

# THINKING OUTSIDE THE BOX, INSIDE THE BOX



KATHRYN HUGILL & CHAD HOOKER

11 MARCH 2020

# HOW WE INCREASED RENTAL INCOME ON THIS PROPERTY BY OVER 500%

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# OUR PROPERTY JOURNEY

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- Home owners
- Home renovations
- Property trading
- Seeing and taking opportunities to create value











# OUR PLAN

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To achieve financial freedom  
through building an investment  
property portfolio

# THE PROBLEM

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- High prices and low yields
- Negatively geared property in today's market
- Tougher lending environment
- Taking longer to achieve financial freedom through property

# OUR SOLUTION

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Maximise cashflow by:

- ✓ Catering to changing market needs
- ✓ Looking for opportunities to add value
- ✓ Using smart design to maximise value

# OUR OPPORTUNITY

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68 Mahoe St, Melville

1960's, 160m<sup>2</sup>, four bedroom, one living plus full concrete block basement, 1,099m<sup>2</sup> section

















# THE OPTIONS

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Option One - Rent As Is	
Total Cost	\$580k
Rent per week	\$450
Gross Yield	4.5%
Outcome	Annual Loss
Viable for us	No

# THE OPTIONS

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## Option Two – Cosmetic Renovation

Total Cost	\$600k
Rent per week	\$550
Gross Yield	4.7%
Outcome	Annual Loss
Viable for us	No

# THE OPTIONS

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## Option Three – Add Extra Bedrooms

Total Cost	\$700k
Rent per week	\$600
Gross Yield	4.5%
Outcome	Annual Loss
Viable for us	No

# THE OPTIONS

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## Option Four – Duplex Conversion

Total Cost	\$850k
Rent per week	\$1,000
Gross Yield	6.4%
Outcome	Breakeven
Viable for us	Yes

# THE OPTIONS

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## Option Five – Duplex + Rent by Room

Total Cost	\$1.1m
Rent per week	\$2,500
Gross Yield	12%
Outcome	Annual Profit
Viable for us	Yes

# OUR OPTION

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Duplex Conversion  
plus Rent by Room



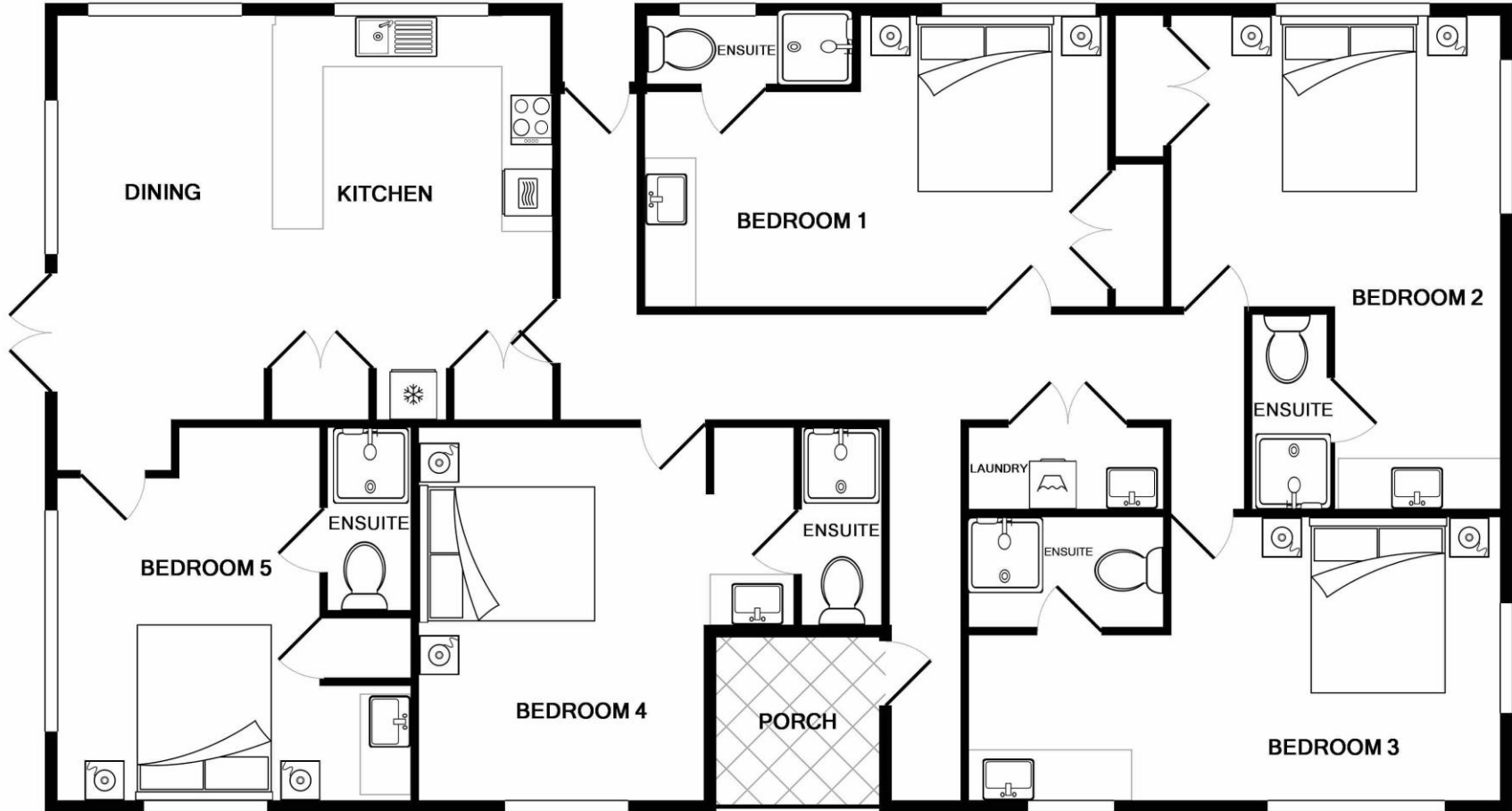


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## 68B MAHOE STREET

### SELF CONTAINED ACCOMODATION

Floor plans have been created for marketing purposes only. Floor areas include garages unless stated otherwise. Whilst all care has been taken to ensure information is correct, we do not take responsibility for any inaccuracies. Floor plans cannot be reproduced without the written consent of Photo Plan.

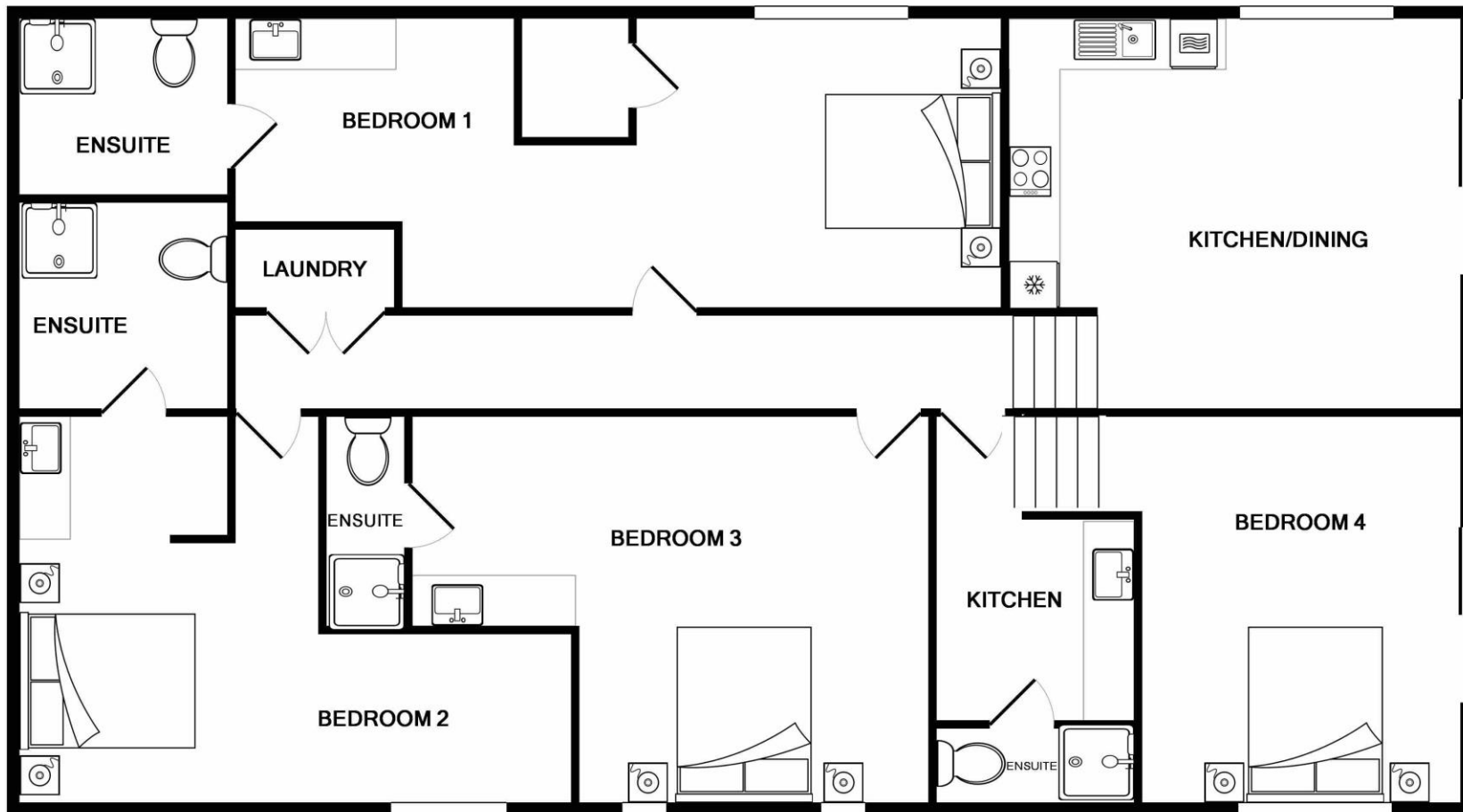




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## 68A MAHOE STREET SELF CONTAINED ACCOMODATION

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# THE CHALLENGES

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- The architect – lacked capability = extra costs, e.g. acoustic treatment
- The builder – lacked capacity = delays = lost income
- Council – building inspector
- Shit happens!



# THE NUMBERS

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- Total Cost – \$1.15m
- Current Rent – \$125k per annum
- Gross Yield – 11%
- Additional Operating Costs\* – \$23k per annum
- Comparable Gross Yield – 9%
- Estimated Value - \$1.3-1.4m

\*Includes power, gas, internet, gardening, common area cleaning and property management but excludes rates, insurance & maintenance

# WHAT'S NEXT

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- High Cashflow Townhouse Development  
City Fringe
- Renovating our own property to add  
value
- Kathryn is now following her passion  
working for Lugtons as an investment  
property specialist

Kathryn Hugill



## Investment Property Specialist

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