



PROPERTY NEWS No. 1 - 2007

Danber Financial Services

ABN 80 608 616 898

Head Office:

1st Floor/13 Scott St
Dandenong, Victoria
Australia 3175

Postal:

P.O. Box 7059
Dandenong, Victoria
Australia 3175

Phone: (03) 9794 8108

Fax: (03) 9793 9190

Ringwood Office:

3A/37 Seymour St
Ringwood, Victoria
Australia 3134

Phone: (03) 9876 9915

Appointments: (03) 9727 1015

Fax: (03) 9876 9916

email: admin@dfs.com.au

website: www.dfs.com.au

Welcome to Property News – *an insight into matters related to the research, acquisition and structure of investment properties.*

This Newsletter is designed to give clients of Danber Financial Services and all people interested in investing in property, access to research and up to date information that will assist in their decision to invest in property. Each quarter, along with relevant statistical data, it is hoped to identify some specific property opportunities for clients to consider and to highlight their benefit.

Australians have had a love affair with property for over 200 years and only recently Money Editor Karina Barrymore is quoted as saying “property is Australians favourite investment, the foundation of family wealth.”

Why then do Australians cherish their property? NAB chief economist, Alan Olster says “property prices impact on peoples perception of wealth and therefore their spending habits”. Australians perceive wealth by property, its status and its tangibility a visual reminder to all of success and achievement.

So the average Australian has an affinity to property; a measure of how well one is doing in building a successful financial future and lifestyle.

Home ownership then becomes a goal for most Australians; it is encouraged by families and passed on to the generations coming as the biggest financial decision and commitment you should aspire to. The Australian Dream.

So Why Do People Invest In Property?

Australian Bureau of Statistics figures for 2006 show our current population at 19,855,388, an increase of just over 1 million people since 2001. Nearly 65% of all people either own their own home or are in the process of buying their own home, while some 27.2% are currently renting. The rental market is increasing both in demand and in dollar value, so the outlook for prospective property investors is strong.

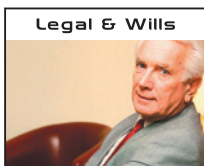
People need a place to live, a roof over their head, and depending on their financial circumstances will either buy or rent. That creates a **Demand** for houses, apartments or town houses and in turn a captive market for the astute investor.

We invest in property to get **Capital Growth** or **Rental Return (Yield)** or importantly the combination of the two. Traditionally residential houses and apartments are sought by investors for Capital Growth while commercial properties such as shops, factories and offices look for the rental return or yield.

Ideally an investor is looking to buy a property today and see the value of that property double in value over a period of between 7 to 12 years, depending on location, when it was bought, the price paid and the economic conditions that prevail at the time of purchase.

Remember...work hard, work your money harder

Danber Accounting Professionals Pty Ltd ABN 11 102 910 298



Can I afford to buy an Investment Property?

This is the question most asked by people thinking to invest. So as a rule of thumb, use this as a guide.

- If you own a home or have a current mortgage on your home, you will need to have 30% equity in that property or more, to **comfortably** use it as security for another property purchase. Borrowing up to a max of 80% of the two properties value will avoid mortgage insurance in most circumstances and reduce costs.
- Depending on what you owe to banks, finance companies and credit providers, your borrowing capacity will be assessed using your income, rent to be received from the new investment property and current loan commitments.
- You will need to be **comfortable in investing around \$60 to \$100 per week** to meet all commitments relating to the purchase of the investment property. All other costs will be met by the **tenants rent and tax benefits** relating to the property.
- If you are renting or simply don't want to use your existing property as security, you will need approximately \$35 - \$40,000 in the bank to comfortably purchase a new Investment Property. This would cover deposit, stamp duty, finance costs and legal fees.
- **Don't over extend yourself - it must be a comfortable exercise.**

At Danber Financial Services we offer a FREE finance review to all clients considering a new property purchase.

Special Projects

Each quarter we will try to highlight a few developments or house and land packages that we believe have merit and are worth considering. These projects have been investigated thoroughly and based on location, price, ability to rent easily and value in current market, we are happy to recommend.

- **Footscray** – 6 km from CBD. 2 bedroom apartments - \$315,000 to \$330,000
- **Braybrook**- 8km from CBD 2 bedroom apartments - \$310,000 to \$320,000
- **Cranbourne** – House and Land packages from - \$260,000
- **Altona North** – 7km from CBD 2 and 3 bed town house - \$375,000 to \$430,000

For more information regarding these special projects call **Gerry O'Neill** on **0411 696 866** or email your interest to **gerry@dfs.com.au** or call the Danber office on **(03) 9794 8108**.