



## IS YOUR PORTFOLIO STUCK AT 3 OR 4 PROPERTIES?



A common problem faced by investors is expanding their portfolio beyond 3 or 4 properties.

Some of the key factors to ensure you can continue investing are having a clear investment strategy, selecting properties with development potential and timing developments to increase serviceability.

### **Starting with a Clear Strategy**

Having a clear investment strategy from the beginning is critical to reaching your property investment goals. Having an investment strategy gives you a clear roadmap so you know what sort of assets to buy and what results you need from each asset so you can continue investing. Your first 1 or 2 purchases can really accelerate your path to financial freedom if they have enough growth and yield or they can delay the process by 5 to 10 years if you buy in a declining or stagnant market with low yields.

A clear strategy requires your buyer's agent, mortgage broker, and accountant teaming up to understand your personal finances, your personal situation, and understand what your end goal is. And then reverse engineer a strategy specific to you. If these three parties all work really closely together, then they have a clear understanding of what sort of yields you need and what sort of growth you need to be able to continue investing.

And they're also going to be able to tell you if you can't do it based on your current income and tell you where your income needs to get to in order to be able to continue investing.

That's why it's really important to have these three parties team up prior to purchasing that next investment property. If you already have several properties and you are tapped out, ensure these 3 people are working together so your buyer's agent can give you the next best step moving forward, whether it may be selling a property which has no value add potential, Whether your mortgage broker

can structure your loans differently, Whether your accountant can assist you in claiming back some additional expenses for your tax return to use that as a deposit.

For example I consult with my mortgage broker and accountant, to determine exactly how much profit my 3 businesses need to make the next quarter so I can continue acquiring. Based on this and knowing where my income needs to be, I then put together my quarterly, monthly and weekly activities in the businesses to reach that income target.

### **Development Potential**

Finding the right property with development potential allows you to manufacture higher rental yields and create your own equity instantly to increase your serviceability. This is key for investment goals with timeframes of 10-15 years to produce passive income of \$100,000 or more.

If you have a 20+ year strategy then you can buy and hold blue chip properties as close as you can to a CBD. However, the majority of our clients have a 10-15 year timeframe where they want to produce a passive income. Buying and holding on to property waiting for the market to go through its usual cycle won't work in shorter timeframes. The only way you're going to do that is by getting your yields from 5% or 6% up to 10% and paying off that mortgage in half the amount of time. To do that you need properties with development potential which could be as simple as renovating putting in new floor boards and paint, or adding an extra bedroom, adding a granny flat or something that you can have dual occupancy.

### **Time the Developments to Increase Serviceability**

A question that gets asked all the time is when do you do the granny flat or the dual occupancy to increase the rental yields? The answer to that really depends on your personal situation. Again, your mortgage broker, buyer's agent, and accountant all have to sit together and create this strategy for you.

You want to acquire your properties as fast as you can. If you need four properties to get to your end goal, the aim is to acquire those four properties as fast as possible, and then do the development like the granny flat afterwards. However, if you're going to be capped out after two properties, then you might need to buy one or two properties, then do the granny flats, and then onto your third, do another granny flat, move on to your fourth.

It is all about ensuring you don't get capped out in terms of serviceability. But the aim of the game is to acquire the assets as fast as possible because it's the assets that are going to increase in value and that's what's going to make it harder for you to acquire your properties if they go up in value faster than you can actually purchase them.

Thanks for taking the time to read this. If you would like further information or have any questions please feel free to call me directly on 0415420108 or get in touch at [bobby@theinvestorsagency.com](mailto:bobby@theinvestorsagency.com).

Kind regards

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