



THE 7 BIG

BENEFITS OF BECOMING A PROPERTY DEVELOPER



Many investors have become wealthy through property investment, very wealthy. But the real profits in the property market are at the wholesale end - in property development.

So let's look at some of the benefits of becoming a property developer: When you become involved in the property development process you can benefit in the following ways:-

1. Savings - rather than buying properties at retail, you can acquire your investments 15-20% below their market cost. This is because you don't pay a developer's margin, agent's commission, GST, marketing and other costs usually included in the price of buying real estate.

2. Profits - at the right time in the property market you can make good profits selling your development projects.

3. Easier finance - once you have completed your development project you can approach banks to remortgage your properties. They will usually lend you 80% or more of their retail value when completed. In many instances this is about what it cost you to develop your project and you can take out your initial equity. In other words it's a bit like borrowing 100% of the cost of the property or having "nothing down".

4. Leverage - Following on from the above point you get massive leverage when you have completed the development project. Often you control a substantial property or even 2 or 3 town houses with little capital in the properties as equity.

5. Tax benefits - owning new properties gives you all the benefits of depreciation allowances giving you a great “after tax” return.

6. Higher rental return - your tenants will pay the retail rents. They won’t know that the cost of your property was substantially below the retail price. This means your rental yields will be higher than for someone who bought their property at market value.

7. Security - if undertaken correctly, property development can be very lucrative. If you buy your development site well your investment will always be underpinned by the security of real estate in a prime position.

All these benefits of becoming a property developer allow you to fast track your property portfolio faster and safer than most investors.

