

Criteria	Considerations	Points	IP 1	IP 2	IP 3
1. Locality	3 - 7 kms from CBD	13*			
Real performance comes from	7 - 15 kms from CBD	10			
from "intrinsic value" which is	7 - 15 kms from CBD for Western suburbs	5			
only found 'near' highly paid	25+ kms from CBD & rural towns > 10,000 population	0			
work & that is usually found	CBD or CBD fringe & rural towns < 10,000 population	-5			
in the inner suburbs.	Holiday locations eg Cairns, Gold, S/S Coast etc (Volatility)	-10			
Total points	Locality points	Max: 13	-	-	-
2. Neighbourhood & fit	Property blends in neighbouring properties	10*			
High value neighbours lift	Low value neighbouring properties (eg House comm)	-7			
values, reverse true also.	Offensive issues (eg odours, junk, unkempt appear.)	-10			
Total points	Neighbourhood points	Max 10	-	-	-
3. Location/Facilities	Short walk to cafes	2*			
People love the convenience	Short walk to tram	3*			
of easy access to facilities &	Short walk to train	2*			
a quiet neighbourhood, they	Cul de sac (add 1 point for leafy street)	3+1*			
will pay a premium to buy or	Quiet street (add 1 point for leafy street)	2+1			
rent convenience and quiet	Main road (deduct 2 points for front flat)	-3			
enjoyment.	New property within estate (outer suburb or hi rise)	-10			
Total points	Location points	Max 11	-	-	-
4. Building Era	Period building (eg Art Deco, Edwarian, Federation)	10*			
Older buildings have great	Post war (Red clinker brick)	8			
appeal. Demand outstrips	1960's & 1970's (cream brick, orange brick)	7			
supply pushing up prices.	1980's (mission brown era)	5			
Supply of new properties	1990's	1			
exceeds demand-low growth.	2000's (Tilt slab, rendered, no brickwork)	-5			
Total points	Building Era points	Max 10	-	-	-
5. Building	House	10*			
Simple rule of thumb, the fewer	Villa, Town house, Duplex	7			
dwellings on a block the	4- 10 flats in block	6			
higher the value. Avoid high	10 - 20 flat in block	3			
density buildings and watch	20 -100 flats in block	-5			
your values soar.	High rise (> 100 apts) or outer suburban estate	-15			
	Poor external condition (unless enough in Sinking fund)	-10			
Total points	Building Type points	Max 10	-	-	-
6. Title & Zoning	Torrens or strata title	1*			
Resi zone 1 torrens/strata NB	Stratum or company title and/or < Residential 1 zone	-10			
Total points	Title points	Max 1	-	-	-
7. Carparking	Off street car parking space	3			
Off stree parking essential	Car port	4			
for maximum appeal/growth	Garage or secure car port (security gate)	7*			
Total points	Car parking pts	Max 7	-	-	-
8. Outdoor area	Ground floor with secure crtyard 4 (balcony 2 pts)	4			
1st/2nd floor gives privacy,	Ground floor unsecure courtyard	-4			
security & views. Secure grd	1st or 2nd floor with private balcony & nice view	8*			
floor crtyards give space. For	1st or 2nd floor without balcony	3			
maximum growth look for	Easterly aspect for balcony/secure courtyard	2*			
these features.	Lift, pool, gym, spa etc	-5			
Total points	Outdoor area pts	Max 10	-	-	-

9. Plan & Living	Open, airy "feel" with practical floor plan	5*			
Tenants & especially home owners	< 70 sq m (2 bedroom flat)	-5			
love some space so avoid	< 50 sq m (<40sq m: forget)	-10			
properties that cram into a small	Kitchenette only	-5			
space, it hurts overall appeal which	Modern kitchen, bathroom, polished boards (1 pt each)	3			
hits rental and capital growth	Effective renno of above for < \$15K (2 pts each)	6*			
potential. A good floor plan adds	1 bedroom	-3			
appeal & value.	Bathroom/toilet off master bedroom (1br flat)	-3			
	Entry hall	2*			
Total points	Plan & Living points	Max 13	-	-	-
10. Property Condition	Excellent condition	8*			
Only "fixer-uppers" if you can buy	Cracks wider than 3mm (get building inspection)	-7			
cheap enough to pay for the renno	Rising damp (get inspection)	-7			
& make a tidy profit. Avoid	Windows, door etc out of plum (get inspection)	-5			
properties with structural faults,	Dips in floor, squeaking floor boards etc	-3			
they are costly and add little value	Guttering and downpipes (warn)	-1			
	OH & S issues (decks boards, balcony floor/rails etc)	-2			
Total points	Property condition points	Max 8	-	-	-
11. Affordability / Cashflow	Positive cashflow	7*			
Make sure you can afford the	Neutral cashflow	5			
property, Check your cashflow	Negative cashflow but Exp a/c cover 12 months	0			
position before signing.	Negative cashflow <3 mth, lifestyle impact	-10			
Total points	Allocate Cashflow points	Max 7	-	-	-

Summary	Buying criteria	Possible	IP 1	IP 2	IP 3
	1. Locality	13%	0%	-	-
	2. Neighbourhood & fit	10%	0%	-	-
	3. Location & Facilities	11%	0%	-	-
	4. Building Era	10%	0%	-	-
	5. Building Type	10%	0%	-	-
	6. Title	1%	0%	-	-
	7. Carparking	7%	0%	-	-
	8. Outdoor area	10%	0%	-	-
	9. Plan and living	13%	0%	-	-
	10. Property Condition	8%	0%	-	-
	11. Affordability/Cashflow	7%	0%	-	-
Total Points	Possible	100%	0%	0%	0%

* Highest possible score per category

Notes:	A Grade properties may squeeze cashflow as O/O compete	90% +	A Grade, will appeal to O/O
	IP is ideal growth, but still may attract a lot O/O interest	70% - 89%	Hi IP Grade - Ideal target range
	65% - 75% should provide a balance of c/flow & growth	60% - 70%	Med IP Grade - Consider
	Low IP Grade should only considered for it's higher yield	50% - 60%	Lo IP Grade, get advice
* Blue Chip Suburbs examples	Be very careful if buying in the red zone, needs very high yield	< 50%	DANGER hi risk

This is not meant to be a comprehensive list but rather a sample of more suitable quality suburbs to invest within:

Inner East/SE: South Yarra, Prahran, St Kilda, Elwood, Balaclava, Armadale, Toorak, Hawthorn, Malvern, Glen Iris, Elsternwick

Inner North: Carlton, Brunswick, Thornbury, Kensington, Ascot Vale, Moonee Ponds.

Inner West: Williamstown, Spotswood, Yarraville, Footscray, Seddon

Middle Quality: Blackburn, Forest Hill, Burwood, Nunawading, Clayton, Chadstone, Oakley, Carnegie, Murrumbeena, Ormond, Glenhuntly, Moorabbin, Cheltenham, Mentone

Owner Occupier enclaves (may impact on cashflow): Brighton, Sandringham, Hampton, Blackrock, Beaumaris, Kew, and Williamstown

Note: Excellent success can be achieved in rural areas if you know your market.

^^ **OHS, Safety** is a very major issue, check items such as decking boards, balcony floor/rails, concrete joins etc,

Repair any faults before putting a tenant in the property, if tenanted, repair upon settlement.