

WHY INVEST IN PROPERTY

Investing in property offers two major benefits: capital growth and tax advantages.

In the early stages, rental incomes often don't exceed your outgoings on a property - particularly the costs of servicing the loan. But as the property increases in value, rents tend to rise faster than costs and the property generates net income.

What's more, costs can be claimed against your taxable income.

Many people are also attracted to property because it tends to be less volatile than shares. However, we don't recommend property to the exclusion of other investments. A strong portfolio is a diversified one: with investments spread across different asset classes, including property, shares and cash.

It's also important to recognise that no investment is risk free. Many people have become wealthy through property investment, but it's also possible to lose money. Your best protection is research (and more research), experience, and good advice from us here at Sa and Birk Accountants.

THINGS TO LOOK FOR IN AN INVESTMENT PROPERTY

The two keys to a good investment property are appeal and low 'running' costs. Appeal is a subjective thing, but experience shows that the following attributes always make a property easier to tenant:

- Outdoor living. Even a small private area - a courtyard, deck or terrace - adds immensely to a property's appeal.
- Good sized bedrooms preferably 4 bedrooms with en-suite and walk-in-robe in the main bedroom. Built-in-robos for the rest of the bedrooms.
- Good functional kitchen and bathrooms.
- Air-conditioning units in the main living area and in the main bedroom. Ceiling fans through-out the home.
- Neutral decor. While not everyone loves neutrals, neither do many people hate them. Bright colours, on the other hand, divide people and can be a reason not to choose to rent a property.
- Location. Of course!
- Garaging. Double lock-up as a minimum requirement.
- Dishwasher. Not essential, but a big plus.
- Low maintenance, small section. It's not just good for you, it's also a signal to tenants that the property will probably remain in good shape.
- Sunny aspect.
- Security features including fencing.

WHAT'S CAPITAL GROWTH?

This is the money you make as the value of your property grows. Brisbane and Gold Coast property has enjoyed various boom periods that have seen many home owners increase their wealth considerably. While there's no guarantee your property will gain in value, historically, Brisbane and gold coast property markets have experienced steady growth, and there are no signs of that changing.

WHERE AND WHAT TO BUY

Where to buy

One big advantage of buying an investment property is that you don't have the emotional issues to deal with that come with buying a home to live in.

So be objective. You want capital growth, so buy in a growth area. These are often not the ritziest suburbs. Be aware, too, that high capital gains areas often return lower rental yields.

How do you find these areas? You guessed it! Talk to Sa and Birk Accountants Property Investment Specialist. We have in-depth research on current trends (short term and long term) and will be happy to provide you with regular updates of Market Research.

Do your own research too. Visit different suburbs and see what's on offer. Good areas for renting have easy access to transport, school zones, shops and leisure facilities. An attractive property in a sought-after area is almost always a solid investment.

What to buy

A good investment property is one that you can afford and that you can charge a decent rent for.

It isn't necessarily a mirror image of the place you'd want to live yourself.

Although units and apartments are easier to maintain While four bedroom houses are popular rentals. Properties with a view are always popular. But they're also more expensive.

Other issues that affect price and rental values include:

- school zoning
- other zoning - land zoned for single-family dwellings protects your investment from developments that might undercut its value
- size of the section (the traditional acre section is increasingly rare, but in demand, and could be a great long term investment).

If the property you are interested in is currently being rented, ask about its history of tenancy. Have there been periods where it hasn't been occupied? If so, find out why. You don't want to inherit someone else's problems.

Borrowing

Borrowing for investment isn't much different from borrowing for your own home. Some lenders charge a higher interest rate, but not all. So it's worth shopping around. As a buyer, you should do all the same checks you'd do when buying your own place.