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## Wealth Creation Through Property Investment!

### Why Invest in Property?

Investing in real estate has gotten a lot of attention over the last few years. Unfortunately however, many people still consider this to be something for 'the big boys'. This kind of black-and-white thinking is stimulated by our beliefs, which in turn are largely fed by the media. In movies and TV shows the business of real estate is often associated with millionaires and even billionaires. Since most people don't fall into either one of these categories, it's easy for them to consider real estate to be something that's out of their league. They might say something like "I'm no Donald Trump, so I can't do it!". Have you ever heard anyone make a statement like that? Have you ever thought something along those lines yourself? Chances are your answer to either or both of these questions is "yes".

Let's take a look at the world around us to see if our assumptions about what it takes to be in real estate are correct. If you were to look at all the real estate around you, you would quickly find that the majority of properties are residential. Homeowners are real estate investors and as you probably know, most homeowners are not millionaires.

### Your Own Home Can Be The Start To Real Estate Riches

Owning your own home can be a great first step for a number of reasons. Obviously, as the **value of your house increases, so does your net worth**. However the potential benefits don't end there. The appreciation of your house over time not only builds your net worth, **but it can also give you a great opportunity for creating some leverage**. By refinancing your home, you can put excess money in your hands that you can use to invest in other properties. This could be another residential property generating rental income, but you could also look at commercial real estate.

Many people tend to think about commercial real estate as shopping malls, skyscrapers and office buildings for multinational corporations. This is the picture that is communicated in the media. In reality, the second largest category of real estate consists of small to medium sized business properties; the corner shop grocery, the neighbourhood hardware store and your local restaurant are just a few examples. The value of these properties doesn't usually run into the millions and many are owned by people that are not millionaires. Not yet anyway. However their investment, if managed properly, provides them with a steady annual return that puts them on the path to becoming a millionaire over time.

Of course refinancing your home to raise investment capital is not something you should do overnight without careful consideration of the consequences.

**Any investment brings a certain portion of risk with it and you should factor in these risks in your refinancing decision. What happens if interest rates go up? What impact would a decline in real estate prices have on your financial situation?** Also, you should take notice of the tax laws in your country in regards to potential deductions and taxation of different investments. **It's important to get good advice before entering into a project like this, so talk to someone that is knowledgeable in the area you wish to invest in.**

Many real estate opportunities don't require millions to get started and make some money. You don't need to be a Donald Trump to be a successful real estate investor. What you do need is: some capital to get started, some homework on the real estate market in your area, some good advice from people who know what they're talking about, and most importantly the courage to take the first step. Even if you don't know everything, it's a good idea to just go out there and find out what you need to know. You will never know everything and you will probably learn more by doing. As long as you make sure that you manage your risks, you will find that there are some pretty good opportunities well within your league.

### **The Basics of Real Estate Investing**

Real estate investments may not be everyone's cup of tea, but some people who have already tried investing in real estate know that it can be profitable. Real estate investment experts say there are several keys to making significant profits in real estate investment deals. And when the deals are profitable, you will certainly be well on your way to success.

For real estate investment neophytes, don't be afraid of the challenges and pitfalls you may encounter along the way. There is definitely a lot to learn, but in the long run after you have gained some experience, you'll hopefully become a master at closing profitable real estate deals.

There are 5 core skills that are necessary for building a real estate investment business. These will be the key factors in creating a profitable real estate investment portfolio.

### **These are the 5 core skills of real estate investment:**

- 1) You must learn when and where to find the right kind of sellers.
- 2) You must learn the art of being a master negotiator when it comes to closing your real estate investment deals.
- 3) You must be able to quickly and accurately analyse each real estate investment deal so you'll know exactly when to proceed and when to pull the plug.
- 4) You must become an expert in all areas of real estate investment and understand such terms as lease options, cash flow positive, wrap mortgages, short sales and other terminology common in the real estate investment arena.
- 5) You should totally understand the meaning and concept of investing in real estate, including all of the financial risks and benefits.

Now is a great time to consider investing in real estate. There are great potential rewards and the effort you put forth can yield enormous monetary returns on your investment.

Your confidence level will grow when you've gained some experience and closed on

your first few real estate deals. But, don't stop there...

**Continue to learn about real estate investing and to develop your investment skills.** In a short time you may find yourself managing a profitable and growing portfolio of investment properties.

Continue to follow your real estate investment "game plan" and always keep an eye out for the hidden investment opportunities. The opportunities are definitely out there and with a little knowledge and desire can be yours for the taking. So, why not get started in what might be a new and exciting (and profitable) career today?

### **Steps To Successful Property Investment**

The first step in becoming a property investor, is simply take the first step. And that takes confidence and courage.

You must first cultivate the right mindset to successfully invest in property.

Gaining the correct knowledge and education will give you the confidence to get involved in this potentially rewarding form of investment

#### **1. Write an action plan clearly defining your investment goals**

Set a time frame for when you will start.

What resources you will use to educate yourself in property investment.

The cost and type of property (unit, townhouse, house, constructed or off the plan)

The eventual number of properties or value of your property portfolio.

#### **2. Research**

Your starting point is research. It's probably the number one strategy in being success in the property market.

You must research the market place. Get an overall feel to what is happening, but choose one or two suburbs and get to know them like the back of your hand.

To achieve this speak to the local real estate agents and cultivate relationships.

Let them know you are a player in the market place.

Attend all the auctions in these suburbs.

Read the newspaper ads and monitor the sales prices. Check out the post auction ads as well, this will give you an indication of what selling prices are being achieving. Use the internet to do research. There are many sites that specialise in the Investment Property Market. **You can also subscribe to services that will give you historical sales prices for individual suburbs.** Try these.

<http://www.propertydatasolutions.com.au>

<http://www.matusik.com.au/>

<http://www.prdnationwide.com.au>

<http://www.residex.com.au/>

<http://reports.rpdata.com.au/>

<http://www.reiv.com.au/home/default.asp>

<http://reia.com.au/>

### **3. The Basics**

Buying at the right price (below market value) should always be your goal. It's been said that you make your profit when you buy.

### **4. Timing**

Recognising property cycles (easier said than done) is important. You will want to try to buy at the low point (at the lowest price) and sell when the market is rising.

Things such as supply and demand (is there a shortage of desirable properties but an abundance of buyers)

The economy, interest rates, employment levels, the stock market all can influence the property market. It goes back to keeping your eye on the ball through knowledge, education and research.

But remember anytime can be a good time to invest in property providing you follow the basics as outline in this report.

### **5. Location**

As a general rule you would only buy in known capital growth areas. This is generally Inner city up to 10 kms from the CBD but not always. Beach areas and some selected outer suburbs should also be considered.

Again supply and demand comes into the picture. Also the features and design of the property.

*Remember just because a property is in a growth area, it may not be a good buy, so **do your research.***

### **6. Demographics**

Demographics are like a customer profile, it tells you about the characteristics of your potential property buyer or renter.

Their wants and needs. What will be in demand and more importantly, where! It's the baby boomers, young professionals, empty nesters (children left home).

These individuals are now favouring inner city living with its close amenities (transport and employment) and lifestyle attractions. (cafes, nightclubs, entertainment centres)

This creates strong demand and possible short supply.

Formulate a criteria (property type) that appeals to the above individuals and focus on these types of properties.

Apartment (1 & 2 bedrooms) townhouses, houses (depends on your budget)

### **7. Taxation benefits**

Generally new properties will give you the best depreciation deductions. You can claim depreciation on both the building and fittings and fixtures.

If an expense can be shown to have contribute to producing taxable income, you maybe able to claim it against your taxable income.

The above expenses can usually be offset against your income (check with your accountant) and reduce your tax bill.

Part of your investment strategy would be to surround yourself with a network of property investment advisors, such as an accountant, solicitor and mortgage broker.

## **8. Protecting Your Assets**

If you are just starting your journey of building wealth through Property Investment it might be a good idea to talk to your solicitor and accountant about setting up the appropriate legal identity that will invest and have ownership of the assets. Possible trusts, companies structures need to be discussed to find the best structure for you to maximise your tax benefits and legal protection from possible claims against your assets.

## **Additional Property Investment Strategies For Building Wealth**

### **Renovating For Profit**

Are you interested in the lucrative real estate market? Have you watched the Do-It-Yourselfers and Renovating shows on TV who purchase a home, renovate or upgrade, then resell it for a profit of more money than most people make in a year?

It sure is tempting, but what are the pitfalls? What should a new investor know BEFORE putting money into real estate?

There is one mantra that successful real estate investors live by: "buy low - sell high". How can you apply this to your investment strategy?

### **Don't Get Oversold**

New investors can easily get caught up in the sale. Without experience or a background in real estate you may think your instincts are good and quickly get in over your head.

Investment properties need to be undervalued and YOU need to do your research first. Don't plan to buy without spending a lot of time comparing values. Your goal is to purchase an undervalued property which can take time and experience to spot.

The best way to determine the true value of a property is by comparing similar properties and noting the common features. The properties MUST be in the same area since location can drastically affect price range.

Take note of the features and failings of each property, how long they're on the market and the price they sell for. Once you have a good understanding of the value of properties you will be able to tell when a property is undervalued - perhaps because a quick sale is needed or the seller is inexperienced. Don't hesitate to barter for the best deal possible.

### **Know Your Market**

You're not buying for yourself so spend time noting the trends in the market. You can often find data in the local real estate papers listing the percentage of growth for various properties in the area over the past year.

Keep an eye on what's moving quickly through the market and what features are promoted in new constructions. You can use this information to make your upgrades as market friendly as possible.

Be careful not to make the mistake of renovating to your personal tastes. Use neutral palettes and current styles to appeal to the broadest market.

### **Know Your Budget**

The more time you spend researching the costs of your venture, the higher the profits

you will see. Know how much you can spend, the price of materials and labour and the time frame to have it completed. Some experts would tell you to double or triple that amount. In any case, the more research you do the more accurate your budget will be.

Don't get swept away in the process either; concentrate on the most profitable renovations. Kitchens and bathrooms are important. Adding French doors or updated lighting can also be a good investment. A fresh coat of paint is a must.

Investing in real estate is a financial business. Plan your investment like a business; make well-researched decisions, stick to a budget, don't let personal preferences get involved, and you're ready to make some money!

**PS. Do you need help in choosing an Investment Property?**

Tell us your investment goals, your price range, preferred property type and area.

We have a large list of developers with a wide range of Investment Properties.

This is a FREE service and there is No Obligation.

**Call Gary Plotzza on 0411328016**