



keystosuccess
club.com

Interview with Mark Taylor June 2010

Insight into the Australian Property Market

e: info@keystosuccessclub.com
w: www.KeysToSuccessClub.com
m: +61 424 191 370

©2010 KeysToSuccessClub.com
All Rights Reserved



What would you say are the main problems property people looking to buy property in Australia at the moment?

At the moment in the Australian property market, the main problem is access to finance. The banking system is still very nervous about lending money. Investors are required to provide substantial documentation in order to secure loans. This is particularly true for self employed people.

There is also a problem in that people enter into property without having the required level of understanding or property education to be successful. This leads people to making decisions that are not necessarily the best for their individual needs.

We are also seeing rapid changes of interest rates. This is impacting on people who do not understand the cyclical nature of interest rates.

The Australian government is also playing a large role in the property market with policy changes, and particularly with respect to tax. This can have any significant impact on property Investment decisions.

We've found that each of the markets we become involved with is quite different. What are the unique features of and what are the main external factors that influence the market?

One of the unique features of the Australian market is the focus on major cities verses regional towns. The vast majority of the population live in the major cities and this is where the most stable property markets exist.

Having said this, there are opportunities outside of the major cities. In particular, more recently there have been strong opportunities for rapid growth in towns located in the high growth mining areas. Of course there are more risks with this strategy as the property returns are directly linked to the strength of the mining sector.

Another feature of the Australian market is the government stimulus that is provided. There are significant tax breaks particularly with negative gearing. Simply put, a property investor will receive up to 40 per cent tax rebates for any losses incurred. This significantly changes the landscape for property Investment by enabling investors to take on more low yield property in return for higher expected capital growth options.

This has played a role in creating the marketplace. Most major city based investment properties are significantly negatively geared, with rental yields of three per cent not uncommon.



In terms of external factors, like other property markets Australia is impacted by the economic landscape. China has a strong degree of influence, due to its demand for Australian resources.

Population growth relative to the supply of property is another key influencer. In this respect Australia is well placed with continual population growth forecast in major cities as well as problems with supply of property. This has led to optimism in the property market despite global economic problems.

You're the Managing Director of a company that advises people on how to create wealth using, in part, the property market, so do you have any insights for investors into the basic features of a good investment property?

First of all we would be looking for areas with some of the following characteristics:

- Limited land supply for mass developments
- Large infrastructure projects (train/ freeways)
- New/ expanding industries
- Rising population
- Consistent rental demand
- Stable/growing employment
- And areas experiencing "Urban renewal."

We look for areas that have had a consistent trend in capital growth. This is usually related to suburbs with good lifestyle appeal, close to the CBD, along transport corridors, close to quality education shopping facilities.

For the ideal property, some of the elements I would consider include:

- Value-add potential
- Rental yield
- Zoning
- Proportion of investors vs owner-occupiers in the suburb
- Parking



- Street appeal
- Aspect

Of course at the end of the day one of the most crucial elements of the numbers! The Investment Property must deliver the required financial returns based on your specific investments requirements.

This includes elements such as:

- Price relative to market value
- ideally in the median price for the area
- rental yield
- likely capital growth
- property costs (purchase & hold)

Do you have any advice for people on how to find that sort of property?

- education in property investing
- define your investment strategy
- build a focused team of property experts you can leverage from
- research, research, research

Do you have any advice for people trying to sell their property?

My main advice for people trying to sell their property is to make sure you really understand the potential buyers, and to ensure that your property taps into their specific needs. There are many simple and cost effective things that can be done that will increase the value of your property.

Of course you need to make sure you have the proven and affective sales agent. Be prepared to think out of the box when it comes to negotiation there are many other factors apart from the final price.that can be used to secure a good deal.

Can you share with us the most important thing you think you've learned about buying and selling property in Australia?

- make sure that you are well educated in how property works
- ensure you have a strong property team around you
- take action



How do you think the Internet has changed the property market?

Obviously the Internet has provided people with huge amounts of information that directly impact on the property market.

This helps particularly with the research phase enabling people to look at and filter vast numbers of potential properties. I am sure that this has helped people to reduce the time to view properties directly. This is especially helpful when investing in properties that are not in your local area.

Do you see technology changing the market further in the future (one agent that I spoke to talked a lot about using tablet computers to help his clients refine their choices before a viewing for example.)

I think there'll be some further enhancements for use of technology primarily around real time transfer of information. I think real time video transfer is likely to become more popular to save people's time.

Tablet computers with video capability would be an option for example. I could also see technology assisting in live auctions, again potentially saving people.

I also believe that the property websites will become more sophisticated with better filtering and alert capability.

If you could invent some kind of site or technology or app. etc. for property, and there were no limitations on its powers, what would you think would be the ultimate property tool/ product?

One of the hardest aspects of investing in property is finding a specific property that meets your individual needs.

I would like to see something where I could enter my investor profile, including all my financials and return on investment criteria. The technology will then be up to match all available properties within my chosen geographical areas for potentially viable and give me a prioritised list of suitable properties.

If there's anything else that you'd like to mention or cover please feel free to add your ten cents as well – after all you're the expert, and that's why we're interested in your opinion.

From a property investors' perspective, one of the main principles to remember is that property investing is around maximising your returns whilst minimising your risks.



In order to do this effectively need to make sure that you are well educated, have sufficient knowledge, build a strong team around you, and harness technology as appropriate.

Remember not to get too emotional and be careful who you take advice from...

Mark Taylor is the founder and Managing Director of www.KeysToSuccessClub.com

A driven entrepreneur with multiple business and property interests, Mark is also the regular property columnist for **Rex and Skywest Airlines**.

The property division of Keys To Success Club provides members with a property education platform, a property course, a property expert panel as well as access to high performing property deals.

"Emptiness is a symptom that you are not living creatively. You either have no goal that is important enough to you, or you are not using your talents and efforts in a striving toward an important goal."

Maxwell Maltz