

Jo's portfolio blooms

Amanda Davey

WHILE there are myriad investment choices out there for savvy and creative investors, most of us tend to focus on the same three options; property, cash and shares.

Even so, anything beyond straight cash can get confusing for the novice investor.

One of the most convincing arguments for investing in the stockmarket over property is the ease with which shares can be bought and sold – and, given the current bear market, buying shares now may well prove to be a good long-term investment option, although it's best to speak to your financial planner or stockbroker about this before jumping in.

Real estate, on the other hand, tends to be more readily embraced by the Australian public because it is relatively easier to understand and more tangible than shares.

No doubt the recent interest rate rises may have put a dent in the average punter's enthusiasm to buy an investment property at the moment, but the Aussie obsession for bricks and mortar is hardly likely to wane long-term.

Self-taught property developer Joanna Chivers has enjoyed substantial wealth creation from her investments over the past decade, so much so that she has decided to share her trade secrets with novice property investors.

Her business, Property Bloom, was created to generate thousands of dollars in equity for her time-poor clients by managing their developments from go to whoa.

In just a few years she has developed more than 25 properties for clients with a value in excess of \$12 million.

Ms Chivers said she focuses her efforts in the Hunter region because of its "affordability and huge growth potential".

"This area is earmarked for huge



long-term growth in the NSW Government's Lower Hunter Regional Strategy," she said.

"The 25-year plan provides for 160,000 new residents and 66,000 new jobs, with a focus on the expansion of existing centres."

The typical Property Bloom client is a first-time investor with a minimum of \$550,000 to invest.

Ms Chivers aim is to create two to four properties from just one by finding suitable sites to develop.

"I manage everything, including running feasibility reports, sourcing costs from builder and contractors, organising the DA process, offering design and colour consulting and overseeing the building works," she said. "I will even find tenants for the properties on completion."



(Above) Jo Chivers with plans in hand and (left) one of her properties.

The typical property chosen for development by Ms Chivers usually costs somewhere between \$150,000 to \$220,000, covers about 1000sq m and has a house on the site.

She says that within 18 months the site will be complete, morphing from one undercapitalised home on a large block to a renovated property on a subdivision that incorporates at least a couple of

new villas. "In times like these with interest rates on the move, manufacturing equity in a property rather than waiting for capital growth is a great safety buffer for any investor," she said.

In addition to the \$70,000 to \$100,000 equity that Ms Chivers says she can create through the development process, she says the gross rental yields are generally in excess of 6 per cent.

"From a cyclical perspective, it's definitely time for property to enter the growth phase again.

"Rental yields are increasing, so all we need is for rates to start dropping – hopefully early next year – and investors will be charging back into the under-supplied market, which will push prices up.

"So instead of just purchasing an investment property and having to wait for capital growth over a period of years in order to build up equity, by developing you create your own equity and end up with two to four investment properties in the process."

Ms Chiver's fee is 30 per cent of the equity created in each project.

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