

Display homes may pay

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Investors may opt for display homes which offer a guaranteed rental return on a leaseback basis, write **Michelle Hele and Sophie Elsworth**

WHILE buying a display home has previously been more the domain of those wanting to find the perfect place to live, it is now drawing the attention of a different type of buyer.

Some buyers hoping to make a little money out of the home before they move in are taking advantage of leaseback schemes.

Ausbuid joint managing director Matthew Bell says buying a display home can be a strong investment decision with guaranteed rent for a set period of time, higher rental yields and no actual tenants living in the property.

Investors who buy one of the group's display homes lease it straight back to the company so it can continue to use it as a display home.

Lease terms are normally about 18 months with an option to extend up to five years, depending on where the home is and the model.

Because display homes are built to showcase builders, they are frequently filled with top-of-the-range appliances, light fittings and floor coverings.

"From their gourmet kitchens to designer bathrooms, display homes are kitted out with the best of everything," Bell says.



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They can be a strong investment because the developer, as well as paying rent, also pays the rates and insurance on the home and there are no property management fees, he says.

Also there is the added benefit of not having to vet "tenants" or worry about them holding wild parties or damaging the property while they live in it.

Once the homes are handed back to owners, developers will generally repair

any wear and tear and make sure they are in good condition.

"This may include repainting or replacing worn carpets to ensure the house is in a brand new state when we return it to the buyer," Bell says.

Display homes are frequently built in the best spot in an estate, meaning they also hold their value well.

Once they are handed back by the builder, they are enticing to buyers when it comes to reselling.

Ausbuid currently has a two-storey and a single-storey display home for sale in its Ormeau Ridge Estate at Ormeau.

They are priced at \$635,000 and \$565,000 respectively. Both homes have four bedrooms, two bathrooms, under-

main-roof alfresco, three living areas and double garages.

Bella Queensland Properties sales and marketing manager Glen Whitla says often display homes are in high-growth areas and are a good investment.

"Generally display homes offer security, good rental return, rent guarantee periods and obviously the upgraded specifications," he says.

"Most display homes are in high-growth areas or new areas that are up and coming and what goes with that is good capital growth on your investment.

"From our point of view they are a very good investment."

Whitla says the display homes are usually located in a "prime position" which adds appeal.

He says they often stand out because builders include some of their best work to go on display.

"Display homes come with upgraded specifications so they're not just your standard finish," he said.

"Being a display home, you want to show off your capacity as a builder and you tend to go that extra step."

Bella Qld Properties has display homes across southeast Queensland including Springfield Lakes, Raceview, Underwood, Augustine Heights and Jimboomba.

Whitla says there are display homes from sale from \$439,000 to \$725,000 in various locations across the greater Brisbane area and some offer 7 per cent rent guarantees for up to 18 months.

But Simon Pressley of 6-Point Property, who buys properties for investors, does not recommend purchasing a display home.

"Risks relate not just to the display home but the estate in general," he said.

"Any product with a guaranteed rent is always a warning sign. I suggest a rental guarantee shouldn't be necessary on any well-chosen investment in the first place."