



SEPTEMBER 2020

## STRENGTHEN YOUR PROPERTY INVESTMENT STRATEGY USING THESE 4 TIPS

According to CoreLogic's Profile of the Australian Residential Property Investor, the value of people's wealth held in real estate assets is worth more than superannuation funds and listed stocks. While the economy and property market are in an uncertain place, now is a better time than ever to review your investment strategy to ensure you're on track to realise your long-term investing goals. Here, we share four property investment tips to strengthen your strategy.

### Set emotions aside

Warren Buffett famously said, "If you cannot control your emotions, you cannot control your money." This famous quote applies to all areas of money, from managing your household budget to property investing and planning for retirement. In all facets of your property investment portfolio, you need to set your emotions aside. For example, if you're looking for a property in a new area, don't get caught up on how you feel about a place. You need to focus on the numbers such as rental yields and growth potential.

Sure, you can have an intuitive feeling about a place, but if the numbers don't stack up too, that's not reason enough to move ahead with a property.

### Talk to qualified professionals

It helps to talk to a range of qualified professionals throughout your investing journey. Whether you're looking to refinance or thinking about using the equity in one home to purchase

your next, you need to seek specialised advice to ensure your decisions help you in realising your investment goals. Often, the fee to get advice from financial professionals will far outweigh the cost of making a poor investment decision.

### Identify and address risks

Like any investment, property investing has its own set of risks that need to be managed and addressed. For an investment property, a lot of the financial risk will be associated with the unexpected such as natural disasters, large scale repairs and maintenance and long vacancy periods. It's important that you understand the likelihood of these risks and set aside adequate cash to address these risks should they materialise.



**IF YOU CANNOT CONTROL YOUR EMOTIONS, YOU CANNOT CONTROL YOUR MONEY**

doesn't mean flocking to this area is going to make your strategy a success. Instead of being pulled to an area as a result of the latest tips and news floating around the media, take the time to do your research and identify the areas you'd like to keep an eye on. This process will also help you to ensure your suburb list and property research reflects your investing strategy.

### Be careful with hotspots

The next hotspot is always a popular topic in the property investing community. However, it

Dear Valued Clients,  
We are all aware that Covid-19 has had an impact on the property market. Any effect on your property will affect our business as well. As such we will continue to provide honest and up to date advice following any instructions provided. Our



sales and property manager teams are here for you, so please do not hesitate to make contact should you have any questions.

**Hendra Wijaya**  
Principal

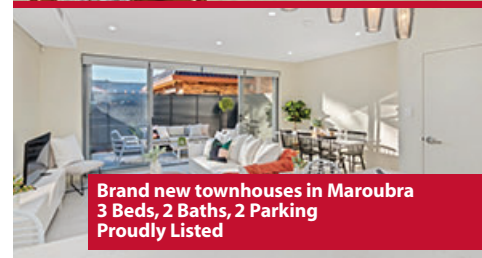
### RECENT RENTALS

A62/15-17 Green Street, Maroubra  
1 Bed 1 Bath 1 Parking \$460 pw  
29 Yarra Road, Phillip Bay  
4 Bed 2 Bath 2 Parking \$750 pw  
5/108 Boyce Road, Maroubra  
2 Bed 2 Bath 1 Parking \$540 pw

### FOR SALE



**9/156-158 Maroubra Road, Maroubra**  
1 Bed + Study, 1 Bath, 2 Parking  
Proudly Listed



**Brand new townhouses in Maroubra**  
3 Beds, 2 Baths, 2 Parking  
Proudly Listed



## YOUR KEY COSTS AS A LANDLORD

Property investing is an excellent vehicle for building long term wealth. But you need to factor in the upfront and ongoing costs of being a landlord. Throughout the duration of holding each property, you need to have stable cash flow to cover your key expenses and the regular shortfall (if you're negatively geared). In this article, we're outlining the key expenses you need to factor in for each property as a landlord.

### Landlord insurance

One of the key things you should have in place is landlord insurance. Depending on the value of your property and its risk profile, you can get a policy from as little as \$1 per day. A good policy should cover tenant-related risks, including loss of rental income and damage to your property by a tenant.

### Repair and maintenance costs

Throughout the year, there'll be little things around your investment property that need to be maintained or repaired. This may include fixing small water leaks, fixing the hinge on a door or resealing wet areas such as the kitchen and bathroom. On a less regular basis, however, you may need to complete larger repairs and maintenance projects that will be more costly. These projects include replacing a hot water system, replacing air-conditioning units and replacing major appliances such as the oven or dishwasher. This is why it's a good idea to have cash set aside for routine repairs and maintenance and larger emergencies.

### Finding new tenants

Sourcing a new tenant for your properties can be a lengthy process. You'll need to pay advertising fees, cover expenses such as the mortgage while the property is vacant and pay the let fee once the property is leased. Further, the longer your property is vacant, the faster these expenses will add up. Make sure you speak to your property manager to ensure your property is appealing to quality tenants and priced appropriately for the market.

### Rates and body corporate fees

As a property owner, you'll need to pay council rates such as water rates and body corporate fees. If you have an apartment or are looking at adding an apartment to your portfolio, make sure you check not only the body corporate fees but other potential fees such as a maintenance fund. You'll also need to get an idea of the large repairs and maintenance that may be required in common areas throughout an apartment building so you can plan for a potential increase in body corporate fees and one-off payments to fund these projects.

While property investment is exciting and helps people build wealth, you'll be more effective and profitable in the long run if you identify and are aware of all the expenses you may incur as a property investor. If you feel like you've been playing catch up on the expenses associated with owning your investment property, talk to a qualified financial professional to get on top of your expenses.



## Repairs and maintenance

All homes will need upkeep from time-to-time. When routine inspections are performed, your property manager will identify future upgrades you may need to budget for your investment property.



### IDENTIFY ANY ITEMS WHICH MAY NEED REPAIR AROUND YOUR INVESTMENT PROPERTY

Your tenant may also occasionally report items for repair during their lease, which is to be viewed as a positive sign of open communication – there's nothing worse than discovering a small problem (i.e. a crack in a wall or a window, mould build-up due to lack of ventilation in a shower) which has grown into a bigger problem due to inattention!

If an item breaks down in your property, it must be repaired in a reasonable time-frame. If a repair cannot be achieved, the item needs to be replaced.

As a time-saving measure, consider giving your property manager an authorised repairs budget so they may swiftly enact any repairs necessary to your investment property.

By being proactive in matters of maintenance and repair, you are helping to ensure that your investment remains in quality condition for many years to come.