

2nd Oct 2009

Property Research – Rent Yields

Investors,

A client recently asked me if I knew of any available tools that he could use to see what rent yields were by suburb.

Below is a link to a Nine MSN site that has provides some information that can be used as a starting point.

<http://money.ninemsn.com.au/aussiePriceMapping.aspx?formType=results&suburbID=1057&statesID=2>

I cannot comment on accuracy but it is a point where you can start to look, it also has median priced sales data and growth of the suburb. It also provides some more detail on statistics and demographics.

Another site that provides some sales data, NSW, Qld and ACT only at this stage, but if you are looking at property sold data, it may be very useful. You need to sign up for free membership.

<http://onthehouse.yahoo.com.au/home/>

Prosperity Property

There is a specialist research company in Melbourne, Prosperity Property -

<http://www.prosperityproperty.com.au/> that does very specific research that provides a more specialised service. I have attached their service pricing list for you to consider. They use a combination of research methods to combine to achieve a top 20 growth or fundamental suburbs. If you give them a call, let Mike know I suggested that you do.

The Need for Research

The statistics overwhelmingly show that most property investors purchase their investment property within 5 km's of their own home. It is the area they know and have an understanding of prices in most cases, they can drive past and keep an eye on their investment. This approach is okay but most of these investors do not know what they need to know. Price is one component, but do they know what the rent yields are like, what is the tenant demand, how many properties are available, what is the average vacancy rate, etc.

Buyer's Agents

I suggest to most investors, especially those who are time poor, to consider using a buyer's agent to assist you in your property search. They should be providing you with tools and data to justify the property, the area and ultimately the price you should pay. Make them work for their money you are investing in their services. I suggest you do some concurrent research of your own to make sure they know you are aware of the market and to keep them on their toes.

Property Managers

Even if you own investment properties now, you still need to keep on top of property managers and let them know what your expectations are based on the current market. A property of mine was recently vacated, tenants moving back interstate. The property manager (PM) promptly listed it on the internet at \$10 a week higher than previously. The market had moved and the previous rent was already under market due to the demand/supply equation at the time. I did some research, looked to see what was currently available in the area for that type of property and suggested to the PM where the property should be listed at. The end result was a new tenant at \$40 a week more than they had originally listed it at. It doesn't happen all the time and the PM had a reasonable story of the work they did in pricing it.

Investors need to understand the reality, an extra \$40 a week at 5% agency fees means very little to employees of a PM. It is an extra \$104 a week to that business. To the investor, it is \$2k a year extra. It is finding a balance between getting a tenant now and achieving a good rental return based on the market demand at the time. Tenants do not like feeling they are being ripped off, so set your rent accordingly and look after them while they are living in your property.

Our Service to You

We provide a specialised service for investors wanting to create long term wealth for themselves and their families. We are finance strategists, credit advisers and mortgage brokers, helping you achieve your goals. Give us a call when you think it's time to consider your options.

As well as providing a service to investors, we will assist you in purchasing as an owner-occupier, or upgrading to a new property, or simply looking at better pricing or structuring options for your current loans and banking or assisting seniors looking at possible reverse mortgage options.

Our business is built on referrals provided by clients, so please don't keep us a secret, feel free to forward this e-mail to family and friends interested in their own financial future. Give us a call and book an appointment to see if it makes sense for you.

If you have any questions about any of these topics, give me a call.

Helping People through Finance