

The Realistic Rant



by Julie Rayner

I just had one of the best Tim Tams I've ever tasted in my life! If you haven't tried 'Rum and Raisin Tim Tams', you have no idea what you're missing ... and I normally hate stuff that's got raisins in it squishy fly looking things ... but OMG!!! These Tim Tams are amazing

And no, I didn't write this to do a free infomercial for Tim Tams.

While I was indulging myself, I was reading through the usual stuff that passes over my desk everyday and a few other out of the box emails that came my way, which lead me to one of those 'light bulb' moments.

I was thinking about investment properties and how everyone is always trying to figure out the formula to pinpoint exactly the right time to buy investment property to ensure that you buy the right property, for the right amount and in an area which will supply good tenant prospects and sustainable, stable and permanent growth. That's a huge call, but I do believe that it's do-able.

Here's my take on the concept, born of today's epiphany:

1. For a property to be a good investment it needs to demonstrate regular, sustained and stable capital growth. It must be positively geared or at the very least capable of supporting its own costs, including allowances for renovations, maintenance and management costs.
2. It needs to be located within 10Km of the CBD (or a major rural hub) to attract premium, long term tenants and must be of a style or be capable of being renovated to the style and amenity of the predominant rental market of the area.
3. You need to be able to view the property yourself (and not on a fly-in, fly-out basis) so you don't really want to be investing interstate, unless you have a trusted agent or family member who is willing to advise you and be responsible for the decisions they advise you to make (not my way of doing things, but some people can make it work). My advice is buy local. or no more than a day's drive away.
4. Never, ever buy a property without viewing it personally. Yeah, that's a no-brainer to most, but it has been done with monotonous regularity and usually ends in disaster one way or another.

So to the big question ... where is this mythical property and how do you locate it? While reading my emails, the light bulb struck!

Consider an area, located within 10Km of the CBD; we're talking premium residential stock. In this particular area, based on median mortgage and sales data, it is actually CHEAPER to OWN property than it is to rent! This phenomenon is not in itself a revelation; I am quite sure that these areas have existed for quite some time and that research would always reveal them should you choose to seek them out ... but that's a lot of hard work, research and computer time. And the major difference on this occasion is that interest rates are at an unheard of, ridiculously low rate. [One little email gave me the answer.](#)

I was looking specifically at the suburbs and figures identified for units in Qld. They show that if you were to purchase property in one of those areas and offer it for rent for around or slightly above (10-15%) current mortgage costs, you would be able to secure a property that would pay for itself (at the least). And in the areas identified, you would have no difficulty in locating and securing long term tenants, due to the location and the lifestyle on offer in these specific areas. The locations virtually guarantee a stable, long term investment with good options for capital growth. The style of accommodation (units) is also far more appealing in these particular areas, although generally, I would recommend the purchase of houses rather than units (based on the fact that the land component of the property will always appreciate, regardless of the building. In the case of units, there's no land component). Having said that, and in my opinion, these particular areas lend themselves to a higher return and profit in the unit market as opposed to the housing sector. So I got all excited and had to tell everyone about it. If you've been thinking about investing (or the tax man gave you a bonus), I can't see a better time to have a look around and I'd love to be the one to help you. Give me a call on 0416 213 144 and we can have a chat about your vision for your new investment property or flick me an email to let me know where and what you think you'd like to target and your perceived budget and I'll get on it straight away for you.