

### ***New vs. old property***

Older houses are usually a fair bit cheaper than new ones; You get more house for your money if you buy used, but which do you think will be the most profitable investment?

What if we compared a brand new house with a used house; both costing the same price, but assuming the older house is bigger and “better”.

Generally, newer properties have less risk associated with them; due to lower maintenance and less vacancy. In addition, cashflow is often far better once tax has been taken into account.

Below is a cashflow example for two properties, one old with a higher rent, but slightly higher vacancy and maintenance; as compared to a new property.

	<b>Older Property</b>	<b>New Property</b>
<b>Purchase Price</b>	\$500,000	\$500,000
<b>Rental Income</b>	\$550 per week	\$500 per week
<b>Vacancy Rate</b>	7.50%	5%
<b>Interest at 5.75%</b>	28951	28951
<b>Property Management at 8.5%</b>	2249	2100
<b>Rates</b>	2,000	2,000
<b>Insurance</b>	1,200	1,200
<b>Maintenance</b>	1,500	500
<b>Accounting</b>	\$750	\$750
<b>Chattel Value</b>	10,000	50,000
<b>Cost per week (after tax credit)</b>	\$112	\$53