Trilogy news
"the property investor's mortgage broker"

NEWSLETTER | ISSUE 2

THE SWEET SMELL OF PROPERTY INVESTMENT POTENTIAL - ROSEBERY IS ONE TO WATCH!

An eclectic mix of period properties, art deco and mid-twentieth century architecture and modern industrial and residential developments give Rosebery, just six kilometres south-east of the Sydney CBD, its own unique identity.

Locals rave openly about the suburb via Ninemsn.com.au, which allows residents to comment on and rank their postcodes according to community vibe, available services and affordability. Rosebery gets a respectable 7.8 out of 10.

"Rosebery-ites" praise local amenity and suggest they feel 'safe' in this family friendly enclave, listing positives such as:

- great cafes and restaurants
- nearby shopping
- close to the city and beaches, minus the congestion
- great value for an eastern Sydney suburb
- big blocks of land, nice Californian bungalows and parks
- good transport

Friendly neighbours even get a look-in on more than one occasion and did I mention that cashed up family buyers and professional couples alike, love the area?

Recent developments

As if Rosebery residents didn't already have enough to crow about, the northern area of the suburb and adjacent Green Square are undergoing extensive gentrification.

A whopping $8 billion is being invested by the City of Sydney over the next ten years to transform the former industrial precinct into "a vibrant and sustainable urban environment."

Innovative and modern "green" housing developments, bespoke business and retail hubs and expansive parks and gardens are all on the agenda, along with a new town centre, with the 278-hectare parcel to be completely rejuvenated.

The City of Sydney cites Green Square as the fastest growing local precinct, with families flooding into the area and next-door's Rosebery, which has been popular with established residents for decades.

Backing a winner

Once home of the Rosebery Racecourse, which first opened in 1906, Rosebery is rich in history and for property investors, is virtually a "sure thing".

Anecdotally, someone I know had the opportunity to purchase an industrial building for around $7 million just two years ago. He turned it down as he felt it was a bit too pricey. That same building recently sold for over $40 million in the classic "one that got away" scenario!

Rosebery's median house price as at 21st July 2014 was $1,115,000. While this may seem like a stretch for your investment dollars, the median unit price was recorded at an attainable $611,000 – which is quite reasonable for an inner city Sydney suburb that's clearly on the up and up.

According to RP Data, the NSW median house price increased by 8.50 per cent between 2012 and 2013, while Rosebery smashed this average with a very impressive 29.39 per cent growth rate during the same period. Rental yields are a respectable 3.13 per cent (gross) for houses and 4.77 per cent (gross) for units.

	HOUSE	UNIT
Median price	$1,164,500	$611,000
Quarterly growth	3.33 %	3.56 %
12-month growth	29.39 %	6.49 %
3-year growth	29.39 %	14.21 %
5-year growth	84.26 %	23.43 %
Average Annual Growth	5.38 %	4.93 %
Weekly median advertised rent	$700	$560
Number of sales	57	87
Gross rental yield	3.13 %	4.77 %
Days on market	17.72	31.61

Source: RP Data for 2012/13 via yourinvestmentproperty.com.au

Who are the people in your neighbourhood?

In 2006 Rosebery's population was recorded at 7,422, but by the 2011 ABS Census this had grown by 14 per cent to 8,482. Current statistics suggest Rosebery now consists of 14,168 residents, meaning the local population has almost doubled in size over the last eight years.

Rosebery is an attractive option for young, professional families seeking solitude from the city, but still wanting to be close to Sydney's entertainment and employment opportunities. Serviced by a number of bus routes into the CBD and only 1.5 kilometres from the Green Square Railway Station, it's easy to see the appeal of Rosebery for commuters.

There are a number of parks, two primary schools and a host of trendy cafes catering to local coffee connoisseurs. And if all that doesn't tempt you to look a little deeper into Rosebery's property investment potential, the City of Sydney says an estimated 40,000 new residents and 22,000 workers are expected to move in by 2030, as a result of the Green Square revamp.

Investors would do well to consider the relatively affordable unit and apartment stock on offer in Rosebery, with locals citing the Gardeners Road precinct and in particular, nearby roads like Tramway Street, as popular favourites.

6 FINANCIAL LESSONS EVERY PARENT SHOULD TEACH THEIR CHILD

How many times have you said to yourself as an adult…if only I knew about that 30 years ago? Those moments of hindsight are the lessons we should be teaching our children. Especially when it comes to making their money go further!

We all have some past financial regret lurking in our history and there's good reason for that. Most of us were never taught how to manage money. Our parents were generally reluctant to share their mistakes with us and Money Management 101 wasn't big on the school syllabus.

Nevertheless, one of the most important life tools we can equip our children with is an understanding of how the world of finance really works.

I'm not suggesting you sit down over dinner and quiz them on the latest Fin Review. But there are ways you can prepare your kids to take responsibility for their finances and manage them effectively. What's more, these lessons should start as soon as they earn that first shiny dollar (or $2 with inflation) from the tooth fairy!

I'm sure you can add to this list when reflecting on your own financial journey, but here are 6 simple lessons you can impart to set your child up for future fiscal success:

1. I budget and I know it!

How old were you when you first started budgeting? Did you have a balance sheet to keep track of your pocket money, or was it when your finances required resuscitating that you finally faced the realities of your incomings and outgoings?

As soon as they have their own money – even if it's $5 for washing the car – and indicate a desire to save up for the latest loom banding kit that all their friends have, you need to teach your children the art of balancing a budget. Just think of the math's skills they'll acquire along the way!

2. Save, save, save!

We all want to help our children get further in life. But giving them everything they desire is setting them up for a fall. This is the type of attitude credit companies profit from. Thinking reward comes with no effort at all is a massive and potentially deadly financial trap.

The child who patiently saves a dollar a week to buy a $50 toy at the end of the year, is the adult who squirrels away something from each pay cheque to accumulate a 20 per cent deposit towards their first home.

3. There's no such thing as 'easy credit'!

This lesson goes hand in glove with the above gem. If you want it, you have to be able to afford it. If you don't have the money for it right now, be patient and save. Credit spent on luxury items, holidays or a new car is like a bad tattoo - far too easy to obtain, incredibly painful to get rid of and the cause of many sleepless nights fuelled by regret and anxiety.

Teach your child the difference between 'good debt' and 'bad debt', with the former allowing you to invest in order to increase your net worth and the latter bleeding your bank balance dry.

4. Know how to score!

Everyone has a credit file that documents your last five years worth of fiscal history in detail. Tardy payments, defaults, bankruptcy and any other transgressions are recorded and available to loan assessors.

Encourage your children to be organised, reliable and pay all bills on time whenever possible. Likewise, urge them to address any problems they might encounter trying to meet their financial commitments, rather than hiding from the issue. This is a big lesson in responsibility.

Remember, the cleaner their credit history, the more power they will have when it comes to seeking a home loan later on.

5. Don't be a paper shuffler!

You know the kind I mean. You ask them for a document and they start scrimmaging around in a mountain of paperwork looking all flustered. They break into a sweat and mutter, "It's here somewhere…I'm certain…"

When it comes time for your child to apply for a home loan or even do their taxes at the end of each financial year, they will thank you for instilling the need to maintain a neat and tidy paper trail and properly manage their financial affairs. And who knows, it could mean a cleaner teenage bedroom!

6. Surround yourself with the right people

The world of finance is riddled with 'advisors' and 'experts'. But as I'm sure you well know, they are not all created equal! Be your child's first wealth of important knowledge by teaching them how to qualify anyone they consider employing to assist along their financial journey.

Another critical lesson that aligns with this is 'if something seems too good to be true, it most likely is'. There are numerous opportunists just waiting to take money from unsuspecting targets. Educating your child around the questions to ask, qualifications and credentials to look for and referrals from past clients as confirmation of the person's know-how and professionalism, will go a long way to protecting them from scammers in the long run.

Understanding and adopting these lessons could be the difference between your child thriving financially and spreading their wings, or living at home for the rest of their lives. How's that for motivation to start teaching them today!

COULD YOU BE 2014'S PROPERTY INVESTOR OF THE YEAR?

We're passionate about helping people achieve their financial objectives with smart property investment strategies, so when we were approached by one of Australia's leading investment publications to judge their annual awards, naturally we accepted.

Your Investment Property Magazine's, 2014 'Investor of the Year' marks the seventh anniversary of this unique accolade that celebrates the achievements of Australia's real estate enthusiasts.

Past winners have been recognised for the discipline, initiative and strategic thinking demonstrated in taking control of their personal wealth creation; three key factors that are imperative to property investment success.

These qualities align perfectly with our philosophy on helping investors get ahead here at Trilogy. Our area of expertise, unlike other brokers who specialise in homebuyer mortgages or clients experiencing financial difficulties, lies in helping clients structure (or restructure) their loan portfolio in order to maximise their returns.

Your Investment Property magazine's 'Property Investor of the Year' Award seeks to acknowledge the successful implementation of well planned and executed investment strategies. And it's our job to ensure you, the investor, understand these specialist strategies as they relate to growing your portfolio with greater pools of finance.

We are proud to support these awards, which encourage the sharing of success stories among Australia's property investment community, as well as valuable lessons learnt along the journey. Our clients love to discuss their victories and 'war wounds' with us, and we recognise this is the best way for us to grow our own knowledge bank and assist other investors who might be experiencing similar circumstances.

After many years in the business, we've heard thousands of investment scenarios that have all added to the strength and expertise we demonstrate in unlocking finance for property investors.

That's why Your Investment Property magazine have asked Trilogy CEO, Ed Nixon, to sit front and centre on the 2014 'Investor of the Year' judging panel. And we're excited to hear more of your stories!

Share your investment experience and you'll be in the running to win the title (and bragging rights!) of 2014 'Investor of the Year', as well as an amazing prize pack worth over $8,500 that includes:

- $1,000 cash from the team here at Trilogy
- A preloaded $1,000 EFTPOS® card from DHA Australia
- A 12 month Real Estate Investar 'Portfolio Builder' membership valued at $2,988
- A selection of reports from Washington Brown, valued at $2,360
- A 12 month 'platinum' membership to NMD Data, valued at $199
- A 12 month subscription to Your Investment Property magazine, including an exclusive report pack compiled by Your investment Property and RP Data, valued at $1,010

Plus, there are four more amazing property prize packs for runners up and highly commended entrants.

Nominations are now open and we'd love to see as many Trilogy clients participate as possible. Click here to visit the Nominations Page (entries close 17th October).

We love to see our clients succeed in using property to create wealth, and to have your story told by one of Australia's leading property publications is a rare and truly exciting opportunity!

A number of Trilogy clients have taken out these awards in the past and we can't wait to see more this year.

SUBMIT YOUR NOMINATION NOW

http://survey.keymedia.com/au/yip/2014/InvestoroftheYear/

INVESTOR ACTIVITY IS MOVING MARKETS

After today's RBA announcement you might well be wondering what this latest decision, as well as current economic fundamentals – particularly all the talk surrounding the controversial federal budget – means for the future of our property markets and investors who have their fortunes tied up within them.

Well, as property players who have been around the block a few times are well aware, this is a game of ups and downs, with little consistency and even less predictability in the short term.

Conversely in the long term, we know there is great consistency and predictability in certain segments of Australia's residential property market, which is what makes carefully qualified, financed and purchased real estate such a solid future investment.

An interesting time

For the last eighteen or so months, some property markets around our major capital cities – Melbourne, Sydney and Brisbane in particular – have been abuzz with activity.

Fuelled by the ongoing low interest rate environment like proverbial kids in the candy store, cashed up investors with equity from the portfolio they started in the noughties, and even first timers accessing their bricks and mortar savings, are borrowing and buying.

Of course there are plenty of first homebuyers, upgraders and downsizing empty nesters on the playing field as well. With recent housing data from Residex indicating that suburbs are starting to gain increasing favour with homebuyers looking for affordable alternatives.

Here at Trilogy, we are receiving an increasing number of enquiries from clients with four or five properties, who want to know how they can leverage off their current investments to buy more.

Big boys start to play

Not content with letting the already remarkably low interest rate environment bring clients through their doors, some of the Big Four decided to up the ante last month, slicing and dicing their fixed rate offerings to all time lows.

The Commonwealth started it all, announcing a 4.99% five year fixed rate, with the NAB responding by dropping its four year fixed rate loan to 4.99% and its three year fixed term offering to 4.94%.

Of course this move reflects how the banks feel about the outlook for cash rate decisions made by the RBA over the next few years, so it will be interesting to see what they do (if anything) with today's news. As for investors, my recommendation is to…

Tread carefully

Whilst the continuing low interest rate environment offers some enticing reasons to seriously consider adding to your property portfolio, I would urge investors to proceed with caution.

I'm in no way suggesting you should sit on the sidelines and miss out on some potentially fantastic opportunities to grow your retirement fund, but there are a few things to keep in mind…

1. Think about your financial and investment position before falling for an alluring fixed rate loan product. While some of these rates seem irresistible at first glance, there are always pros and cons with fixed products, as with any type of loan package. Weigh them up carefully.

What if the cash rate and variable loans drop further during your fixed rate term? What might it cost you to refinance or end the contract before the fixed rate period ends? What can you get alongside the loan in terms of other facilities, like

2. Don't over extend yourself with the wishful thinking that this will last forever. Make sure you can not only afford it today, but tomorrow should the status quo change and your interest repayments start to consistently rise, ending up around the 7 or 8% mark.

Accessing your equity is a great way to grow your property portfolio, particularly when mortgages are so much more affordable. But you should always do so within the surety of your risk profile and long-term investment strategy.

3. Beware the competition. With more homebuyers and investors looking to take advantage of "cheaper" mortgages, there comes increased market competition. Keep a level head when it comes to qualifying a property, including what it's actually worth, what you are prepared to pay from a purely dollars and sense decision and how it will complement your overall investment position.

Never be tempted to get into price bidding wars with overly zealous homebuyers who are making financial decisions with their hearts, not their heads!

4. Be proactive and not reactive. While it is important to keep abreast of cash rate decisions made by the RBA, it's just as important not to be swayed entirely by interest rate moves. The current climate is a perfect example of why you need to act according to your needs and capacity when it comes to investment decisions that will influence your financial future.

Of course you will make that decision partially on the basis of current market fundamentals, but it should never be entirely because you could get a great interest rate deal!