

Issue 7 – Mar 2007

Should you sell your investment property when the market is low?

Many people are asking themselves this question. At the time leading up to the boom in NSW in 2003, many people rushed to enter the emotionally high market, and now many investors are now faced with lower property values - some even less than the purchase price.

Acquiring an investment property is one of the smartest ways to leverage your savings to create income generating assets for retirement or lifestyle purposes. There's a saying that goes 'When's the best time to buy an investment property?' The answer is 'Yesterday'. So when is the next best time? 'Today'!

Property over time has always shown positive growth, but many people get stuck on the typical highs and lows of the property cycle. If you look at the median house prices in any market, property tends to double in price every 7 to 10 years. This means that it will average 7%-10% growth averaged over the period. Will your property go up in value every year? Of course not! The market is cyclical in nature and there will be periods of high growth and periods of low or even negative price growth. The key is that over 7 to 10 years, the value should double. In NSW the 'boom' came off the boil in late 2003 which signified the end of one cycle and the beginning of another. This is the correction in pricing we are seeing in the market at the moment. (Perth for example is at the opposite stage of the cycle- its near the peak of its boom). The good news for NSW investors is that we have seen the worst of it. It's now 2007, 4 years since the peak of the boom, which means we are around 3-4 years away from seeing the market return to the top of the cycle.

Now is the time to buy - not sell. Unfortunately, for some, the rising interest rates combined with high fuel prices, high inflation and other things, means that making payments on a negatively geared property can be difficult, and many look to sell to recoup money for these items. In times like this, selling your investment property may seem like a good idea, but when costs are factored in, it can leave you wondering if the whole exercise was worth it. Agents fees (typically 3% of the value) and capital gains tax are two of the more costly things to consider. But what is the cost to re-enter the market later? You'll be up for stamp duty, lenders costs and legals but more

importantly - in most cases, you will not be able to purchase a similar property for the same money as when you bought it originally. This could set your wealth plan back many years as you wait for another property cycle.

In any investment market, there will always be highs and lows. After all, markets are run on emotions (greed - that's when they buy and fear - that's when they sell) as well as information. Ensure you are well informed.

Educate yourself by reading informative investment magazines and books by authors who have made their fortunes in real estate. Find yourself a trusted person who can help you make an informed decision.

Garry Lunn the Director of Independence Investments and his team are a valued and trusted source of information. Through leadership the Independence Investment Team can help you decide most importantly why to invest, than the how and the where is much easier.

Please take the time and make it a priority to meet the team. Find out why investing will give you more control of your life. Turn your dreams into goals and then achieve them.

Contact Garry Lunn on Tel : 02 4962 5900

Big ALs HEALTH TIPS Looking After Your Body

The human body is a marvellous machine. It's tough, but it can break, tear or bruise. It will repair itself, but may wear out if not given exactly the right amount of aerobic exercise, rest and recovery. It will adapt to new circumstances by becoming leaner, stronger, and more flexible, or by having greater endurance, but these adaptations take time.

The body needs a regular challenge to keep functioning at optimum efficiency. If you keep the body fit and well maintained, you will get more return from the food and air taken in, will discharge waste products more effectively, you will degenerate less with age or injury and will resist the invasions of viruses and bacterial infections.

The body will change as it ages. If you want to minimise the effects of illness, injury, and ageing, here's a maintenance manual for your body.

- Ensure you get your body up to operating temperature before exercise by a thorough preparation phase.
- Keeps your body working at a low level after exercise, to allow your body to quickly recover?
- Get competitive with yourself and set nutrition and exercise challenges.
- Include some fats in your diet for endurance, lots of complex carbohydrates for high performance and protein for repair work.
- Eat a variety of foods to ensure adequate vitamins and minerals.
- Drink lots of water as the water in the veins, arteries, lymph system, muscles, organs and skin is the transport system of the body.
- Many of the body's repair functions only take place during deep sleep. If you wake up feeling fatigued, you haven't given your body enough repair time. Try quiet rest or stretching periods during the day, to give your body a chance to catch up on maintenance.
- Don't have a one-way flow of information from the mind to the body. Listen to your body.

As we can see our bodies are the mirror image of our investments, we need to establish a long term plan that will equip us in the aging years down the road.

Take a serious look at your maintenance plan; do you have one at all? If not establish one immediately. If you are struggling please give me a call on 0402037159 and I will start you on a programme that will enable you to enjoy the fruits of your investments when you are in your golden years.

DO NOT DELAY. IT IS NEVER TOO LATE TO COMMENCE INVESTING IN YOUR FINANCIAL SECURITY AS WELL AS YOUR LONGIVITY. WHY NOT ENJOY IT TO THE MAXIMUM?

Sourced from Vic Health.

Contact: Alan McCloskey on 02 4962 5800

Together we can.....

Please feel free to forward this newsletter to anyone that may benefit from it. If you no longer wish to receive this newsletter or you received it in error, just reply by Email and type 'unsubscribe' in the subject area. Items herein are general comments only and do not constitute or convey advice per se. We therefore recommend that our formal advice be sought before acting in any of the areas. Neither Independence Group Pty Ltd, its employees nor its Directors accept responsibility for any omissions or inclusions in the printed material.

All personal details are kept private and confidential. Names used in this newsletter have been done so with consent.

Comments and contributions always welcomed.

Ph: 02 4962 5800 Mob: 0488 260 152 Fax: 02 4962 5900 Email: info@i-group.com.au

Super Tips...!

Did you Know....

The balance of funds held in Superannuation in Australia is about to reach \$1 Trillion dollars. Please make sure your own Superannuation fund is working hard for you & adding to this balance. A couple of good tips to ensure your balance grows & works hard for you is to:

- Make sure you invest in growth assets for the long term i.e. Shares & Property
- Make sure you are taking advantage of any tax incentives i.e. Salary Sacrificing & Co-Contribution payments that may be available to you.
- Make sure you keep track of your balances & consolidate if you have a number of smaller funds floating around.
- Make sure that you check how Superannuation can be used to tax effectively plan for your retirement i.e. Superannuation used to draw a pension after age 60 is about to become tax free (post July 2007).

If you need help with any Superannuation or other wealth creating strategies, please call Lee-Anne, Donna or Arthur on 0249 625 814.

The Fear Factor

The 28th of Feb 07 saw the biggest one day fall in the Australian share market – thanks to the “China Syndrome”! Here is something for our readers to contemplate on:

We can stop fearing loss of money or success because when we understand how it is created, we can always create more.

Extract: DailyOM [today@dailyom.com]

Do not fear risk. All exploration, all growth is calculated. Without challenge people cannot reach their higher selves. Only if we are willing to walk over the edge can we become winners.”

Author: Unknown