

creating wealth

**PROPERTY
INVESTOR**

NEWSLETTER

JUL – AUG
2017

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

SOLD AT AUCTION!

Record price for the street!

13 Aldinga Street, Blackburn South
Congratulations to the vendors and
happy purchaser.



**WHAT IS YOUR NET
RENTAL YIELD RETURN?**

When buying or owning an investment property, one of the important aspects is to know the net return on the money you have invested, which is also known as the net rental yield.

This is important for investors to take into consideration when determining the viability of an investment.

Does one particular property show a better return than another? How does investing in property compare with bank interest returns?

When considering the comparison of returns on an investment property you also need to look at the long-term capital growth that a property can provide.

The property may have a lower short-term return (rental income), however, provide a higher long-term return (capital growth – when the property is sold), which can often give you a far greater opportunity for making money.

HOW DO YOU CALCULATE YOUR RENTAL NET YIELD RETURN?

A simple example:

Purchase Price: \$623,000
Weekly Rent: \$700 X 50 weeks (Allow for a vacancy factor)
Gross Total Rent: \$35,000
Less Expenses: \$10,000 (E.g. Maintenance, insurance, management fees, cleaning, interest costs, depreciation)
Net Rent: \$25,000
 $\$25,000 / \$623,000 \times 100$
Net rental yield return = 4.01%

For a detailed more accurate return on your investment property that takes all expenses and depreciation into consideration, we recommend that you speak with your Accountant and/or Financial Advisors.

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THE CONCEPT HARDSHIP

One of the lesser known aspects of Residential Tenancy law is the concept of Hardship.

Hardship can be used as grounds to end the Tenancy by either the Landlord or the Tenant, so long as they can convince an Adjudicator, Magistrate or Registrar on the grounds of the case.

It can also be used as a determining factor with matters such as compensation.

To look at this in simple terms, if the mitigating circumstances of the case are such that a tenant or landlord would suffer undue hardship if the agreement were to continue, then an order may be made to end the tenancy.

With tenants this almost always relates to an unforeseen change of circumstances that may have occurred, such as an illness, loss of spouse/co-tenant, loss of employment, significant work transfer or redundancy.

Hardship can also apply to landlords if the tenant is in constant arrears and is affecting the ability to meet mortgage payments, resulting in additional bank fees and interest for deferred mortgage payments.

If you would like more information about this topic, feel free to contact our agency and speak with your Property Manager.

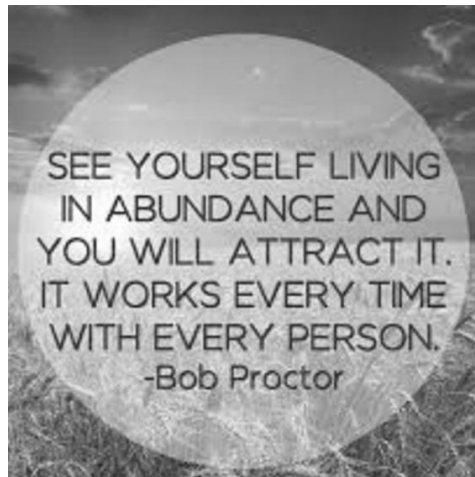
WHAT IS YOUR PROPERTY WORTH?

GUESS OR KNOW...

Many States and markets are indicating that property prices are on the rise. If you would like a complimentary, 'no obligation' market appraisal of your investment property, please feel welcome to contact our agency.

SUCCESS TIP

We are here to guide and assist you in building your wealth and financial security.



SETTLING DISPUTES VS ARGUING WHO IS RIGHT?

When any dispute is heard in a tenancy court/tribunal, a determination is made by an Adjudicator, Magistrate or Registrar based solely on the objective facts. Their decision then becomes final. Any avenues to appeal are generally both time-consuming and very costly. Therefore, it is often wise to mediate and discuss the matter before considering legal action. This obviously will vary largely on a case-to-case basis, and can come down to something as simple as it being a matter of principle for one of the parties, rather than an exercise of maximising the financial outcome. It is never clear on a decision outcome towards the landlord or tenant. However, as the saying goes 'A large percentage of something is a lot better than a hundred percent of nothing'. If a dispute arises and an outcome is achieved prior to a hearing that is very close to acceptable, sometimes it is worth considering taking this and moving on, rather than risk a potentially reduced decision being made.

TALK TO THE PROPERTY EXPERTS

BUYING, SELLING & PROPERTY MANAGEMENT

Call us if you are thinking about buying or selling or know of someone that is

Properties Recently

RENTED

Keeping you updated on the local rental market

HOUSES

Gateshead Drive, Wantirna South
\$500p/w

4 Bed, 2 Baths, Double Garage

Eastbourne Road, Capel Sound
\$330p/w

3 Bed, 2 Baths, Double Carport

UNITS/ TOWNHOUSES

The Avenue, Ferntree Gully
\$345p/w

2 Bed, 1 Baths, Single Garage

THINKING OF RENOVATING?

It can be possible to renovate and upgrade your property without having to utilise money from your savings account and improve your after tax cash flow.

If you have some equity in your property, a re-draw facility or line-of-credit you may be able to free up funds and upgrade your property. Your Accountant and/or Mortgage Broker will be able to guide you on how to do this.

Better news still, often the increased rental yield achieved, extra depreciation claimable on the upgrades, and the extra loan interest can combine to actually increase the dollars in your pocket at the end of the financial year.