



David Shaw, CEO WSC Group

Ten Essential Cash Flow Property Tips

Sydney South (Head Office)

Unit 11, 800-812 Old Illawarra Road
Menai NSW 2234
PO Box 3070
Bangor NSW 2234
Tel: 02 8525 4600
Fax: 02 8525 4650

Sydney North

G04 15-19 Atchison Street
St Leonards NSW 2065
PO Box 3070
Bangor NSW 2234
Tel: 1300 365 125
Fax: 02 8525 4650

Brisbane

6 / 1151 Wynnum Road
Cannon Hill QLD 4170
PO Box 299
Cannon Hill QLD 4170
Tel: 1300 972 829
Fax: 07 3323 3200

Gold Coast

Suite 2D, 109 Upton Street
Bundall QLD 4217
PO Box 299
Cannon Hill QLD 4170
Tel: 1300 972 829
Fax: 07 3323 3200

Melbourne

Unit 15, 3 Westside Avenue
Port Melbourne VIC 3207
PO Box 420
South Yarra VIC 3141
Tel: 03 9645 2734
Fax: 03 8677 2826

Newcastle

3/74 Park Ave
Kotara NSW 2289
PO Box 245
Kotara NSW 2289
Tel: 02 4941 1888
Fax: 02 4941 1887



Who are WSC Group?

WSC Group is your trusted advisor with a special focus in property investment tax, business advice and self-managed superannuation funds. WSC Group provides tax, accounting and financial services and advice to clients throughout Australia, including over 3,000 property investors.

WSC Group are able to carry out property investment modelling to show the before and after tax and cash flow results of property investments and/or developments, as well as selecting the most appropriate structure to use.

We currently have clients ranging from those who are building a property portfolio through to use of unit trusts to those clients undertaking large scale property developments through the use of partnerships, joint ventures and companies.

Our CEO, David Shaw, has an interest in over 30 properties.

GENERAL ADVICE WARNING

The advice contained in this document is of a general nature and does not constitute specific financial advice.

For a detailed financial strategy you should consult with a qualified financial advisor before making any investment decision.

TEN ESSENTIAL CASHFLOW PROPERTY TIPS

1. Upfront cash flow is paramount

As inflation will continue to remain low in the coming decade the upfront cash flow of a property purchase is paramount. Purchase with this in mind.

2. Cash is king

Only purchase properties that are close to positive cash flow (without tax benefits) from Day 1. Explore dual income properties wherever you can, even houses with a granny flat can work.

3. Improving the yield on your current investments

When considering purchasing a house investigate if a granny flat can be added to improve yield. Also for existing houses and units start paying down these loans over time so they become positively geared.

TEN ESSENTIAL CASHFLOW PROPERTY TIPS

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4. **Be careful not to overpay on property purchases off the plan**

Be careful about purchasing over priced properties. Get 3 independent valuations including a bank valuation on any purchase. Buying near new properties can often result in savings and you can generally get most of the depreciation benefits.

5. **Get advice from reputable sources**

Review all of the information you are supplied with and don't be afraid to get an independent third party opinion or valuation prior to purchase. For a small amount upfront, you could save tens of thousands of dollars in the long run.

TEN ESSENTIAL CASHFLOW PROPERTY TIPS

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6. Set a plan for the next 10 years

Planning will help you achieve your goals. You should aim to be earning \$50,000 outside of superannuation as part of your retirement plan.

7. Regional Areas & Boom Towns

Caution should be exercised when investing in regional areas. Many people have invested in mining towns in recent years, where they have seen the value of their properties decrease and rental yields slump.

TEN ESSENTIAL CASHFLOW PROPERTY TIPS

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8. Commercial Property

As a general rule we recommend people stay away from investing in commercial property unless they are experienced investors or the property is used for their own business. Commercial property relies heavily on rental returns and this can be very tumultuous particularly in an economic down turn. During the last few years many commercial property investors have had properties vacant for periods of 12 months or more but they still have to pay the mortgage repayments each month.

TEN ESSENTIAL CASHFLOW PROPERTY TIPS

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9. Limit on purchases

Try to limit your purchases to one property for every \$30,000 of income. If you have an income of \$90,000 as a general rule it's best to stick to 3 properties and focus on paying down some of the debt over time.

10. Growth

A recent analysis of property growth since the Second World War showed that after taking out inflation property growth in Australia averaged out to be 4%. In planning for the future factor in only 4% growth to avoid over estimating the value of your properties in your long term plan.



**Call 1300 365 125 for
your complimentary
initial meeting**

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