

## Affordability levels are changing rapidly for the better

With interest rates falling and rents rising, Mat brings us up to speed on how this benefits our cash flows

For those investors that are now contemplating entering the property market, there may be no better time than right now. With interest rates reaching record lows the right property in the right location could cost very little or in some cases nothing at all to hold for some investors.

As investors we need to look at "Affordability" in 2 key areas.

Firstly we need to look at whether or not we can invest in and hold a property without affecting our day to day living. In most cases now the answer will be yes. Six months ago, the average investor required approximately \$200 per week to meet the short fall on a quality investment property. Today with interest rates at the level they are, the same investor could hold a property for under \$50 per week.

Secondly we need to look at the long term and what most investors are aiming to achieve and that's comfort and financial security for our retirement. Do we have enough funds? can we afford to retire comfortably? These are questions that each and everyone will have asked themselves at some point in their lives.

Unfortunately the government pension will not be sufficient and may not be around when some of us are ready to retire.

Superannuation is something that most people will have but not many can say that they will have enough funds to support a comfortable retirement.

Property can be the answer for you. You do not need to have too many properties in

your portfolio to be successful and gain enough wealth for retirement.

Consider the following:

Let's say you were to have 3 investment properties in your portfolio which you purchased for \$330,000. If you were to hold these properties for approx 10 years (1 Property Cycle), and taking into account they are located in good quality areas, your portfolio has the potential to double in value. Therefore this could mean you could have created approx \$1 Million in equity in which to access for retirement. Even if your portfolio was to grow at only half the rate this would equate to approx \$500,000.

Now you need to ask yourself, how long would it take to save that kind of money? The answer in most cases is never.

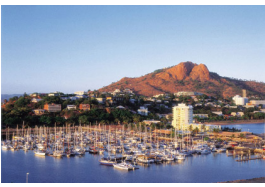
Taking one step back to the first key area of "Affordability". Taking into consideration that it will cost little or nothing at all to hold an investment property it makes sense to invest while affordability is at its best.

So as you can see property can assist you with making retirement in comfort become a reality not just a dream.

At New Projects Australia, with careful planning and guidance, we can help your dreams become reality through investing in property tailored to suit your needs.

Call your nearest consultant today and discuss how to get started or to further extend your investment portfolio.

**Written by Mathew Creeper  
NPA Townsville/Adelaide**



## A Reminder about our Free Monthly Investor Seminars

Learn the Steps to Successful Property Investment

- Which properties to invest in
- Should I buy new or old?
- How to maximise capital growth
- Pay off your mortgage years earlier
- Debt reduction strategies
- Best finance options
- Where to invest
- Why location is so important
- Where NOT to invest
- How to maximise negative gearing
- How to receive tax benefits in your pay
- Whose name to put on the contract



Adelaide: Wed 11 March 2009  
Brisbane: Tue 24 Feb 2009  
Gold Coast: Monday 23 Feb 2009  
Ipswich: Wed 25 Feb 2009

Mackay: Wed 22 Apr 2009  
Melbourne: Thur 12 Mar 2009  
Toowoomba: Thur 26 Feb 2009  
Townsville: Tue 9 Mar 2009

For any information on the seminar dates and times please call Sarah on 1300 429 040, or e-mail any questions you have to [info@newprojectsaustralia.com.au](mailto:info@newprojectsaustralia.com.au)

## NPA Case Study

Rental demand through the roof in Toowoomba's inner west

The latest property to be handed over in Toowoomba highlights the advantages of the property investment strategies employed by NPA.

When the project was put together for the client back in April 2008, our rental estimate was \$300 per week. Rental demand and therefore price has since surged in the area.

As a result, a tenant moved into the property on the afternoon of the hand over date. The property was rented for \$330 per week, 10% above the initial rental estimate. The property subsequently received another 8 enquiries before it was removed from the list of available rental properties.

Further evidence of this high rental demand can be seen on [realestate.com.au](http://realestate.com.au). If we search for four bedroom properties available for rent in Glenvale, the search reveals only three properties, ranging from \$300 to \$345 per week.

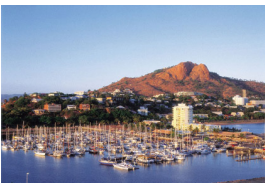
Our client has adhered to one of the most proven property investment strategies around: the position and style of your

property should appeal to, and be affordable by, the largest possible portion of the rental market.

To find out where you could apply a similar strategy in today's market, contact NPA or visit [www.newprojectsaustralia.com.au](http://www.newprojectsaustralia.com.au).



*(Note. This example has been published with the permission of our New Projects investor client. This example has been provided in good faith to outline the previous success of the New Projects analysis/investment techniques. Whilst New Projects conducts thorough analysis and research into all its property recommendations, it cannot and does not guarantee future performance).*



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## Article of the Month

High demand and low supply could provide catalyst for next price surge in Townsville

### Townsville housing approvals plummet

Courtesy of Lendl Ryan of the Townsville Bulletin  
31 Jan 2009

**TOWNSVILLE City Council says we are two years away from a housing affordability crisis the likes of which the city has never seen.**

The number of houses approved dropped by more than \$94.9 million to \$325,317,800 in 2008 with 490 less dwellings given the tick than the year before.

The number of new units approved slumped by \$14.5 million to \$198,282,613 with 90 less units receiving the green light. The council's Planning and Economic Development Committee chairman David Crisafulli warned house prices would rocket if the worrying decline in approvals continued.

"I fear that unless confidence by the banks returns, which will free up investment for builders, developers and mums and dads, we are two years away from an affordable housing crisis the likes of which this region has never seen," he said.

"There is no doubt that people are already struggling to afford a home at the moment but I fear the crisis is going to get much worse.

"We under-supplied in 2007 and that means that we drastically under-supplied in 2008.

"It is simply a case of supply and demand.

"The banks have lost confidence, we are building fewer homes and we still have people moving to the city.

"The costs of homes will increase drastically once we get over this hump because we have ceased to build enough dwellings to meet our demand."

Cr Crisafulli said the drop in building approvals, however, was good news for investors.

"On a positive note there is a message out there for an investor or someone looking for a first home or a developer from down south," he said.

"If we have a massive supply issue it makes this city probably the best place in Australia to invest and anyone considering making an investment will not go wrong in Townsville in the current market – so now is the time to buy."

The commercial sector was the only area to experience an increase in the number of council building approvals.

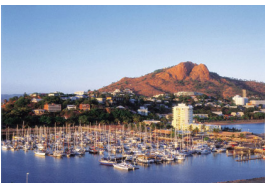
Three-hundred and sixty-four approvals valued at \$299,983,810 were granted compared to 319 approvals valued at \$229,827,792 in 2007.

"There is no doubt that the diversification of our industry and business makes us one of the strongest markets in the country," Cr Crisafulli said.

The economic downturn has clearly hit residents hard with the numbers of pools and spas, often one of strongest categories for approvals, declining by \$3.3 million.

Six-hundred and twenty-two approvals valued at \$16,428,513 were rubber-stamped compared to 775 valued at \$19,719,506.

Renovations dropped marginally by \$564,000 with 2483 approvals valued at \$52,930,358 granted compared to 2655 approvals valued at \$53,494,229.



## NPA Current Investment Opportunity

Best possible entry price in the heart of Townsville's northern growth corridor

The below property takes advantage of several key investing strategies employed at NPA. If the investor positions their property ahead of incoming infrastructure at a competitive price, they give themselves the best possible opportunity for early capital growth. Of course, the longer term considerations for capital growth also need to be considered. Issues such as dwelling approvals versus population growth and a diverse economy are key considerations for the long term. This area in Townsville at this price solidly meets all these criteria.

**Note that with recent interest rate decreases and rent rises, this property will cost the average income earner less than \$40 per week to hold and a for a higher income earner (\$80,000+), the property will be cash positive.**

**Address:** Lot 155 Daintree Drive, Forest Shores

**House Size:** 204 m<sup>2</sup>

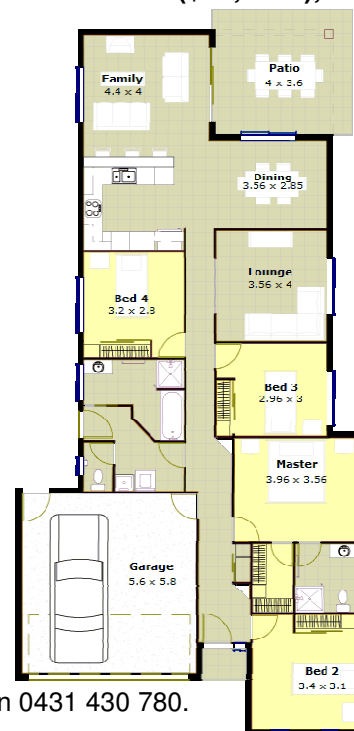
**Land Size:** 525 m<sup>2</sup>

**Land Price:** \$136,000

**House Price:** \$240,000

**Total Package Price:** \$376,000

**Indicative Rental:** \$380-400 / Week



For more information, contact Mathew Creeper at NPA Townsville on 0431 430 780.

*This monthly newsletter was brought to you by the dedicated staff at **New Projects Australia**. We do our best to keep all investor clients up to date and informed. If you have any questions, we will be happy to help, just give us a call! **Next month** Steve will bring us part two of the cash flow equation. High growth in quality areas with positive cash flow, is it achievable in today's markets?*