



# TotalCHOICE

## home loans

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If you notice houses being built everywhere you turn, you're not imagining it, an ongoing boom in housing construction will see around 200,000 new homes built over the coming years.

As more home buyers enter the market, your mortgage broker is ready as ever to assist with your borrowing needs. Our page 2 article, "renter-investor" looks at the option of buying your first property as an investment and on page 3 we provide advice for how to spot the true potential of a property for renovating.

On page 4 we raise the topic of money management for kids and how parents can set their kids up with the right money habits for life. Of course the best way to teach kids is to lead by example so why not contact us today to find out how we can maximise your borrowing and investment strategies.

Enjoy this newsletter and feel free to pass it on to family and friends.



**CONSTRUCTION  
BOOM CONTINUES**



**RENTER-INVESTOR**



**HOW TO PROFIT  
FROM RENOVATION**



**MONEY  
MANAGEMENT  
FOR KIDS**

## Construction Boom Continues

**R**ecord breaking housing construction is still underway according to research by BIS Shrapnel and Master Builders Australia.

The value of residential building work is forecasted to grow from \$51 billion in 2013-14 to \$68 billion in 2016-17, which will see the number of homes exceed 200,000 during this period.

Research shows the construction boom has been sparked by the extended period of low interest rates, which has encouraged builders and developers to address the pent up demand for housing. Home building has not kept pace with population growth for many years, translating to a deficiency of around 100,000 homes says researchers.

A growth in high-rise apartments has led the charge but the construction of detached houses is catching up.

If you're looking to buy a home or an investment property, the message is not to wait around. With interest rates sitting at historic lows and construction booming in many of our cities, there's a wide range of development sites to choose from, which increases your options for off the plan property to purchase.

Whether you are a beginner or a seasoned property investor, as your mortgage broker we would love to help you formulate a borrowing strategy to make the most of the current property climate.



Total Choice Home Loans is a Full Member of the MFAA the peak industry association which provides a code of conduct and ongoing professional development for its members. We are committed to keeping up to date with all the latest finance developments and innovations to ensure you get the best product and service everytime you contact us.



# Renter-Investor

The first property you buy doesn't have to be the one you live in. Starting out with an investment property is one way to get a foothold in the property market, and would especially suit the following scenarios.

## You can't afford to buy in your favourite suburb

You might want to live near beaches or cafes or close to work so you don't have to waste time commuting. In which case it may be more cost-effective to rent where you want to live and buy an investment property in a more affordable area. There are some investors who have never lived in a property they own, choosing instead to rent in desirable locations they would never be in a position to buy.

## You haven't decided what kind of home you'd like to buy

You may not yet have a family or you might be expecting to change job locations,

so you are not sure what home would suit your lifestyle. You can still buy into the property market but you can focus on what type of property would attract tenants rather than whether it would suit you.

## You don't want to tie up your cash flow

Your tenant pays down your home loan while you only have to pay rent – meanwhile your investment property grows in value. You might even be living with your parents or house-sharing to keep down the cost.

You can claim a range of tax deductible expenses through your investment property, which will help reduce your tax bills and improve your cash flow. When you live in a home, the debt is not tax deductible.

As long as the property you buy experiences capital growth, you can draw upon the equity to buy a home or expand your property portfolio down the track.

## DISCUSS YOUR STRATEGY WITH YOUR MORTGAGE BROKER

Renter-investors should have a clear strategy in mind as to what they are going to do with their investment property, as this will impact their lending and finance choices.

Consider issues like how long you want to hold onto the property, how to best manage cash flow and whether you plan to draw on the equity of your investment to fund another purchase. By using a mortgage broker you can have access to a large range of lenders and save thousands by having the correct lending and finance structure in place.

Regardless of your circumstance, it's important to seek our advice and that of a tax accountant to help you get the most out of your investment strategy.

## Book Review



## One More Thing Stories and other Stories

A boy wins \$100,000 in a box of Frosted Flakes - only to discover that claiming the winnings may unravel his family. An acclaimed ambulance driver seeks the courage to follow his heart and throw it all away to be a singer-songwriter. A school principal unveils a bold plan to permanently abolish arithmetic. A new arrival in heaven, overwhelmed by infinite options, procrastinates over his long-ago promise to visit his grandmother. We meet a vengeance-minded hare. We learn why wearing a red T-shirt is the key to finding love; how February got its name; and why the stock market is sometimes just . . . down.

Finding inspiration in questions from the nature of perfection to the icing on carrot cake, from the deeply familiar to the intoxicatingly imaginative, One More Thing finds its heart in the most human of phenomena: love, fear, family, ambition, and the inner stirring for the one elusive element that might make a person complete. The stories in this collection are like nothing else, but they have one thing in common: they share the playful humour, deep heart, inquisitive mind, and altogether electrifying spirit of a writer with a fierce devotion to the entertainment of the reader.





# How to Profit from Renovation



**W**hen it comes to making money from renovation, any old house won't do.

The key to a successful renovation is to choose the right suburb, the right street and then the right property. It can be difficult to make a decent profit if the property is located in an area that doesn't attract significantly higher prices for renovated homes or if the property ends up costing you more than the likely sale price.

Long before you roll up your sleeves and start on the hands-on-job of renovating, here's what you need to do to spot the true potential of a property.

## 1. Research comparable sales

Make sure the street and suburb where you purchase the property can absorb the price increase you would expect on the sale. Some areas have very little difference in value between an un-renovated and renovated property, which leaves little room for profit even if you do stick to a tight renovation budget.

## 2. Inspect with a checklist

Put together a checklist based on your renovation plans. Are you looking to do a quick makeover or are you planning for a bigger spend?

The checklist should outline what features you are looking for that could make it a worthwhile investment, such as space to extend, flexible layout and the potential to add an extra bedroom or living space.

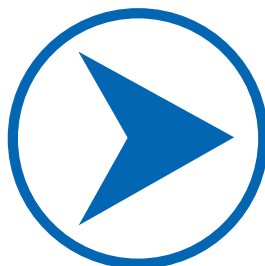
Keep in mind that if you buy in a less than ideal location, such as a busy road or next to an unsightly aspect, there will always be a cap on the property's sale price no matter how well it is renovated.

## 3. Make a budget

To work out if you are going to make a profit from your renovation project, you need to start with a realistic budget that takes into account every possible cost (e.g., legal fees, home loan interest and a contingency for unexpected costs). Subtract your projected expenses from the estimated sales price and this gives you the maximum sum you should allow yourself to pay for the property.

## 4. Seek professional help

Many a renovation has come unstuck when faced with unforeseen problems like electrical rewiring, roof or plumbing repairs. A professional building inspection can warn you of these dangers, including issues like termites or hidden mould, which may enable you to get the property for the discount it costs to fix these expensive repairs.



## Did you know?

You can use paid reports or online tools to research past sales and identify target suburbs and the streets within these suburbs that offer the most potential for a profitable renovation.

Look for areas where there is a good price difference between the top and the bottom values of properties. For example, if there are 80 properties in a street and the bottom 10 had a value of \$350,000 while the top 10 had a value of \$950,000, the price difference is enough to allow a renovator to spend and make money.

# Money Management for Kids



An OECD study of 15-year-olds across 18 countries found that Aussie teenagers rank among the highest for financial skills and knowledge.

Understanding concepts like how to budget and manage money are important skills that parents can foster in kids from a young age. Here's how you can teach your children about saving and spending priorities to help set up good money habits for life.

## Hands on learning

As soon as a child can count they can be shown the difference in value between coins and notes and be encouraged to divide up and count denominations.

Whenever you use cash at the shops allow them to help hand it over and check for the right change.

Find entertaining ways to teach money habits like age-appropriate books, board games, apps and computer games.

## Money choices

When your child has a bit of their own money (pocket money, cash for chores or present money) encourage them to try out different options for what to do with it. Is there a big ticket item they want to start saving for? Do they want

to open a bank account and make a deposit? Do they want to spend some now and leave some in the piggybank? How about starting a Donate Jar where they put away money for a good cause.

Allow your child to learn through trial and error and talk to them about the difference between needs, wants and wishes.

## Create goals

Once your child realises that it's not always the best decision to spend money on impulse, they'll start to want to buy something larger than the amount they have on hand. This is when it's a good time to teach them about setting a goal and putting money away to work towards it. A fun idea is to create a chart that shows their goal and savings milestones along the way.

## Value for money

To show your child how to make the most of the money they have, they need to understand that similar products have different values. Show them how to compare different branded products at the supermarket and how there are cost effective alternatives to everyday decisions: buying a book vs. library borrowing, takeaway food vs. cooking, using hot water vs. using cold water.

## Profile

Total Choice Home Loans was founded by Jonathan Oxlade (B.Bus Finance) in 2005 who, with many years finance and industry experience is able to assist all types of clients.

Our service offering is one of a relationship looking at your overall financial situation not just a one off transaction. In conjunction with Total Choice Wealth and referral to a highly qualified Financial Planner, our business offers clients a full range of financial services and assistance, including Property Investment advice, Wealth protection and Asset protection, Superannuation, Retirement planning.

We aim to offer a long term, value for money, quality service, with hassle free finance solutions while being at all times professional and caring in our dealings with clients and business partners.

Jonathan Oxlade and Total Choice Home Loans are licensed by ASIC credit licence 385844.

Total Choice Home Loans is a proud sponsor of World Vision, whose aim is to help change the lives of children, families and communities in desperate need.



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