Finding the Key to Success

Buy a property you can afford

The property you decide to purchase must fit within your budget; what you can spend and what you can afford to pay long term.

Work on the numbers before buying

Make sure the property has the right rental return and tax deductibility, an investment first and a tax deduction second.

Talk to the right people

Trust your friends, family, financial advisor, real estate agent and accountant to give you advice within their specialty field. A property investment specialist should always be consulted for accurate property investment advice.

Define and understand your situation

Do you need more cash flow to pay off your mortgage or are you debt free? Once your goals are defined then you can put your strategy into place, for example do you buy a brand new house and land package or an older property to develop.

Buy with your head not your heart

You shouldn't get emotionally involved, always buy with your head and not your heart. The house next door isn't always the best investment option.

Buy the right investment

Some investors buy in regional areas and commercial property to take advantage of high rental yields. These properties are great when things are going well but on the flip side, they can be more likely empty for long periods and are exposed to volatile economic conditions.

Put the right structures in place

This is very important without the right structure you are setting yourself up to FAIL, ask an expert property advisor.

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Get a good Property Manager

Managing your own property in today's climate can come with many risks. It makes sense to appoint a Property Manager and all the costs are tax deductible. If your Property Manager is not doing a good job, it is in your best interest to terminate your contract if possible, and find someone better.

Claim all your Property expenses

Your accountant can only claim the expenses you give him, so research what is claimable and prepare a checklist to ensure nothing is overlooked. For a detailed list, visit the Australian Tax Office (ATO) website www.ato.gov.au and search "rental properties" or ask our consultants for a copy of the PEB quick checklist.

Don't spend your investments cash flow

This is where people mistaken the rent and the tax rebate as their own but it belongs to the investment to pay loans, bills and other expenses.

Have a backup plan for when things go wrong

Many investors that get into investing think everything will be happy and rosy. Reality is that life has many surprises and you must factor in all the risks and prepare a plan for when and if they happen.

Have a plan in place throughout the life of the investment

Just like a business you must have a plan in place for your property investment as it is your business.

Buy for long term gain

Do not view property as a great way to make a quick buck. The reality is that no one has a crystal ball so it's best to buy for a long term plan. You should not speculate on capital growth.

Buy in the right market

The experienced investor will know every part of Australia works on a property clock. When the market is at 6 o'clock, no one else is buying and that is when you should buy. When the market is at 9 o'clock the bulk of the population is jumping into the market, at 12 you are paying top dollar and you will need to wait for the next cycle to get any growth.

**This article is for general information purposes only. It is not intended as financial or investment advice and should not be construed or relied on as such. Before making any commitment of a financial nature you should seek advice from a qualified and registered financial or investment adviser.*

Fig 1. Property clock