

## PropertyInvesting.com 'Insider'

### Discover proven tips, strategies and techniques to dramatically increase your property investing profits

Issue 1, Volume 6 - February 2007

By Steve McKnight

9:15am, Friday 23rd February 2007

Hi,

Last week the ABS released some very interesting real estate data, and, if it's true, we may now be at the dawn of a new and exciting property trend. With it will come another redistribution of wealth, and in this edition of Insider, I'll share my thoughts on how you can ride the crest of the money making wave.

Keep reading if you want to:

- Discover how to apply the 'less is more' principle and potentially increase your property returns by 20%+ per annum
- Be amongst the first in line to snap up a spot in the next intake into my highly acclaimed R.E.S.U.L.T.S. mentoring program
- Receive your (albeit late) Christmas Present - a free webinar that outlines how you can find great and highly profitable deals in the current real estate market

As usual there's a lot to cover so let's get started!

---

## A Ray Of Hope - Profits Up and Prices To Follow

Up until very recently just about every article or piece of information concerning the property market was negative. Interest rates up, affordability down, mortgagee auctions on the rise... it was all doom and gloom and reinforced the general attitude that real estate was about as attractive as week-old fish.

Well, the worm may finally have turned with some exciting data published by the Australian Bureau of Statistics (ABS) last week. In a nutshell, the ABS reported that rents rose by 3.7 per cent last year.

Okay, 3.7% doesn't sound like something wild to write home about, however, when you consider that it is the fastest increase since 1991 (i.e. at the end of the last recession), then perhaps it is time to break out the party hats and streamers and put on your favourite '80's Hitz' CD.

Seriously, this is good news, especially when you add to it that the RBA expects that 'significantly larger rent increases' are yet to pass through the system. For example, in Melbourne it has been reported that rents have increased by as much as 50% in the past 12 months.

Can't see the connection between rents and party music? Don't stress - here's the link.

- A. As rents increase, so too does an investor's rental return and profitability,
- B. As profitability increases, so too does the amount that banks are willing to lend**
- C. Since most properties are financed to the tune of 80%+ of the purchase price, an increase in lending allows for higher property prices.
- D. Therefore, higher rents allow for bigger cashflow returns plus adds pressure for house prices to rise (i.e. capital gains).**

Aside from being interesting, you can use this information to your advantage when it comes time to negotiating a rental increase using 'My less is more approach. Here's how it works:

1. First up, no tenant in their right mind enjoys receiving notification that a rental increase is

due. However, in the same token, most tenants understand that from time to time the rent needs to rise if for no other reason than to keep pace with inflation.

2. **The danger is though that an unexpected, unjustifiable or unreasonable rental increase will be seen by the tenant as opportunistic rather than fair, and this can lead to a less harmonious relationship.**
3. The 'less is more' approach allows you to increase your rent while also keeping the peace with your tenant, but to apply it you need to find justification for the rent rise. That's where you can use the ABS's data to negotiate a favourable rental increase outcome. Here's a sample conversation:

*"Ms. Tenant, it's now been <insert months> since the rent was last adjusted, and in that time there's been <number> of interest rate rises. Also, I'm not sure if you have been reading the papers lately, but it's been reported that rents have started to sky rocket.*

*Look, you've been a great tenant and I want to reward you for looking after the place, but at the same time, I need to pass on some of the extra costs I'm now incurring. I'm told that a rental increase of <insert dollars> a week would be reasonable, however how about I just increase it by <a little less than previous amount>, and hold off for another <insert months> before it kicks in to allow you some time to budget and adjust?"*

In the conversation above, the 'less' represents the discount you apply to justify the increase, and the 'more' is illustrated by the higher rent overall. I've applied this approach many times over the years, and factoring in the additional returns, my Cash-on-Cash Returns have increased by 20%+.

Sadly, many investors are afraid of increasing the rent for fear of losing the tenant. This is naive and, frankly, financially irresponsible. As a landlord you wear the risk of the investment, so make sure you maximise your profitability. Go on - challenge the comfort zone. The worst thing that can happen is that the rent stays where it is.

If you'd like to talk more about this topic then post your comments on the Forum Boards at:

<http://propertyinvesting.com/go/167>

---

## R.E.S.U.L.T.S. Mentoring Intake Opening Soon...

### Be Amongst The First In Line

Do you want to discover techniques that can dramatically increase your property profits? Perhaps you'd like one-to-one Coaching from an experienced real estate investor who can help take your investing to the next level? Alternatively, there is a lot to be gained by networking with serious and like-minded investors.

All this is on offer plus much, much more as part of my highly acclaimed R.E.S.U.L.T.S. mentoring program.

It's no exaggeration to say that R.E.S.U.L.T.S. has powerfully impacted and changed many investors' lives for the better - and now it's your turn to take advantage of a strictly limited opportunity.

I'm delighted to announce that the waiting period for the next intake is almost over. In three short weeks I'll be announcing all the necessary details to the general public, but before I do, I wanted to provide you with an opportunity to join the 'hot list' and therefore be at the very front of the queue. Best of all, it won't cost you a cent to join and there's no obligation or commitment.

Specifically, the benefits of joining the R.E.S.U.L.T.S. hot list include:

- **48 hours advance notice of when seats become available**
- Access to \$495 worth of hot-list only resources including, videos, webinars, and written material
- **A discount code to save a massive \$200 off the asking price**
- And much more

Don't wait another second. Join the R.E.S.U.L.T.S. Hot List right now by going to <http://propertyinvesting.com/go/168> and registering your details. There's no commitment and no obligation - just great resources that are yours for the taking.

---

## Christmas Comes Late - Your 'Better Late Than Never' Xmas Present

A question I'm asked on an almost daily basis is 'where can I find great deals in the current market'. Thankfully, last week renovation and development expert Martin Ayles and I teamed up to share our thoughts on how you can unearth fantastic 'reno and development' deals.

Luckily our conversation - all 79 minutes - was recorded and is now available for you to download, with the accompanying notes too!

Some of the topics covered on the recording include:

- **Unusual ways that Martin finds deals, such as the 'for rent' column**
- Strategies for using the internet to uncover great deals
- **Ways to get an agent onsite so that they flick you the hot deals before releasing them to the general market**
- Why Martin thinks it's smart to 'turn left' when hunting for new prospects
- **What is it about a property that makes it an attractive investment**
- Marty's five factors that instantly cause him to walk away

As mentioned, I'd like to give you this recording as a late Xmas gift and it's my hope that it opens your eyes to new possibilities and ways to profit from property.

If you like what you hear then you'll want to act fast to secure one of the few remaining seats for Martin's upcoming 3 Day Reno, Subdivision and Development Bootcamp to be held in South Australia on 16, 17 and 18 March.

This is the event where Martin invites you on a bus tour to personally see, inspect and walk through a selection of his latest deals as Marty shows you exactly how he puts a profitable deal together.

Those attending his Bootcamp will also receive copies of both his renovation and development checklists - powerful documents that will help you to avoid the pitfalls that sink many investors while also positioning yourself for attractive gains.

You can download the webinar and notes, as well as finding out more information about Marty's upcoming bootcamp at <http://propertyinvesting.com/go/169>

Be quick though... at the time of writing there are just 24 spots left and the \$1,300 'action taker' discount expires today at 5pm!

---

## Homework

From now on, each newsletter will contain homework assignments that, if you complete, will greatly improve your investing ability. Your homework on this occasion is:

1. Go to <http://propertyinvesting.com/go/169> and listen to the webinar on how to find great deals
2. If you're interested, join the R.E.S.U.L.T.S. mentoring hot list by registering at <http://propertyinvesting.com/go/168>
3. Call a real estate agent and see how much rents have increased in areas where you invest. Post your findings on the Forum Board at <http://propertyinvesting.com/go/167>

That brings us to the end of this edition of Insider. I trust that it's been helpful but would also welcome any feedback about how it could be improved (send to [feedback@propertyinvesting.com](mailto:feedback@propertyinvesting.com)).

Until next time, all the best with your investing and remember that success comes from doing things differently!

Cheers,

Steve McKnight

**P.S. You can register for the R.E.S.U.L.T.S. Hot List now at <http://propertyinvesting.com/go/168>**

***P.P.S. Will you be one of the last 24 people to profit from Martin's extensive reno and development experience? Find out more at <http://propertyinvesting.com/go/169>***

This article reproduced from <http://www.propertyinvesting.com/> with permission.  
© Copyright 2001-2004. PropertyInvesting.com Pty Ltd. All rights reserved.