



PROPERTY INVESTOR

NEWSLETTER

FEBRUARY
2018

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

Auction

Did you know EARE are holding another Auction? On the 28th of February EARE will see 2 HAKEA go under the hammer at the Walkabout Lodge Function Room at 12 noon.

Did you know? You can make an offer prior to the property going to auction.

I love auctions because... You see who else is interested in the property and what they are prepared to pay & it's the most transparent way to buy property

Do you get stressed at auctions? This only happens when you are underprepared so make sure you've done your pre-auction due diligence.

If you avoid properties that are up for sale at auction, you're going to miss out on a lot of good buying opportunities.

What should I do on the day of the auction? Arrive early & make sure you project confidence.

Open the bidding high close to what you think is the reserve.

If it's going to pass in, make sure you are the highest bidder, as this allows first right to negotiate with the vendor.

Be prepared to miss out. Stick to your 'walk – away' price.

HOW TO MANAGE THE UNEXPECTED WITH INVESTING

The ability to effectively manage unexpected events when owning investment properties will assist you in avoiding cash flow crises and major losses. Things can and will go wrong. It happens to everybody and when it does it will test you, but it is the experience you bring to these circumstances that really matters. Success lies with 'allowing for the unexpected from the start' and building in mechanisms to help solve the problems to help mitigate risk. Have you taken the time to think about the risk of investing in property and what they could be?

Account for your lifestyle costs De-risk the process from the start by thoroughly and realistically accounting for your lifestyle costs. You will then gain a true assessment of what you can afford to contribute to your investment portfolio. For example, this could mean purchasing dwellings where the rent covers at least 90% of expenses in order to protect your bottom line. Keep 12 months' worth of these 'survival figures' in the bank to cover your risk – your lifestyle expenses plus your planned and budgeted investment contributions. It is important to know that you can financially maintain your investment portfolio.

Safeguard your liquid assets Hold on to your cash and use the bank's money to fund your real estate purchases. Almost every successful company has used other people's money to build their businesses and as your property investment portfolio is a business, this is what you should do too. If you've got the choice between using equity in your home or cash savings, opt for equity every time.

Buy well at the beginning A key component of your purchasing strategy is to find something that rents well and then buy under market value. If you don't get this right from the start, things can go wrong and it can be very costly to rectify the situation. Regardless of whether you are new to investing or an experienced portfolio holder, your strategy will need expert help each time to identify the best property for your needs.

Have the right support people in place Network and surround yourself with people who have been successful property investors as they will be able to share their own challenges and successes that you can learn from. Seek out property mentors, brokers and accountants who have performed better than you to date and their experiences will help you raise your own performance to their level of success.

Continued Over >

We are focused on maximising your rental income and optimising your capital growth

HOW TO MANAGE THE UNEXPECTED WITH INVESTING

Problem solve, don't panic and be prepared Only experience can prevent full-scale panic when problems arise. This is where you need to be prepared and know what can go wrong. What if the tenant falls behind in their rent, the property is vacant for an extended period of time or a hot water system needs replacing? Start with the end in mind and work towards being one step ahead.

Know when to cut your losses Sometimes there is nothing that can be done to rectify a situation, such as a falling property value. You may have bought a property in an area that wasn't ever going to be what it promised. When your annual assessment reveals this poor performance, it is time to act. In extreme situations, cutting your losses can be a smarter decision than holding onto the investment depending on your circumstances.

Be prepared to take bold steps on your property investment journey. With the right team behind you, it's been said that the real risk lies in not taking any risks at all.

Q) IS IT WORTH BUYING A RENOVATOR AS AN INVESTMENT?

A) This is a broad question where you need to take into consideration many aspects such as depreciation, ROI return on investment, borrowings, etc.

There is good money to be made if you buy right and renovate within a budget that has an outcome of a fair sale price for the area.

It is important to take your time and research the area/market over a 3 month period to determine the lower and upper scale, average or medium sale prices for the area.

Following your research, you would want to invest in a property at the lower end (taking into consideration the number of bedrooms, bathrooms, garage space, outdoor area, etc.) and establish a realistic and achievable renovation budget that will improve the property, but not out price the market.

Renovating an old property could be a waste of money if the end result of the renovation (purchase price + budget - costs) is a sale price of \$800k and the area sales are \$500k-\$700k, making a quick sale far harder to achieve.

Try to avoid properties requiring major structural changes and focus on cosmetic improvements if you are a first time renovator.

East Arnhem Real Estate

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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

Properties for RENT

37 Klyn - \$475.00

4 Matthew Flinders - \$500.00

Properties for SALE

2 Hakea - AUCTION

10 Pera - \$250,000 Price Reduction

21 Pera - \$275,000

4 Matthew Flinders - \$320,000

Industrial properties for SALE

13 John Flynn - \$460,000

Commercial properties for RENT

93 Chesterfield Circuit

2x office spaces

48m squared or 348m squared

Keeping you updated on the local sales market



ROSES are red
VIOLETS are blue...

Our Agency is highly motivated for an investor like you!

The month of love has arrived and the team at East Arnhem Real Estate have a fantastic offer for you!

Call us before 5pm on 28 February and book in for a free Comparative Market Analysis (CMA) with Hannah Fincham - Thompson.

If you choose to take up this offer you will go into the draw to WIN a special Valentine's Day gift from our team!

The team at East Arnhem Real Estate understand the importance of ongoing and regular rental appraisals on your investment property. We know the significant difference \$5 or \$10 per week can make to your overall income each year.

This offer is only valid for the month of February so pick up the phone and call Hannah today on 0438898222 or send an email direct to admin@eare.com.au.

GET A FREE Comparative Market Analysis!

When was the last time you had a full Comparative Market Analysis complete on your investment property?

Is your Property Manager dedicated to improving the income on your investment property?


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