

**I**  **VE** **WEEKLY**  
**REAL ESTATE**

**WEDNESDAY**  
**WEBINARS**





# How To Explode Your Portfolio With Buy And Hold Properties

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# WARNING

- This Strategy is only suitable as a **LAST RESORT!**
- The Manufactured Growth Strategy will always get you a faster and more accurate result.

You can use this strategy:

- If you have a good income
- A very long-term goal of 10 years plus
- Too busy (or many excuses) to do Manufactured Growth

But if you **MUST** Buy and Hold, then you want to do it properly...

# Supply Vs Demand



When Demand is HIGH and SUPPLY is LOW the price is forced to go up higher

# When Prices Go Bananas

Cyclone Larry of 2006 and Cyclone Yasi of 2011 had caused a supply constraint on bananas.

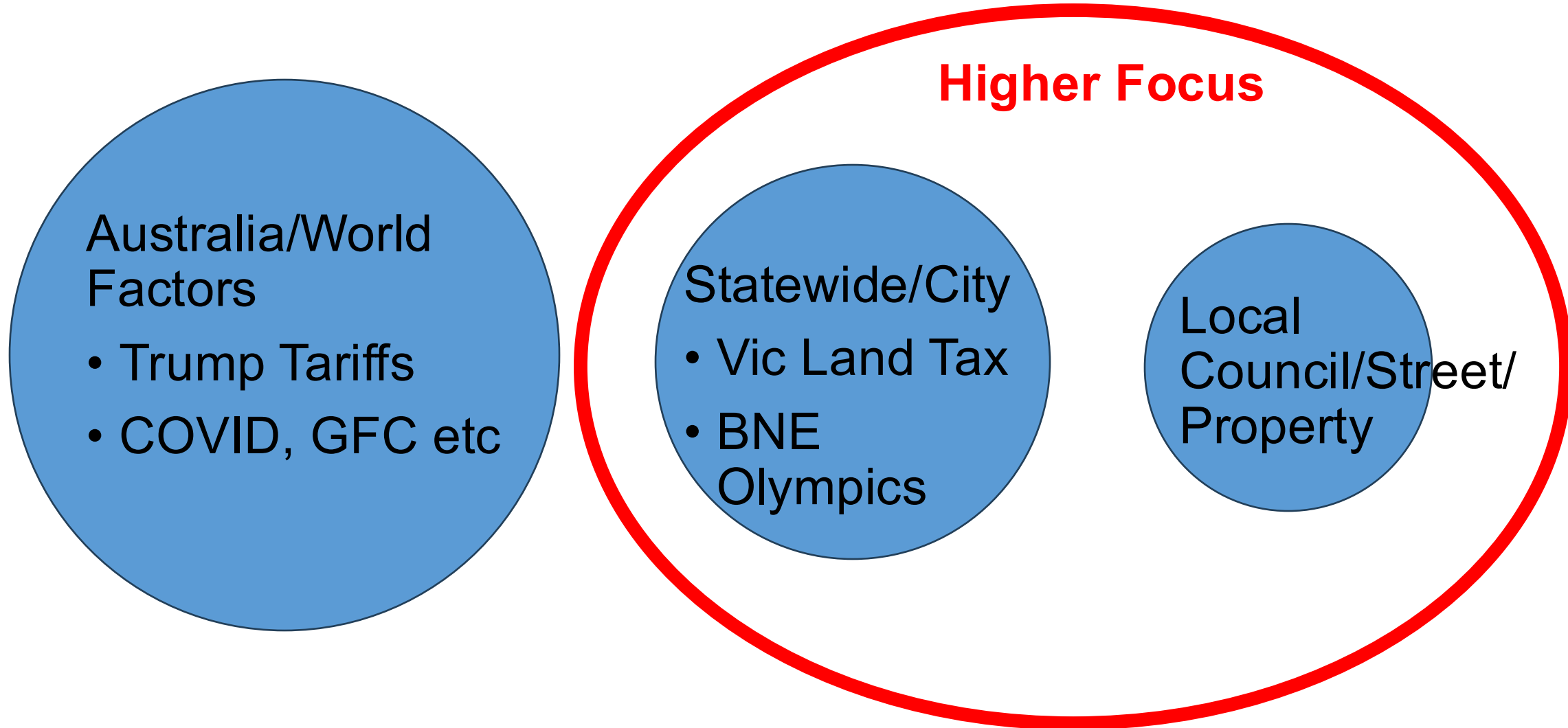
The demand was relatively the same, but the supply was restricted, so the prices went up!



# So In Real Estate What Drives Demand?

- Population Growth and Migration
- Jobs
- Income
- Lifestyle choices i.e Sea-change, Tree-change
- Interest Rates and Credit Availability
- Government Policies
- Infrastructure Spending
- Safety Concerns
- Plus a lot more!

# What You Need To Consider



# What You Are Buying



You want to buy around this range, but with the Suburb growing to High Demand with Low Supply

# What Is Boomscore?

If you are familiar with DSR (Demand vs Supply Ratio) then you will know Boomscore. Boomscore is a analysis score between various indicators such as Supply and Demand, Online Interests, Stock on Market etc... to create a score that determines whether or not there is potential growth for that suburb.

Low Boomscore = Excess Supply

Mid Boomscore (50) = Balanced Supply i.e the Demand meets the Supply

High Boomscore = More Demand than there is Supply

Your Target should be between 55 – 80.

[Boomscore.com.au](http://Boomscore.com.au)

# Key Factors You Need To Look At

## Owner Occupied Vs Renter Proportion

- You want the Owner Occupied % to be around 65% - 85%
- More OO Properties, mean less likely to have a surge in rental properties, thus keeping demand for rental high and vacancy rate low

## Suburb Vacancy Rate

- You want the vacancy rate to be < 2%
- This will ensure you can find a new tenant when your property becomes vacant

## Days On Market (DOM)

- You want to be less than 60 Days and look at the history of the DOM in the suburb

# Key Factors You Need To Look At

## Stock On Market

- The percentage of properties available for sale against total properties in that suburb. Australian average is 1%. So any number below or above that we need to understand why?
- Aim between 1% - 1.3%,

## 3 Year Median Price Growth Rate

- This looks at the price growth of the suburb over the last 3 years. We are looking for less than 50%
- Higher Growth may suggest the suburb has already approached peak if not at peak

## 10 Year Median Value Growth Rate

- The Australian average growth rate has been around 6.55% so we want this to be below 7%. If above this, it suggest there may not be extra room to grow.

# Key Factors You Need To Look At

## 12 Month Rental Growth Rate

- This tells us if people want to rent there by moving towards that location. So if it's growing then Demand can push the property prices up
- Aim for > 5%

## Vendor Discounting

- When Vendors Discount it could mean the area is harder to sell or not enough interest.
- Aim for areas that have less than 5% discounting.

## Online Search Average

- This is the number of people searching for property at that suburb. You can find this out on [rea.com.au](http://rea.com.au) in Suburb Profile. Take the Interested Buyer ÷ Properties Available. You want anything more than 20:1.

# Other Factors To Consider

## Infrastructure Proximity

- You want to look at where the closest infrastructures are. Is it close to school, activity center, public transport etc...

## Infrastructure Spending

- Are there any new infrastructure spending, such as roads, schools, new commercial/industrial areas etc...

## Job Availability/Accessibility

- Is it easy to find and get to jobs in this location
- Checking [seek.com.au](http://seek.com.au) how many job listings are there, as well as the local surrounding suburbs
- This is to ensure there is enough job support in the area even when a few industries close, there is still economic stability

Example: Geelong – Alcoa, Shell and Ford.

# Other Factors To Consider

## Building Approvals Against Total Dwellings In Area

- By knowing the number of BA's against the Total Dwellings you can work out the supply to the area. You want this to be under 10%.

## Ease Of New Supply

- Is there enough areas and land for further subdivision. If there are lots of green space, or land for subdivision then it means it's easier for council to support DAs.
- It's harder and slower to build high density vs. building more units and subdivisions. Therefore you want an area that has less area for New Supply

## Household Income Vs Stage Average

- Is the household income increasing faster than the State Average. If more disposable income is available, then people will pay higher for the properties to move there for jobs etc...

# Other Factors To Consider

## Household Income Vs Weekly Rent Payments

- Affordability is set at 30% of income according to Australian Government. So you want more than 60% of households paying less than 30% of their income towards rent.

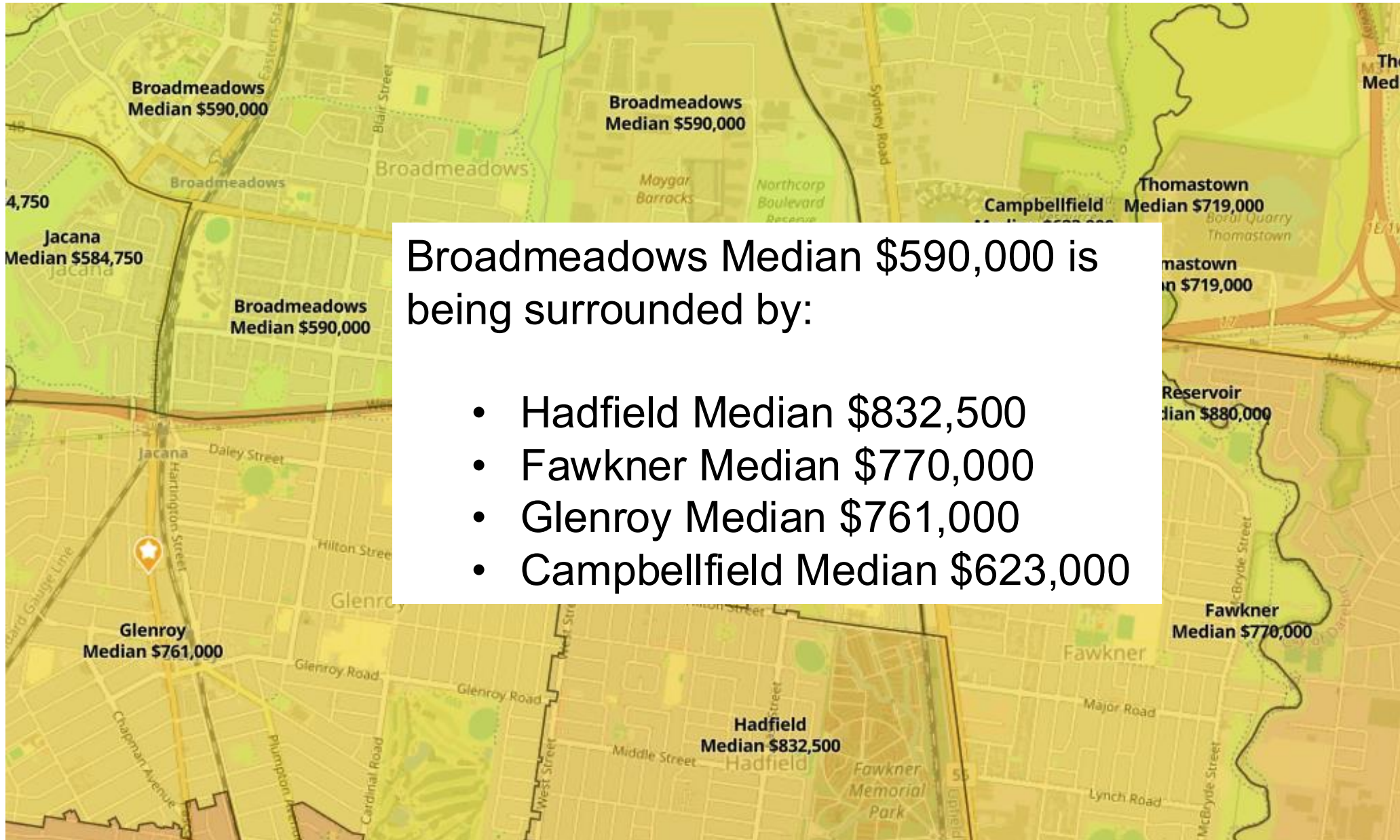
## Household Income Vs. Mortgage Repayments

- Similar to before, you want more than 70% of households where mortgage repayments are less than 30% of household income.
- These help determine if the income can support future growth in price, and still be affordable to the people there.

## GVA Score

- You want this to be above 25% if considering reno
- You want this to be between 0% and 15% if considering subdivision of old vs new subdivided property etc...

# Other Factors To Consider



Broadmeadows Median \$590,000 is being surrounded by:

- Hadfield Median \$832,500
- Fawkner Median \$770,000
- Glenroy Median \$761,000
- Campbellfield Median \$623,000

# Researching The Information

- **Owner Occupied Vs Renter Proportion**  
[LandChecker.com.au/suburb-profiles/](http://LandChecker.com.au/suburb-profiles/)
- **Suburb Vacancy Rate**  
[sqmresearch.com.au/graph\\_vacancy.php](http://sqmresearch.com.au/graph_vacancy.php)
- **Days On Market (DOM)**  
[www.domain.com.au/suburb-profile/](http://www.domain.com.au/suburb-profile/)
- **3 Year & 10 Year Median Price Growth Rate**  
[onthehouse.com.au/suburb-research](http://onthehouse.com.au/suburb-research)

These are a start, but you can use Google to find out a lot of information.

Try entering what you're looking for followed by the suburb, for example:  
Days On Market, Orange NSW.

Just don't rely on the answer from Ai as it can make up the figures.

# So How Do You Find The Right Suburb?

- Step 1: Get a list of suburbs that falls within your criteria i.e proximity to where you live, regional vs metro, price range etc...
- Step 2: Use Boomscore.com.au or Hot Property Finder

**boomscore**

- Dashboard
- Suburb Profiler
- Hotspot Finder**
- Favourites
- Market Alerts
- My Properties
- My Account
- How it works
- Proof it works
- Learn

### HOTSPOT FINDER

Select your **budget** by suburb median price

- < \$450K
- \$450-\$650K
- \$650K-\$1M**
- > \$1M
- ANY PRICE

Search suburbs by **property type**

- HOUSES** Search by Houses
- UNITS Search by Units
- BOTH Include both in Search

Filter suburbs by **market potential**

- NO GO ZONE  
Expect prices to fall  
0-20 Boomscore
- BE CAREFUL  
Little capital growth expected  
21-40 Boomscore
- HEALTHY MARKET  
Supply meets demand. Balanced Market  
41-60 Boomscore
- UPSWING MARKET**  
Expect prices to rise as demand exceeds supply  
61-80 Boomscore
- HOTSPOT ALERT!  
Prices should soar as demand outweighs supply  
81-100 Boomscore
- BOOMSCORE 50  
Your instant top 50 suburb report  
List limited to top 50 suburbs ranked by boomscore

Search suburbs by **area**

Add map filter

Data quality  
Limit your search to locations with the most reliable

# So How Do You Find The Right Suburb?

- You can see from boomscore.com.au you have a lot of the research data already
- You now just need to cross reference that data with other sources to make sure you are satisfied with that suburb

2617	<a href="#">KALEEN</a>	ACT	H	61	\$904,500	44	-9%	43%	3.70%	0.81%	110	0.46%	23	100%
3011	<a href="#">FOOTSCRAY</a>	VIC	H	61	\$862,500	61	-6%	60%	3.10%	0.57%	161	0.39%	44	100%
3155	<a href="#">BORONIA</a>	VIC	H	61	\$848,500	40	-5%	54%	3.50%	0.88%	169	0.41%	26	100%
3034	<a href="#">AVONDALE HEIGHTS</a>	VIC	H	61	\$927,125	62	-4%	60%	3.00%	0.93%	126	1.28%	22	100%
3154	<a href="#">THE BASIN</a>	VIC	H	62	\$740,833	25	-5%	32%	3.70%	0.65%	234	0.54%	11	100%
4053	<a href="#">STAFFORD HEIGHTS</a>	QLD	H	62	\$841,250	20	-4%	44%	3.00%	1.03%	143	0.74%	29	100%
2766	<a href="#">ROOTY HILL</a>	NSW	H	62	\$861,750	24	-4%	38%	3.40%	0.92%	132	0.48%	33	100%

# Hot Property Finder Can Also Do This Quickly...

SUBURB	POSTCODE	MARKET BSORPTION	DOM	SALES VOLUME	IQR % MEDIAN	GRID VARIANCE	ICSEA SCHOOL	POP. GROWTH (5Y)	BOOMSCORE	POPULATION	
☆ Warrnambool	3280	27%	36	448	36%	19%	33	3%	58	31308	Q
☆ Dallas	3047	18%	32	79	15%	9%	18	-5.6%	60	6762	Q
☆ Coolaroo	3048	33%	27	35	11%	5%	15	-5.6%	57	3193	Q
☆ Broadmeadows	3047	32%	30.5	170	19%	14%	18	-3.7%	61	12524	Q
☆ Roxburgh Park	3064	33%	30	298	24%	15%	26	2.6%	57	24129	Q
☆ Tullamarine	3043	22%	29	105	19%	12%	46	-3.3%	57	6733	Q
☆ Meadow Height	3048	24%	29	145	18%	9%	18	-6.3%	62	14890	Q
☆ Craigieburn	3064	19%	30	999	25%	14%	39	15.9%	62	65178	Q
☆ Westmeadows	3049	50%	26	92	19%	11%	45	-2.2%	63	6502	Q
☆ Brookfield	3338	34%	42	227	20%	8%	-	32.9%	56	10782	Q
☆ Carrum Downs	3201	55%	15	357	14%	7%	40	3.8%	65	21976	Q
☆ Newcomb	3219	25%	30	85	15%	7%	25	0.3%	60	4704	Q

# Hot Property Finder Can Also Do This Quickly...

- If you Export the Data you will get a huge list of information and data!
- You will have Growth Rate, Total Property, Population Growth, Social Housing etc...

	A	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC
1	Suburb	Suburb \$ Medi	Growth (12MT)	Growth (10Y A)	Rental Yield	VacancyRate	Room Demanc	Owner Occup	Social Housin	Affordability	Market Absorp	DOM	Sales Volume	IQR% Median	Grid Variance	ICSEA School	Pop. Growth (5	Boomscore	Population	Median Incom	Mining Town	Property Count	Total Property	SA2 Estimate	SA2 1-Year Pop	SA2 3-Year Pop
2	Warrambool	590000		0.066	0.04873709	0.003	0.925	0.742	0.055	0.527	0.265	36	448	0.355	0.19	32.7142857	0.03	58	31308	1385		12325	14544	36238	0.009	0.013
3	Dallas	560000	0.087	0.066	0.04727273	0.0043	1.308	0.681	0.06	0.359	0.176	32	79	0.151	0.087	17.5	-0.056	60	6762	1088		1885	2230	16220	0.021	-0.039
4	Coolaroo	560000	0.047	0.067	0.04668802	0.0051	2.172	0.658	0.073	0.314	0.333	27	35	0.111	0.05	15	-0.056	57	3193	1025		1112	1183	16220	0.021	-0.039
5	Broadmeadows	590000	0.073	0.054	0.0465918	0.007	2.848	0.541	0.145	0.363	0.316	30.5	170	0.186	0.135	18.125	-0.037	61	12524	1151		3370	4486	30563	0.025	-0.034
6	Roxburgh Park	650000	0.024	0.051	0.04635958	0.0078	1.895	0.761	0.01	0.586	0.325	30	298	0.235	0.15	25.75	0.026	57	24129	1629		6886	7037	24868	0.016	-0.007
7	Tullamarine	724500	0.022	0.056	0.04515195	0.0105	3.075	0.697	0.011	0.357	0.217	29	105	0.193	0.115	46	-0.033	57	6733	1404		2431	3197	18335	0.008	-0.023
8	Meadow Heights	600000	0.062	0.062	0.04513124	0.0055	0.708	0.676	0.08	0.437	0.244	29	145	0.183	0.091	17.5	-0.063	62	14890	1274		4396	4630	14879	0.016	-0.061
9	Craigieburn	650000	0.019	0.059	0.04429599	0.0157	0.913	0.716	0.009	0.666	0.192	30	999	0.249	0.14	39.2727273	0.159	62	65178	1798		21969	23205	69316	0.034	0.063
10	Westmeadows	650000	-0.05	0.047	0.04409659	0.003	0.667	0.752	0.059	0.55	0.5	26	92	0.189	0.11	45	-0.022	63	6502	1564		2456	2697	18180	0.01	-0.022
11	Brookfield	551500	-0.015	0.05	0.04271429	0.0209	0.444	0.697	0.011	0.717	0.342	42	227	0.199	0.078		0.329	56	10782	1642		3850	4210	30391	0.058	0.189
12	Canum Downs	705000	0.022	0.074	0.04268657	0.0039	2.005	0.723	0.023	0.529	0.545	15	357	0.143	0.068	40.3333333	0.038	65	21976	1658		8448	9391	22892	0.022	0.022
13	Newcomb	550000	-0.068	0.066	0.04254545	0.0101	1.25	0.619	0.034	0.422	0.25	30	85	0.145	0.068	24.5	0.003	60	4704	1148		2000	2342	15197	-0.006	-0.018
14	Frankston North	607000	0.055	0.083	0.04232558	0.0073	0.907	0.542	0.091	0.325	0.4	27	129	0.096	0.053	15	-0.013	68	5711	1128		2314	2416	19757	0.008	-0.011
15	Epping	669500	-0.001	0.057	0.04216216	0.0086	1.969	0.702	0.019	0.583	0.188	30	370	0.223	0.107	41.25	-0.014	65	33489	1671		11934	12825	48173	0.018	-0.015
16	Kurunjang	530000	0.013	0.063	0.04205882	0.0099	0.429	0.753	0.018	0.704	0.276	37	210	0.196	0.104		0.021	65	10711	1550		4120	4185	11914	0.007	-0.005
17	Melton West	531000	-0.035	0.064	0.04178863	0.0236	0.323	0.758	0.015	0.656	0.256	37	160	0.237	0.086	25	0.111	62	8784	1450		3665	3716	22255	0.019	0.038
18	Greenvale	875000	0.036	0.043	0.04145392	0.0255	0.857	0.869	0.001	0.612	0.143	29	347	0.436	0.201	57	0.263	57	21274	2262		7245	7302	24613	0.046	0.157
19	Maidstone	790000	-0.065	0.029	0.04128041	0.0088	0.96	0.599	0.082	0.557	0.254	33	117	0.234	0.097		0.026	58	9389	1916		3062	4371	20210	0.034	0.016
20	Glenroy	775000	0.04	0.045	0.04118121	0.0081	1.639	0.661	0.039	0.442	0.226	30	351	0.278	0.148	33.6	0.021	60	23792	1655		7407	10138	24780	0.037	-0.001
21	Frankston	740000	0.003	0.069	0.04101408	0.0064	1.841	0.646	0.039	0.332	0.401	29	623	0.198	0.1	41.0666667	-0.002	60	37331	1387		13608	17113	43921	0.011	-0.007
22	Noble Park	765000	0.034	0.058	0.04088276	0.0031	2.628	0.641	0.045	0.306	0.169	27	237	0.195	0.093	29.1428571	0.002	63	32257	1382		8932	12673	33568	0.031	-0.008
23	Gladstone Park	743250	0.047	0.059	0.04066667	0.0089	0.77	0.786	0.024	0.364	0.438	23	112	0.155	0.085	45.6666667	-0.022	68	8213	1452		3113	3179	18180	0.01	-0.022

# So How Do You Find The Right Suburb?

- Step 3: Analyse each suburb and create a short list. You can use the checklist in the MOW Resources > Downloads



## Suburb Selection Investment Checklist

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**Factor: Owner Occupied Vs Renter Proportion**

Target Range: 65% - 85%

In Range?: \_\_\_\_\_

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**Factor: Suburb Vacancy Rate**

Target Range: < 2%

In Range?: \_\_\_\_\_

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**Factor: Days On Market (DOM)**

Target Range: < 60 Days

# Follow On With ILRE Principles

- Become an Area Expert of that location, knowing the type of properties you need to buy. The best street, worse street, what future Manufactured Growth Strategies you can apply to the property
- Can you make it Dual Income to make the hold even better
- Most importantly... What is the next deal so that you can keep on investing in property?

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