

Four Vital Tips For Investors Scouting For Great Investment Properties

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Welcome

When scouting for a great investment property, it is vital that you know what type of property you are intending on buying. You need to do this before you go out looking at anything and everything! Remember each investment property should be treated like a small business.

Your investment must make you money and be in a good position. Buying at the right time is key. The property's suburb, the estate, the street and the position within the street should be on the top of your mind. Narrowing it down to the ideal investment will be dependent on

many things within each street once you have decided on the area you want to buy in. You are looking for a street specific opportunity!

In this guide, we will look at four important tips to consider if you are opting to invest in an existing BUILT home:

- 1. Age and Condition
- 2. Land and Development Potential
- 3. Tenanting and Property Type
- 4. Respectful Treatment of Tenants





Age and Condition

How much work is needed on the investment property right now? Can you add value without spending lots of hard earned cash on the investment? Will you be able to increase the rental return without overspending your budget?

Land and Development Potential

Does the land have development potential? Consider asking the agent these questions, or even better check with a local town planner or Council. Is the land large enough? Does it have sufficient side access? Does it have potential to build a granny flat to add extra income? If so, it will provide you with a much higher return on your investment in the long term.

Can the land be subdivided into smaller lots? Depending on your budget consider small development sites. It is recommended that you get a professional feasibility from your town planner and agent. If you believe the investment has development potential, ask for the Due Diligence clause on your contract, this will allow you time to research the investment with the option to terminate if needed.

What is the aspect of the investment property? Does the land slope to the road? North facing property is always a more popular long-term option and a flat block or gradual slope to the road are the best options.

How steep is the drive way? How much car accommodation can be allowed on the road and the existing land? Having easy driveway access on and off the land is best.





Tenanting and Property Type

These very important factors when considering building your investment portfolio and what appeals to tenants:

Keep in mind many factors such as the current demographic and location of the property, as well as lifestyle influences regarding tenant's cars, boats, caravans etc. If you buy an investment property with extra land space to cater for these types of tenants, your returns will be higher and vacancy rates lower. Long term tenants are GOLD!

A big game changer is a large shed, man-cave or workshop. This will always provide a much higher yield on your investment. The right type of shed can bring in income upward of \$50 to \$100 per week.

One option to consider if you are time poor or worried about repairs and maintenance is that you may want to engage an expert Agent to help you choose a new home 'off the plan' in high yielding growth locations. Selecting a street is with an excellent mix of mostly owner occupiers is beneficial. If possible try for a quiet cul-de-sac, these types of streets are a good way for neighbours and new kids to make friends. Retaining tenants for as long as possible is optimal, and street parties and BBQs can encourage tenants in becoming part of the community.

They then don't like to leave their friends in good neighbourhoods. Great choices are neighbourhoods that are close to all quality amenities, such as schools, favourite sporting clubs, gyms, hotels, public transport and shopping centres. Also, areas with major and future infrastructure happening, create long term job opportunities. Remember quality properties attract quality tenants.





High yielding new properties like dual dwellings or duplexes also provide great returns in many new estates. Be open in looking at your options and consider tenants who are in blended families or families starting over again in new relationships. They often have multi children and/or a combination of families where Grandparents have had to move back home to look after a broken marriage and the kids. You will be pleasantly surprised how good these types of families are as tenants, and in most situations, they will be looking for larger houses with multi- living options such as a granny flat, duplexes and dual Dwellings. The tenants could have the opportunity to share the rental expenses and can often afford to pay much higher rents. Another most important tip is to make your investment properties pet friendly.

A modern basic design with a few extras make a big difference if you want to attract a good tenant. Try to find an investment property with a nice covered entertainment area. Remember the tenant is your client and you should provide a home with the same things in life you like to enjoy. We like to up-specify our investment properties with stone benches throughout. This keeps from ageing and looks clean and polished. First impressions count when looking for quality tenants and re-sale growth. Within budget, it is beneficial to have a decent sized kitchen with lots of bench space and overhead cupboards. Where possible, adding an ensuite and walk- in robe to the main bedroom is very important. Installing air-conditioning and fans throughout is always worth it! Extra car space and covered car accommodation are a major renting point and your investment property will rent sooner if it has this to offer. These additions are highly profitable, as they retain longterm tenants and contribute to your taxable deductions.

Always 'buy with your head'; using common sense and taking emotions away will help ensure that the returns on your investment work for your specific needs and budget. Your needs and budget are dependent on your goals and the advice given by your Professional Advisor





Respectful Treatment of Tenants

This is as equally important as selecting the right property in the best street and in the best growth suburb at the right price.

Whilst remembering to buy with your head and not your heart. Please have a heart! What this means is that wherever you buy, whatever you buy the tenants are 99% of the time good human beings and mean well. It is your responsibility to respect their needs and their demands.

Therefore, you must be open in accepting and at times accommodating your tenant. Within reason, if your tenants are doing all things right by you, give them what they want, let them think that the home is their own, keep up the maintenance on the investment when it is needed and look after your tenants like family and they will look after your property. In most cases, when they are treated respectfully they will treat the home like they own it and stay in the home 10 times longer.

Ultimately, if you have no tenant you have no returns.





In conclusion, here's a recap of some really encouraging ideas to help you when gearing for the right property:

1. One of my best and most successful tips is allowing your new or existing pre-built property to be pet friendly. This may yield you up to \$50 per week higher rent depending on the area and demographic population of the estate.

2. Look for side access and room for a shed and extra car accommodation.

3. Check out the current zoning and future potential zoning and upside for development.

4. Consider if there is room for a granny flat in the backyard.

5. Look for an investment with potential up-side. For example, what extra rent will you achieve with a minor renovation or adding another room to rent out?

6. Dual dwellings or duplexes that are worth what you paid for them on completion. These investments should provide a minimum of 6-7% plus return and in some cases you can even achieve 8% or higher depending on the season and how cheaply you can buy the land.

7. Being close to everything you need such as quality schools, shopping centre, hotel and sporting clubs. Access to the highway and/or long term work opportunities.

8. If possible, choose a quiet cul-de-sac street. Encourage your tenant to be a part of the community.

9. In your design, keeping within your budget; kitchen with lots of bench space, overhead cupboards and main bedroom with walk-in robe and ensuite. Include air conditioning and fans.

10. Consider looking for North facing land and a block that slopes to the road.

11. Avoid a steep driveway.

12. Be open to off the plan or existing second hand home.

13. Do your research and look for the percentage ratio of owner occupiers and investors within the estate. A mix of 70 to 80% owner occupiers over investors is preferable. You can work alongside a good agent to find out this information accurately.

14. Ensure you double check the rental returns with an independent Real Estate Agent other than the one recommended by your sale agent.

15. Obtain an Independent market appraisal and opinion.



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