

PROPERTY ACQUISITION CALCULATOR

PROPERTY _____
ASKING PRICE _____
MAXIMUM OFFER: _____
STARTING OFFER: _____
MY OWN CAPITAL GOING ON THE LINE: _____

Circle one number in each category with your pen within your toolkit.

CASHFLOW SITUATION

What will the property be doing to my bottom line each week?

- 1 Point if Negative Cashflow – This will be limiting your purchases and stunt your growth.
- 2 Points if Neutral Cashflow – This is going to be costing you nothing to hold and not affecting your lifestyle.
- 3 Points if Positive Cashflow – This is great it is putting money in your pocket each week.

NEGOTIATION ON PRICE

- 1 Point if vendor is not very flexible on price – This may not be reflective of market value
- 2 Points if vendor is flexible on price + terms – This means you have greater leverage of your capital and you can get into the property for less and increase your profits.
- 3 Points if vendor is silly and asking a price 15% below market value or more either because they are ill informed or in money trouble – This adds to your capital base and makes it easier to move onto the next property quicker.

EQUITY POSITION

- 1 Point if property isn't far less than recent market sales – once again this will be limiting your purchases and stunt your growth.
- 2 Points if property is being purchased cheaper than most comparable in the area by 10% – This helps you get into the next one quicker.
- 3 Points if property is a steal and the police will be knocking on your door later because you stole the property for more than 20% under market value/ or you can add more than 20% equity with minimal work – This makes you more attractive to the banks for your next purchase.

RENOVATION REQUIRED

- 1 Point if Structural renovation required or if the property will have not enough "fat" in it after you do the Reno – Why waste your time renovating if you are gaining nothing from doing such?
- 2 Points if renovation will build in strong equity from very little outcome such as quick paint and carpet for a \$40,000 gain in value – Who wouldn't like to paint and carpet for an easy \$30000 - \$40000.
- 3 Points if no renovation is required – This helps you move onto the next property more quickly and stabilise the property.



