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## PropertyInvesting.com 'Insider'

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

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By Steve McKnight

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It's my birthday, and what better way to celebrate than to provide you with a bumper newsletter that I regard as the most important I've written in several years.

Without any doubt or exaggeration, there are several fascinating changes occurring right now in the Australian property market, and this document explains how you can capitalise on the exciting emerging opportunities.

If you're keen to make some quick profits then keep reading as I explain:

1. Why there's currently a silent boom happening that is making many investors seriously rich.
2. How you can be among the last 35 people in 2007 to receive exclusive training on how to buy a property bargain. Don't miss out.

As I reach for another slice of birthday cake, let's make a start as I outline a new dimension to the old property market.

### Silent Real Estate Boom Leads To Property Price Explosion.

Property values across the eastern seaboard have started to boom again, with several areas achieving record auction clearance rates of close to 100%, at the same time as seeing homes sell for up to several hundred thousand dollars more than either the vendor or agent expected.

For example, guess how much a property in the leafy eastern suburbs of Melbourne, advertised at \$630,000+, sold for at auction last weekend? A whopping \$860,000 or 36% above the quoted price range.

Newspapers are reporting that agents are getting sales ranges wrong by up to 20%. In dollar terms, that's up to \$100,000 off the mark on a \$500,000 property - quite a margin for error in anyone's language!

Normally you might conclude that agents were just underquoting to sign up new sales, but the truth is that a new breed of desperate cashed-up top-dollar buyer has come out of the woodwork and, just like a hungry termite, is eating through whatever opportunities are emerging.

This conclusion is supported by the summing up of a trusted local real estate agent who said "Yep Steve, you're right. Buyers are officially red hot."

For a while I have been struggling to understand how this could be happening. After all, isn't the country in the midst of a nasty new trend of higher inflation, rising interest rates and low home affordability? Surely this would lead to flat prices, not record gains!

Given reality is defying expectation, let's take a look at what is fuelling the current boom:

#### 1. Election Mayhem

I'm reliably informed that there hasn't ever been an increase in interest rates in the months leading up to an election. This makes sense when you think about it. What would happen to the Howard government's chances of re-election if the RBA decided to increase interest rates in June, July, September, or October?

It would make a HUGE political comment and give the Labour opposition a major boost and fresh ammunition. It seems logical then that the RBA will sit on their collective hands until after the election later in the year.

Without an increase in interest rates, property prices will at least consolidate, and, in areas where they have already boomed, continue to trend upwards at a fast pace.

In all likelihood, we won't see any interest rate hikes before the election, but we might see a few quick adjustments afterwards once the political landscape is less volatile.

#### 2. Change in Financing Behaviour

The way we use credit has changed dramatically over the last decade. The days of buying a home, paying off the mortgage over 25 or so years, and living in the property until retirement are now all but gone.

In its stead is a new breed of aggressive borrower - someone who has either forgotten the pain of economic decline or who lives in an unreal utopia of believing that economic prosperity is a fact of life.

Instead of ever considering paying off a loan, the new generation of borrowers is happy to take a loan for as much as possible, and pay off as little as possible (often just paying interest and no principal), on the basis that the loan will be repaid when the property is sold in addition to pocketing an extra \$50,000+ in equity in the meantime.

Combining this mindset with an attitude of 'nothing is forever', we now have an army of home switchers rather than home owners - people who live in a home for five or so years and then trade in their loan (for a bigger one) and cash in their equity, for a nicer home.

It's these guys - the ones with high paying jobs, who are cashed up on the back of pay rises and healthy bonuses and with equity to burn, that are going on a housing spending binge.

As an investor, what should your response be? Well, you have two choices:

##### I. You can do nothing, instead preferring to sit back and watch what happens.

This seems like the safest choice, but it is actually the most dangerous. Investors always need to tailor their approach to changes in the market. If you stand still then you risk becoming ineffective and obsolete. For example, if you continue to hold large amounts of cash then you'll be losing purchasing power if you don't jump into the property market should values appreciate in

excess of interest earned.

Still, you ought not feel rushed into making a hasty decision as opportunities will exist in all markets provided you use value add techniques.

## II. You can take action, in a controlled way, and spot buy properties that are primed to increase substantially in value.

This is what I have chosen to do. Using the exact same theories as I outline at my upcoming seminars, I'm having no trouble finding many property bargains that are well positioned to make conservative returns of between \$50,000 and \$250,000+ over the next six to eighteen months.

As I have mentioned in previous newsletters, I feel the best opportunities are those where you can take a property or people problem, and then solve it by adding more in perceived value than actual cost. Going one step further, given that prices have started to rise, attempting to lock in a purchase (even potentially paying full price) on extended settlement terms (i.e. 120+ days) can work in your favour as you will benefit from any capital appreciation without having to pay any interest prior to settlement.

A longer settlement also buys you extra time to evaluate which strategy is the most profitable, as well as get any planning permits underway and potentially perhaps some renovations (via early access).

It's time for you to make a decision. The property market is moving fast and it's not waiting for anyone. Are you in or out? Are you willing to let me personally train you on how to Find, Buy and Finance a property bargain? If so then keep reading.

## Crunch Time: Final Seats Being Snapped Up

As I've hinted above, while some homes are booming, others are barely recording any price movement at all. I've created a comprehensive step-by-step system that allows investors to find, buy and finance property bargains, and I'd like to share it with you over nine hours of intensive training.

I'm told there are only a handful (approx 35) seats left for my upcoming Melbourne (20th May) and Brisbane (30th June) seminars.

It's definitely a lot more than theory. You'll be provided with four newly designed templates that allow you to identify hot areas and properties, and shown case studies of real deals that I have bought over the past few months. I will also provide you with weekly emails detailing what to do in the 28 days after the seminar to ensure you are taking action and moving in the right direction.

It's pretty simple. Are you willing to back yourself to the tune of \$695? If the answer is yes then this is your LAST chance to book in for this seminar in 2007.

I guarantee you'll be 100% happy with the event or else you can have all your money back. Yes. I'm happy to support you - you just need to back yourself and take the first step to discovering how to make your property investing become a powerful wealth creation tool.

Don't sit on the fence and risk missing out on fantastic new tools and techniques that will allow you to make empowered and wise investing decisions.

Participants at the Sydney seminar last weekend left educated, ready and raring to hit the market.

"Attending this seminar in Sydney provided me with the tools and confidence necessary to propel myself to the next level of property investing." - R. Carey

"Investors could benefit from this seminar as it provides motivation, great information, and networking opportunities with likeminded people." - J. Craig

"I walked away from the event with focus, a structure and a solid foundation from which to begin." - A. Furlong

If this isn't the opportunity you've been looking for to get a foothold in the property market, what is?

It's time to make a decision. If you want the latest training by Australia's #1 property educator then get in quick by either booking online at <http://www.propertyinvesting.com/go/184> or else phoning the office on (03) 9878 1299 during business hours.

## Homework

Your homework this month is to complete the following:

1. If you're serious about investing, jump online at <http://www.propertyinvesting.com/go/184> and book one of the few remaining seats for my Melbourne (20th May) or Brisbane (30th June) seminars. I won't be running this seminar series again in 2007, so don't risk disappointment as a result of someone else stealing your opportunity.
2. Scan through your local paper and locate a property that is coming up for auction in two weeks time. Attend the open house and take down notes about who you think would buy the property (age, income, family status etc) as well as how much you think they will pay for the property. Attend the auction and then compare your expectations with what happens. Write up a report and post it in the 'General Property' forum at PropertyInvesting.com. The best post made prior to the end of the May will win a fabulous prize.

Well, that's it from me. I'm off to open some presents. Maybe this year I'll get that train set I always wanted as a boy (grin). Until next time, remember that the property market is hotting up, and that to be a success you'll need to do things differently.

All the best,

Steve McKnight

P.S. With this newsletter going to the entire database, it's likely the remaining 35 seats will be snapped up in days. Therefore, I recommend you book your place as soon as possible at <http://www.propertyinvesting.com/go/184>

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