

Land Banking Fact Sheet

(permanent opportunity)

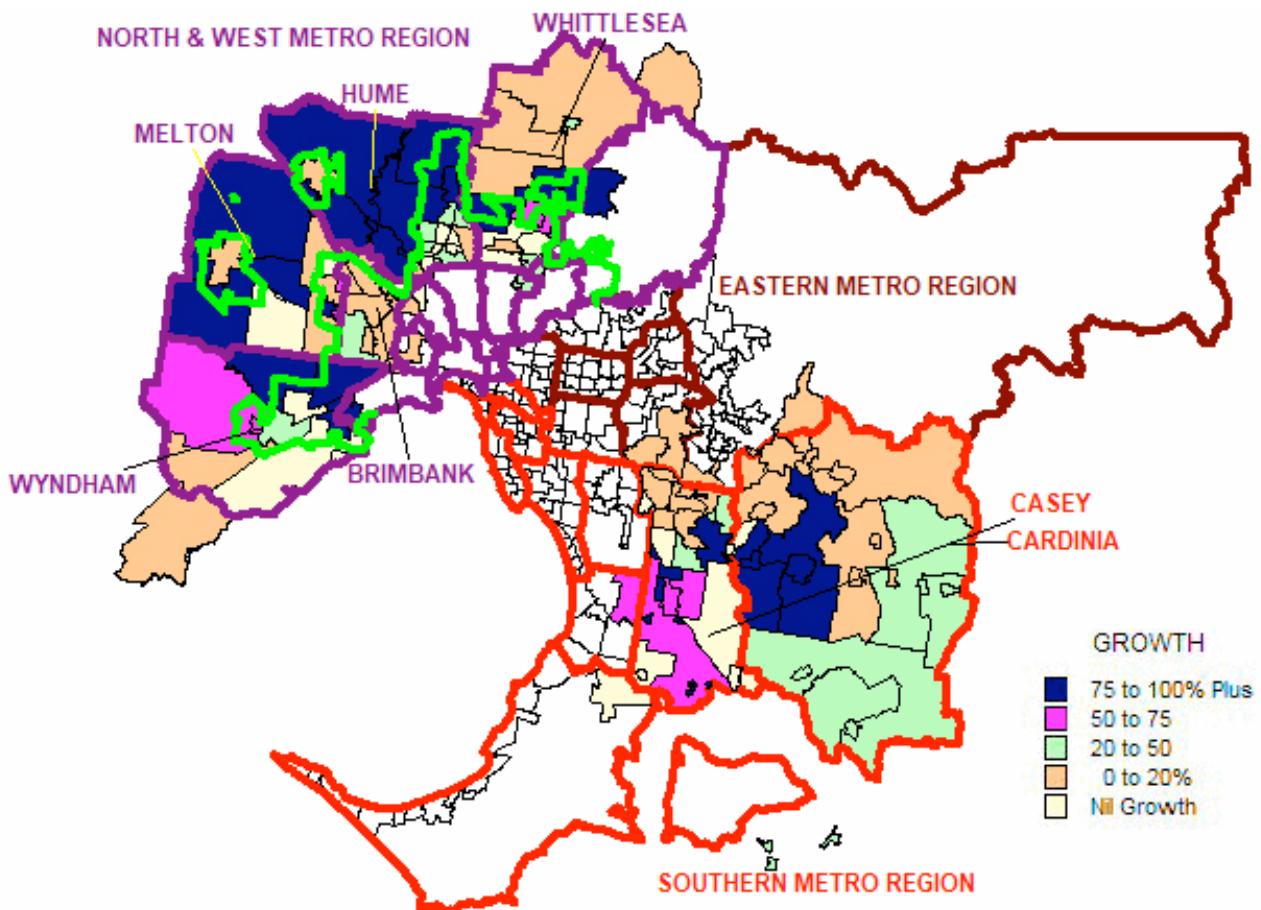
Land investing is one of the oldest forms of investment known to a man. Originally bought and held for agriculture, land banking is once again in vogue as a very efficient and profitable way to increase wealth. Famous investors such as Richard Branson and Donald Trump have invested in land alongside their peers for decades.

Land banking is the practice of purchasing raw or undeveloped land with the intent to hold on to it until such time as it is profitable to sell it on to others for more than was initially paid. Land is popular as an investment as it is a tangible asset as opposed to shares or bonds.

The intended increase in value may come from inflation, conversion/development for Residential or Commercial construction use, or potential for extraction of raw materials.

Typically parcels of land desirable for Land banking are those that lie directly in the growth path of rapidly developing cities. The initial goal is to buy undeveloped land that will increase in value because it lies in the path of urban growth. The investment objective is to identify these parcels well in advance of the developers and wait for the value to be realised.

Here is the example with Melbourne Metropolitan Area expected growth by 2021:



Also, areas that have out-performed in the past all displayed at least one of the following 10 essential qualities that generate hotspots. So, in hunting out likely future hotspots, investors should look for at least two of the following key qualities.

Sea change

It's less in the news today but migration to the coast remains a big factor, with over 80,000 Australians and newcomers moving each year to live by the sea.

Hill change

The recent property boom made inner-city and coastal locations too dear for many buyers. They found good pickings inland, within striking distance of the city.

The stayers

Some city suburbs always seem to perform. They're the ones with character, cafe culture, quality shopping, schools and good public transport. They tend to be close to the inner city and provide steady growth over time.

Ripple effect

Property booms begin with prime suburbs, often in the inner city or by the water. As they become unaffordable, buyers seek less expensive property nearby — growth ripples outwards.

Transport infrastructure

New roads and train lines can create value growth. Major links can open up previously inaccessible areas or provide faster connections.

Blue sky

In a subdued market, the top end has been least affected. "Blue sky" properties always have a prime location — beside the river, at the beach or beside a harbour with views.

Lifestyle features

The greatest wealth creator in real estate is water. The ocean rates highest and rivers, canals and lakes aren't bad either. Homes fronting golf courses command premiums too.

Ugly ducklings

Suburbs once shunned as down market can be transformed into real estate swans. With affordability the key issue, ugly ducklings with potential are expected to do well.

Boomtowns

Sometimes areas take off for specific one-off reasons. Some towns in WA and Queensland have had real estate booms because of mining operations nearby.

Government decisions and urban renewal

Governments or local authorities can transform areas through policy decisions or targeted action. Urban renewal can turn waterside industrial areas into prestige residential. Regional policy decisions can also have an impact.

Nowadays with the World's Real Estate markets in turmoil, land banking in such countries as Australia is leading the market as an investment vehicle that can hedge against other

riskier investments. Shrewd investors are taking advantage of careful planning and intensive due diligence procedures by specialist companies in particular those involved in the above mentioned economies.

Land prices in many areas have already seen huge increases in this market and as new ports, mines, processing factories and business centres establish themselves, the need for housing, education and healthcare facilities also strengthens. And along with all this comes increasing numbers of business travelers and tourists eager to visit and explore the new hot spots. New airports are to be opened, quality hotels and resorts are to be constructed and to meet this growing demand, restaurants and shopping centres need to be built.

Land is at a premium not only around Australian major cities, but all over the country and, by utilising the expertise of specialists like ourselves, one can profit from the economic expansion of this market.

By land investing, investors are able to profit from local economies as they grow in wealth and confidence. Australian Governments at various levels are investing heavily in infrastructure, industry, education, healthcare, housing and in particular tourism, with the realisation that they have the opportunity to attract Foreign Direct Investments, increase GDP, substantiate growth of import and export trade at the same time as increasing local employment and wealth.

Discover how Land Banking Investment with Urban Sphinx can assist in your Wealth Creation & Management.

