

11 Simple Property Investment Tips

by Brent Smith

While it's easy to decide to invest, taking the next step is often a lot harder ... and more stressful! These 11 Simple Tips are based on our many years of experience in helping clients with their rental portfolios. Follow them, and you'll be able to get started on the right foot.



1 Always view the property

Always visit and inspect the property.

This may sound obvious, but we've met investors who haven't done this – and have paid for it! One investor, on the collapse of a development company, found out her \$250,000 investment was a carpark.

2 Beware of hidden fees

Too much fine print to know what's what? Get your lawyer or a registered adviser break it down for you.

The key here is to pay for the property only and avoid hidden fees. Using a Licensed Estate Agent or dealing with the builder directly will help you avoid 'two tier' marketers who on-sell for large undisclosed fees.

3 Know your rents

We've seen rental incomes quoted by property management companies that are nowhere near actual market rent values.

Make sure you partner with a property manager who can provide evidence of the figures they quote. We're always happy to go through area rentals to help clients assess what a fair return would be.

4 Don't buy hotel rooms

Ever heard of a booming market for second hand hotel rooms? Neither have we.

New hotels are often leased for 30 years or so to major international operators. This can mean you're locked in for a very long time, during which you can't sell or control how much rent you receive.

5 Always get independent legal advice

The golden rule of property is - never sign anything until you've had legal advice.

If that is just not possible, make sure you have a condition in the contract making it 'subject to solicitor's approval'. This will allow you to make changes or withdraw if your solicitor advises you to.

6 Get your own valuation

Builder or developer valuations can be based on pre-sales that might not be worth the paper they're written on.

These can create a misleading impression of value, so get your own independent valuation. If you need a mortgage, your bank will require an independent valuation - so make sure it matches what you're paying!

7 When buying off the plan

We always recommend freestanding, low maintenance homes or freehold townhouses at the least.

This is because strata and cross-leased or leasehold titles, body corporates or any form of title or property control are generally more complicated and can be costly.

8 Three & four bedrooms are where the market is at

Simply put, this is where the rental demand is and where long-term desirability remains.

Why? Having a sound, well-maintained rental property in an area close to amenities and good transport will attract families who are often stable tenants with a long-term outlook.

9 Keep direct ownership

Unless you want a *very* long-term investment, avoid property syndicates and investment companies.

These will often leave you with few or no exit options until the syndicate is either wound up or the property sold. This can be in excess of fifty years – long-term returns indeed!

10 Thinking of an Oz investment? Think again

The Australian property market is characterized by Stamp Duty, Land Tax, Perpetual Capital Gains Tax and low rental returns – not to mention property management services with a poor reputation. Need we say more?!

11 Take care when appointing your property manager

It sounds obvious, but a great property manager will ensure your property is well looked after and your rental returns are assured. When you choose your property manager, make sure they:

- Offer a Service Guarantee - and put their money where their mouth is if they don't meet the agreed standard
- Advertise properties on a fixed term basis (where you and the tenant can agree to extend the rental period) rather than periodic basis (where the lease continues until the tenant ends it)
- Update you at least monthly about the actual rent received and held in their Audited Trust Account
- Will regularly - quarterly as a minimum - inspect your property and provide written reports
- Have clear systems and processes which govern how they lease and manage your property

If you're new or want more property investment advice, give us a call or pop in for a coffee. We can give you an insight into the property types that rent best in your investment area and will give you an honest idea about the rent you can expect. [Get in touch.](#)