

R&W

Property Management News

November 2017



WHY LOCATION IS AN IMPORTANT FACTOR WHEN INVESTING IN PROPERTY

If you're looking at property investment, two of the most important factors for your consideration should be high growth rates in property values and relatively high rental returns.

Many people naturally assume the best investment properties are located in areas where there are high growth rates in property values.

However this isn't necessarily the case as it neglects to include the importance of rental returns.

Contrary to popular belief, most property investors are average income earners who own one or two properties and primarily invest in property to boost retirement savings.

They also generally need to borrow funds for their purchase, meaning there is a limit to how much they can afford to pay for their initial investment. It also means that higher rental returns will significantly assist with loan

repayments and take much of the financial burden of owning another property off of the investor.

What is a reasonable rental return for an investment property in Australia?

In the main capital cities and regional towns, the gross rental return for new investors purchasing the median priced house or unit and receiving the median rent is now between four and five per cent.

Before jumping into purchasing an investment property, take the time to investigate all possible locations of interest.

Remember, what makes an attractive home doesn't necessarily make an attractive investment property proposition, so be clear to differentiate between the two sets of priorities before making your choice.

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FALSE ECONOMY: WHY CHEAP PROPERTY MANAGEMENT IS NEVER A SAVING

Everything's looking excellent with your property. Tenant funds are paid like clockwork into your account, you barely ever hear from your property manager with any concerns, and any small maintenance issues are fixed quickly and inexpensively. Yes siree, the maintenance of your investment property is clearly a breeze; so much so that when a competing agency's property manager calls you and quotes a substantially cheaper monthly fee, you're tempted to move. After all, property managers all do the same thing – right? Wrong!

Like a duck gliding upon the water yet paddling furiously below, seemingly-effortless property management is the result of hard-worn skills and internal systems developed to protect you and your property.

Collecting rent is only one element of the property manager's role – the other (more complex elements) involve robust understanding of local legislation, difficult conversations with tenants and tradespeople, selecting and vetting ideal tenants and the know-how and inclination to accurately and rigorously document your property's state as it goes from tenant to tenant. Still waters run deep ... so next time you're tempted by a low fee competing agency – consider if you're investing in false economy.

Poor (and cheap) property management can end up being very expensive in the long run – making any small weekly savings from a lower service fee negligible.



APARTMENTS VERSUS HOUSES: WHAT'S A BETTER INVESTMENT?

Thinking of buying a new investment? When it comes to property, both houses and apartments can make fine portfolio pieces.

As with any investment, it's the numbers that need to add up first – not the property's status as an apartment or a standalone residence.

Whether you're buying rurally or in a hotly-contested suburb – make sure that your rental income makes that investment manageable, that capital growth will be delivered and that body corporate fees are reasonable. Word to the wise: capital growth and your ability to hold onto the property should be key considerations.

Think carefully about investments that are too far from essential services and be cautious about off-the-plan apartments with exorbitant body corporate fees: both these situations limit your potential returns.

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We would like to notify our clients in advance that our office will be closed from the 23rd December 2017 and will resume business on the 4th January 2018. If you have any questions or concerns please do not hesitate to contact

our office on
8347 5000.



Hendra Wijaya
Principal

Recent Rentals

- 308/140 Maroubra Road, Maroubra
1 Bed 1 Bath 1 Car \$600 PW
- 7/491 Anzac Parade, Kingsford
2 Bed 1 Bath 1 Car \$660 PW
- 112/1 Fleming Street, Little Bay
2 Bed 2 Bath 1 Car \$800 PW
- 29 Alma Road, Maroubra
3 Bed 2 Bath 1 Car \$1260 PW

Recent Sales



C111/7-9 Kent St, Mascot
Bed 2 Bath 2 Car 1
\$1,020,000



B606 New/ 2 Muller Lane, Mascot
Bed 2 Bath 2 Car 1
\$930,000



58 Fairsky St, South Coogee
Bed 4 Bath 2 Car 2
\$2,103,000

The best reputation in real estate

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