Gen Y is now the leader of the pack

We've all seen the headlines – 'Housing affordability crisis', 'Will Gen Y ever own a home?', 'Young buyers turn to bank of mum and dad' etc. Yet despite media reports of an 'affordability crisis' in the Australian housing market, recent research[1] shows that one in every five Australians owns an investment property – an increase of 3% since 2015.

Even more surprising, the research[1] shows it is our younger generation of property investors who are leading the way with 22% of 18 to 34 year olds (Gen Y) owning at least one investment property followed by 20% of Gen X (35 to 49 years old) and 19% of Baby Boomers (50 to 64 years old).

So how are some of our younger generation overcoming the challenges of entering the property market?

An ongoing study[2] by a research team at the University of Sydney aims to understand how property investment is impacting millennials (Gen Y). Initial findings indicate many millennials believe the path their parents took, ie getting a good job and buying a home to live in, will no longer be enough to secure their own financial future. Instead, they see property investment and additional sources of income as important to secure their financial future.

The growing trend towards 'rentvesting' by millennials – purchasing a rental property in an affordable area while renting where they want to live – would seem to support this finding.

So if you are considering your first property investment where do you start?

Most Gen Ys will be sick of the infamous 'smashed avo' reference but there is no doubt a level of sacrifice IS required to take that first step onto the property ladder.

Buying a property takes preparation and planning – often over a few years. But remember that if you are purchasing an investment property the property will be rented out. This will give you additional income (the rent) that will be included in your loan application.

Some expenses may also be tax deductible often making it more affordable for you to own an investment property rather than an owner occupier home.

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So what can you do NOW to help you buy a property in the future? Here are our top tips:

1. **Research the market NOW and plan your savings goal**. The sooner you get your foot in the property market the sooner you have an appreciating asset. You will be less likely to be caught in the savings/deposit spiral of property prices outpacing your ability to save.
2. **Work hard at saving a deposit**. Track your spending and see where your money goes! What could you live without? Foxtel? Those daily takeaway coffees? Friday night drinks with friends? Perhaps family could help boost your deposit? It's certainly not for everyone but if you and your family are fortunate enough to explore this option we're here to help.
3. **Pay your bills on time**. When the time comes to apply for a loan you need to make sure you meet the lender's criteria to be approved. Just having the deposit is not a guarantee of approval! Create good habits now.
4. **Eliminate debt**. Not only will this help you move ahead a little quicker it can improve your borrowing capacity. Ask us how!

If you are keen to explore your future options for property investment then we encourage you to contact us – your finance specialist. We help people every day to determine the correct approach, strategy and structure based on your short and long term financial goals. Feel free to share this article with your family and friends!

1. Financial Wellbeing Index/ING Direct
2. Understanding Finance Culture in Australian Households/University of Sydney


9 steps to successful
PROPERTY INVESTMENT

If investing in property is on your radar ask us for our article '9 steps to successful property investment'.

Graeme Vimpani
AlphaLoan Mortgage Group
Web: www.alphaloan.com.au
E: gvimpani@alphaloan.com.au
Mob: 0411 886 310