

your investment

March 2020  
\$9.95 (GST incl.)

# property

# BIG PROFITS FEWER PITFALLS

HOW TO INVEST WISELY IN 2020

as revealed by *The Property Bloke*



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# The ultimate checklist for first-time investors

Have you ever wanted to invest in property but felt confused and overwhelmed by all of the options? Our checklist is a quick and easy guide to help you navigate your first property investment without making costly mistakes along the way



## Have a goal in mind



The first question to ask when you consider investing is, why? Why do you want to invest in property? To ensure a comfortable and/or early retirement? To fund your kids' education? To be able to travel the world? To indulge your passion for renovation?

**Tip:** The most impactful goals are specific, like aiming to save a certain deposit by a set date, or building a portfolio valued at a specific amount within a set period.

What are your long-term property goals?

*Be as specific as possible. For example, one \$2m property fully paid off with a rental income you can live off.*

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## Educate yourself



Once you've set your investment goal, you need to study. Research property from every angle: read magazines and books, attend seminars, watch videos, listen to podcasts from people who are experts in this field. Take note of the stories of successful investors and how they got started.

There are many resources you can consult when it comes to property investment, from major data providers like CoreLogic and Real Estate Investar to property advice from online blogs, to your very own neighbours.

Who are your educational sources?

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## Develop a plan of action



With the knowledge you've gained, it's time to apply this to figuring out which investment strategies will work best for you. What is your risk profile? What are your financial circumstances? How do your lifestyle and family influence your investing goals?

A strategy that is perfect for one person could be ill-suited to another, so don't just copy what others have done. With guidance from a trusted advisor, come up with your own plan. Be as specific as you can, and set achievable milestones to help you measure your progress.

What are your property goals for the next 12 months?

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## Check your finances



Money is your most important resource when you're investing. So you want to ensure that you're financially ready to become an investor. This doesn't mean that only the richest of the rich can invest in property – but it's about maintaining healthy spending habits that banks and lenders can look upon favourably, to enable you to get the loans you need. Consider your standard of living and your personal debts and how they potentially impact your investment plans.

Do you have a budget and, importantly, do you stick to it?

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## Gather your team



Some essential people to have on your team include an accountant, a lawyer/conveyancer and a mortgage broker, and many investors also get value out of working with a buyer's agent, a mentor and/or a financial advisor.

Having these professionals on your side can assist you in keeping track of your financial, tax and legal responsibilities, and help you move forward with a clear strategy.

Who is on your investing team, and are they qualified and experienced?

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## Shop wisely



Looking for your first property is an exciting yet scary prospect. Consider: do you want to stay within your local area or invest interstate? Are you looking to buy through private sales, or are you ready to battle it out at auctions?

Location is key when it comes to choosing your first investment property, so do your due diligence.

Which locations are you looking to invest in, and why?

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**Be thorough**



Property investment is a business, and it's important to treat it that way. So, once you've found a property that ticks your boxes, check your emotions at the door and keep an eye out for any red flags such as sketchy foundations, termite damage or plumbing problems. Arrange a building and pest inspection to help you thoroughly check the property.

What have you observed about the property you're looking at?  
Is it worth the price?

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**Play it cool**



When negotiating, you have to know your limits beforehand so you don't get swept up in the excitement. Do your research on the comparative prices of properties in the area, and set a realistic budget. Be prepared to walk away if you have to – there are always more opportunities.

What is the absolute maximum you're willing to pay?

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**Consider the upkeep**



Maintenance is a crucial consideration with any investment property, and hiring a property manager can save you a mountain of headaches, stress, time and money by handling this for you.

Quality is of utmost importance when you're hiring a property manager; you get what you pay for. Do your due diligence when interviewing candidates. Ask them how many properties they manage, and how much experience they have.

What qualities are you looking for in a property manager?

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**Gear up for the long term**



Investing isn't generally a short-term venture – it's a journey you have to prepare to be on for many years. That means you need to think about how you can add value to your portfolio so it continues to grow.

Many investors transition quickly from buying property to renovating and developing it to maximise its potential. Others diversify their portfolios by buying in different markets in order to reap the benefits of both long- and short-term projects. Still others try their hands at commercial property.

Whichever direction you take, understand that building and maintaining a portfolio takes time, hard work and patience – and never stop educating yourself.

How are you going to measure your goals and progress along the way?

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