and sending the owners a statement at the end of the month! In fact, experienced Property Managers are a crucial link in the property investment chain and they should be armed with the knowledge and have sufficient hands-on experience to satisfy all of the ongoing management requirements for the property.

@ap-realty Property Management is the main-stay of our business and not the poor relation.



The silver lining of Cloud property software

Landlords now have access via their portal to...

- » The current financial status of all their properties
- » All historical statements and copies of attached bills
- » All general scanned documents and tenancy agreement.
- » Photos and details for the property and tenancy and financial activity graph
- » Activity summaries for jobs and inspections plus statements and much more...

I was an inveterate cynic about the merits of property investment before coming to see Rick 5-6 years ago, **now we have 3 investment properties and are thinking about a fourth.** The AP-Realty mortgage broker helped put the finance packages in place and the agency has managed the properties for us from day one. Great people and great service... nothing is a problem.

Maurice & Claire

Trying to work out “when” to buy a property was our biggest challenge – are we at the top or the bottom of the market? There are so many different opinions out there it can be quite confusing. Who do you listen to. **After attending an AP-Realty Property Workshop we had a clear understanding of the fundamentals that drive the property cycles.** We are now very comfortable about the “when” – we’ll be back to learn more about the “what to buy”.

Wayne & Pauline

AP-Realty certainly “challenge conventional thing” as they say in their advertising...!! Their property research and cash flow modelling was so helpful and their network of house and land builders provided us with options from Tweed Heads to Noosa. We settled for something on the Gold Coast that we might live in one day and have already had capital growth in the last year. **Keep up the good work Ric and many thanks to the team for taking the stress out of the buying process.**

Keith & Jocelyn

We were looking for someone to help us find a suitable property to buy for our self-administered superannuation fund. After wasting 6 months talking to so called “experts” we were referred to Rick at AP-Realty. He sourced a small commercial property for us that was just perfect for our Fund and also helped us put a tenancy in place. **Wow... just a great service. If you are looking for property experts these are the people.**

Steve & Jane

After studying the Financial Press for ages we were getting thoroughly confused about just what type of property to buy for our retirement investment strategy. **Ric from AP-Realty introduced us to their research tools which were fantastic.** In no time we had a short-list of suitable properties in a range of locations that ticked all the boxes. Thanks Ric – rest assured that we’ll be back again.

Pete & Rhonda

Most of the wealthy property investors that I know made their money from property investment and not from selling books, tapes and mentoring others. It took me a while to realize this (4 investment seminars later). **After a session with Rick at AP-Realty the penny finally dropped. His knowledge is incredible!** We now have a property investment strategy in place designed specifically for us. Thanks Ric for all your time and advice.

Barry & Carol

Get in touch...

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