

The Wise Times

Volume 3, Edition 43

DECEMBER 2006

MERRY CHRISTMAS!

Editorial

Well, that was 2006 done, dusted and gone. If you blinked you may have missed it! I am totally convinced that as the years roll by, time is going faster and faster. Or maybe it's just my bad memory that cannot remember all of it!

I was playing golf the other day with a very astute thinker, and bemoaning the fact that I had not accomplished everything in 2006 that I had set out to do. He made what I thought was a very insightful observation. "Lionel," he said, "You cannot do anything about the time that has gone. But you need to realise that you are in COMPLETE CONTROL of the time that is in your future. It is yours to make what you will of it, so plan to use it to your advantage." He then added the following, "You cannot control 10% of what happens to and around you, but you have control over the remaining 90%. Learn to use this fact to your advantage as well."

Wow, pretty heavy stuff for the festive season, but as you drain your 2nd, 3rd, or 4th glass of red and let your mind free-wheel over the festive days ahead, plan to take control and action over your lives in 2007. It will be worth it.

Also, learn to think positively. I ALWAYS can find a car park when I am out, why? Because it never enters my head that I won't find one. Yet other people I know always say to me that I am lucky finding a park because they can never find one. Guess why. They always assume that they will fail, and they do.

So, now that you have got indigestion from all of the above, please let me wish you a wonderful, safe, happy and healthy Christmas with your family and friends, and come back to 2007 full of renewed hope, vigour and determination.

One last thought before I let you go, for those who are maybe still a little unsure or nervous about investing in property.

**FEAR KNOCKED ON THE DOOR.
FAITH OPENED IT.
THERE WAS NO-ONE THERE.**

*Lionel Morris LREA DipFP
Wise Director*



Future Investment Trends for Success

Investors always need to have at least one eye on the future. For property owners, that means being on top of the demographic trends that will determine demand for housing in the years to come. Population movements and demographics are the key indicators of a property's future performance, both in terms of rental returns and Capital Growth.

That's why property investors who want to maximise their returns need to understand demographic and social trends in Australian society.

There will be a major increase in the number of lone person households in Australia over the next 30 years. While some predict this will create a swelling demand for one-bedroom apartments, other property watchers say properties that cater to more than one market will do better, especially as many people won't be able to afford to live alone. Therefore three-bedroom, two-bathroom properties will be the ones to watch, as they can accommodate two couples plus one other, three singles, one couple, or one single. In other words our future investment properties need to be user friendly for the prevailing conditions.

The age composition of the Australian population will undergo a dramatic shift. One result will be a much greater proportion of people aged 65 and over. However, a less publicised shift will see stronger growth in the number of people in their 20s and early 30s. The growing numbers in this age group are likely to drive rental demand, with current indications suggesting they want to live near the action and are willing - and able - to pay extra to do so. Also the stock of public housing is falling, meaning demand for private rentals will continue to increase with commensurate rental increases.

All investment properties must appeal to the broadest possible rental market, and to continue to ensure continuing growth must also appeal to the broadest resale market, which is a combination of investors and owner-occupiers. Investors that fail often do so because they have targeted a specialised market such as student accommodation, holiday lets, retirement villages etc. While these may work in the short term, it is long term prosperity that a WISE Investor looks for.

Lionel Morris

www.wiseinvestment.com.au

www.wiserealty.com.au

PETE'S TIPS I TOLD YOU SO !!!

My wife tells me that I have many annoying traits to my personality. Possibly the most annoying is when I get into what she calls "lecture mode." This happens on a regular basis when someone puts a bottle of red wine in front of me. And nothing gives a grumpy, egotistical old eccentric like me greater delight than to blurt out those positively galling words to anyone who is unfortunate enough to have to listen ... "I TOLD YOU SO!!!" So here I am back at it again.



Back in the June 2006 edition of The Wise Times I reported that, as a result of the .25% interest rate rise by The Reserve Bank on 3 May, rents would rise. **Well it happened and it will happen again.** On Melbourne Cup Day, 7 November, the Bank announced another .25% rate rise to take some of the "bubble" out of the economy. Mind you, the "bubbling" has been occurring mainly in the two natural resources rich states of Queensland and Western Australia. Great holes are being dug in the ground and the proceeds are being shipped off to China. Meanwhile the traditional manufacturing states of NSW and Victoria are doing it tough.

For the benefit of those who used The Wise Times to wrap up the garbage I will repeat the words I wrote in June ... "for those who are interested in entering the property investment market the rate rise is actually good news.

It goes like this. The increase of .25% will add \$5 a week interest charge for every \$100,000 borrowed. For owner occupiers this \$5 per thousand comes straight out of their hip pocket. But WISE investors understand the principles of tax effective investing. They realize that the Tax Man will actually subsidize this extra interest charge at a rate of around 30% for most "mums and dads" investors. Those investors who don't get this newsletter may be scared off by the newspaper headlines and the ill informed comments in the media.

*The end result of this change in attitude is that fewer investors will buy rental properties and more first home buyers will have to stay in the rental market. What happens to any product when demand outstrips supply? Answer, **prices rise.** In this case the product is rental accommodation. So as sure as I am that the sun will rise in the morning I know that rents are about to rise yet again."*

And to prove my point the following details of rent increases have been supplied by our Property Management Department :-

PROPERTY DESCRIPTION	Rent Dec '06	Rent Jan '07	\$ Increase	% increase
Enoggera 2 bed unit	\$150.00	\$250.00	\$100.00	66%
Morningside 3 bed townhouse	\$280.00	\$350.00	\$70.00	25%
Gaythorne 2 bed unit	\$215.00	\$280.00	\$65.00	30%
Indooroopilly 3 bed townhouse	\$360.00	\$480.00	\$120.00	33%

Yes folks, I just love it when I get the opportunity to Say "I TOLD YOU SO." And just as I told you in June, so I am saying again, RENTS WILL RISE. And I will finish off with the closing paragraph from my June article.

"For those who have not been WISE enough so far to get a slice of the action it is not too late. See your WISE Client Support Manager or phone our office for a local contact. We have a Stock List of hand picked, great investment properties that are looking for a new owner."



Don't waste your spare cash on worthless junk for Christmas. Why not think about a Wise property investment as a Christmas present for yourself. Unlike the junk you could buy, your Wise property will still be working this time next year. I will be back to annoy you again in the New Year.

Regards,
Peter McDonald,
WISE Property Listing Manager

What's My Maximum Loan Repayment Term?

Years ago, Banks used to set repayment terms based on a borrower's age and expected retirement date.

For example, if the main breadwinner was aged 45 at the time of the application, the maximum repayment term allowed was 20 years. This ensured the loan was repaid by the expected retirement age, which back then was 65.

These days it's a totally different situation.

Provided you are in a reasonably sound financial position with assets that could be liquidated in retirement (like property, shares, super etc), Banks are comfortable with repayment terms that exceed your retirement age.

They will even consider interest only repayment terms up to 15 years.

Forty year terms are also now available from some lenders and this trend looks set to continue.

Several years ago we obtained a 30 year loan for an 83 year old client, who cheekily declared he would be around to see the mortgage discharged.

This may surprise you, but the average lifespan of a loan these days is 4 and a half years. Many loans are either refinanced or the property sold / upgraded in this time.



So, don't be too concerned about your age, if like me you're over 50. Provided you have some asset backing, a repayment term of 30 years or more is not unreasonable.

FIRST CHOICE HOME LOANS

Brad Oliver
Tel 07 3420 0044
Fax 07 3420 0144
brad@firstchoicehomeloans.com.au

IPSWICH - GROW WEST

Ipswich House & Land Packages

SUMMARY

This is an opportunity to invest in quality four bedroom homes in the fast growing area of Ipswich. The blocks of land are situated in close proximity to the Ipswich city centre, with all the facilities that this has to offer. "Ipswich is set to ride on a boom of its own with \$10.6 billion worth of developments earmarked across 40 projects according to Matusik research." Ipswich has the capacity to be the 'Parramatta' of South east Queensland. In 2005 Ipswich region held \$6.6 billion worth of new development, much of which was either under construction or committed to happen within the next five years." According to Matusik, house prices rose over 7% for the year 2005-2006, and this trend is only expected to rise. Wise has many facts on the city of Ipswich and will be happy to supply you with this on request.

CONSTRUCTION, FINISH & FITOUT

All properties are 4 bedroom two bathrooms with double lock-up garages. Block sizes are a minimum of 600 square metres. All properties are complete "turn-key" packages, with security screens, vertical blinds, reverse cycle air conditioning to living area and main bedroom. The kitchen has Blanco appliances including a dishwasher. The blocks will be fully fenced, turfed and landscaped, with coloured concrete driveway. Full house plans, site plans and specifications are available from your Wise Area Manager or the Wise office. As a special bonus for Wise clients, the contracts will state that building will commence no later than one week from land settlement.

TRANSPORT Bus to Ipswich and Brisbane, Rail links to Ipswich & Brisbane, Drive times: Brisbane – 30 minutes, Gold Coast – 60 minutes, Brisbane Airport – 45 minutes, Sunshine Coast – 90 minutes

SCHOOLS 18 High Schools, Boys & Girls Grammar Schools, 15 Primary Schools, 3 Universities and Tafes

PROPERTY COMPARISONS

Similar properties are currently selling in the area from \$270,000 to \$425,000

Disclaimer The information contained herein has been provided by the vendor, or by authorities, or third party providers and, as such is deemed to be accurate at the time of producing this publication. The author makes no claim as to the accuracy of the information within and does not intend it to be legally binding. The information contained is subject to the final contract, and interested parties must make their own separate enquiries to verify and ensure the accuracy of the information herein.



Great Locations
Great Capital Growth Potential
Prices \$276,000 - \$326,000
Rent \$280 - \$330pw



ASK ANY LOCAL WALKING IN IPSWICH'S NEWLY DEVELOPED TOWN CENTRE OR FLOURISHING BUSINESS PARKS AND THEY'LL TELL YOU THAT IPSWICH IS CHANGING FOR THE BETTER – AND AT A RAPID PACE.

As reported by Edwina Cameron

It's evident in the energy and enthusiasm for business in Ipswich, turning around negative clichés that have burdened the city of the past. Now Ipswich is working hard to become a vital partner in South East Queensland's future.

The Ipswich region is growing at lightning speed, enhanced by the attraction of new industry players and the strength of greater South East Queensland. Ipswich's population is on a growth spurt. Resting at about 126,600 at the time of the 2001 census, making it Queensland's second largest city, it will skyrocket over

the next twenty years as the city adopts an anticipated additional influx of 220,000 people estimated for South East Queensland's western corridor.

Developments that have already broadened the industrial strength of Ipswich include the Amberley Aerospace precinct, the Greater Springfield, Bremer Business Park, Synergy Park and the Swanbank Enterprise Park. Education and aerospace are the two big focuses the Ipswich City Council has identified for the city and a cluster has been established to promote the education providers in the region.

The cluster, Study Ipswich Queensland, includes leading public and private schools, UQ's Ipswich campus, the University of Southern Queensland, the Bremer Institute of TAFE and Springfield's Education City.

New developments are starting to pop up in the town, including the 18-level Aspire Apartments, Ipswich's first luxury high-rise development. The city now has two international hotels that increasingly provide quality

accommodation for an influx of business visitors to the area.

A vibrant new central business district is planned for the city, including the \$100million Riverlink Shopping Centre development on the northern edge of the Ipswich CBD. The Riverlink Shopping Centre measures 57,000sqm and will provide premises for 130 tenants including Coles and Bi-Lo.

The River Heart project, on the opposite shore of the Bremer River from Riverlink, aims to create an area like Brisbane's South Bank, incorporating the river as a vital part of the Ipswich city centre.

The Ipswich City Council has set aside \$7.9million over three years to upgrade the Ipswich Mall and to create river parklands on the southern bank of the Bremer River.

Big name businesses operating from the Ipswich region already include Australian Meat Holdings, Urban Pacific, Capral, Boeing, Stockland and Mirvac.

WISE Contact Details

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Wise Free Seminar Dates

ACT

Canberra

Tuesday 12 December
at 7.15 for 7.30pm

KNOWLEDGE NIGHT booking is essential

Topic: Interest Rate Fluctuation -
Stay in control

Three WISE team members who
use different strategies will share
their experiences. Learn from
these experienced investors
VENUE 24 Dalabon Crescent
Waramanga

Host: Jeanette Kelly
Bookings: Canberra Office
02 6288 5524, or Email:
office.act@wiseinvestment.com.au

ALL THE BEST FOR THE FESTIVE SEASON

THE HOLIDAY PERIOD
PRESENTS THE
OPPORTUNITY TO SET SOME
GOALS AND ASSESS
AFFORDABILITY OF AN
INVESTMENT PROPERTY

Wednesday 17 January

at 7.15 for 7.30pm

KNOWLEDGE NIGHT booking is essential

Topic: Targets & Goals
- Start the year right.
Get off to a good start with some
wealth creation through property
investment.

Let us show you how.
VENUE 24 Dalabon Crescent
Waramanga
Host: Jeanette Kelly
Bookings: Canberra Office
02 6288 5524, or Email:
office.act@wiseinvestment.com.au

ADVANCE NOTICE

WISE Workshop

Sunday 11 February 2007
A workshop to kick-start the new
year. Please diarise this date.
More information in the Feb 07
Newsletter
Hellenic Club
Matilda St, PHILLIP (Woden)
Host: Jeanette Kelly
Bookings: Canberra Office
02 6288 5524 or Email
office.act@wiseinvestment.com.au

OVER THE FESTIVE SEASON

Personal Appointments are avail-
able after hours and weekend
with members of the Canberra
Wise Team.

If you would like an appointment
to discuss property investment
and how it can benefit you please
call the Canberra Office
02 6288 5524

NT

Darwin

PROPERTY INVESTMENT
Course

7pm to 9pm Monday evenings
from 12th to 26th February
2007

This 6 hour course runs over 3 evenings
providing a comprehensive understand-
ing of what is required to become a
successful property investor. Numbers
are strictly limited. To find out more,
please contact David on
david.bradley@wiseinvestment.com.au
or 0424 102 799.

PERSONAL APPOINTMENTS

If you would like a personal appointment
to discuss property investment and how
it can benefit you, please call David on
0424 102 799 or after hours
on 8942 2720.

QLD

Brisbane

Sat 9 December 5.30 pm
Not to be missed!

Christmas Party for our Wise Clients
Barbecue, Drinks supplied.
BYO spirits.

Venue: 25 Pirramurra St
Bracken Ridge

Bookings essential. Limited numbers.
Invitation extended to only Wise Pur-
chasers, Owners that Wise manage their
properties and genuine interested peo-
ple in investing the Wise way.
Phone Keith on 07 3261 1545 or 0410
426 115 RSVP 5th December.

If you would like a private meeting with
us to discuss what Wise can do for YOU,
please do not hesitate to contact Keith
on 3261 1545 or 0410 426 115. We will
come to you at a time that is convenient
to all or you can come to us. The only
days not available over the Christmas
New Year period is from
25th to 31st December.

VIC

Melbourne

PERSONAL APPOINTMENTS

If you would like a personal appointment
to discuss property investment and how
it can benefit you, please call Michael
03 9744 7144



Lionel



Bron



Peter



Alicia



Carol



Keith



Teresa



Gracel