

FACT SHEET

Choosing an Investment Property

Researching Options & Affordability

The first thing to remember is that the reason for buying it is to make money. So the best place to start is with the finances.

Talk to your accountant and consider all the associated costs which should include the purchase price, interest rates, legal fees, maintenance, council rates and insurance.

Balance that up with the possible returns with rent, tax deductions, depreciation and its potential to gain value in years to come – its capital growth.

And remember it's a long term investment, so you should build in some buffers for things like interest rate increases, or other unforeseen costs.

Next, it's time to start researching your options. Work out what sort of property you're after.

Is it land, a house, town-home, apartment or land? New or old?

New homes may cost more but bring greater depreciation allowances, and lower maintenance costs.

Older homes may need renovating, and ongoing care could be costlier.

Town-homes and apartments are often more affordable, and strata fees cover the external maintenance of the building, which helps with budgeting.

Choosing a Location

When it comes to location, many people look close to home first, because it's where they know.

Broaden your horizons. Often looking outside your area will reveal great opportunities, which can also be more affordable.

Research is the Key

Use whatever resources you have, like real-estate websites, agents and local newspapers to find out about an area you're interested in, and the kinds of rental returns and capital growth it's had in the past.

Make Your Investment Attractive

Remember even though this is an investment property, and you don't have to live there someone will, so consider what's going to make it attractive to your potential tenant.

Being close to employment, transport, education, shopping and recreational facilities is vital.

Also important is choosing a home that's appealing and functional to the types of tenants you want to attract.

The returns from a real estate investment are certainly well worth considering.

If you'd like to find out more about investment property options, please call us on 131 878