

6 tips for successful property investment

by Brent Smith

Knowledge matters in property investment, and some things you will only ever learn through experience.

Which is why I want to hand a little of mine over. I've invested and worked with property investors for over thirty years now and have seen many a success, as well as the odd investment failure along the way. Most of my clients are mum and dad investors who have steadily built their portfolio over time, rather than the more high risk/reward investors who do it as a profession.



These are some of the key tips that keep them steadily on track for property investment success...

1. Choosing the right property

A property's design and construction is critical to its ongoing success as an investment. It determines three things – your **resale ability**, **tax effectiveness** and **rental return**.

So what type of property is the right choice? Whether it's a high-rise apartment or freestanding home, property design will directly impact your return. Most properties bought and sold in New Zealand are freestanding houses – so it makes sense to invest in a property with the widest appeal, particularly for re-sale value.

Our belief is that modern, purpose-built houses make the best rental properties and we have established long-standing relationships with carefully selected building companies. Building new means the home has the right specs from the start – from solid construction, backed by industry guarantees, to 3 or 4 bedrooms and the modern fixtures and fittings that attract quality tenants. Best of all, building new allows investors to set a budget and work to it with an all inclusive fixed price.

Buying new is not the only way to get into investment property, but we have seen its success many times over and believe it's a simple and straightforward way to get maximum rental appeal, tax effectiveness and, in the end, solid resale value.

2. Buying in a good location

This is one of the most important factors in your rental purchase. The 'demand' for a certain location defines the type of tenant you'll attract, and has a big impact on capital gain at re-sale time too.

So how do you pick the perfect location? Well, perfect is the operative word – there is no way to predict your exact capital gain and rental prospects over a 20-year period. But with sound research and unbiased professional advice, you can make a very informed decision that will usually pay off.

To begin with you should consider only a locality that has a large pool of renters (think about schools, proximity to work, shops and transport links).

3. Getting professional advice

With any significant financial investment, getting independent professional advice is vital. A solicitor, accountant, and valuer should all be involved in the purchase. Their advice will help you maximise the return on your rental property, while minimising your exposure to risk.

Over the years, we've built relationships with trusted professionals in each of these fields and can refer you to the most appropriate provider for your needs. We receive no incentive for our referrals, so you can be confident that our suggestions are based purely on merit.

4. Arranging finance fit for purpose

By getting the right finance for your needs, your mortgage term could be reduced by years and your application process may be much simpler. We recommend using a reputable mortgage broker, who will take into account your current situation and structure a mortgage with the most ideal lender.

Our teams work with a number of excellent brokers and are happy to refer you, at no charge.

5. Covering yourself with insurance

There is risk with any investment, and insurance is one way you can counter that. We encourage all our property investment clients to take out property insurance and [landlord's insurance to cover their investment](#) and its ongoing return, in case anything happens to your property. We have developed our own Iron Bridge [market leading investment cover, so take a look](#).

As part of the purchasing process, banks may also require life insurance and sometimes income protection insurance also.

6. Using a quality property manager

We encourage our investors to be just that – investors, not landlords. This allows them to sensibly take a step back and let their property manager take care of the time consuming part of property ownership. So treat it like a business and [appoint a quality property manager](#), which can save you time, money and reduce your risk greatly. Our Iron Bridge property managers have a strict tenant selection criteria and very thorough inspections and maintenance checks, which are just a small part of the [service they provide](#).

We've got much more advice to give on property investment – it really is an Iron Bridge specialty. So [give us a call and have an obligation-free chat](#) with one of our investment sales team or Property Managers.