

Case Study Two

Big blocks equals BIG RETURNS

Maree Burns Case Study

The opportunity:
With a well established portfolio of seven properties already behind her Maree and partner Wayne decided to up the ante and embark on a small development for their next investment venture.

When it came to developments they realised the most prudent strategy would be to crawl before they could walk and so the pair set out to find a budget buy that would give them the scope to build a small granny flat at the back of an existing dwelling.



About the Client

MAREE BURNS

Maree lives in Sydney and works in the Hotel training industry, however her real passion lies with property development.

She has a well diversified portfolio with multiple properties scattered across the country.

You can read more about Maree's investment style in the magazine article "Together in love, divided in property" .

Maree had been using Trilogys mortgage brokering services since 2006.

Trilogy can be contacted on
1300 657 132 or at
admin@trilogyfunding.com.au

Maree intended to purchase the property on her own and says she wanted to find something within commuting distance of their home in Sydney to make project management of renovations and construction easier.

"We started off wanting to find a property close to where I live so I could do the renovations and everything myself. All of my other investments are in different states, so location was my first priority," explains Maree.

"But because we're in Sydney, it was impossible to find something I could afford on my income that I could then renovate and add the granny flat to."

She says they were directed to the Hunter region of NSW by a buyer's agent/project manager, who pointed out the potential of the area and the fact that it was showing good signs of growth.

"So we went up and had a sniff around Cessnock and found this property straight up," says Maree. "The kitchen and bathroom had been renovated within the last two years, so that was one less thing for me to do and the rest of the house really just needed painting internally and cleaning up."



The solution:

Maree bought the three bedroom, one bathroom older style cottage for \$210,000 in January 2011, primarily because it had value add potential and of course, the all important space for a granny flat at the rear. She spent \$6,000 on the renovations and the largest expense was replacing a portion of the existing roof. It was re-valued on completion of the cosmetic renovation at \$240,000, with a weekly rent of \$300 per week.

Cost of construction for the granny flat was \$98,000 plus extra for landscaping and the new fences. She says the granny flat is expected to achieve a starting rental of \$300 per week which will provide a healthy 9.5% return on investment.



The existing house sits on the front corner of the 1000+ square metre allotment, so it has front road access. The granny flat has both walking access to the front road via the new fenced pathway and car access via the back laneway. "Having car access onto the property for the granny flat is a big plus and adds \$\$ to the rental return," says Maree.

House Purchase	\$210,000
Closing Costs	\$9,000
House Reno & Roof Repairs	\$6,000
Granny Flat total build	\$98,000
Section 94	\$2,500
Landscaping, fencing, turf	\$3,000
Total Cost	\$328,500
Total site rental income expected pa	\$31,200
House \$300pw	
Granny Flat \$300pw	
Return	9.5%

As for the duo's long term goals, Maree says, "Wayne and I have our own separate strategies, but we bounce off each other on everything. We have big dreams and heaps of energy to chase them. We are both still working full time but it wont be long before we are able to exchange working for someone else to working on our own property business."

"My goal is to move into value add strategies of buying/renovating and adding granny flats to properties in Sydney and the Newcastle/Hunter Region. I will also be the head project manager for Wayne's larger residential developments he wants to move into."

There was no question as to the couple's development agenda, with Wayne's next investment goal being a larger residential development project, "We knew we needed to cut our teeth into a tiny development first; to find out how the systems and processes work before moving onto larger development sites. Just as well too, Wayne has just exchanged on a 5 townhouse development site!" says Maree.



Here's what Maree has to say about dealing with Trilogy Funding:

"David and Sophie have been a great help with getting this project off the ground. David, as always was informative and upfront about the finance options. Being my first construction loan I needed a bit of hand holding and guidance. Sophie was always on the ball making sure I knew what was going on at each stage of the loan – She was like my very own business banking manager!"

The only role that Trilogy played in this purchase was organising the finance, Trilogy doesn't sell property. We asked Maree if we could do a small case study on them because their story was a good one to tell.

TRILOGYFUNDING.COM.AU

CALL US NOW 1300 657 132