



NEGOTIATOR eNEWS

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There is never a wrong time to do the right thing – Rush Limbaugh

Welcome to the August issue of Negotiator eNews – the free newsletter with Tips, Strategies, Articles and News related to Wealth Creation.

Interest Rate News

The Reserve Bank have decided to leave rates on hold this month, however they have given the strongest indication that they may consider moving rates downward soon. Many economic forecasters are also predicting a drop in interest rates in the coming months. It is starting to look like we have reached the peak of this cycle. Let's hope this is the case and rates drop soon.

You would have also noticed that there has been no shortage of doom and gloom in the media regarding the state of the property market. Most investors however, view property as part of a long-term investment strategy. Even many young investors view their properties as part of their nest egg. So the short-term ups and downs of the property market should be of no concern. I always say "When everyone is running for the hills, it's time to be accumulating property".

In Perth, a strong economic environment continues to maintain house prices. Prices have increased by 3.8 per cent in the March quarter according to Residex despite the fact that prices were expected to decline following phenomenal growth in recent years. Employment opportunities in Western Australia have seen an increase in population of around 40,000 per annum and a lack of supply in the rental market has seen demand for rental properties remain firm. This is great news for property investors.

Till next month, keep well and if any of your friends or family need help with education or finance, feel free to call me anytime.

Feature Article

Position Yourself for Success

A recent report from HIA showed that Australia's population grew by over 330,000 people in 2007 and in the next 5 years it is predicted to increase by over 1.65 million!

The BIG question is...where are these 1.65 million people going to live?

If we look at the facts:

- Australia is facing the biggest housing shortage it has ever seen.
- Every month we fall another 4,000 homes behind the required building production level.
- That's a shortage of 48,000 homes every year.
- On a national level, vacancy rates are at an all time low.

So what this means for investors is:

With these staggering figures, the excess demand for housing will continue and increase. You really have to be positioning yourself now to take advantage of these conditions.

With demand greatly outstripping supply, investors will be able to increase their rents. This will boost your investment portfolio yields and will also mean investors have more cash in their pockets.

This increasing demand and limited supply also means that as soon as interest rates drop, it's almost a certainty that real estate will start to have significant growth again. Many investors are staying out of the property market right now because they sense uncertainty. They are waiting for rates to fall to provide them with the confidence they need to enter the market. This now means there is an abundance of buyers who are about to come face to face with the massive undersupply of properties and this could cause a stampede back into the market. The question is, how many interest rate cuts do we have to have before this starts to take effect.

Now is an ideal time to be positioning yourself - start adding the right properties to your portfolio so you will get massive results when the market changes but grow your portfolio so it is manageable and does not detract from your lifestyle – remember, it's all about balance.

A slow and steady strategy can deliver the keys to financial independence. Accumulating property and building a portfolio is the primary goal of most investors, but overnight success can take years. It's important to plan for the future and not get so caught up in the process that you could end up failing to act. It's extremely important to get motivated and set your goals as the cost of doing nothing can be very expensive. I hate to state the obvious, but if you do nothing, you make nothing.

The ability to earn an income is our most important asset and we should treat our finances like a business. In a business, cash flow is generated by sales and service, while for individuals it usually comes from salary. In order to save, you must spend less than you earn. With discipline and budgeting, financial goals can quickly become reality.

Having a budget helps you take control of your finances and is one of the most useful tools for planning. It gives you a clear picture of where your money goes and more importantly, how much you could be putting aside to reach your savings goals.

Bricks and mortar give you security and peace of mind. Financial independence gives you choices, and above all a feeling of achievement and security. Success comes to those people who plan for it.

Ask The Negotiator

Email gregg@negotiator.com.au if you have any topics you would like to see covered in future newsletters.

Helpful Product/Tips

Depreciation Schedules for Older Properties

I was once told by a Real Estate agent that it wouldn't be worth getting my older investment property looked at for depreciation as there wouldn't be anything to claim. Well did I prove the agent wrong. I managed to squeeze out \$8000 worth of depreciation in the first year as the purchased property included furniture.

I wish you all could have seen the agent's face when I told her what depreciation I received for the first year. The funny outcome out of this situation is that the agent rung me two weeks later asking which depreciation company I used as she now had a client with a similar property to ours that required this service.

Residential properties built before July 18, 1985 still allow owners to deduct plant and equipment items within the property including carpets, stoves, hot-water units etc.

If you need a depreciation schedule done, email or phone me and I'll send you the contact details.

Saving Tips

Use Power Wisely

Be conservative with power usage. Before buying whitegoods or electrical items, always check the energy efficiency rating. Talk to your utility provider about peak and off peak rates and load management programs, install insulation or solar water heating and switch to eco-friendly products.

Save on Food and Groceries

Make a shopping list. Never shop for groceries without a list. This will help you avoid impulse buying. You will need to put extra effort into sticking to the list. Shop your groceries in bulk. This way, you get all the deal and discounts that come with bulk buying. Compare prices in the different stores. You can go to the different stores' websites or check their marketing leaflets they send out in the mail or in the local papers. Forget loyalty to a store...price is everything!

Pay off your Credit Card

Credit cards are a useful tool if you use it wisely Pay off your credit card debt when it is due so as not to accumulate interest payments. Build up your frequent flyer points and work towards your free holidays. If you can't control yourself financially, a credit card could be your worst nightmare..Remember – remove all temptation where temptation exists.

Shop Around for Better Deals

Check your mobile, landline, internet, telephone and pay TV providers to ensure you are getting the best deals. Shopping around and being aware of what's on offer may save you hundreds. If you do switch providers, beware of contracts and costs associated with switching, and always compare costs and terms and conditions.

Save on Fuel

Save on fuel by visiting www.fuelwatch.wa.gov.au or www.motomouth.com.au or similar fuel watch websites before you fill up. These sites are updated daily and help you find the most affordable fuel in your area. Additionally, you can save by always using discount fuel vouchers.

Check your Insurance

Check your Insurance details to see if you have enough cover. This will be one of the next services I will be making available to clients so they can make an informed choice. I'll keep you informed in future newsletters.

Save Tax and your Health

Most Australians are subject to a Medicare levy of 1.5% of their taxable income. However, from 1 July 2008, individuals earning more than \$100,000 a year and couples and families with a combined income of more than \$150,000, who do not have an appropriate level of hospital insurance, are subject to a further 1%. For more information about private health insurance and to compare available policies, visit www.privatehealth.gov.au

Make Cut Backs

Much of our disposable income goes towards luxuries we could do without such as coffees, lunches and parking. Have a think about what you can cut back on. Perhaps you could opt for an instant instead of a café coffee, or park further away in free parking and walk the rest of the way.

Embrace Change

At the end of each day, put all of the change you accumulate into a 'piggy bank' and deposit it every couple of months. You'll be surprised to find that you can add hundreds to your savings from spare change.

Joke Of The Month

Saving Money

Mother had decided to trim her household budget wherever possible, so instead of having a dress dry-cleaned she washed it by hand. Proud of her savings, she boasted to my father - Just think, Fred, we are five dollars richer because I washed this dress by hand. Good, my dad quickly replied. Wash it again!

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