

How to identify an investment property

It is important to realise that property investment is recognised as a medium to long term investment strategy. Property industry experts are now suggesting that the 'good old days' of a property doubling in value every 7-10 years is a thing of the past, and that investors really need to take a longer term view of their investment.

When you begin the process of identifying an investment property, research will be your most important tool. As an exercise, why not go through the following checklist to identify a potential investment property then contact us to find out how much you could borrow to buy it!



- Take a look at a map of the region you are considering, identify the local CBD and draw a circle 15 kms around the central point. Make a list of the suburbs within the circle.
- Research, research, research! Review data showing median sale prices and rental yields on comparable properties.
- For affordability, stay within the second and third quartile of prices in the suburb for price and rent.
- Check demographics, especially population numbers, growth and density.
- Is the property within close proximity to schools, shopping centres, university or business hubs that are well established and likely to appeal to good quality tenants?
- Does the area have an established public transport network and is it close to the main arterial road network?
- Check the local government website for developments planned for the suburb/region, eg high density dwellings.
- What is the land size? Is there potential for subdivision (or to increase the size of the existing dwelling) at a later stage to increase the marketability?
- The newer the property the better the depreciation benefits.
- Unit - best features: minimum two bedrooms, built in robes, bathroom + ensuite, internal laundry and lockup garage.
- House - best features: minimum three bedrooms, built in robes, two bathrooms, lockup garage (parking for two), extra storage, low maintenance fully fenced yard.
 - Is there a current tenant and if so are they paying market rent? Don't just ask the agent that the property is currently leased through, or the one who is selling the property. Talk to two or three other independent agents to make sure.
 - Invest time to find a quality property manager.

You should also talk to some of the real estate agents in the area you choose in order to create a profile of what tenants in the area look for in a property.

For example, a suburb close to the CBD may attract business professionals looking for a one or two bedroom apartment with parking; a one bedroom studio apartment may be in demand in the region around a university, or near a major metropolitan centre you may find 3 bedroom homes for families the most popular property sought.

If you are interested in taking this research a step further, contact us today and make an appointment to talk about your options.

Disclaimer: This article is generic in nature. All investment decisions should be considered wisely and based on your personal and financial circumstances. Seek proper advice before committing to any course of investment action. This is not deemed as advice.