

PROPERTY INVESTOR

NEWSLETTER

JAN –
FEB 2019

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

Top 5 Landlord Insurance Claims

MAKE SURE YOU ARE INSURED

Loss of rental income: This comprises more than half of all landlord insurance claims.

Malicious and accidental damage: This can range from claims for specific repairs to clean-ups.

Water damage: This involves damage to the property from leaky appliances or faulty plumbing.

Note that not all premiums cover tenant-related water damage.

Storm damage: This is a major reason why properties are damaged in areas that are prone to storm/weather disasters.

Tenant death: Though sad, this is a surprisingly common issue that landlords encounter.

HOW MANY PROPERTIES DO YOU NEED TO RETIRE?

It is most people's dream to retire early with lots of cash in their bank.

Unfortunately, the reality can be very different for some, who generally rely on the pension in their later years. This is even more concerning as many hard-working people, couples or families will struggle to make ends meet in retirement even though they have probably earned millions of dollars during their lifetime.

There are approximately two million investors/landlords in Australia (almost 25 million population in total) and about 70 per cent of investors/landlords own only one property.

How to be financially free in retirement?

The idea of financial wealth and freedom is a desire for most, but it often doesn't progress past the idea, as some do not understand how to grow and achieve a property portfolio to sustain them through retirement.

Everyone has different needs, lifestyles and incomes. The one desire everyone has in common, is to be as financially independent now (for themselves and their family) and in later years, without having to struggle.

To achieve this... requires planning, understanding and education.

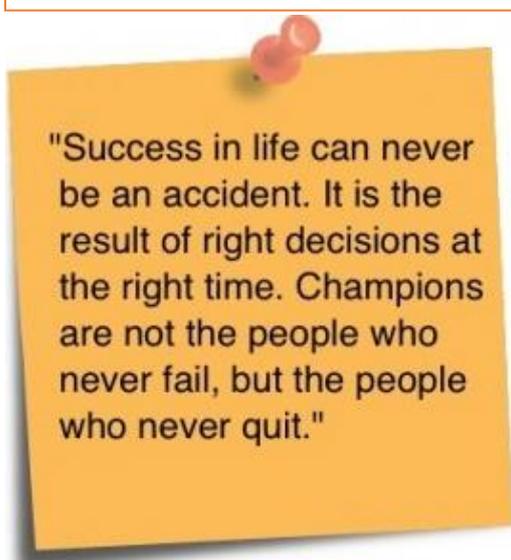
A long-term financial planning strategy is different for everyone. However, the goal is to build a portfolio that will eventually pay itself off and provide significant cash-flow in the future.

Contrary to some, you don't need to own dozens of properties to achieve this. In fact, most investors only need to own \$2 million worth of property today (say five affordable \$400,000 homes) to retire early or achieve financial freedom over a period of 15 years.

How does it work?

The goal after 15 years is to achieve an annual income of \$100,000 from a portfolio that is conservatively growing in value by six per cent per annum. Therefore, in 15 years' time, the portfolio would be worth \$4.793 million, which means a net worth of \$2.793 million that is providing four per cent cash flow of about \$9,300 per month.

There are variable factors that can increase or lower the income and worth of a property portfolio, but it is important to have a strategy. PTO>

A yellow sticky note with a red pushpin at the top left corner. The text on the note is in a bold, black, sans-serif font.

"Success in life can never be an accident. It is the result of right decisions at the right time. Champions are not the people who never fail, but the people who never quit."

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

TENANTS NEGOTIATING RENTS

There is no doubt that January and February are busy months of the year for renting properties, where we often see low vacancy rates with a high demand of tenants looking to move into new homes.

The current talk in the media and data findings are stating that rental affordability has improved across all states and territories, except Tasmania and Victoria. As a result, some financial advisors and economists are advising landlords to revisit their budget as tenants (in some areas) may start negotiating on rents now or in the future.

In Sydney alone, more than 25,000 (almost 8,000 more than in 2018) homes became available for rent following a surge in December listings, which is twice as many as Melbourne. City vacancy rates across the nation have been the highest level recorded in years, resulting in some rents dropping and incentives being offered for tenants to rent properties.

It is important for all landlords to be prepared on these potential changing markets by conducting research into the local area rental property values compared to other properties that are being offered for rent, as well as the current number of properties available. Know where your current rent of the property is positioned in comparison to similar properties.

Now is a good opportunity to do your research, revise your budget, cash-flow and finances to place yourself in a stronger position of being prepared to know if a rent reduction will impact your situation financially. Rent reductions can range from five to 20 per cent in some areas.

If the local rental market does experience high vacancy rates resulting in a lowering of weekly rents achievable landlords may need to consider rent reduction before offering a straight refusal to negotiate with the tenant/s.

While many landlords may not be able to absorb the cost of a rent reduction, there are other incentives that can be considered to retain the tenants and maintain a good relationship such as minor property improvements, quickly acting on maintenance, installing cooling or heating systems, etc., which can be depreciated or a tax deduction.

The key is to retain good quality, long-term tenants by offering good service and respecting them.

Your rental property or the tenant's experience living in the property needs to be more attractive than the next alternative.

* SQM Research data and News.com.au

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

 **9800 0700**

Properties Recently RENTED

Keeping you updated on the local rental market

HOUSES

Southey Rd, Boronia
\$400p/w

3 Bed, 2 Bath, Double Garage

Rachelle Drive, Wantirna
\$380p/w

4 Bed, 1 Bath, Single Carport

UNITS/ TOWNHOUSES

Stud road, Wantirna South
\$390p/w

2 Bed Apartment, 2 Bath, Single Carport

Scoresby Road, Bayswater
\$455p/w

3 Bed, 2 Bath, Single Carport

Grevillea Avenue, Boronia
\$310p/w

2 Bed, 1 Bath, Single Garage

Daffodil Road, Boronia
\$360p/w

3 Bed, 1 Bath, Single Carport

GREAT INVESTMENT OPPORTUNITY



FOR SALE

**505/400 Burwood Highway,
WANTIRNA SOUTH**

Brilliant position opposite Westfield Knox with all the convenience of shops, groceries, transport and schools makes this a great investment.

CALL US ON 9800 0700 to find out more!

GREAT INVESTMENT OPPORTUNITY



FOR SALE

**2/82 Chippewa Avenue,
DONVALE**

Rare single storey 4 bedroom 2 living areas and 2 bathrooms with treed outlook to Mullum Mullum Creek Reserve.

CALL US ON 9800 0700 to find out more!

GREAT INVESTMENT OPPORTUNITY



FOR SALE

**30 Mareeba Crescent,
BAYSWATER**

A wonderful home with a great layout and location for the whole family...

CALL US ON 9800 0700 to find out more!