



# Stafford Eaton Properties

## REAL TIME



*Property Investment  
Advisers to the Thinking  
Property Investor*



### SPECIAL POINTS OF INTEREST:

- 30 Year Growth Figures
- Property Investment Market Overview
- Getting Rid of Bad Debt
- Ancient Wealth building Principles

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## Brisbane safest bet in 30-year figures

Brisbane is the only Australian capital city which hasn't suffered a prolonged property price slump over the past 30 years, according to data compiled by Paul Bennion, the managing director of property depreciation company DEPPRO.

The figures suggested Brisbane was the best bet for long-term, low-risk, high capital growth investment, Bennion said.

"During the past 30 years, the median price of a home in Brisbane has jumped from \$28,600 to \$358,600, a rise of 1153.8 per cent," he said. "Over this 30-year period, there has been no period that the median price of a home in Brisbane has fallen over an extended period of time, unlike other capital cities such as Perth, Adelaide, Sydney, Melbourne, Hobart, Darwin or Canberra.

"For example, over the past 30 years, the median price of a home in Sydney fell during the period 2004 (to) 2007, in Melbourne from 1990 to 1992, in Perth from 1990 to 1992, in Adelaide from 1994 to 1996, in Hobart from 1994 to 1998, Darwin from 1986 to 1988, and in Canberra from 1994 to 1998.

### 30-YEAR PRICE GROWTH

	MEDIAN PRICE 1977	MEDIAN PRICE 2007	GROWTH
Sydney	\$39,200	\$528,100	1,247%
Melbourne	\$37,000	\$404,900	994%
Brisbane	\$28,600	\$358,600	1,154%
Adelaide	\$32,600	\$308,000	845%
Perth	\$36,400	\$457,300	1,156%
Hobart	\$34,500	\$302,800	778%
Darwin	\$87,500*	\$388,800	344%
Canberra	\$36,700	\$420,400	1,046%

"There are individual quarters that the median house price in Brisbane has fallen over the past 30 years. However on a yearly basis, the median price of a home in Brisbane has shown sustained rates of capital growth."

Bennion put Brisbane's consistency down to strong population growth and a relatively stable economy. He said the buying remained good in the Queensland capital.

"Currently Brisbane has some of the most competitively priced real estate in Australia because it has not suffered the same boom/bust cycles of the other capital city real estate markets," he said.

"Currently, the median price of a home in Brisbane is nearly \$170,000 lower than Sydney, nearly \$100,000 lower than Perth and nearly \$47,000 lower than Melbourne."

Bennion's figures, drawn from sources including Applied Economics, the Real Estate Institute of Australia and numerous state bodies, show prices in all capital city markets have been transformed over the past three decades.

Source: API Magazine, Mar '08

## PROPERTY OR SHARES? THE AGE-OLD DEBATE

*The Debate that's been reignited in 2008 by the volatility of the sharemarket.*

"Volatility" — it's a word often used in relation to the sharemarket, especially lately, but rarely used in connection with the property market. According to one dictionary, it means "liable to change rapidly and unpredictably, especially for the worse". It's no surprise, then, that the bearish sharemarket conditions are reportedly driving more investors to park their money in the relative safety of bricks and mortar. And the reasons to do so are com-

elling.

*Property prices aren't as volatile as share prices. They don't bounce up and down without warning or have you feeling secure one day and distraught the next when your money performs a vanishing act.*

*Unlike other classes of investment, the property market isn't only made up of investors. Whether you're a landlord, owner-occupier or a tenant, we all need a roof over our head and Australia is currently faced with an acute shortage of dwellings, making property a very valuable commodity.*

*This is evidenced by the record-low vacancy rates we're experiencing.*

*Comments from prominent economists, arguing that today's average rental returns of 3 to 4 per cent made property a less appealing investment option are biased. What they neglectfully forgot to factor in was capital growth which, combined with rental returns, makes property (especially well-located property) very appealing indeed.*

*Make your own mind up and go with what you are most comfortable doing.*

**BRISBANE'S INVESTMENT MARKET OVERVIEW**

The southeast corner of Queensland will be the destination of the future. The latest official figures show almost every major local government area in the state recorded a rise in median house prices to August, 2007.

The rate of growth – more than a quarter of all of Australia's population growth over the next 25 years is ex-

*“Brisbane sees an extremely rosy future that leaves many world major cities trying to emulate”*



pected to be in the region from Noosa to Coolangatta – will push Brisbane ahead of Melbourne as the country's second city.

All those extra people will need somewhere to live – 575,000 new homes will be built in the next 20 years, according to the State Government's South-East Queensland's Regional Plan.

One of the major motivations for the plan was to legislate against sprawl and 80 percent of the land in the region has

been protected from urban development.

Major new growth areas aside, much of the new housing will be concentrated around public transport and “activity centres” which may include workplaces, educational, health and community facilities and shopping centres. Many of these will be existing centres such as Chermside or Mt. Gravatt, others will be purpose-built. Traditional family homes will give way to higher density accommodation such as apartment blocks, units and townhouses in these locations.

A report by property experts KPMG predicted Brisbane will have 46 percent more dwellings in 2031 than

2001, the Sunshine Coast 63 percent more and the Gold Coast 56 percent more.

Property analyst Michael Matusik says cost will make inner-city living and impossible dream for all but a small, exclusive group and only the wealthy will be able to afford to live within a 15km radius of the central business district.

With the average house price in southeast Queensland likely to hit \$1 million by 2026, he predicts up to 45 percent of people will be renting.

The SEQ Regional Plan Developments on green field sites in the southeast will incorporate a variety of housing types, sizes and designs – ending the “one-size-fits-all” sort of housing estates which have sprung up in many areas over recent Years. And the death of the Tuscan-style house may be nigh. Houses of the future will have to be designed to reflect the area's subtropical climate and incorporate “passive climate controls” such as vege-

tation use and positioning the house on the property. Power and water efficiency will be more important and the State Government has set a target for a 25 percent reduction in water consumption over 20 years from the current 300 litres per person per day. Rainwater tanks and water recycling will become commonplace.

The Government estimates that 475,000 new jobs will be needed to



*Massive Orion Shopping Centre under construction is now open*

support the extra population over the next two decades. The Smart State strategy has identified knowledge-based, creative industries as the growth areas. These would include aviation and aerospace (especially in the western corridor), biotechnology, information and technology, tourism and pharmaceuticals.

It is also envisaged that we will attract more professional, business and financial services away from Victoria.

The “activity centres” concept in the Government infrastructure plan is aimed at reducing the huge amount of traffic commuting across the city and across the southeast region each day. The idea is that people will live close to centres, based on key public transport hubs and they will catch buses or trains there to work, shop, use government services and recreation and leisure facilities. Major projects proposed in the plan include:

- \* \$2 billion of rail development on the

MARKET OVERVIEW CONT.

Sunshine Coast including an additional line through Landsborough to Nambour and a new line to Maroochydore.

\* More than \$1.2 billion for new busways in Brisbane including one from Dutton Park to Capalaba and another from Enoggera Creek to bracken Ridge.

\* \$590 million to add a rail line from Corinda to Redbank and a new line from Darra to Springfield.

\* \$500 million for a rail line to Coolangatta.

\* The heart of Brisbane will be transformed over the next 20 years under a city council masterplan. Building height limits will be removed and cars discouraged as major public transport initiatives carry people into a more pedestrian-friendly central business district.

Highlights include:

\* An underground city rail circuit with stations at Gardens Pt, Eagle ST, Spring Hill and Centenary Place

\* An underground bus network with a station below King George Square and vehicles travelling below Roma St and Adelaide ST to connect with the inner Northern Bus way.

\* A mass transit system connecting West End, the City and Fortitude Valley.

\* Roma St, Edward St, Victoria Bridge and the top of Melbourne St will become pedestrian-friendly, tree-lined boulevards with traffic calming.

\* Three new pedestrian and cycle bridges over the river and a bus bridge from Adelaide St. to South Bank.

\* New plazas at Melbourne St. and Eagle St. and a riverside plaza at North Quay.

From the big country town of two decades ago to a modern super city in 2026, the transformation of Brisbane and southeast Queensland over the next 20 years will be beyond the imagination of many.



GET RID OF THAT BAD DEBT HOME LOAN

Have you ever asked yourself what that loan on your family residence is actually costing you?

**Well, the answer is pretty frightening.**

An average family home debt is something to be extremely concerned about. Yes, getting into the home market gives you a positive side too, you have equity growing over time, as long as you don't keep spending it on depreciating consumer debt items.

Did you know that a \$300,000 mortgage paid back over 25 years would actually see you repaying a total of nearly \$700,000 in that time. You are paying back more in interest than the principle itself.

If you have already entered the property investment market some years ago and your investments have now seen good growth, you probably have within your grasp a way to eliminate your bad debt mortgage and still retain your multiple properties.

Your position may be like this: you have your family home and a couple of investment properties. Your home is worth say \$500,000 with a \$250,000 mortgage. You have 2 other properties each valued at say \$450,000 that you purchased 5-10 years ago for around \$200,000 each, and financed the full amount plus costs.

Here is where you stand, Investments worth \$900,000, with debts of \$430,000, looks good and your wealth position is sound, but what about the bad debt on your home.

What if you were to sell one of the investments at \$450,000, use the proceeds to payout your family home debt and most of the investment debt for that property, leaving you owning your home, and one investment with a debt of around \$250,000.

The secret here is that you MUST REPLACE the property you just sold with another investment immediately to keep your wealth picture the same. Now ALL your debt is on your investments which are tax deductible, you have no bad debt and your tax deductions have increased having acquired a new property for your portfolio.

Capital Gain Tax and costs of selling do vary these figures to a small degree, but I am sure you can see the bigger picture and that the strategy is sound.

Talk to your financial adviser or finance broker about the possibilities and the direct benefits that you will find by eliminating the bad debt.

No to mention the psychological benefits of being debt free on your family home, mum, I bet that one sits really well with you.

*“Bad Debt Mortgage interest is the biggest killer in the creation of wealth”*

THINK ABOUT IT

WE'RE ON THE WEB  
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**"Great to Have Someone You Can Trust"**

Stafford Eaton Properties offers the highest quality of service for the research and selection of Investment Grade properties on the market today. The Principal Paul Ian Stafford has been providing superior service to investor clients throughout Australia since 1997 and has assisted them in working towards and achieving their goals. Our 10 years of experience and commitment to excellence have earned us the reputation as the best personal property investment advisers in the market.

I invite you to spend some time getting to know us.

Sincerley

*Paul Ian Stafford*

Principal



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## ANCIENT LAWS STILL APPLY

No other reference to the building and maintaining of wealth has been more referenced than the Ancient 5 Laws of Gold.

When understood and applied these laws will have a profound impact on your future and that of your children.

Here they are in simplified form for your information

### LAW 1

*"Gold cometh gladly and in increasing quantity to any man who will put by not less than one tenth of his earnings to create an estate for his future and that of his family"*

### LAW 2

*"Gold labours diligently and contently for the wise owner who finds for it profitable employment, multiplying even as the flocks of the field"*

### LAW 3

*Gold clingeth to the protection of the cautious owner who invests it under the advice of men wise in its handling"*

### LAW 4

*Gold slippeth away from the man who invests it in businesses with which he is not familiar or which are not approved by those skilled in its keep"*

### LAW 5

*"Gold flees from the man who would force it to impossible earnings or who follow sthe advice of tricksters and schemers or who trusts it to his own inexperience or romantic desires in investment"*

We can argue, we can come up with all sorts of excuses as to why we don't or won't follow these principles but at the end of the day the results

speak for themselves.

Whatever investment strategy you adopt is going to take advantage of Laws 2,3,4 and 5.

Take heed, do the sums, calculate 10% of your gross added weekly, and find it an average 10% return per annum. Start at age 20 and you should be retired by 45.

Sounds too good to be true, well that's your decision, sit back and ignore these Laws at your own peril.

