



Investing guide

Why invest in real estate?

Investing in property is almost an Australian national pastime. Over one million of the nation's residential properties are owned by investors.

Investing & Benefits

Investing in brick and mortar is an excellent way to receive income today, and set yourself up financially for later years.

By the year 2030, the number of people over 80 in Australia will increase four-fold, so if you want to keep living a comfortable lifestyle, then don't rely on the Government to look after you. The only secure solution is to be self-funded in your retirement years.

If you plan ahead, adopt a long-term view and have a balanced portfolio in place, then property investment can be a very rewarding financial strategy.

Reasons to buy real estate

People buy real estate for many reasons, some of the most common include:

The long-term hold – the property is held for the long-term as a form of superannuation. Rental returns – and ultimately, the sale of the property, can help fund retirement.

The break-even – sometimes, investors will put a large deposit or equity into the property so their investment breaks even. That means the rental income pays for all the investor's outgoings on the property

Negative gearing – obtaining tax advantages from being negatively geared is when you deduct the non-capital costs of owning an investment property from your overall income.

To fund children into property – parents buy a property for their children to live in; or as a future investment for them.

The flip – this is when a buyer renovates, extends or subdivides their property to make immediate capital gains.

The earner – buying property with a strong income and low costs generates a good income, and allows an investor to be positively geared.

Where to buy?

Location

Locations which show steady, long term growth are generally within 10kms of a capital city centre. Check historical data for the suburb you are interested in.

Houses v Units

Houses (especially inner city ones) will produce better capital gains than units, but they may also require more maintenance.

What potential tenants want

Tenants want their home to be as close to shops, transport and schools as possible, and they'll pay high rents to get this.

- Is the property close to transport and education facilities?
- Will the zoning remain as it is?
- Are there any planned roads or railways which will improve the area's accessibility?
- Who will buy it from me; a resident, an investor or a developer?

Developing suburbs

Purchasing an investment property in an up and coming suburb can be a good strategy, if you do your research. If a developing suburb is going to be supported by good infrastructure like roads, train station, schools, shops and other popular amenities, it could prove to be a good investment.

Adding Value

Additions add value

Major extensions and room additions can add value to your property. Always run your plans past your agent first to see if what you are planning is adding real capital value. Pools, spas and rewiring will add very little but extending a carport, adding air conditioning or repainting will.

Renovating

Cosmetic renovations can improve the rental returns of a property, a fresh coat of paint and a garden makeover is often all it takes. A kitchen or bathroom renovation will always be worth the effort involved.

Sub-dividing

At certain times in the real estate cycle, there is profit to be made from buying blocks with development potential and subdividing them into smaller blocks. But do your homework first. Is there good demand, and what will people pay for your blocks of land? And remember, there are lots of costs associated with subdividing; from surveyor and title fees through to site works.

Looking after you investment

You've invested a lot in your property. Now you need a team you can trust to help you manage it and ensure you get a return on that investment.

Using a professional team to manage your property is a wise move. They can offer you a wide range of specialised services backed by industry tools and training. They know the local market and its trends so they can help you price and promote your property in the best possible way.

A good property manager has reliable local contacts for repairs and maintenance work so you get quick and professional results when they are needed.

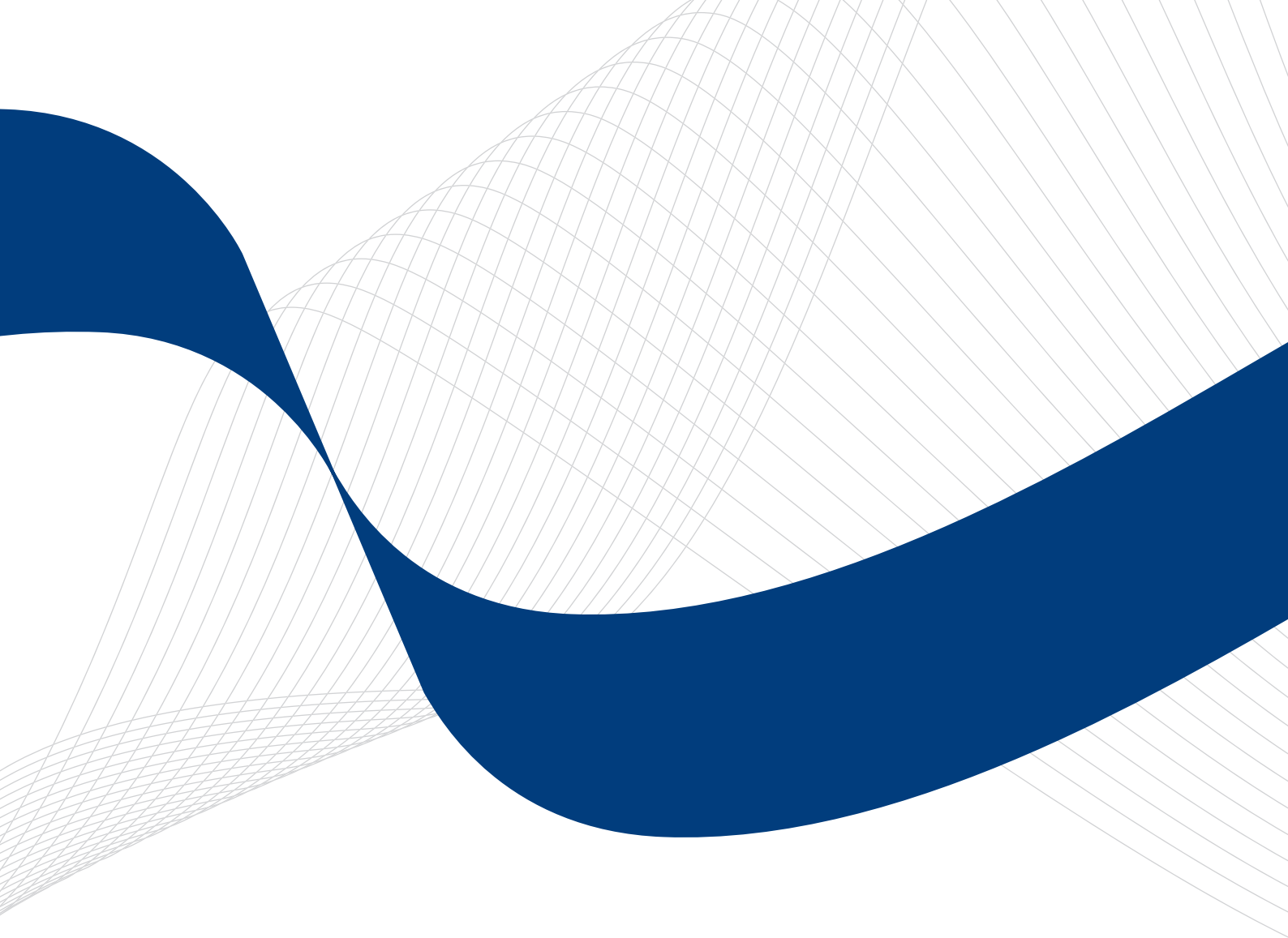
Tenants find it easier to access and discuss matters with property managers, rather than landlords. Managers act as a stress-relieving buffer between you and the tenant. Your property manager can negotiate on your behalf.

What do property managers do?

- Find the right tenants
- Check tenants on a number of national tenancy databases
- Collect rents and issues regular statements
- Prepare documents required by the Residential Tenancies Act
- Conduct regular inspections and provide reports
- Maintain the property and deal with emergencies
- Advise you on landlord protection insurance.
- Advise you on what rent values to expect

The benefits of real estate investment

- Real estate is more stable than the share market
- It has a good history of escalation – that's increasing in value
- An easy investment to gear, with banks lending up to 90% of the purchase price
- It is a tangible, bricks and mortar asset
- You can add value to a property investment
- You receive regular rental returns which can sometimes be improved
- It is a flexible investment; you have the option to develop or improve
- You have total control over your asset
- Property values usually increase at a greater rate than inflation.



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