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PropertyInvesting.com 'Insider'

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

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Welcome to your October 2004 edition of Insider - Australia's #1 e-zine outlining tips and strategies for successful real estate investing, especially for those looking for positive cashflow returns.

If this is the first time you're receiving this newsletter then I'd like to warmly welcome you to the PropertyInvesting.com community!

Don't forget that, in addition to this newsletter, there's plenty of great information available on the PropertyInvesting.com forum boards; see: <http://www.propertyinvesting.com/forum>

Here's what's on offer in this month's information-packed Insider:

- [Avoid the backslide - 2004 still has a lot to offer!](#)
- [Opportunity is knocking - but only for so long!](#)
- [Forum Post of the Month - Keep, or Sell and Pay Tax?](#)

As usual there's plenty to discuss, so let's get straight into it!

Avoid the backslide - 2004 still has a lot to offer!

Today - right now - remains an exciting time for the property market. Any uncertainty about the government of the day has been resolved with the Coalition being returned to office while home loan interest rates remain at record lows. I even recently heard the somewhat optimistic opinion of one real estate agent predicting a possible price bounce and a return to the heady days of the recent boom.

Hmmm - reality check time!

When you strip away the hype, very little has actually changed of late. Instead the property market still seems to be looking for direction. It's like there's been a substantial 'deep breath' and in the absence of any obvious collywobbles (like an interest rate hike, or a profound impact of high oil prices) meaning the status quo may remain until well into 2005.

The possibility of a sustained 'nothing' doesn't mean that there are fewer opportunities though. No - it simply reinforces the philosophy I discussed in my latest book, that is, that profits are made rather than bought.

Now more than ever it's your skill (in terms of making the deal) rather than luck (i.e. relying that the market will go up) that will determine your success. I'm so convicted on this point that, while the market lacks direction, I'm anticipating a somewhat subtle stealth of wealth.

What I expect will happen, in the short term at least, is not so much that people will lose large sums of real money, but that:

1. Equity (or unrealised) gains will be eroded by the effects of inflation and small but not insignificant price falls; and
2. Those with investing skill will continue to increase (or multiply) their wealth while those dependent on the market will see their progress stall.

Overall, it all boils down to a matter of trying to maximise your existing gains, and in doing so, making every

effort to get the most out of what you already have.

And that's why I feel it's an exciting time for the property market - because those who know what they're doing are poised to use the lack of direction to their advantage by continuing to build a strong financial position on the following two fronts:

1. Looking inward at their existing investments and in doing so, increasing the efficiency of performing assets while also casting out the duds while there is still time; and
2. Making competitive offers on niche deals that the speculators now hesitate about, since they rely on luck whereas savvy investors use skill.

From a practical perspective then, a great way to reinforce this point is by looking at opposing perspectives for the remainder of 2004.

To begin with, there will be many investors who are now thinking 'just another 59 days until Christmas and a well earned holiday'. By shutting off their minds to the possibility of business they have capped their progress and, for all intense and purposes, stalled.

On the other hand, those with the required mindset for success in these stagnant times are working harder than ever to use the remaining days to transact and complete business before the party season hits full swing.

It's certainly not too late to get take control of your investing. Sure, 59 days doesn't seem like a whole lot of time, but that also represents 16% of the year! So, like many things, it's how you view what's remaining that counts.

In case you haven't picked it up, I'm really(!) passionate about using the time remaining rather than hitting the cruise control and just seeing the year out.

Expanding on this - if you're looking for the investing edge then I urge you to seriously consider attending one of my three remaining 2004 Property Masterclasses (to be held in Sydney, Brisbane and Melbourne), and then, based on the great and practical information you'll receive, take immediate action and build for yourself a much stronger financial position well before it's time to open Chrissie presents.

At the end of the day, it's your action or inaction that will drive your investing results. There remains plenty of time to achieve a great deal prior to the end of 2004.

Have a question or comment about this topic? You can post it at <http://www.propertyinvesting.com/forum/topic/13566.html>.

Opportunity is knocking - but only for so long!

Every time I host one of my Property Masterclasses I have the following personal goal in mind - to dedicate myself to doing anything and everything possible to deliver a full day of practical 'no-hype' investing training, purpose designed to help you maximise your property returns.

That's why I've just spent the past three days updating my presentation and course notes to ensure they fully incorporate my recently revised investing theories, and that they're fully tailored to the latest market information.

As demonstrated by the comments below, these education-based events are not like other wealth creation seminars. Here's what several previous attendees wrote on their feedback forms:

"I strongly recommend attending as there is no school where you can learn what is taught here" - W. Lekamge

"Being the second seminar of yours I have been to, and the first paid for itself several times over, I'd highly recommend it!" - G. Newbery

"I've been to other property investing seminars, and none has given me as much information as this one" - E. Thomas

"Steve is a great educator. The information is put forward without hype and jargon. I'm fired up even more than I already

was." - B. Besmara

As mentioned, it's a full day - 8:30am until 6pm - and the information on offer has been written to be particularly relevant for investors of all abilities... from those looking to make a start, to those seeking the wherewithal to go from 5 to 50 properties.

Here's a sample of some of the points that will be discussed:

- Breakthrough! The four money-mindset principles you can use to underpin your sustained investing success.
- X-Factor: Learn what really influences property prices, and it's not location, location, location!
- The straightforward three-step approach you can use to build a strong market position.
- Practical tips to maximise your money by avoiding lazy money through using your existing profits to leverage further wealth.
- Ploughing profits - how to have a balanced portfolio that covers the four investing seasons
- How you can unearth ongoing positive cashflow opportunities by understanding how everyday deals are made and put together
- The '11 Second Solution' Mark II, and it's practical application for making money
- The business of property investing - that is, how to upscale your portfolio by properly leveraging your time, and your money
- How you can quickly evaluate a deal, using four simple questions, to gauge whether the risk is worth the return
- A dedicated forty-minute break-out session designed to outline the opportunities and pitfalls for those interested in New Zealand property
- Your chance to meet, hear and learn from the Mappers - protégés that I mentored and were featured in my latest book;
- And much more...

In summary, what I'm offering here is the chance to spend a full day with seasoned investors, many of whom own or control multi-million dollar property portfolios. This is not an event for academics who want to argue theory - only those who want exposure to an accumulation of real life experience forged on the back of successful investing should attend.

Here are the dates for the remaining 2004 Masterclasses:

Brisbane: 21 November 2004

Melbourne: 5 December 2004

Sydney: 12 December 2004

These will be the only Masterclasses until at least mid-March 2005!

Best of all, my events are amongst the most affordable on offer making them excellent value for money. While seats remain, all you'll pay is just \$550 (normally \$695!) to gain access to over eight hours of proven, practical and profitable information - and this includes GST, a working lunch and course materials too. Also, don't forget our quality guarantee that you can stay until morning tea, and if you don't feel the event is everything promised and more, ask for and receive a full refund.

"Over the past four months, my wife and I have used Steve's techniques to acquire 11 positive cashflow properties. His Masterclass not only helped us to refocus, it also guided us in effective money management thereby equipping us to take our investments to the next level" - S. Buckingham

Even if you've been to one of my events before, now would be a great time to come back to gain the latest insights to re-equip yourself to keep going.

You can find out more and book online at <<http://www.propertyinvesting.com/sima/click.php?id=25>>, or by calling 1800 660 630. Please, seats are limited, so avoid missing out by booking quickly.

Note - online orders receive my popular bulletin titled 'The Ten Golden Rules of Investing' (valued at \$14.95) absolutely free.

(Special: Group discounts are available for parties of three or more - contact Brent on 03 9878 1299 for more information).

Forum Post of the Month - Keep, or Sell and Pay Tax?

This month's forum post comes from Muso Dave:

<<http://www.propertyinvesting.com/forum/topic/13544.html>>

Hi ,

I currently own a flat in Marrickville which is losing roughly a grand per month, and not appreciating too much. I'd really like to sell & buy something that's cash positive, but I'm worried I'll get killed by the tax dept at closing.

What I'd like to do is sell up & buy a place or two that cost less & are cash positive. Will this be a problem for me?

Muso Dave

PS This flat is an investment property for me. I've owned it for 3 years. I pay the mortgage fortnightly, pay an extra \$50.00 each fortnight to pay down the principal. The monthly mortgage payment is roughly \$1600.00, the tenant pays \$220.00 weekly & the incidentals add up to about \$240.00 per month.

This is a great post as it touches on a very topical issue in the current environment where widespread capital appreciation is not what it was a few years ago.

I come from the perspective that it's very dangerous to rationalise ongoing decreases in net wealth (through either cashflow or capital losses). Instead I operate under the simple mantra that it's never a good idea to lose money.

In this case, it seems like there is a substantial unrealised capital gain, yet at the same time there is a cashflow loss because cash outflows are higher than cash inflows. This is a classic negative gearing situation, except that the growth in value is probably not keeping pace with the cashflow loss. As such, this investment may no longer be building wealth and therefore may be more of a liability than an asset.

Muso Dave seems to have two decisions then:

1. Sell or keep - and on this point I'd encourage him to view tax as incidental to his investment decision, as opposed to being the driver of it. Tax is a natural consequence of successful investing which is why it is a necessary component of any worthwhile money-making system. Don't be afraid of paying tax, but, prior to selling, be sure to pay for some good advice about how to structure yourself so you pay the least amount legally possible.
2. Reinvesting - once you have realised your capital gain, the next question is 'what do you do with your cash profits?' Buying more property may be appropriate, but you first need to reconsider your goals and then think through what type of real estate is best suited to help you achieve your targets in the quickest possible time.

So, based on the information given it's impossible to give advice about the tax consequences of selling, or

even whether selling it is the best course of action. However, from a broad perspective, I don't think that paying tax is necessarily a problem if it solves your current dilemma and places you in a stronger investing position relative to your wealth creation goals. Remember - if you are trying to justify the validity of losing money, then you're on flimsy investing ground.

If you have a question or comment about this topic then please post it at:

<<http://www.propertyinvesting.com/forum/topic/13544.html>>

Summary

There is still plenty of time left in 2004 for you to achieve substantial investing results. Don't fall into the trap of starting to wind down, as if you do then you immediately place a cap on your progress. Any and every day holds opportunity, and to cease to move forward is to backslide.

Don't forget about the final upcoming MasterClasses for 2004. These events promise to be fantastic opportunities for you to gain the investing edge, and I'm very excited about the prospect of sharing my knowledge with you in a practical and no-hype fashion. As these will be the last ones for some time, it would be wise to book quickly as the numbers are deliberately kept small, which means they should sell out fast.

Finally, Muso Dave asked a great question about property and capital gains tax. Again, I reiterate that tax is a by-product of successful investing and needs to be embraced rather than feared. A good saying to remember is that while you may pay tax, you'll never go broke taking (and banking) a cash profit.

Well - that's it for the October 2004 edition of Insider. Until next month remember... success comes from doing things differently!

Sincerely,

Steve McKnight

P.S. While you can call 1800 660 630, it's \$10 cheaper to book online plus you'll also receive my special report titled 'The Ten Golden Rules of Investing' (valued at \$14.95) absolutely free. I urge you to sign up now while there are seats remaining.

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