

# Queensland **Property** & Lifestyle

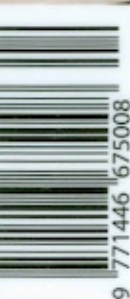
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## Why I invested in Queensland

By Chris Gray

**Chris Gray is the property expert on Channel 9's *MyHome TV*, and author of *Go For Your Life: How to Turn Your Weekdays into Weekends Through Property Investing*. Here, he outlines the investment strategies which helped him turn a \$35,000 deposit into \$3.5 million in just nine years, and explains what makes Queensland such a great place to invest.**

Queensland, and Brisbane in particular, has achieved very good growth over the last decade. It's got a great climate and more and more people flock here every week. These are major reasons why investing in property in Queensland has been so attractive recently, and major reasons why I have included Brisbane in my own property portfolio.

Property investing is my passion, and has given me my key to a relaxed lifestyle, a passive income, long-term wealth and security in my retirement. In the property-education seminars that I run for investors and home owners, I often joke that I gave up being a full-time employee at the age of 31 mainly because I couldn't fit a nine to five job

around my busy lifestyle! That's the kind of passive wealth property can offer – even for those who start out with no capital. It took me nine years to build the financial freedom to achieve this and my portfolio continues to grow.

### My own investment strategy

I decided early on in life that I didn't want to have an average lifestyle – and I definitely didn't want to spend my working life in an office. Property alone has enabled me to realise my dream.

People often ask me why I've chosen property. In short, it's solid bricks and mortar, it's relatively risk free and it grows 24/7. It is also passive to look after, making property investments one of the best ways of being able to afford a better lifestyle without having to work too hard. I believe it's the most stable investment that provides a decent passive income.

Property goes in cycles, and I counteract the downtimes by investing for the long term.

It's also important to keep equity or cash aside for those unexpected emergencies, especially if your rents don't quite cover your mortgage payments. Getting into your first property is tough, the second comes easier and the third even easier than that. If you have more assets going

up, it then takes a fraction of the time to build enough equity for your next property.

Creating an asset base like this allows you to put less emphasis on your career. You can work doing what you love, rather than doing it just to pay the bills and build up savings. I have now turned what I love – property, television and education – into my part-time lifestyle business, which creates enough income to support me day to day, while the actual properties look after my long-term wealth.

### The benefits of Queensland

Property in Queensland has some distinct advantages over property in other states and that's why it's worth considering if you're thinking of buying.

For one, Queensland is more affordable, enabling you to get into the property market a lot quicker. Prices are rising, but they are still typically cheaper than in NSW and Victoria, so it takes less time to save a deposit for your second or third property purchase. Unleveraged cash sitting in the bank goes nowhere and if an investor can get into another property a year earlier because of affordability, that's an extra year's growth.

Queensland gives home owners more for their money, too. The median price of houses in Brisbane has recently reached \$425,000, while that same amount would only get you a unit in Sydney, and probably not a great one at that!

The massive population migration from overseas and interstate increases demand for property, resulting in growing housing prices and rents – always an attraction for any property investor.

The rule of thumb is that well located property tends to double every seven to 10 years. During that cycle it might flatten out, maybe even drop off a bit, then you might get three to four years of growth. According to that formula, if you had a \$300,000 property now, it could be worth \$600,000 in seven years, \$1.2 million in 14 years, and so on. (To get these kinds of growth, it's still important to buy well.) Over the last 35 years, Brisbane started out well, had slower growth in the early 90s, and has been catching up by more than doubling in the last seven years.

In fact, with Brisbane one of the fastest-growing cities in the world, infrastructure is increasing to cater for growth. New roads and transport links bring the CBD closer to the suburbs, increasing the price of properties within easy commuting distance.

This State is also likely to have more land available for release in the coming years. When you compare Brisbane with a city like Sydney, the latter is bordered by ocean on one side and the Blue Mountains on the other. So it can only become denser within a limited area; but Brisbane isn't as limited geographically.

With Queensland expansion there is some good opportunity to buy properties off the plan and that's great for investors that are keen to speculate. Not only can you finance an off-the-plan property when it is completed, and hopefully worth a much higher price, you can take out a deposit bond or bank guarantee if you have equity in another property. These are basically guarantees or insurance policies that promise that you will pay the developer the 10 per cent deposit when the building has been completed. Being able to secure a \$400,000 or \$500,000 property for the cost of a \$2,000-3,000

deposit bond means that you could take advantage of a potential \$40,000-plus capital gain before even taking on a mortgage.

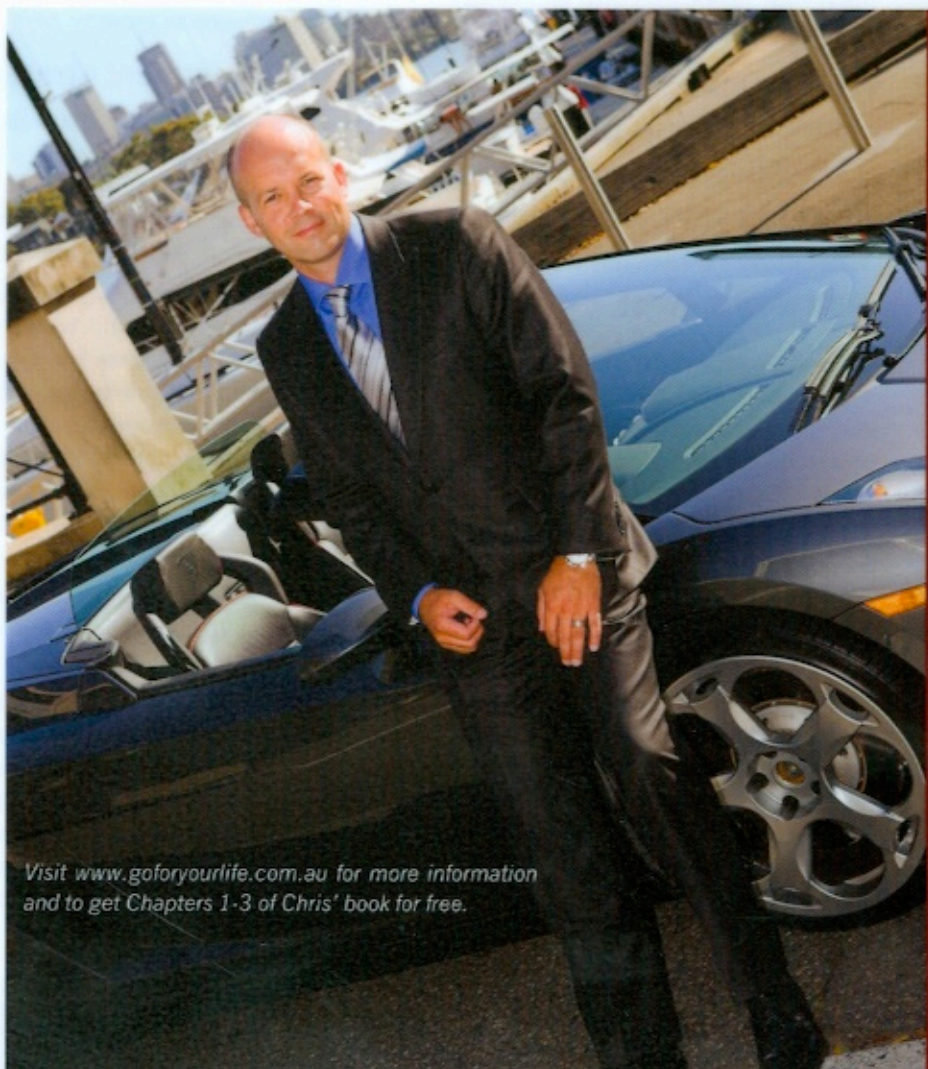
The other benefit that Queensland offers – and which many people don't see straightaway – is the range of different renters coming to the state. Not only are people moving to Queensland for a range of employment opportunities or a permanent sea change, many stay just for the summer, for short breaks, or monthly and weekly holidays. It offers a great choice for investors, who can purchase properties for use as long-term rentals, self-contained holiday homes, tourist accommodation or executive rentals. And with the diverse range of properties throughout the state – beach, the canals, tropics, eco and bush – there's a property to suit every investor and renter.

As a professional property investor, I'm always interested in how to make more



money while taking less risk. Having all your eggs in one basket isn't always the best investment strategy. As the majority of my properties were in NSW and the UK, a few years ago I chose to diversify into Queensland and purchased a four-bedroom, double-garage house in Algester, south of Brisbane. The property jumped from \$280,000 to around \$330-340,000 in the first year, securing a profit that should make it a worthy part of any portfolio. If you can secure a profit on a property from day one, it's unlikely to ever drop below that level again, as long as you can hold on to it. And if you can get back your initial deposit by refinancing, you can then use it to jump into the next property and so on.

It can be more challenging investing in areas that you don't understand as well as your own backyard, but the hurdles are made easier when you do your homework by reading up-to-date research reports, and bringing on a good team of valuers, building inspectors and management agents. [2]



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