

12 Key Tips For Smart Property Investing

Property investment is one of the most popular ways to increase wealth. Here are twelve tips to help you make your next investment a good one.

1. Buy with the head, not the heart. Put personal tastes aside – look for property that is going to be easy for tenants to maintain and avoid unusual designs. Find out from an estate agent what type of rental properties are the quickest to be let, and in which area.

2. Do your homework. The Internet can be a great source for researching property markets. Good sites allow you to pinpoint a specific area, grouping similar properties within a particular price range – a great way to get an overall feel for the market. Also look at the property section of your local newspaper and view as many properties as possible before making an offer.

3. Create a plan and stick to it. Are you buying to generate a rental income, or are you looking for a capital gain over a set time period? This may affect whether you choose a unit or a house.

4. Know the market. Fast property markets favour the seller, slower markets the buyer. Don't get drawn into going above your budget even if you are worried about missing out.

5. Source appropriate finance. Investors often choose interest only loans, but this type of product doesn't always suit everyone. We can help you find a suitable loan for your needs.

6. Find good tenants. If you don't have the time or inclination to seek out tenants, engage a property manager who will manage the property, deal with tenant problems and collect the rent.

7. Take maximum advantage of tax breaks. Property investors may be able to offset depreciation, interest paid on a mortgage and other expenses against taxable income – speak to a tax specialist.

8. Protect your investment. Landlord's insurance and income protection cover most eventualities for just a few dollars a month.

9. Don't borrow beyond your means. Lenders will always highlight the maximum you can borrow – stick to your plan and don't borrow more just because it is available.

10. Do a health check. Obtain an independent valuation, building and pest reports to avoid buying a 'lemon'.

11. Know the law. Consult a solicitor to review the purchase contract and perform property searches before you sign.

12. Become an expert. After you have purchased, continue to watch the property market, interest rate changes, and any other factors that affect your investment. Be aware of price movements for similar properties and of changing rental values. It pays to be informed.

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