Get Rich Through Real Estate

independent
PROPERTY GROUP

Contents

Introduction 3

How property can make you rich 5

Pros and cons of a high growth strategy 11

How to choose high growth strategy 14

How to choose a rental property 17

How to increase your cash flow with depreciation 21

Short-stay or traditional leasing? 24

Why you need a good property manager 28

How to choose an off-plan property 31

Key questions to ask when visiting a display suite 32

What's your home worth?

Property investment is as Australian as a plate of lamingtons.

It offers a way to create passive income while building equity towards your long-term wealth.

It can even make you a multi-millionaire.

And yet, most property investors never become rich. They buy a single investment property (or keep their first home as an investment once they upgrade) and stop there. That might create an additional income stream after you retire, but it is not the path to riches.

What is the secret of the people who do become rich through property investment? It's not luck. They have clear goals and strategies in place to reach them. They also know how to choose property that will deliver big rewards.
Lastly, they safeguard their assets through holistic property management.

There are two main sources of wealth for property investors: cash flow and capital growth. Almost all property offers a combination of both, which is why it's such an appealing vehicle for investors.
However, most property is skewed to one side or the other. High capital growth properties usually offer less cash flow, and vice versa.

If you're serious about getting rich, you want properties that will increase substantially in value. These are known as high growth properties. But what are they and how do you find them?
With expertise from some of Canberra's leading real estate experts we can show you how.

Meet our experts

Phil Smith

Sales Consultant

Phil has experience as a mortgage broker and financial planner, so he knows a thing or two about investing wisely in property. He is a highly regarded professional and advocate for the property industry. Phil is a multi-award winning professional who has won multiple awards, including the Phoenix Award - for his outstanding results upon starting at Independent Property Group for the second time – MPA Magazine Top 100 mortgage broker award and a Chief Ministers commendation for services to the ACT during the 2003 bushfire crisis.

Wayne Harriden

Executive Director, Project Marketing

Wayne is a highly regarded professional and advocate for the property industry. Wayne is a multi-award winning professional, including the Australian Sales Person of the Year.

Alison Bleathman

Chartered Accountant, Chief Financial and Operating Officer

Alison has over 16 years experience as an accountant, during this time she has gained extensive experience in both the public and private sectors. Alison specialises in financial and management accounting, statutory financial statement preparation, financial viability assessment, business process improvement and taxation particularly in a family and small to medium business context.

How property can make you rich

Key points: High growth properties build equity faster. You can use that equity to buy the next property. As the capital value rises, so does your purchasing power, allowing you to build a large portfolio which you can then convert to cash.

Property delivers wealth in two ways. It provides cash flow in the form of rental income, and capital growth as it appreciates in value.

If your aim is to supplement your income in the short term, consider properties that cost less to maintain than they produce in rental income. These are known as positive cash flow properties.

However when it comes to getting rich, positive cash flow is less important than strong capital growth. Why? Because nobody gets rich just from owning a single investment property. By pursing high growth, you can build on your portfolio to create a large nest egg in a very comfortable nest. A high growth strategy means you keep gaining equity. You use that equity to buy the next property. And then the next one. The more properties you own, the faster you amass the next deposit. Meanwhile, rental returns are increasing and helping your cash flow. Eventually, your portfolio will be worth millions and you can start to realise those gains.

1. Buy your first investment property

"The first thing is to get your foot in the door," says Phil Smith of Independent Inner North & City. "Your first property doesn't have to be large or expensive, but it's the first foundational block to building wealth, so choose it carefully."

Research areas that have a history of strong growth and high rental demand. Remember that high growth properties will require you to put money in for the first few years until rents rise, so make sure that your budget allows for that.

If you already own your own home, you may have enough equity to buy an investment property with no cash down. Otherwise, you'll have to save the deposit and closing costs before buying.

"Look for properties with potential to add value, either by renovating or redeveloping" Phil advises. "Off plan is another great strategy, because you can lock in a purchase price up to two years before you actually settle. By the time you've moved in your first tenant, the value has already gone up."

Another strategy is to find properties that are going well under market value. Foreclosures and deceased estates can offer great bargains or buy at the bottom of a market swing.

2. Build equity

You need to build up enough equity in your first property to buy another one. You can achieve that in two ways: reducing debt and adding value.

Pay down the mortgage.
While interest-only (IO) loans can be tempting, you won't be decreasing your principal balance. If you take out a principal-and-interest (P&I) loan, every payment reduces the amount you owe so your equity goes up. If your budget allows for it,

Add value. Renovating the property can add some serious capital gains. Some properties are ripe for redevelopment — have a look at the surrounding properties in your area to see if you could subdivide, for example. "Definitely have a chat with the selling agent first if you're planning to redevelop," says Phil. "We know the local market and the government regulations, so we'll be able to give you a good idea of what's possible."

3. Acquire the next property. And the next.

Once you have enough equity in the first property, you can buy the next one.
"The equity in the first property becomes the deposit for the second one," explains Alison Bleathman. "As long as the overall loan to value ratio stays under 80%, lenders will definitely be open to this approach. It's very standard among investors."

As you acquire more properties, it becomes easier to build equity. That's because each of your properties is increasing in value at the same time. If one investment property goes up by $10,000 per year, it will take you five years to build up the $50,000 deposit for the next house. If you own two investment properties, that time is cut in half. If you own five, you can be closing on your sixth within twelve months!

4. Transition to debt reduction.

When your property holdings are worth the amount you've identified as your goal, it's time to transition. A portfolio worth $5 million won't make you rich if you're still carrying mortgages worth $4.8 million. At this point, you transition out of the acquisition phase and start consolidating your wealth.

As you're no longer buying properties, you're not incurring stamp duty and other purchasing costs which can eat into equity. If you have the time and patience, you could theoretically just sit back and let the value rise. However, if you can reduce the mortgages at the same time, the path to riches will be that little bit shorter.

By now, hopefully at least some of your properties will be cash flow positive. That means that the rental income exceeds the costs of holding it. You can plough the surplus straight back into the mortgage to pay it down faster. If you can continue to add some money from your own pocket as you did at the start, that will also boost your efforts.

How many properties do you need to retire rich?

Calculate:

- How many years until you plan to retire?
- How much money do you want to live on per year?
- How much do you need in your portfolio to generate that income?

5. Realise your gains.

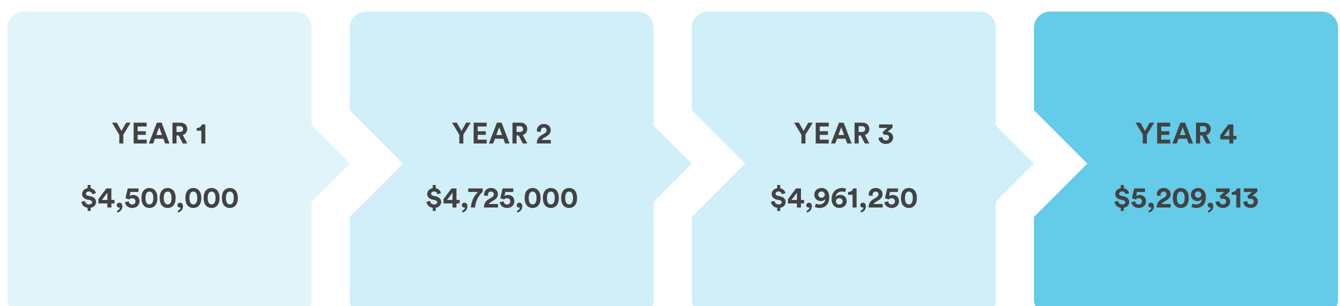
Time to reward yourself for all that hard work and enjoy your wealth! But if all your money is locked up in property, how do you also live off it? There are a few ways.

You can try and live off the rental income alone. If you've chosen high growth property, this might be more difficult unless you've been able to amass a very large portfolio.

For example, if your properties have a yield of 4 per cent, you'll get $40,000 of rent on $1 million of property. Assuming you are completely mortgage free, that leaves you with about $30,000 after rates, taxes and other costs. If you own $3 million in property, mortgage free, your income will be $90,000 — before tax. That kind of money won't put you on the breadline, but it's not going to fund a new yacht, either.

You can gradually sell off your assets. Let's say you own ten investment properties, each worth $500,000, with a total mortgage of $2.5million on an asset base of $5 million.
Sell one property for $500,000. You'll pay capital gains tax on the profits, so you might end up with $400,000 in your bank account. If you live on that for four years, at $100,000 per year after tax, it will be depleted.

In the same four years, your remaining portfolio of $4.5million has risen by 5% per year. By the time you've used up the funds, your portfolio has risen to $5.2million — more than it was before you sold!



Pros and cons of a high growth strategy

Pros	Cons
Greater net worth and a richer retirement	High price tags
Strong rental demand	Takes money from your current lifestyle
Negative gearing to reduce your taxable income	Need a buffer against a downturn

Ask someone if they want to get rich, and you're unlikely to hear a no. That doesn't mean that everyone should take the same path to achieve that wealth. As with anything, a high growth property strategy has its pros and cons. Consider each carefully before deciding if it's right for you.

PROS

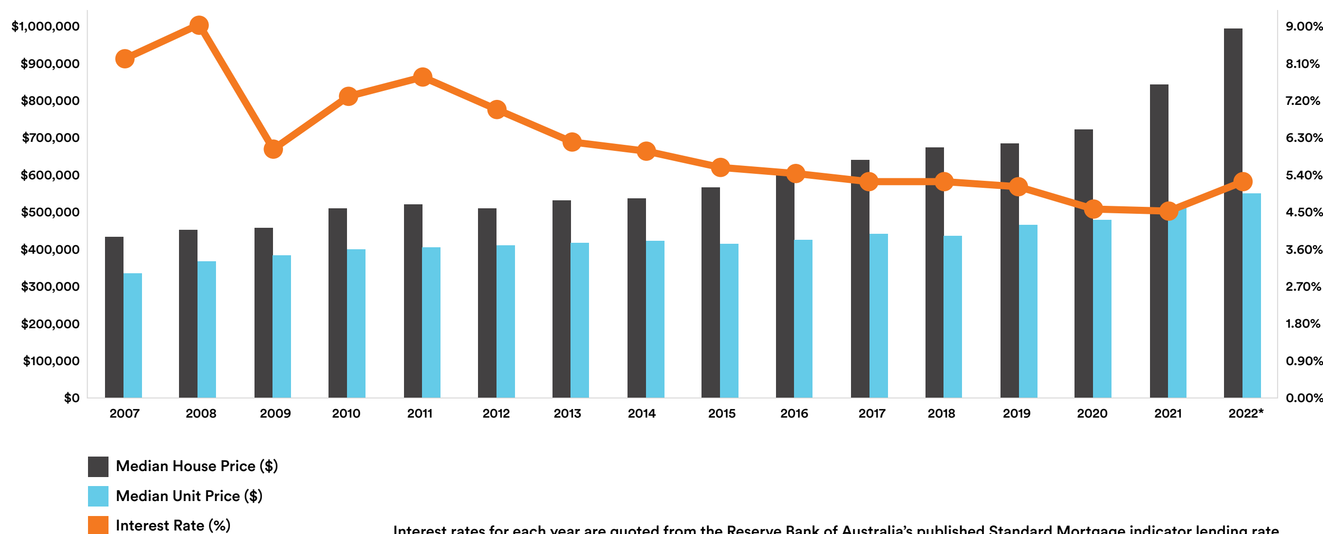
High growth means a richer retirement

The assets you buy now will fund you in the future. The more they're worth, the more money you'll have to enjoy. Chosen correctly, high growth investment properties can double in value every ten years. On that basis, a property you buy now for $750,000 will be worth $1.5 million in 2030, and a whopping $3 million in 2040!

“None of us can predict the property market perfectly,” warns Phil. “But one thing I would say is that it's never too early to get started. A good property plus time in the market can set you up nicely for the future.”

House prices in Canberra have increased by 94 per cent over the last decade.

$510,000 in 2012 to $991,250 in 2022.



Interest rates for each year are quoted from the Reserve Bank of Australia's published Standard Mortgage indicator lending rate

Enjoy strong rental demand

Rental yields are often lower for high growth property, but rental demand stays high. Since high growth properties are often in very desirable areas, you should have little trouble finding a tenant. Low vacancy rates mean you can budget safely, knowing that you won't have to cover long periods without a tenant.

Negative gearing opportunities

If you're looking for ways to reduce your taxable income, investing in high growth property helps. Your out-of-pocket expenses are claimed as deductions to your taxable income, so you get money back at the end of the tax year. On top of that, you can claim depreciation against the plant, equipment and building. Depreciation reflects the wear and tear of the home, and provides you with a deduction even though you haven't outlaid any money on those items.

CONS

High growth property can be expensive.

High growth properties are often in capital cities and inner suburbs, or high demand areas like waterfront or parkland locations. Freestanding houses often increase in value more than units. All of this means that they come with a hefty price tag.

One exception to this can be off plan properties. You'll still find them in the inner city, but because you're looking at apartments and townhouses, they're more affordable than a house would be. New builds often offer lower maintenance costs and higher energy efficiency, so they're cheaper to run even with an equivalent rental yield. "A well-built apartment is a great way to gain access to a location with strong capital growth," agrees Phil.

It takes money out of your pocket

The flip side of high capital growth is usually low rental yields. That might mean that after paying the mortgage and other costs, your rental income falls short by thousands of dollars per year.

In the long term, that's not a huge concern because your property is growing in value by more than the out-of-pocket costs. That is, if you're paying $3,000 per year to hold the asset, and it's worth an extra $5,000, you're still making a profit.
In the short term, however, you still need to find the funds. If you're living pay cheque to pay cheque, that might make this strategy unattainable for you. Even if you do have surplus funds in your budget, you'll need to decide if this is how you want to spend them. Is giving up those fancy dinners and family holidays for future riches worth it to you?

Do you have a plan if your income decreases?

While your income is strong, spending some of it on assets for your future is a sensible strategy. But what happens if you lose your job? If a period of sickness, a change in life circumstances or a global economic slump threaten your income, your high growth strategy might be at risk. Unlike a positive cash flow strategy, high growth properties don't pay for themselves in the early years, so you'll need to make sure you have a savings buffer just in case.

How to choose high growth property

High growth property is usually found in popular locations. To pick the next big suburb, look for the three Ds: demand, demographics and development

So you've decided that a high growth strategy is the one for you. Now to find the right property.

It all starts with the right location.
By buying properties in prime inner-city locations, you're more likely to experience strong price growth.

"Everyone wants to live in or near the city," Phil says. "It's faster to commute to work so you have more free time. You can take advantage of the night life and the restaurants. If you want a house with a garden, the suburbs around the inner city are ideal. That's why prices tend to be steeper in these areas."

Available land in these desirable areas is also scarce, causing further price hikes.

All this makes inner city properties an excellent candidate for a high growth strategy. It also means that there is a price barrier for some. These properties tend to be expensive to buy and enjoy relatively low rental returns in comparison. To make it work, you'll have to be prepared to dedicate some of your own income to the ongoing expenses in the early years.

If you want to get really clever, look for properties in an area which hasn't experienced high capital growth yet, but is tipped to do so soon. You can get in on the ground floor while the area is still affordable, and then enjoy the rise.

1. Look for signs of gentrification.

If an area used to be a 'no-go' zone and is now seeing families and professionals moving in, it's a sign that it's on the way up. New cafes, artisan stores and markets are another good indication. As buyers with good incomes move in, the area will develop and become more desirable, meaning there's huge potential for strong price growth.

5 signs of gentrification

Hipster cafes

Lifestyle stores

Bike trails

New schools

New developments

2. Find a sister suburb.

If you're priced out of a particular location, widen your search to look at the ones next door. "Sometimes a suburb name carries such cachet that properties can be sold at a mark-up," says Phil. "If the suburb next door is at least 5 per cent cheaper, that's a good sign that it's set for a rise as more people play catch up. Bonus points if it's in the same school catchment zone!".

3. Keep an eye on supply and demand.

Areas with greater buyer demand than available supply are more likely to go up in price. On the other hand, if there's a huge supply of new builds and weak buyer demand, you might see prices drop.

To check whether a particular suburb has (or is about to have) high buyer demand, you can do a few things:

- Look at the 'online search interest' (OSI) for the suburb. You can get this information from allhomes.com.au
- Look at the 'days on market' for current property listings, which is also available from the same sources. The lower the number, the higher the demand.
- Discounting is another indicator of demand: if properties are selling for well below their advertised rate, it might indicate that multiple owners are competing for the same few buyers, and therefore demand is weak.
- Ask the selling agent what kind of demand they're seeing, both in terms of numbers and the type of buyer. More affluent buyers mean more gentrification, which can increase demand.
- Speak to the local council or research online to find out if there are any infrastructure projects that might influence demand. New amenities or improved roads can see an influx of people wanting to live in the area.

How to choose a rental property

Choose a rental property with:

- a great location
- a nice kitchen and bathroom
- amenities like a pool or gym in the complex
- low maintenance finishes and grounds

1. Focus on location

If you want to attract tenants, location is key.

The perfect location depends on the type of property and type of tenant you're looking for. A stylish new off-plan apartment for young professionals, for example, will be more attractive if it's close to the city, good restaurants and/or entertainment. If your purchase is a four-bedroom house in the suburbs, attract families by choosing somewhere close to schools, parks and public transport.

Wayne Harriden, Managing Director of Independent Project Marketing, explains. "The tenant demographic in Canberra is so diverse that every property will appeal to someone. Still, if you're looking to buy, it's worth thinking about what the property is going to lend itself to. If you want to attract families, do you need to be in particular school zones? If it's a one bedroom apartment that will appeal to young professionals, is it easy to commute to the CBD?"

2. Put yourself in the tenants' shoes

Once you've got the location down, think about what the property has to offer.

Before you buy, ask yourself what you'd want if you were a tenant. Remember that most tenants don't plan on staying somewhere forever, and don't have the same attachment to the property as a live-in owner.

"There are definitely things that tenants look for when they're choosing a property," says Wayne. "A nice kitchen and bathroom are a huge plus. But as long as it's fairly modern and presents well, there's no need to go overboard. Air conditioning and good heating are practically mandatory these days. Nobody wants to shiver through a Canberra winter!"

Complexes with a swimming pool or a gym are also in high demand since they give tenants access to extra amenities without the upkeep.
"Parking is also a consideration," adds Wayne. "A lot of people rent as a couple and own two cars, but their apartment might have only one parking spot, or none at all, so it's an important aspect to consider."

3. Look for something low maintenance

You don't want to spend every weekend over at your investment property doing repairs and your tenant doesn't want you there either. A property that needs a lot of maintenance can eat into your bank balance, your time and your peace of mind.

"A brand new property is ideal for investors," Phil says. "It's new and ready to move into, plus everything inside it will be under warranty for the first few years."

If you do have a higher maintenance property, though, there are things that can be done.

"When we deal with properties that are higher maintenance, we often negotiate with tenants to help meet their needs," Wayne explains.
"For example, a property with a large garden or a pool. Those are technically the tenant's responsibility, but if they don't want the hassle, we can negotiate a little bit extra in the rent to pay for a gardener or cleaner to come in.
"That way the property remains in good condition and the tenant gets the benefit of the extra amenities without the hassle."

4. Don’t jump in feet first

Do your due diligence before putting in an offer, every single time. It does not matter if you’ve fallen in love with a particular property, or you made a promise to yourself to buy before the end of the financial year. The extra time and care taken will always reward you. Some things you should do before signing on the dotted line include:

Reading your building reports carefully. In the ACT it is mandatory for the person selling you a property to provide you with a building report, pest report, compliance report and energy efficiency report. It’s a lot of paperwork but it’s worth reading carefully. Those reports will give you a lot of insight into whether the building needs attention or if there could be problems down the track.

Checking for other developments in the area. That lovely view might be under threat from a huge new shopping centre, or there might be planned infrastructure that can really help your property value. You can ask your selling agent for this information or check your local government webpage. In Canberra, you can start with City Services. Local council websites also have an abundance of information about planning in their area.

Check the neighbours. “The property might be lovely, but if next door looks like a junk yard it may put potential tenants off,” Wayne cautions.
“Also, make sure that there are no ongoing disputes.”

The seller may not have to disclose a bad neighbour situation unless it’s progressed to the courts, but it’s worth asking the real estate agent — and your friendly local search engine — what they know.

“We’ve got a broad view of what’s out there and what’s coming up,” Chris explains.
“If there are plans for a new shopping centre, or that eyesore next door is about to get knocked down and rebuilt, we’ll know about it before anyone else does.”

5. Be prepared to negotiate

"The problem for investors is that they're up against live-in owners in a tight market," Phil says. "People who are buying a property to live in are often prepared to pay more. They see the property and form an emotional attachment to it. That's worth some money to them, so they make a higher offer. Investors, on the other hand, want a good deal so that they can make a profit right off the bat."

What does that mean for you? You can always prepare yourself for paying more. But Phil's advice is to look for properties that don't come with the same emotional investment. "An off plan property always attracts investors," he says. "They appeal to a wide range of people and you can make customisations."

6. Get loan pre-approval

Loan pre-approval puts you in a far stronger position. Especially if you're buying at auction, where the contract is unconditional, you need to make sure that you're not promising money you can't really pay. Get the paperwork done ahead of time and you can raise your hand with confidence.

In the market for a positive cash flow property? Take our checklist with you:

- Is there strong economic growth in the area?
- Is the vacancy rate under 3 per cent?
- Do surrounding suburbs have higher prices?
- Is the rental return 5 per cent or higher?
- Is the property new and/or off plan?

How to increase your cash flow with depreciation

Claiming depreciation deductions can save you thousands of dollars each year. New builds including off plan purchases generally attract higher deductions than established property

Most positive cash flow properties only return money after tax. To maximise your deductions and improve your bottom line, you need to appreciate the power of depreciation.

What is depreciation?

Property depreciation is the natural wear and tear of a building and the assets within it over time. The Australian Tax Office (ATO) recognises that these assets lose value over their natural life and allows owners of income producing properties to claim this as a tax deduction. It has predetermined rules on just how much a property and the assets within it decrease in value.

There are two types of depreciation you can claim. Generally, for both types, owners of new properties will find they can claim more than established homes.

1. Capital works deductions (Division 43)

Capital works (Division 43) is the building itself and items considered to be permanently fixed to the property. It includes:

- Building materials like tiles and timber
- External additions like an outdoor entertaining area, carport or balcony
- Internal improvements like a new bathroom or renovated kitchen

Capital works can be claimed at a rate of 2.5 per cent over the life of the property (forty years). As a rule, any residential property in which construction commenced prior to the 15th of September 1987 will not qualify with exceptions when a substantial renovation is completed. Buy a brand new off plan property, however, and you will still be claiming deductions in your retirement.

Capital works deductions in action:

Sarah is a patent lawyer in her late 30's. She exchanged on an off-plan apartment in Turner three years ago. The apartment cost $400,000 and was completed two years later. Sarah has used the apartment as a rental property continuously since then.
Sarah's annual capital works deduction is calculated at $290,0000 (cost of the capital works component) with a claimable rate of 2.5 per cent. That gives her an annual deduction of $7250, which reduces her taxable income by the same amount.

2. Plant and equipment depreciation (Division 40)

Plant and equipment deprecation (Division 40) are the items which are easily removable from the property or mechanical in nature. These assets are claimed a rate based on the diminishing value or prime cost method and the effective life of the asset which varies depending on the asset and type of use.

Examples include:

- Carpet
- Split system air conditioners
- Hot water systems
- Curtains and blinds
- Ovens

There's more good news for purchasers of off plan properties here.

Legislative changes made in 2017 meant that investors could no longer claim depreciation on second hand plant and equipment assets. That means if you purchase a property which has previously been owned, the carpets, appliances and fittings that were already there are second hand and not claimable. Your brand new off plan property, however, is filled with brand new items so you can claim the lot if you have only used it for rental purposes.

Plant and equipment depreciation in action:
Charlie, a consultant with the Department of Defence, has been renting out his recently finished townhouse for the last year. In addition to claiming the capital works deductions, Charlie is also keen to claim depreciation on the carpet in the property. According to the ATO carpet has an effective life of eight years. Since the carpet cost Charlie $5,000, he can use the diminishing value method, which nets him a deduction of $1250 in the first year, then $938 in the second year and dropping down to $297 by year 6. As a new owner, this helps him maximise deductions at the point where his costs are likely to be highest.

Alternatively, using the prime cost method, under which he can claim a deduction of $625 a year over eight years.
Whichever method he chooses, depreciation offers a significant saving.

Tracking depreciation through a depreciation schedule is a crucial part of your wealth building strategy. Talk to a trusted quantity surveyor to access and assess your property and even deduct the surveyor's fees from your rental income.

Since quantity surveyors can generally find deductions that total more than their fees, this service is literally putting extra money in your pocket and the cost of a tax depreciation schedule is also 100 per cent tax deductible.

Bradley Beer, a qualified quantity surveyor and the Chief Executive Officer of BMT Tax Depreciation, Australia's leading provider of tax depreciation schedules.
Bradley is actively involved in educating property investors and property-related organisations about the importance of tax depreciation. Bradley's experience as CEO of BMT, and personally as a successful property investor, has led him to become a regular keynote speaker and presenter covering property depreciation services on television, radio, at conferences and exhibitions Australia-wide.

Bradley Beer (B. Con. Mgt, AAIQS, MRICS, AVAA) is the Chief Executive Officer of BMT Tax Depreciation. Please contact 1300 728 726 or visit bmtqs.com.au for Australia-wide service.

Short-stay or traditional leasing?

Short stay rental properties attract higher rental income and offer more flexibility. Overheads and management fees are higher and income can fluctuate.

Short stay rental properties are an increasingly popular way to get positive cash flow from the get go.

Short term rental can have a lot of advantages. A higher rental income than long term leases means more cash in your pocket so you can pay down the property faster or use the money to add to your portfolio. When long term rental demand is low, short stay properties can be the ideal solution for investors.

Pros	Cons
Highly lucrative per night rates	You pay utilities and overheads, which are often higher
Flexibility to use the property yourself	Less reliable income as demand fluctuates
Ability to respond to market fluctuation	Not all properties are suitable for short-term rental
Professional management to do the work for you	More time required to manage guests (Guested can help with this!)
Tax depreciation on furnishing costs	Landlord protections through Residential Tenancies Act don't apply
Residential Tenancies Act doesn't apply so you don't need to (for example) allow pets	

Benefits to short stay

Flexibility of use.
Want to spend holiday weekends in that blissful beach house? Or offer over-seas friends a private place to stay when they visit your city? With short term rental, it couldn't be simpler to block out some time to use the property yourself.

Responsive pricing.
Short term rental pricing can respond quickly to fluctuations in the market. When demand goes up (during school holidays, for example, or when big events are on), you can raise prices accordingly. Long term landlords, by contrast, are hamstrung by legislation. You can't raise the rent during a lease period (generally 12 months), and you are limited to a rise of 10 per cent above CPI when renewing a contract.

Less wear and tear. You may hear that there is more wear and tear on short stay rental properties. However, the opposite is often true. Long term tenants need to move in their own furniture and white goods, causing scrapes and dents to your walls and floors. They might keep pets, or make modifications to the property. With short stay rentals, on the other hand, you're the one providing the furnishings. People come for a few days at a time, and are often out and about seeing the area for the majority of their stay.

Do as much of the management as you choose.
Short stay management companies like Guested can handle all the work if you prefer to be hands off. From advertising to vetting guests, organising key handovers, cleaning between guests and day-to-day repairs, they'll do the lot. However, some owners really enjoy being hands on with their short stay rentals. You can meet people from all over the world, stay active and keep an eye on your beloved property. You choose!

Drawbacks to short stay

Can be time consuming.

If you do choose to take on the day-to-day management, be aware that short stay rentals take more work than long term rentals. You'll need to organise cleaning between each stay as well as periodic deep cleans, respond to enquiries, organise key handovers, replenish toiletries and other supplies, deal with maintenance requests and handle all the administration and finances. If you don't have time to do the job well, you risk negative reviews. These can put off po-tential guests and lower your returns.

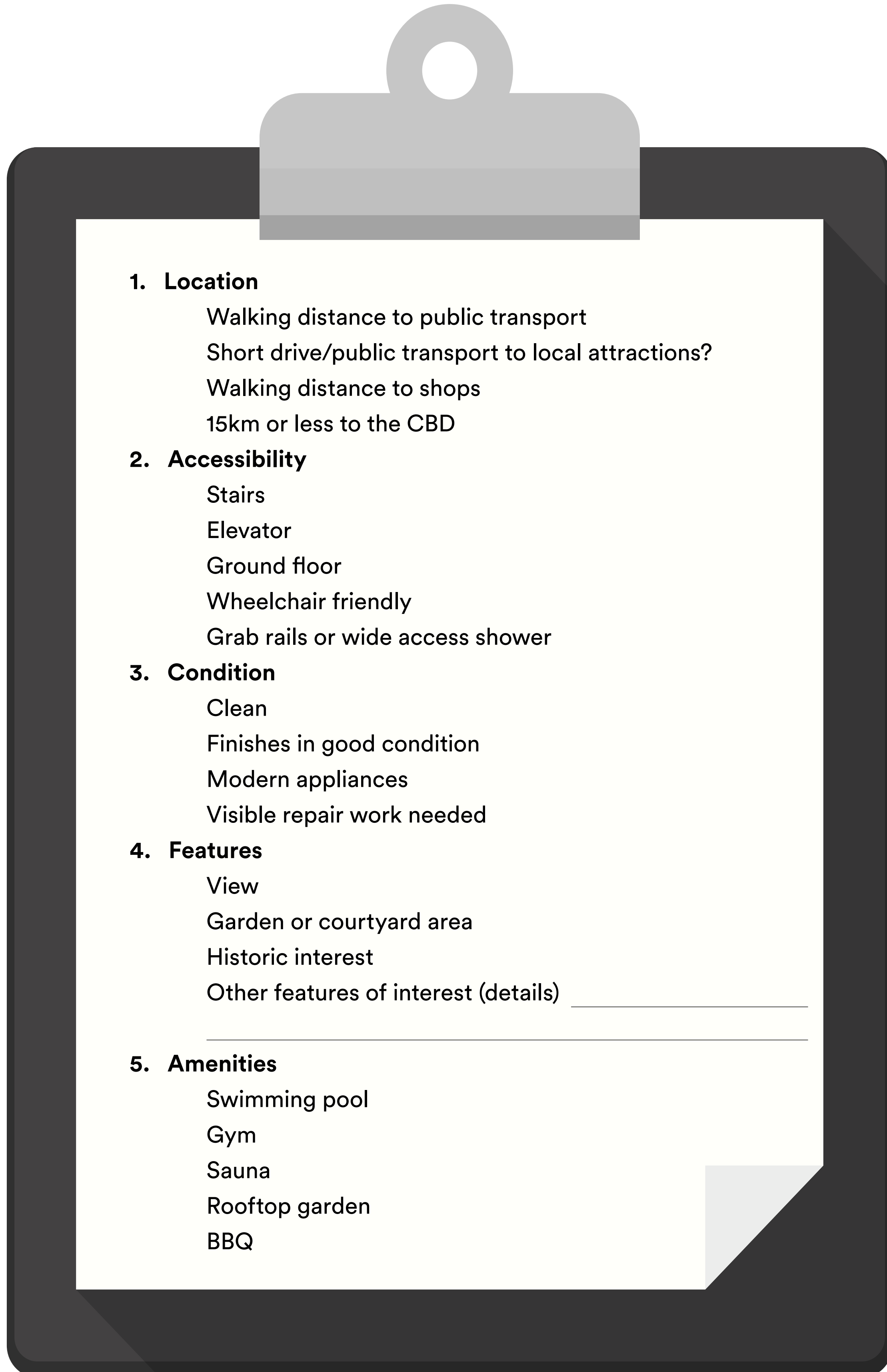
You'll need to stay up to date with legislation.

Short term rentals are a fast growing segment of the property market. In fact, in the 12 months to March 2022, the short stay occupancy rate held steady at 78 per cent in Canberra. It is worth keeping in mind that since short stay is a newer concept than traditional lease arrangements, legislation is constantly changing as governments play catch up. You'll need to make sure you're up to date with your rights and responsibilities as a short stay landlord.

Income is variable.

On the upside, you can increase your nightly rate in high demand periods like summer holidays or during popular events. The downside is that for less popular times of year, you may not be able to command as high a rate. You could also face periods of vacancy during the year. For most short term rentals, the nightly rate is so much higher than a standard weekly rent that it more than makes up for those slower periods.

If you are interested in buying a property for short stay rental, take our checklist with you when you inspect property so you don't forget a thing.



1. **Location**
   - Walking distance to public transport
   - Short drive/public transport to local attractions?
   - Walking distance to shops
   - 15km or less to the CBD
2. **Accessibility**
   - Stairs
   - Elevator
   - Ground floor
   - Wheelchair friendly
   - Grab rails or wide access shower
3. **Condition**
   - Clean
   - Finishes in good condition
   - Modern appliances
   - Visible repair work needed
4. **Features**
   - View
   - Garden or courtyard area
   - Historic interest
   - Other features of interest (details) ____________________
5. **Amenities**
   - Swimming pool
   - Gym
   - Sauna
   - Rooftop garden
   - BBQ

Why you need a good property manager

A property manager can help you improve your investment by:

- **Keeping up to date with market rates**
- **Being proactive with maintenance**
- **Developing relationships with trades**
- **Keeping up to date with tenancy legislation**

A good property manager is more than just a person to pay the bills and collect rent. Done right, property management is an essential part of your wealth building strategy. Their skills and knowledge can help you increase cash flow and contribute to the financial freedom you're seeking by:

Keeping up to date with market rates.
Price your property too high and you won't get any interest. Price it too low and you're leaving money on the table, as Wayne explains.
"If you already have a tenant, it's in your interests to keep on top of market trends because legislation stops you from raising rents too much at once.
Gradual increases are important so that you don't get left behind."

Engaging in proactive maintenance.
"It's not difficult to call up a plumber when your tap needs a washer replaced or to call in a handyman to fix a squeaky door.
What is hard is being aware of potential problems and pre-empting them before they escalate," Wayne explains.
"At routine inspections we ensure tenants are taking care of the property but also look for what improvements owners can do to save money in the long term through preventative maintenance. We can prevent more costly repairs down the track by taking a proactive approach before the property declines."

Developing relationships with trusted tradespeople.
The best way to ensure repairs are carried out thoroughly is to hire the right person for the job. This means building relationships with honest, reliable and skilled tradespeople. "Asking a friend or relative for a referral is always a good place to start," Wayne advises.
"If you engage one of our property managers to look after your rental property, they can also recommend a tradesperson from their pool of trusted contractors."

Keeping up to date with changes in tenancy legislation.

"There is a lot of legislation around property in Canberra that affects owners and landlords, so being up to date with changes to the law is crucial. When selling or leasing out property, most people don't really know what they are getting them-selves into and how much baseline knowledge is required," Wayne says.

For example, recent proposed changes in the Residential Property Act mean that landlords can't unreasonably deny a tenant's request for a pet or a request to make minor reversible changes to the property. Although great for tenants, these changes reduce your autonomy over the property as an owner.

As Wayne points out: 'It is literally our job to know the legal side of things and we make it a priority to educate our staff whenever legislative changes occur that will affect tenant or landlord rights. Our staff then educate and advise our clients on these changes."

Bringing 60 years of real estate knowledge to work for your investment property

- Comprehensive tenancy agreements
- Investment property health checks and rental appraisals
- Regular and long leases offer flexibility and housing stability
- Proactive management and maintenance solutions
- Detailed guides for landlords and tenants
- Electronic record keeping
- After hours emergency line

How to choose an off-plan property

Developers use display suites and 3D renders to show you what your off plan property will look like when it's built. Choose from different floor plans and finishes to get the home you want

Interested in buying an off-plan investment property but not sure how it all works? You wouldn't be the first buyer to wonder how on earth you can choose a property that doesn't exist yet.

When you buy an off-plan property, you are signing a contract to purchase a property that hasn't yet been built. Therefore, of course, there is no physical property to inspect.

That's where display suites come in. A developer will create a model, or demonstration property, that gives you an ideal of what the final build will look like. The display suite is large enough to walk into, but not an exact replica of the apartment or townhouse they're trying to sell you.
The developer also uses floor plans and 3D renders to showcase all the options. You'll get to see a variety of layout options, finishes and apartment sizes so you can choose the one that's best suited to your investment needs.

Book a display suite appointment here to see some of the great developments on offer in Canberra today or check out our video series explaining the process here.

Key questions to ask when visting a display suite

It's easy to get overwhelmed when you visit a display suite; these beautifully styled spaces offer an enticing look into what the future could hold. And while it's an experience that should definitely be enjoyed, you need to go in with a clear agenda to help you decide if this is the off-plan purchase for you.

So step away from the suite's perfectly styled cushions and shiny appliances and ask the agent the following questions.

Get to know the team behind the development

1. Who is the
   - developer
   - architect
   - landscape architect
   - builder
2. Can you tell me about other developments that this developer has finished?
3. Who will be my main point of contact throughout the buying process? How often will I hear from them?

Understand the options for the specific apartment or townhouse

7. Are there any fixture and fitting upgrade options?
8. Where does this specific property sit within the development site?
9. What colour schemes can I choose from?

Learn about the building as a whole

4. What communal amenities will be included?
5. Is there a restricted-access carpark and what is the street parking like?
6. Are the lifts, lobby and any other common areas restricted access?

"You can visit a display suite as many times as you need to get an understanding of the project and make sure it's going to be the right fit for you.

There's always the option to book a private viewing, as the agent can sometimes be quite busy during inspection times."

Nicholas Jacob,
Sales Consultant

"At times there will be incentives a developer will offer for that specific project, such as part deposit repayments, gift cards, furniture packages or blinds packages. Always ask the agent if there are any offers in addition to government incentives."

Wayne Harriden,
Executive Director, Project Marketing

Understand the financial aspect

10. At which stage will I pay my deposit?
11. How much is the initial deposit and can it be invested?
12. If I pay a deposit, is it secure if something happens to the developer?
13. Is the developer offering any incentives or discounts?
14. How much are the strata fees?

Know what the development timeline is

15. Is this development DA approved?
16. When is this development slated for commencement and completion?
17. When I move in, will the development be 100% completed or will construction continue?
18. What happens if my apartment isn't completed on time/when is the sunset clause?
19. What happens if I don't settle on time?

Notes:

Disclaimer
In compiling this publication, the Publisher relies upon information supplied by a number of external sources. The publication is supplied on the basis that while the Publisher believes all the information in it will be correct at the time of publication, it does not warrant its accuracy or completeness and to the full extent allowed by law excludes liability in contract, tort or otherwise, for any loss or damage sustained by subscribers, or by any other person or body corporate arising from or in connection with the supply or use of the whole or any part of the information in this publication through any cause whatsoever and limits any liability it may have to the amount paid to the Publisher for the supply of such information.

Independent Property Group Disclaimer
This report provides general information on the residential property market and current market trends from sources believed to be reliable but it is not guaranteed in any way. While Independent Property Group has full confidence in this data, there is no warranty, or guarantee either expressed or implied given and persons or companies who pursue financial investment or otherwise who act on the basis of this data do so at their own risk. It always remains the responsibility and choice of the persons to make their own individual decisions with regard to their property investments.

independent
PROPERTY GROUP

independent.com.au