# PROPERTY RESEARCH SECRETS

WealthAdviser

# Contents

## Before you get started

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Before acting on any information contained herein you should consider if it is suitable for you. You should also consider consulting a suitably qualified financial, tax and/or legal adviser.

**Information in this handbook is no substitute for professional financial advice.**

We encourage you to seek professional financial advice before making any investment or financial decisions. We would obviously love the opportunity to have that conversation with you, and at the rear of this handbook you will find information about our authorised representative and how to go about booking an appointment.

If ultimately you decide not to meet with us we still encourage you to consult with another suitably licensed and qualified financial adviser.

In any circumstance, before investing in any financial product you should obtain and read a Product Disclosure Statement and consider whether it is appropriate for your objectives, situation and needs.

## Letter from the Wealth Adviser Library

Dear Reader

**Welcome to the Wealth Adviser Library**

This library was built specifically to facilitate the provision of sound financial information to everyday Australians.

Our mission is to build an accessible, comprehensively supported team of members who share our vision and commitment to providing tailored financial advice and a new foundation of financial understanding and security for everyone.

With a national network of likeminded experts, we have the potential to provide the financial building blocks for future generations.

**Knowledge gives you a huge advantage**

We believe that knowledge gives you a huge advantage in creating and effectively managing wealth; in planning to reach your goals; and in being prepared for whatever unexpected twists and turns life may present.

That's why our team of experts has created this series of digital handbooks and manuals that seek to inform you of not only the benefits but also the potential risks and pitfalls of various strategies and investments.

We trust you enjoy this publication and find it informative and professionally presented. Of course, your feedback is always welcome as we strive to continually offer content in a format that is relevant to you.

**Take the next step**

Wealth Adviser (a division of WT Financial Group Limited) supports more than 400 privately owned and operated advice practices around the country. We invite you to engage with one of our advisers to discuss what it was you were hoping to achieve when you obtained this handbook, and to establish if they can help you achieve your goals and objectives.

At the rear of this handbook you will find details on how to book an appointment.

**Wealth Adviser Library**

## Introduction

Knowledge is power, and in the case of property investing, it can also mean success.

A combination of solid research and a medium- to-long-term outlook will easily lead you to countless markets and sub-markets with good capital growth prospects.

Identifying these markets is a matter of doing the groundwork required for a successful property purchase.

If you don't have the time or inclination to do the legwork, visit a reputable property adviser or financial adviser with direct property expertise who can help guide you through the process.

## Identify your purpose

Any sound investment strategy begins with the 'why' part of the equation –and selecting a property investment is no different. Sound property investment begins with identifying your purpose.

What type of investment are you looking for? Identify your goals and be specific about what you're after. There's power in words, which is why putting your goals in writing is an important first step on your journey. If you don't know where to begin, meet with a financial adviser who can help you identify and discuss your vision for the future.

Think about issues such as whether you are looking to add value and sell for a profit, or whether you're after a 'set and forget' strategy.

Are you keen to make a purchase that will simply lead to great growth in a few years' time, or are you looking for an income stream that will lead you into retirement and beyond? These are the keys to effective property investment and starting out by identifying what you want is how you'll start out on the right foot.

Having your goals clearly outlined will allow you develop a research and investment strategy to match.

## Grow your grapevine

Keep your finger on the property pulse. Read, explore, listen and surf! Getting informed means reading, listening, getting online and tapping into industry information. Relying solely on the mainstream news for reports on property hot spots is not going to keep you one step ahead of the game.

Having a decent grasp of macroeconomics never hurts. Short of going back to university, start soaking up as much market commentary from various sources as you can get your hands –on a regular basis.

While reading the Australian Financial Review is a start, those in the know sure don't stop at the front page headlines. Get your hands on reports by Residex, and PRDnationwide, to name a few, which release regular industry reports on the state of property across the country. Matusik provides an update for Queensland, and WA Business News is an excellent resource for finding out what's on the agenda in Western Australia.

Obviously, finding out where hot spots could potentially pop up isn't just about researching property specifically. Look for signs of events in an area that could impact significantly on price growth –for example, the announcement of large government and infrastructure projects.

## Dig deep for big plans

Government and private sector planning decisions both impact property significantly. Government planning projects to look out for include:

- urban renewal projects to improve a specific area
- broader regional plans for dealing with population growth

In addition to local councils, which we'll discuss below, state government plans in particular need to be looked at. For example, in 2005 the Queensland State Government announced the South East Queensland Regional Plan. This area blueprint basically set out guidelines for dealing with the growth in population by allowing more medium and high density dwellings.

One implication of this was that houses would become scarcer in inner city regions, driving up their value over time. The NSW Government has a similar strategy for Sydney to accommodate population over the next 25 years.

In terms of industry plans, going straight to the source is what the experts do, so why shouldn't you? If you're interested in high yielding investments in mining towns, for example, find out where the big players are planning on opening their next mine, or are revving up existing ones. Visit key industry websites regularly to stay abreast of developments.

New shopping centres –built by Westfield or Stockland, for example –can often be an indicator of growth to come. Reading their annual reports and AGM minutes will give you an idea of past and future –where their recent developments have been, and where their next developments are going to be. Do thorough research and look at what happened to property prices in areas where a centre was built. Find out what the effect on prices was, what types of housing were in demand, and the timeframe. Piecing it all together can help you evaluate the feasibility of investing in areas where similar developments are planned.

## Map out the roads for success

Infrastructure plans at local, state or federal government level can have a significant impact on property area viability. Gain an understanding of the transport system and any large scale transport infrastructure plans in the pipeline.

For a start, make sure you thoroughly understand how the area under consideration is serviced by public transport and to what extent –this will have an effect on how much appeal the location has for future tenants.

If you're searching for growth areas, future large-scale plans, such as a new freeway, are what you need to be focused on. A good starting point is the Federal Government's Department of Infrastructure, Transport, Regional Development and Local Government website, www.infrastructure.gov.au. This resource outlines the development of major transportation projects. It allows you to locate projects across the country via search or map.

In Victoria, for example, the Geelong bypass will knock 30 minutes off the journey from Melbourne to the coastal towns of Lorne and Torquay, inevitably adding to their existing desirability and driving future growth.

Another example is the Tugun bypass in southeast Queensland, which has contributed to the growth of the Tweed Shire south of the Gold Coast, with improved access to the region. These are the sorts of projects to look out for as they can help you select areas with good capital growth potential.

## Delve into data

Once you have a broad idea of where you might like to invest, it's time to look at numbers.

Median rents and yields will give you a glimpse of how strong an area is for investing if an income stream is your priority. Current median house, land and unit prices give an idea of value in an area. You'll want to look at growth rates over the last 12 months and up to five years back.

Each state's real estate institute provides quarterly data, and the Australian Bureau of Statistics produces property market indices for each city. Like any investment, relying on past performance as an indicator of future performance is unwise –so be wary of drawing any firm conclusions on the viability of an area simply because it's had strong growth or yield to date.

Consider the possibility of a 'spill over' of price growth to outlying areas. In other words, check out price growth of neighbouring areas. High growth often spreads to neighbouring areas.

If you've sniffed around for a while and have an idea of where you need to look in order to find a property that fits your particular needs, the next step is to find out what fair value is in the area. Find out recent sales prices and types of properties; this way you'll have an awareness of exactly what a prospective purchase should cost.

Get hold of the sales history of the area you are looking at –RP Data and Australian Property Monitors are places where you can find the data you need. Both offer detailed sales information such as historical sales information on particular properties and streets.

## Go local

Getting educated about local Councils is an important part of understanding the current activities and future plans for any local area in which you are considering investing. The Australian Local Government Association, which represents more than 609 councils across the country, has links to each council on its website, www.alga.asn.au

Some things you'll want to look out for are urban renewal schemes, changes to zoning, town planning initiatives, and new facilities in the community. An urban renewal project where industrial land is being transformed into residential, for example, would be of great interest and you'd want to investigate further into the area.

Councils also provide information on population growth and projections, as well as changes to transport, and possibly emerging transport hubs. These are all factors which could increase local business activity and tenant demand.

If you're looking to invest out-of-state, the internet has never been handier.

The City of Melbourne, for example, provides a comprehensive online report called 'Property Watch Snapshot', aimed at providing a brief update of current industry views and outlooks for the residential, office and retail property markets in the city.

The City of Melbourne 'Development Activity Monitor' provides an analysis of major new development sites that are recently completed, under construction, or planned in all of the 13 suburbs of the city.

## Profile your future tenants

Local council websites are important sources of information not just for finding out about what's planned for the future, but also what population segments make up the area.

Finding out who is living in an area enables you to 'profile' your future tenants. This will help you establish what type of property will be in hot demand in that area.

For example, if the area is largely comprised of students and young professionals you wouldn't necessarily invest in a house. Likewise, if the area is predominantly families, investing in a studio apartment wouldn't be the wisest move as your pool of prospective tenants will be limited.

Council websites often have information such as number of people per household and household income for the area. The

Australian Bureau of Statistics is also a good source for this type of information.

## An A+ for amenities

The power of Google alone can advance your research at the speed of lightning. Local services such as shopping centres, hospitals and community centres can all be located with a simple search.

Google's map facility displays a search option where it maps the nearest shops, hospitals, and parks –and their proximity to any prospective property.

Local schools are an important factor to consider— again a Google search will normally be enough to check out what's in the area.

Always keep in mind that you need to be thinking of what prospective tenants will be after in the area. For example, if you are considering investing in an area with an older population, make sure the local hospital is not about to have its funding cut, or its doors shut.

## Leisure lifestyle

The "work-life balance" buzz has been around for quite some time now. People are more and more interested in making time for a bit of fun – which includes your future tenants.

When narrowing down any local area, check out the available recreation opportunities. Again, council websites are a good resource. Also check out tourism websites and search the area under consideration for write-ups. Local parks and beaches as well as recreation facilities such as swim centres are all desirable amenities.

Google maps is an excellent resource for checking out green space, as well as proximity to recreational facilities.

## There's power in people

The search for the ultimate property is not necessarily in numbers, but often in relationships. Estate agents are resources which should not go untapped for a number of reasons.

Find out from real estate agents what types of properties are sought after by tenants in the area. The scarcity factor means your property will be rented faster, and you'll be assured of the best tenants and the best price.

Form long-term relationships with agents in areas you like. Being front of mind is important since many good properties don't make it to the internet or paper-they go straight to prospective buyers.

Property managers can provide insights into the types of tenants, how in-demand an area is by tenants, recent rental price rises, and what renters are looking for. Don't be afraid to spend time ringing around and making enquiries to get a good grasp of a local area.

## Get physical

Physically inspecting a property is critical! As a valuer goes through a property and notes x,y and z, so should you. Inspect several properties, and not just those in your price bracket. Being well informed is one of the keys to good negotiation.

Be there when any pest and building inspections are conducted so you can ask questions and be able to approximate how much it will cost to fix any problems/repairs and how feasible renovations are, if they are needed.

As with any property, whether to occupy yourself, or for investment purposes, there's no substitute for inspecting a property yourself. Being able to view the property at different times of the day allows you to consider traffic in the area, noise –or even odours, if there's a restaurant nearby for example.

Attend auctions, speak to local area residents and read the local paper. Get a sense of the local economy –are there local cafes, and if so are they buzzing with activity?

If you don't have the time to physically go out and inspect a property and get a real sense of the area, consider getting professional property advice.

**Hot Spot Checklist**

Property investors would love to be able to buy in an area before it becomes 'up and coming' in order to buy cheaply and reap the benefits of a subsequent increase in property prices. There are certain indications that a suburb may boom, but none of them are set in stone –you can never be sure.

Check the area for the following:

Does demand, for whatever reason, exceed or apparently exceed, supply?

Is the area's increase in price significantly greater than the region as a whole?

Does the area have low purchase prices, which are expected to rise in the near future? Are neighbouring areas experiencing good capital growth?

Are there positive developments happening in the area (e.g. a new railway or arterial road to the city that will impact positively on capital gains?)

*Source: Real Estate Institute of Australia*

## There's no substitute for professional advice

In addition to reviewing a property's contract of sale, a lawyer can assist with other key information. Some of the items covered are: strata reports, searches of council records for flood damage, searches on infrastructure that could affect the property, and any existing or potential renovation obstacles.

If you are doing the hard yards and researching the property yourself, prior to purchasing, consider enlisting a financial adviser who is knowledgeable and experienced in direct property investment. Ideally, a property investment needs to fit into a broader financial plan and an adviser will help ensure you are on track to achieve your goals. A financial adviser can also help with assessing whether you can afford repayments without unrealistically stretching the budget. Remember, you must make this investment work for you and your long-term strategy.

Investing in direct property has worked for many Australians aspiring to create a more prosperous future in the past, and is sure to continue in years to come. We wish you all the best in your search for a safe and profitable property investment.

## Take the next step

We trust you enjoyed this publication and found it informative and professionally presented. Of course, your feedback is always welcome as we strive to continually offer content in a format that is relevant to you.

We now invite you to take the next step and meet with an adviser to discuss what it was you were hoping to achieve when you downloaded this handbook and to establish if we can help you achieve your goals and objectives.

Next you will find details on how to book an appointment with an adviser.

We look forward to meeting you soon.

# Appointment booking request form

**About the Adviser**

**Our services**

**Contact details**

Please complete the Appointment Booking Request below and scan and email to:

________________________________________

Appointments are available Monday-to-Friday.

Please nominate your preferred day, date and time to meet with us. One of our client services representatives will call you to confirm your appointment.

**Preferred appointment day and time**

Day ____________________________________

Date ____________________________________

Time ____________________ am/pm __________

If you would like us to contact you via email to confirm your appointment or to answer any questions you have, please provide a valid email address for our records.

Email ____________________________________

**Your Details**

Title ____________________________________

First name ________________________________

Last name ________________________________

Mobile __________________________________

## Reader Notes

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**Wealth Adviser**

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