

INTELLIGENT CHOICES

Buy Before End Of Financial Year And Reap The Rewards

Last year at this time, we were being told that the world, at least as we knew it, was coming to an end. The whole world was in financial meltdown according to the governments and press. The ordinaries index of the share market which had risen to over 6800 had fallen to below 3600 - we were told that a property collapse of the same order being experienced in the USA and UK was inevitable.



So what has actually happened in the past 12 months? The share market has somewhat recovered. It is a substantial rise compared to last year, but it's still more than 30% below its previous highs.

So what about property? Well, not only has property not fallen in value as predicted by many of the so called experts, but it has actually risen substantially in value. Some of the biggest price rises in years are being experienced and this is a complete contradiction of the almost general consensus that property prices were substantially over valued in Australia.

Despite the economic downturn last year, we did say that 2009 presented some positive buying signals. Anyone who purchased property in the last 12 months (probably with a great deal of trepidation), will soon begin to see the rewards if they are not already seeing them.

Much of Australia is experiencing low rental vacancies and the shortage of

residential property is only going to get worse especially if the latest population projections are even close to correct.

ANZ Australian Property Outlook, December 2009

The December 2009 ANZ Property Outlook reaffirms its view that the Australian residential property market is set to experience strong gains. However, they add that:

"Inadequate supply remains the single greatest issue facing the Australian housing sector. Unless significant action is taken to remove the structural impediments to home building, Australia will face an intractable shortage of housing that will drive deterioration in affordability (both purchase and rental) beyond anything we have ever seen".

They also say that "while house prices fell precipitously across the developed world (US -37%, UK -21%) Australian house prices barely moved (falling by just 2.7% peak to trough) and have since risen sharply. National median home prices rose by 10% in the first 10 months of 2009".

Latest figures just published indicate that median house prices in Australia rose 12.1% during 2009.

National Housing Supply Council - State of Supply Report

The National Housing Supply Council has been formed under the auspices of The Council of Australian Governments (COAG). The purpose of the new body was to report to government on the adequacy of housing supply in Australia over the next twenty years.

Their inaugural report "The State of Supply 2008" made the observation that Australia would require an additional 3,060,000 new residences between 2008 and 2028. The Council further expects that we will have a shortage of 431,000 properties by 2028.

The National Housing Supply Council say that we are projected to build just 138,500 properties per year until 2028

against a demand of what is likely to be more than 235,000 properties. With this in mind, it is clear that neither the government nor industry can allow this to happen and constraints on available finance for development will need to improve considerably.

What this clearly means however, for investors and owner occupiers alike is a great opportunity to purchase property for long term capital gain.

End of Financial Year Strategy
Sensible property investment is a long term investment strategy and no property should be purchased with the sole purpose of limiting taxation. Property should be bought on the fundamentals of the asset itself and should be held long term.

Nevertheless, if there are tax benefits available that are suitable to your personal circumstances you should avail yourself to these benefits.

Opportunities this Year

Because of the financial crisis, Intellicochoice has available a huge range of properties which meet our criteria for quality property purchases and at prices we are sure will never be repeated.

We have a list of recommended properties and because all of the signs point to a very strong property market emerging, we suggest you respond early to avoid disappointment.

Enquire Now

Now is the perfect time to purchase an investment property in Australia. Visit www.intellicochoice.com.au for a brief summary on the properties we currently have available. Don't forget that Intellicochoice can help you secure a pre-approved loan or help with landlord insurance.

Email: sales@intellicochoice.com.au
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A message from Darin Hindmarsh

Hi,

Safety! The great lesson learned from the past 18 months. And we all need more of it.

Investing in property had been very seductive to almost anyone globally for the past 10 years leading up to the GFC. All that was required, was an accommodating lender and then to source a property investment that wasn't situated at the bottom of a harbour.

For our clients, we were fortunate enough to

1. Be in a country where the regulatory bodies were there to protect consumers - sometimes from themselves, but mostly from predatory practices
2. Be in a resource rich country next to some emerging super powers - very fortunate indeed!

Safety though, in terms of properties with strong rental stability and a shortage of supply allows us to now look to the future of our investments and according to our rapidly increasing enquiry, this is looking very good. In fact, it's now at the point where some of the projects we are offering have completely sold out in several days! Our research shows that this will continue as banks are still not lending to developers.

This month, we added a section on investing into mortgage funds (also known as solicitor funds or mortgage trusts) as a way for some of our investors to get into property via the mortgage. Many clients see this as an even safer option. Please send an enquiry via this newsletter if you would like more information.

Until next time, all the best and hope this sees you well until we next meet.

Kind regards,

Darin Hindmarsh | CEO

The Numbers Game

2nd

Australia's ranking for the best quality of life in the world (after Norway)

159,000

New houses and apartments that will be built in Australia for the year ending 30 June 2010

\$1.2 million

Sydney expected median house price in 2019

1.5 million

People projected to move to Brisbane over the next 20 years

73%

Australians who expect house prices to rise - the highest level of confidence in more than 3 years (compared to only 23% when the last survey was carried out in May 2009)

15%

Median property price rise in Melbourne for the last 3 months of 2009

What's Happening For Property In Each State?

Many clients often ask us what the property market is like in capital cities around Australia. Read below a brief summary of what's happening in the major capital cities in Australia and sample properties to take advantage of the great investment opportunities out there.

AN IMPRESSIVE MASTERPIECE BRISBANE, QLD



Brisbane has been and will continue to be a great place to buy quality property. Its population size and growth, the huge infrastructure spend planned to continue for the next decade and its strong economy consisting of tourism, rural activity and resources, all combine to make property investment in Brisbane a sure thing.

BRISBANE PROPERTY

- ❖ Studio, 1, 2 or 3 bedroom apartments
- ❖ Air-conditioning, stainless steel appliances, stone bench tops and high quality fittings and finishes
- ❖ Located next to and overlooks the Brisbane River and Storey Bridge
- ❖ Facilities include an indoor heated pool, gym, spa, sauna and movie theatre
- ❖ Close to public transport, university, Queen Street Shopping Mall, Southbank Parklands, Botanical Gardens and hospital
- ❖ Fantastic finance offer - borrow up to 90% of the purchase price at an interest rate of 5.95% fixed for 2 years from settlement
- ❖ **Prices start from AU\$314,000**

AN EXCITING NEW HUB MELBOURNE, VIC



Melbourne is a popular and cosmopolitan city, with a population size, growth, economic strength and breadth that renders its property market utterly secure. Right now - and it has been that way for many years - medium to high density property in the best inner urban areas is under siege from tenants, owner occupiers and investors and there is no sign of this demand letting up. If you purchase property close to the city centre, your long term returns will be significant.

MELBOURNE PROPERTY

- ❖ 1 bedroom apartments
- ❖ High quality finishes and fittings, stone bench tops, Miele appliances and cleverly configured layouts and storage solutions
- ❖ Secure underground car park and storage cage
- ❖ Facilities include a lap pool, sauna and gym
- ❖ 4kms from Melbourne CBD, close to public transport, universities, shopping, restaurants, cafes and entertainment
- ❖ **Prices start from AU\$385,000**

DYNAMIC INNER-CITY LIVING SYDNEY, NSW



Sydney is a must purchase when it comes to property. NSW has been struggling for a decade and this has caused its property market to struggle also. Right now, there are opportunities in Sydney to purchase excellent properties at prices lower than in Melbourne and we believe this market is finally on the move.

SYDNEY PROPERTY

- ❖ Studio, 1, 2 and 3 bedroom apartments
- ❖ 3 bedroom townhouses also available
- ❖ Designed to 6 star energy specifications and configured for low-maintenance modern living
- ❖ Minimalist styling combined with ample natural light
- ❖ Facilities include an open-air rooftop cinema, gym, BBQ area, heated pool, ground floor cafe and food store
- ❖ 4kms from Sydney CBD, close to airport, shops, golf courses, restaurants, parks and universities
- ❖ **Prices start from AU\$400,000**

To arrange an obligation free consultation, or to receive floor plans, pricing structures, detailed research and other related information about these properties, please contact us directly on sales@intellichoice.com.au or call +61 7 3624 1900.

Add Some Spice To Your Life...



HEART OF GOLD INTERNATIONAL FILM FESTIVAL (GYMPIE, QLD) 11-14 MAR 2010

Gympie, nestled in the Sunshine Coast Hinterland within 45 minutes of Noosa Heads offers film lovers and film-makers a picturesque location with a relaxed ambience to view some of the world's most extraordinary, thought provoking and uplifting films.



FEAST OF THE SENSES (INNISFAIL, NORTH QLD) 19 -28 MAR 2010

A 2 week festival that tantalises the 5 senses of taste, sight, touch, sound and smell with the treasures of the Ultratropics. Major events includes Food Trail bus tours, wine and cheese tasting, market days and a Gala Dinner highlighting local produce.



BLUESFEST BYRON BAY (BYRON BAY, NSW) 1-5 APR 2010

Celebrate the Easter weekend in 2010 with a trip to Bluesfest at Byron Bay. It will be staged at the 120 hectare Tyagarah Tea

Tree farm, with international elite performances and some of Australia's own music legends.



F1 AUSTRALIAN GRAND PRIX (MELBOURNE, VIC) 25-28 MAR 2010

The country's premier sporting event offering an action-packed extravaganza of on-track and off-track activities for people of all ages to enjoy!

Mortgage Funds: From Solicitors Loan Books To Modern Mortgage Trusts



As the name suggests, a mortgage fund takes investors' money and uses it to make mortgage loans. Investors receive the interest payments on those mortgages, after the Investment Manager deducts fees and expenses in running and operating the Fund. These loans

“ Do you remember a few years back when investing in mortgages managed by solicitors was a common way of getting regular income? ”

Mortgage funds nowadays have changed structures and are more regulated for consumers' protection, but the basic investment concept is still the same ”

can be secured by mortgages over retail, commercial, industrial or residential properties.

Evolution from solicitors' books

The introduction of the Managed Investments Act in 1998 and the subsequent Financial Services Reform Act 2001 (FSRA) saw greater regulation introduced to the mortgage investment industry. Legal firms which had acted as a conduit between clients with funds to invest and clients with a need to borrow, now had to meet additional statutory requirements. Furthermore, FSRA introduced greater limitations on the ability to provide financial product advice.

The new compliance burdens forced many Solicitors to decide between being a mortgage operator or operating a legal practice, with many choosing the latter.

Why invest in mortgages?

Currently, thousands of Australians, companies, trusts and self managed super funds have over \$25 billion invested in mortgage funds.

Many people choose to invest in mortgage funds because of the superior

investment returns as compared to cash management trusts. Investments in private mortgages can consistently earn between 7% and 15% depending on the degree of risk. This rate of return compares very favourably with other forms of investments. For example, the return on the average 1 year government bond is 1.6%.

Apart from higher returns, mortgage funds give your portfolio an extra level of diversification.



Security

Unlike investments in stocks or bonds, mortgage investments are secured by tangible assets that you can 'touch and feel'. Typical mortgages are based on a percentage of the appraised value of the real estate security or the Loan to Value Ratio (LVR).

By combining a lower LVR with short loan terms (the length of time of the loan is outstanding), the likelihood of the value of the real estate security dropping below the value of the mortgage is in a normal market considered minimal.

Periodic income

In return for investing your money in a mortgage fund, you will receive a regular income, usually paid monthly, quarterly or half-yearly.

You choose the real estate mortgage that is right for you...

You make the decision whether you want to invest in a mortgage fund or not.

Through one of our trusted partners, you and your financial adviser can review the details of the borrower and the proposed loan before you invest any money. Check the investment term, interest rate, and payment terms together with a description of the project or property used as security for the loan.

Minimum investment is \$1,000, so you can have all the advantages of being 'the bank' without having to fund the entire mortgage.

Professional management

In connection with our trusted partner, we will manage all the details of the mortgage loan for you. We co-ordinate all the legal documentation, monthly mortgage administration and mortgage renewal negotiations. We collect your interest due and pass it on to you, the investor. Fees for this service are paid by the borrower via a management fee which is paid with the borrower's interest.

About our partner

Our alliance partner is a comprehensive mortgage investment management group, and one of the largest privately held financial services businesses in Australia, with total assets held and under management at 30 June 2008 exceeding \$1.5 Billion. You can be assured that they will look after your needs. They have served over 27,000 customers for both mortgages and investments and have lent over \$10 billion dollars to 100,000 customers since inception in 1952.

Call **1300 55 10 45** to find out more about mortgage funds and how you can build your wealth in a safe way.

To find out more about mortgage funds and how we can help you grow your wealth in a safe way, call **+61 7 3624 1900** or email info@intellichoice.com.au

Mortgage Fund Options: Mortgages Available For Investment

Retail Shop at Perth (WA)



A commercial unit situated on the ground floor of a newly constructed 10 storey complex. The complex includes 110 residential apartments and 4 commercial units. The accommodation includes a kitchenette and bathroom amenities. The subject property is currently leased for a term of 5 years.

Available Investment \$213,270
Your Net Return 8.65% p.a. Variable

Total loan	\$556,000
LVR	66.19%
Original term	18 months
Months remaining	14 months

Residential at Surfers Paradise (QLD)



A 3 bedroom, 2 bathroom unit overlooking the world renowned Surfers Paradise on the Gold Coast. Located on the 5th floor with a living area of 155m² with absolute beach frontage. The unit also includes 2 car parks

Available Investment \$415,000
Your Net Return 8.00% p.a. Variable

Total loan	\$1,000,000
LVR	68.97%
Original term	2 years
Months remaining	21 months

Note: Minimum investment of \$1,000 required
Other investments available in QLD, NSW, VIC and WA. Contact Intellichoice on +61 7 3624 1900 for more details.

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