

Ten tips when buying an investment property

1. What do you want to achieve?

Understanding your objectives is key to finding the right investment property. The actual property itself is never the end goal when it comes to investment – it's the financial element that you're really concerned about.

First and foremost, decide what your end goal is and then create a plan to get there within a realistic timeframe. Remember to review this plan regularly as your situation and the property market changes.

2. What type of property should you purchase?

Understanding what property is going to best work for your situation is key. It needs to be a property that will be in hot demand from renters and possible owner-occupiers down the track. It's best to do your research to see what types of properties are renting quickly and what properties are staying on the market for longer periods of time.

3. Old or new?

It's the age-old debate: should you buy a renovator's delight, or something you can rent straight away? It's great if it can be rented out as is, but potential to renovate should also be considered. The ability to add value to the property is a good tick, as it will increase rental returns. Don't immediately write off a property just because it needs a paint job or the kitchen cabinets need to be replaced.

4. Location, location, location

Location is critical to performance. Things to consider when it comes to location include:

- How far it is to the CBD or business area?
- What is the proximity to schools?
- Are local shops within walking distance, or will tenants have to get in their car to pick up the essentials?
- Where are the public transport options?
- What other amenities are close by?

5. What can you actually afford?

Always check your financials before deciding to purchase a property. Get pre-approval and make sure you have all extra costs available, including conveyancing, inspections and any taxes – and

always ensure you have a financial buffer.

6. How to set up the purchase

When it comes to investing, it's important to understand how to set up the purchase so it benefits you most. The entity should protect any existing assets and be tax effective. You can purchase in your name, through your super or through a trust, but always understand how the purchase will affect you and your family. Expert advice will assist in maximising your benefit .

7. Features

You want to appeal to the highest number of tenants, so look for properties that offer that little something extra, like a second bathroom or a lock-up garage.

Also look at properties that appeal to many segments. For example, a lift may appeal to both retirees and a young family, as both will be looking to avoid stairs. Just make sure the benefits outweigh any extra costs.

8. Check your emotions at the door

This is not a home for you so there doesn't need to be an emotional connection to it. It should always be about which property will give you the best return, not which one is most suited to your furniture.

9. Timing is key

You need to understand the market and the dynamics. While there are investment opportunities around most of the time, some market conditions are more favourable. If you don't fully understand it all, ask for help.

10. Ask for expert advice

Your broker can put you in touch with the experts you need to talk to when it comes to real estate and investment. This means accountants, real estate agents, lawyers and valuers. These people are in the industry and they'll be able to guide you in your decision making.