



## CASE STUDY

# Premium Townhouse.

Steve didn't like the idea of paying out \$400 per week, even for a beautiful new house on a fancy street, but he spotted a two bedroom townhouse right next door for \$550,000.

<b>These are our assumptions:</b>	
Purchase an investment property worth	<b>\$550,000</b>
With a cash deposit of	<b>\$0.00</b>
We expect capital gains at a rate of	<b>5.80%</b>
The average interest rate over 10 years will be	<b>4.39%</b>
Rents and expenses increase at a rate of	<b>3%</b>
We assume a rate of vacancy at	<b>5%</b>
Rent appraisal is	<b>\$460.00</b>

<b>This is what we've calculated:</b>	
Gross yield year one	<b>4.35%</b>
Net yield year one	<b>2.68%</b>
By year ten you will have made	<b>\$282,834.82</b>
You'll have gained this much equity	<b>\$360,052.90</b>
Over the 10 year period your total cash flow will be	<b>-\$77,218.07</b>
That will be a weekly average cost of	<b>-\$148.5</b>