Navigating
a Changing Economy
with Property Investment

a 5-step guide

PROSPA
PROPERTY
ADVISORY

For busy professionals who want to build a lasting financial legacy and reach their lifestyle goals.

Are you worried that the **COVID** crisis has affected your finances?

Are you wondering whether now is a good time to invest in property?

Are you thinking that this crisis could affect housing affordability?

In this guide we will help you understand how recent economic change could actually have benefits for you as a property investor.

Hi there! I'm Adam Hindmarch, Managing Director and Principal Strategist of Prospa Property Advisory. We are a team of fully licenced, qualified and experienced property investment experts who are committed to creating amazing lives for our clients through intelligent property investment.

We love helping Australian families get on the path to financial certainty and it is our mission to help them achieve home ownership faster. Our dedication to providing quality, ethical and research backed advice creates long-term relationships with our clients, who often return to buy their second and third properties.

The current economy has however presented some challenges, along with some amazing opportunities for property investors. Yes, that's right - opportunities. However now more than ever, it is vital to get the best education on how to invest safely and make the right investment decisions.

Our advisors are all QPIA's (Qualified Property Investment Advisor) accredited with PIPA (Property Investment Professionals Australia). We are a team of highly experienced property investment mentors and have helped hundreds of people, just like yourself, on the path to financial certainty through property investment.

So, if you're looking for advice on the best ways to invest in property during these uncertain times, you are in the right place.

Let us guide you through some easy-to-follow steps so you can create your dream lifestyle and a lasting financial legacy.

Adam Hindmarch - QPIA
Qualified Property Investment Advisor

PROPERTY INVESTMENT PROFESSIONALS OF AUSTRALIA
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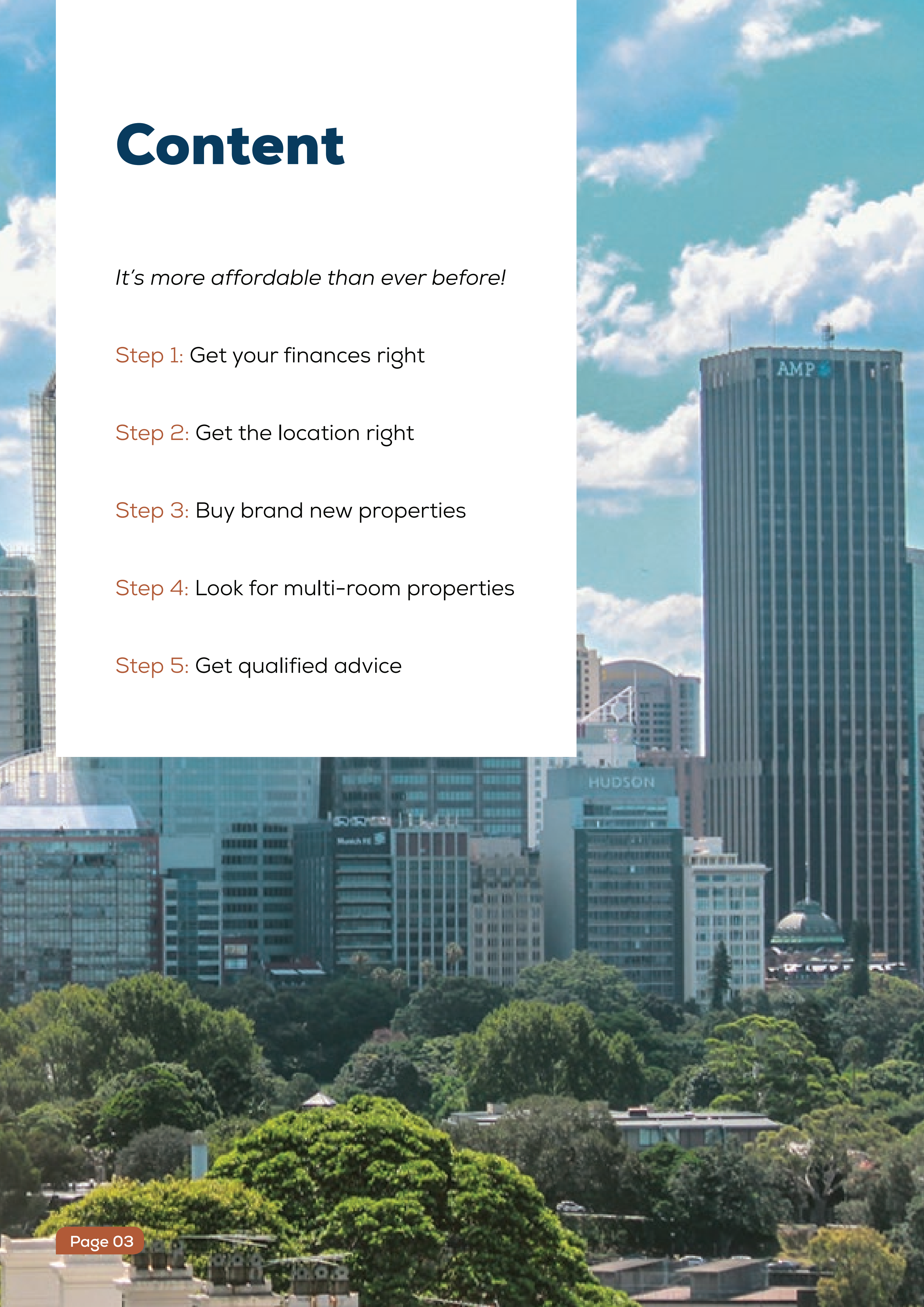
Content

It’s more affordable than ever before!



It's more affordable than ever before!

The flipside of our uncertain economy has resulted in interest rates being at an all-time low. **This means owning an investment property has never been more affordable.**

For the right type of investment properties, the gap between what you owe on your investment loan and the rent you receive is a lot less than people think.

In fact, **buying the right property can actually put money back into your pocket.** That is, it can be a 'positive cash flow' property where the income generated from rent, depreciation and tax benefits, is actually more than the repayments on your investment loan.

Where a property is putting money back into your pocket, this can be used to pay off debts such as the mortgage on your home and help you achieve home ownership sooner.

When combining current interest rates, the right loan structures and the right investment properties could see some people achieve homeownership within 10 – 15 years

If you have equity in your own home there is potential to buy an investment property which is generating you income, without contributing a cent of your own savings.

What's the catch?

The catch is buying the right property, in the right location, with the right loan structure - and having the right mindset to see the opportunity arising from the current uncertainty.

Step 1

Get your finances right

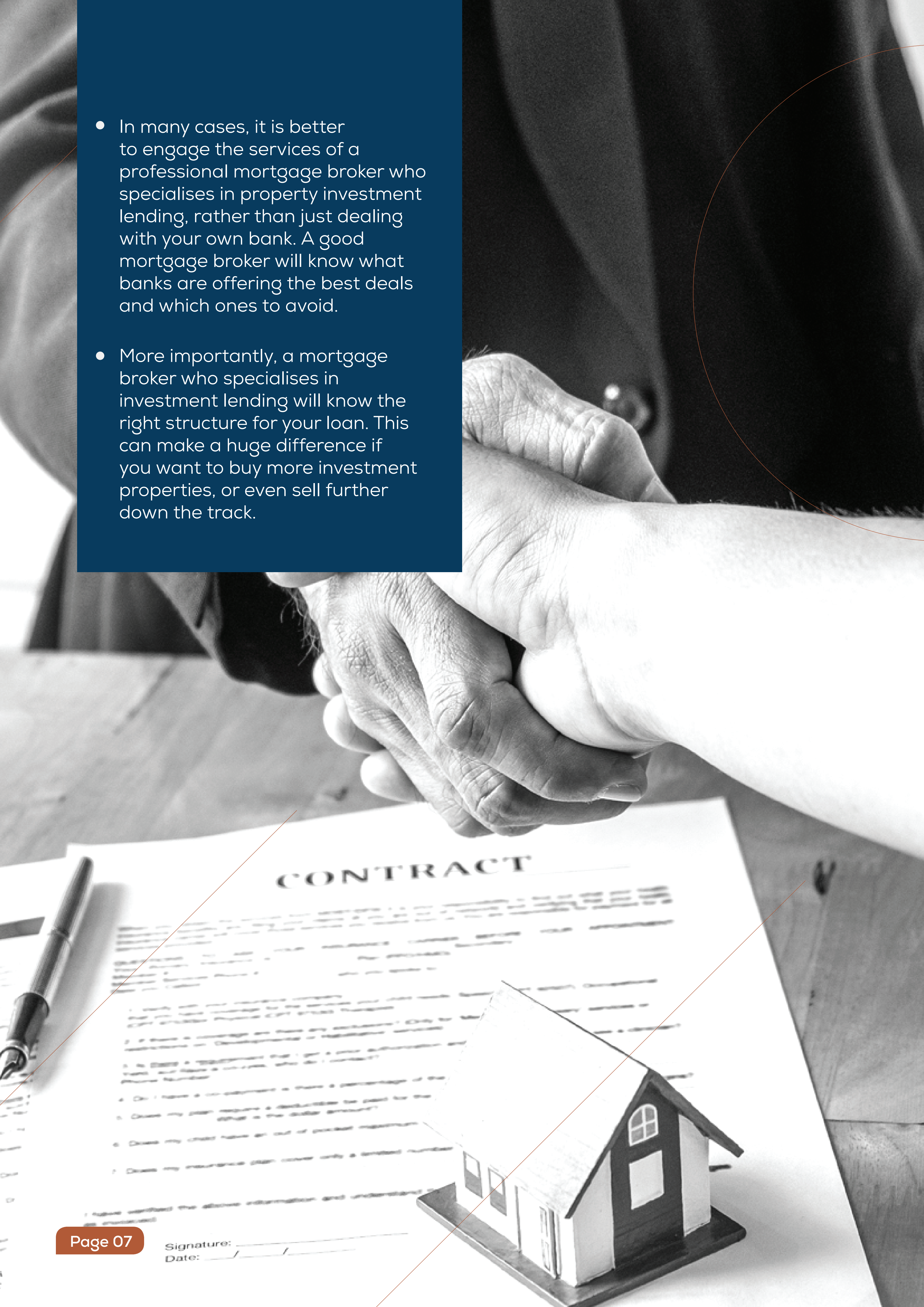
Some crucial factors to consider when thinking about your finances:

In the current climate, banks are scrutinising loan applications more than ever before. They are looking at your ongoing living expenses, any ongoing discretional spending (e.g. Uber Eats/phone betting/online shopping) and your capacity to repay the loan.

Banks are presently looking at what type of industry you are employed in and considering if you are at high risk of losing your job. Without steady employment, are you going to be at risk of not being in a position to repay the loan? If you are employed in job categories that are considered essential services then you should not be affected significantly by the lending changes.

- In many cases, it is better to engage the services of a professional mortgage broker who specialises in property investment lending, rather than just dealing with your own bank. A good mortgage broker will know what banks are offering the best deals and which ones to avoid.

- More importantly, a mortgage broker who specialises in investment lending will know the right structure for your loan. This can make a huge difference if you want to buy more investment properties, or even sell further down the track.



Step 2

Get the location right

Getting the right advice on what properties to buy is more important than ever before. Previously in a normal market state, there was some scope for investors to make errors and bounce back from poor decisions.

While Blue Chip properties have traditionally weathered economic storms, they are often unaffordable as investment properties. If you can't afford a blue-chip property consider the demographics and local characteristics of the area you are buying in.

Indicators of a suburb with strong investment potential and long-term capital growth generally have the following attributes:

- Residents have higher than average household incomes
- Lower than average unemployment rates
- A small percentage of rental properties - this means you are not competing with other landlords over a fixed pool of tenants who want to live in the area. That is, to attract tenants you may have to reduce the asking rent. If other landlords need to do the same it becomes a competition of who can reduce their rent the most to attract a tenant, lowering the overall floor price of rent in that suburb.
- Have a large surrounding population – i.e. 100,000 people living within a 20km radius of the property. This provides a good rental pool of tenants to rent the property, as well as a resale market should you need to sell.
- Avoid single industry employment locations such as mining or defence towns. If the mine suddenly closes or defence base moves, this can significantly reduce the property value and amount of rent received. Or worse, you may not even be able to sell or even rent the property!
- Look for areas with good infrastructure or local employment hubs. People want to have schools and facilities nearby, live close to where they work or have easy transport to these places.

Step 3

Buy brand new properties

Lower Ongoing Costs & Tax Savings

Buying or building a brand new investment property can provide significant tax savings against your income. Through general wear and tear caused by your tenants, the investment property depreciates (reduces) in value each year. Some of this depreciation is allowed to be claimed as a tax deduction.

Recent tightening of taxation rules around depreciation has meant that depreciation can only be claimed on brand new fixtures and fittings inside a property. A brand new property has a lot more depreciable items so there are larger amounts of deprecation to be claimed, effectively reducing the amount of tax you pay and helping to put more money back in your pocket.

In some cases it may also mean building an investment property to get the right result. After all, property investment is a long-term strategy so we need to be playing the 'long game.'

That is, we still need to buy properties that suit our investment strategy over the next 20 years and not just based on the present situation – particularly if the current impact on our economy resolves in the next say 6, 12 or even 18 months.

Less Maintenance & Protection of Warranties

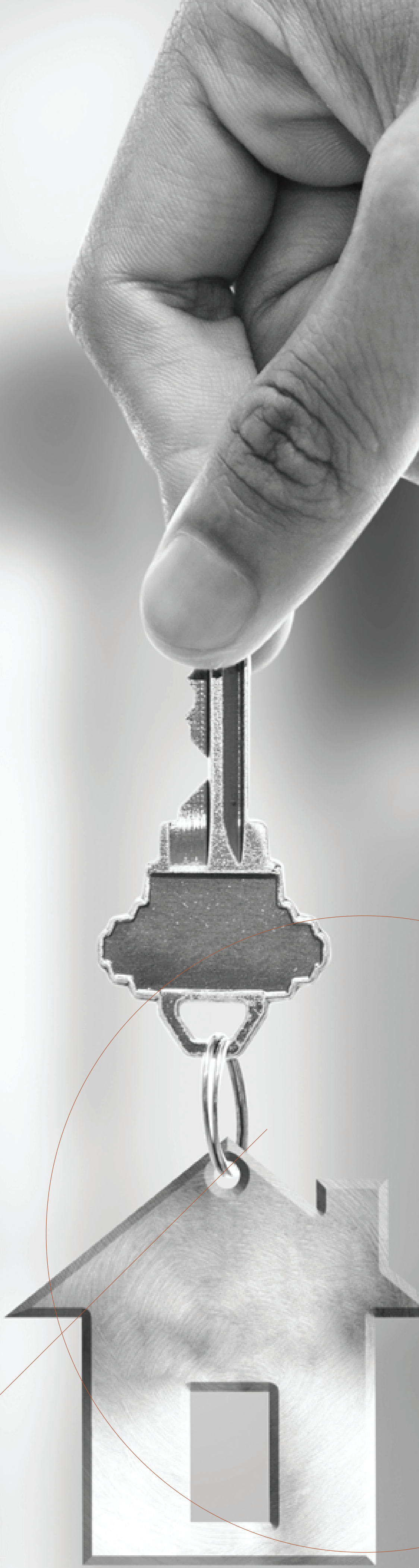
With a brand new investment property everything is new and in good working order! As part of the purchase process, you can arrange inspections by a qualified building inspector who will identify any building defects. The builder has a legal obligation to repair any faults that do not comply with relevant legislation or building codes, so you know that everything in the property is perfect.

With a brand new investment property, you've also got the protection of warranties. The builder provides a defect warranty period for various things within the property, including structures and most appliances (e.g. ovens, dishwashers or air conditioners) are covered by a manufacturer warranty. And even if these appliances are just out of warranty, it is more likely replacement parts are available and repairs are often less costly than a full replacement.

Tenant Appeal

Tenants generally love to live in brand new properties. Everything looks good and the property has a good feeling about it. This is not always the case with an older home that can tend to be a bit rundown.

A new home can therefore make it much easier to attract your ideal tenants. Better quality tenants who will appreciate a new home and are often in a better position to pay higher rents. A highly appealing new property also attracts less vacant time in between tenants, meaning you are generating a consistent flow of rental income.

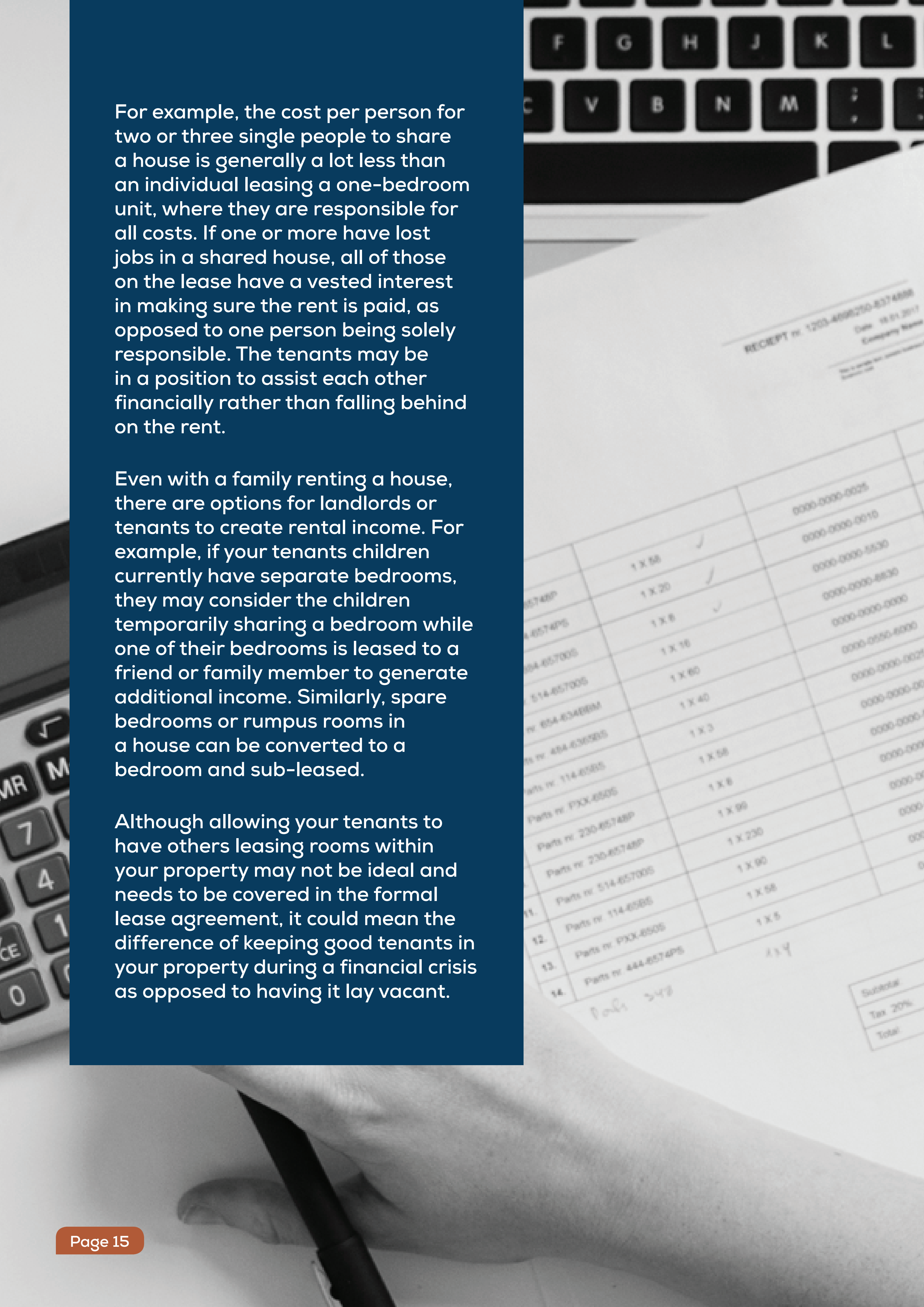


Step 4

Look for **multi-room** properties

The best investment properties in a financial crisis are the ones which are continually rented and, where possible can offer ways for you or your tenants to generate additional income.

In the case of a financial crisis, even where there are job losses, there will still be demand for quality family homes in the right locations. Generally, the properties that do best have multiple rooms, such as family homes because they have a greater opportunity to be creative in how the floor space is used.



For example, the cost per person for two or three single people to share a house is generally a lot less than an individual leasing a one-bedroom unit, where they are responsible for all costs. If one or more have lost jobs in a shared house, all of those on the lease have a vested interest in making sure the rent is paid, as opposed to one person being solely responsible. The tenants may be in a position to assist each other financially rather than falling behind on the rent.

Even with a family renting a house, there are options for landlords or tenants to create rental income. For example, if your tenants children currently have separate bedrooms, they may consider the children temporarily sharing a bedroom while one of their bedrooms is leased to a friend or family member to generate additional income. Similarly, spare bedrooms or rumpus rooms in a house can be converted to a bedroom and sub-leased.

Although allowing your tenants to have others leasing rooms within your property may not be ideal and needs to be covered in the formal lease agreement, it could mean the difference of keeping good tenants in your property during a financial crisis as opposed to having it lay vacant.

Step 5

Get qualified advice

Make sure that you take property investment advice from a professional who is suitably qualified, licenced and insured. Dealing with a QPIA (Qualified Property Investment Advisor) who is accredited with the peak body, PIPA (Property Investment Professionals Australia) is a great start.

A QPIA is a property investment professional who meets the strict educational standards set out by PIPA. They have your best interest at heart and are bound by strict codes of professional & ethical conduct, which means they act with honesty and integrity.

Then, make sure that the advisor has the runs on the board. That is, they are an experienced property investor themselves and really know the pains & gains of being an investor. Professional qualifications are one thing, but real-life experience as a property investor is invaluable.

You made it to the end of this guide!

- If you liked what you read but you still have questions
- If you are ready to start investing in your financial future
- If you've always dreamed of being a home owner
- If you think these uncertain times can be beneficial for you

Then let's get in touch!

Because you've taken the step to download this guide and start learning about investment properties, you can book a call with me **completely free of charge!**

Just click the button below to gain instant access to my personal calendar.

Book your session

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