



Your guide to **investing in rental property**

As you've already realised, **investing in rental property is a powerful way to build assets and wealth.**

If you're **just starting out, or an experienced investor** considering your next move, it pays to get some valuable advice from people who have specialist knowledge and many years of experience.



Capital Concepts: Specialists in **financing for investment properties**

Over the years we have specialised in financing people into rental properties. We have conducted property investment seminars in conjunction with three different real estate companies throughout the Wellington region, along with specialist property advisers such as accountants, solicitors and property managers.

Not only do we finance investors into property, we also go out into the market with them and help them find suitable property, drawing upon our extensive knowledge of the Wellington property market. During this time we've also got our hands dirty by buying and renovating our own rental properties so we know the issues from your side too.

With property values rising and the lifting of LVR restrictions on rental properties, it's a good time to review your mortgages and to re-evaluate your future property plans.

Case studies: **How we can help with property investment financing**

Colin from Wellington

Colin has several rental properties and when we met he had nearly \$3mil of borrowing with the ANZ. He was making principle and interest payments and was very happy with his portfolio and his overall position.

When we started to review Colin's situation, it appeared that he was neglecting to do any other than urgent repairs and maintenance to his properties. He would have liked to have money to replace carpet and to re-decorate and to generally maintain his properties to a higher standard than he was doing. His problem? The principle payments were strangling his cash flow.

We pointed out to Colin that making principle payments was not the only way to establish equity in the properties. If he redirected the principle payments into repairs and maintenance, this would increase the value of the property and increase his rental

income whilst also providing him with better tenant retention. He also realised that money spent on the property is normally tax deductible whereas principle payments are not.

With this in mind, Colin converted most of his borrowing to interest only loans. The cash flow improvement that resulted was over \$40,000 pa. This means that Colin has nearly \$800 every week to spend on maintaining and improving his portfolio.

Are you maximising your cash flow to best advantage?

John from Wellington

John had a lot of property and wanted to buy more. Unfortunately for John, he didn't know how much he could buy.

When he saw a property that he was interested in, he made an offer subject to finance and crossed his fingers until he heard back from the bank. Even though the bank never said no, John had no confidence in his borrowing ability and when we met him was very reluctant to look at buying more property, even though he really wanted to.

We sat down with John for half an hour and worked out his borrowing capacity based on the equity that he had and his rental income. He was able to buy another 6 properties!

We obtained pre-approval and John was able to systematically find and buy a number of properties over the next two years and went about it with confidence.

Sometimes you need expert advice to create a plan.

James and Mary from Christchurch

This couple felt that they had reached the maximum amount of property that they were able to buy.

We said that we would have a look at their situation for them. They had a number of investment properties that were financed with different banks. While they had a small to medium amount of equity with each lender, it was not enough on its own to allow them to borrow against to increase their portfolio. We suggested that they refinance all of the different loans to one lender. This unlocked all the equity that they had spread across the banks and they were able to utilise it to increase their portfolio significantly.

While there is advantage sometimes in having more than one lender, it does pay to review your situation from time to time to ensure that it is still working for you.

It pays to review your situation from time to time.

If you are considering investing in property for the first time or are expanding your portfolio, please contact us for some valuable help and advice.



Get in touch

Capital Concepts Group Ltd

Level 6
85 The Terrace
Wellington, 6011
04 565 3711

Frank O'Neill, Director

frank@capitalconcepts.co.nz
021 344 687

