

Property Investment Essentials

Your Post-COVID Guide



PROSPA
PROPERTY
ADVISORY

**The property investment
guide to navigating a
post-COVID world.**

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

Are you thinking that the COVID pandemic has affected housing affordability?

Are you considering what the best investment property to buy is?

In this guide we will help you understand how to navigate a post-COVID world as a property investor, and how this new property climate has created amazing benefits for you.





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.

COVID-19 has completely changed property investment, presenting some challenges, along with some amazing opportunities for property investors. Yes, that's right - opportunities. However, it is vital now more than ever to get the best education on how to invest safely and make the right investment decisions.

We love helping Australian families get on the path to financial certainty and it is our mission to help you achieve home ownership faster. You will benefit from our dedication to providing quality, ethical and research-backed advice. We aim to build a long-term client relationship with you, where we aim to have you buying a second, or even a third investment property!

Our advisors are all QPIAs, (Qualified Property Investment Advisor) accredited with PIPA (Property Investment Professionals Australia) 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, you are in the right place.

Create your dream lifestyle and a lasting financial legacy for your family with these easy-to-follow steps.

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It's more affordable than ever before!

The flipside of the economic uncertainty brought by a global pandemic 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, you could buy a 'positive cash flow' property where the income generated from rent, depreciation and tax benefits is more than the repayments on your investment loan.

When a property is putting money back into your pocket, you can use this extra cash 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 will generate you income - without using a cent of your own savings.

What's the catch?

There's no catch! The key lies within buying the right property, in the right location, with the right loan structure - and having the right mindset to see the current opportunity that has arisen.



Step 1

Get your finances right

Some crucial factors to consider when thinking about your finances:

In recent times, banks have been scrutinising loan applications more than ever before. They will look at your ongoing living expenses, any ongoing discretionary spending (e.g. Uber Eats/phone betting/online shopping) and your capacity to repay the loan.

Banks are also presently looking at what type of industry you are employed in and considering if you have a high level of job security or not. COVID-19 put into perspective which jobs are not as stable as once thought, and banks have been analysing whether the instability of your industry may affect your ability to repay the loan.

If you are employed in a job category that is considered an essential service, then you should not be affected significantly by these changes.



- In many cases, it is better to engage the services of a professional mortgage broker who specialises in property investment lending, rather than simply dealing with your own bank. A quality 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 intend to buy more investment properties, or even sell further down the track.

CONTRACT

1. I have verified the above information and understand the implications of the above information.

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5. Does my plan require a deductible to be paid for the whole of the dollar amount?
6. Does my credit have an out of pocket maximum?
7. Does my insurance plan cover only a limited number of claims?

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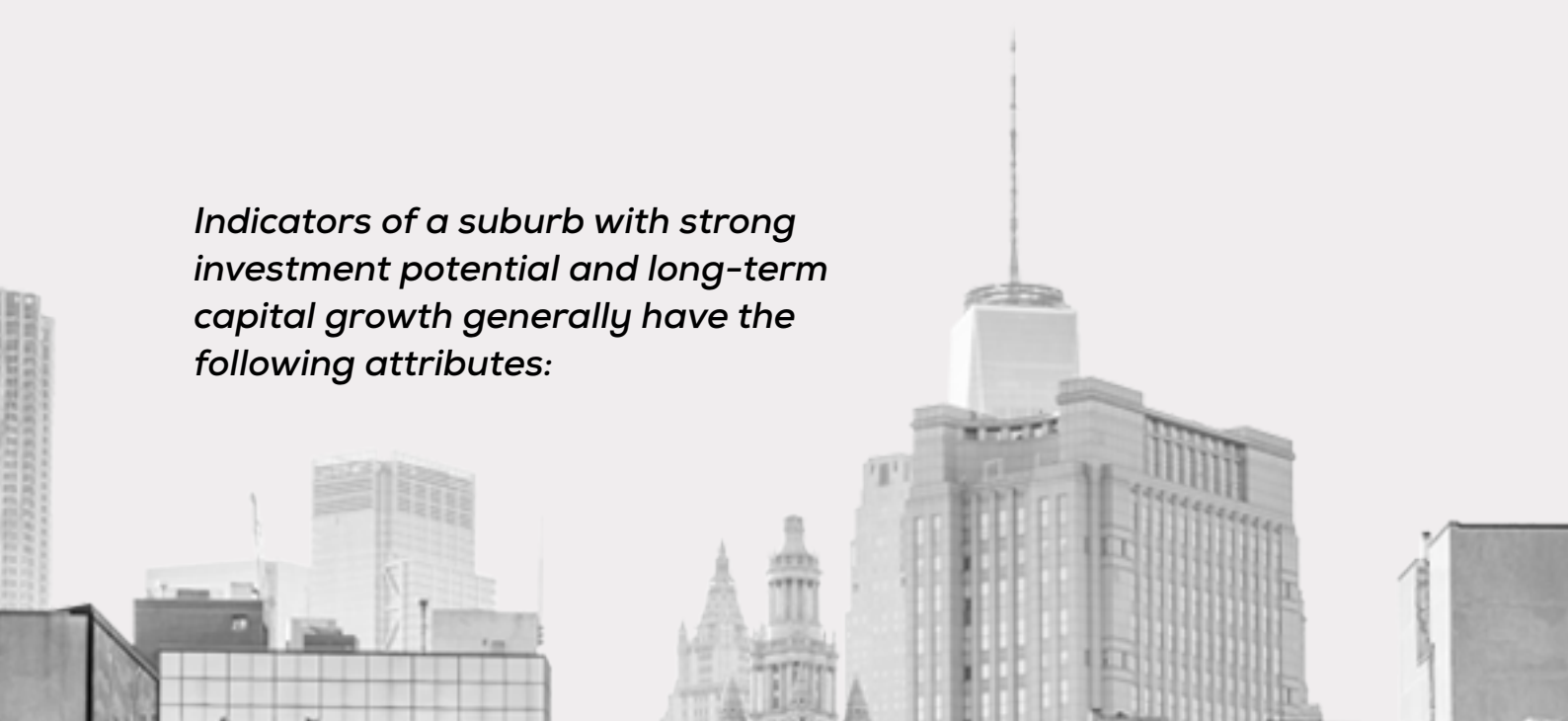
Step 2

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, rental demand 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:

- 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.
- A large surrounding population – a good rule of thumb is 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.
- 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.
- NOT 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!

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 depreciation 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 you need to play the 'long game.'

That is, you need to buy properties that suit your investment strategy over the next 20 years and not just based on the present situation – particularly if the current impact on the economy resolves in the next 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.

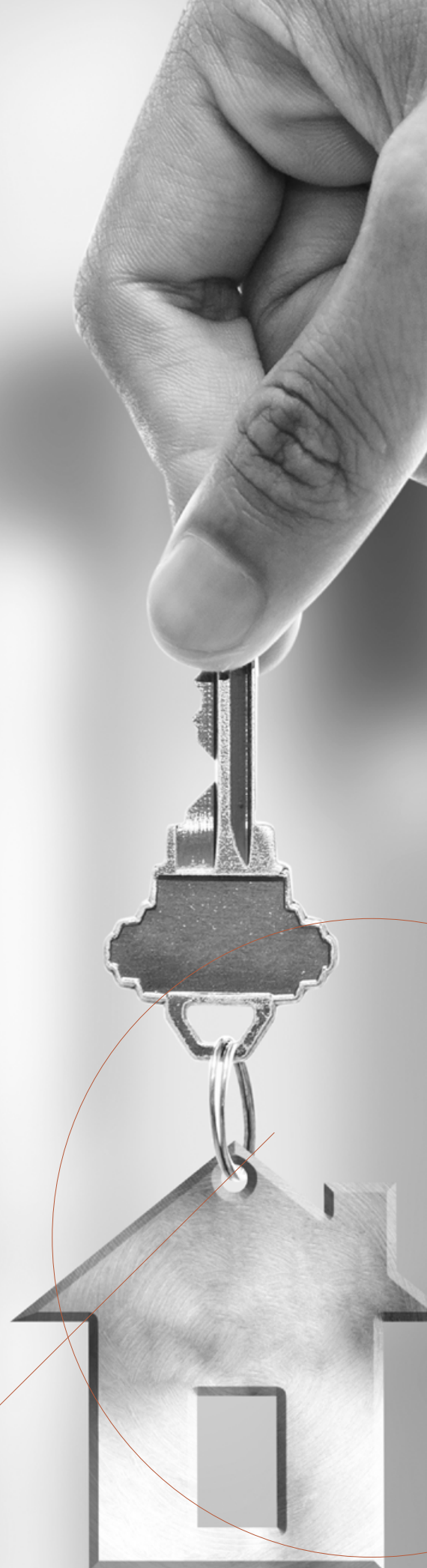
You've also got the protection of warranties with a brand-new investment property. The builder provides a defect warranty period for various things within the property, including structures, and most appliances (e.g., ovens, dishwashers or air conditioners) are covered by a manufacturer warranty. And 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 run down.

A new home can therefore make it much easier to attract your ideal tenants. Better quality tenants 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 are the ones which are continually rented, and, where possible, can offer ways for you or your tenants to generate additional income.

As seen throughout the COVID crisis, even where there are job losses there will still be demand for quality family homes in the right locations. Generally, the properties that perform the best have multiple rooms, such as family homes, because they have a greater opportunity to be creative with how the floor space is used.



The recent decentralisation of the workforce has found many people working from home some or all of the time. Having an additional room away from any distractions, that may be converted into an office or workspace is important for couples and families and will improve your rental appeal greatly.

Multi-bedroom houses also appeal to sharers or even “rentvestors” (“rentvestors” are investors who chose to buy property to rent out in one area, while they live in a rental in their desired living location), as the cost per person for two or three single people to share a multi-bedroom house is generally a lot less expensive, and thus much more appealing, than an individual leasing a one-bedroom unit. Plus, if one or more have lost jobs in a shared house, everyone on the lease has a vested interest in making sure the rent is paid. The tenants may also 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, spare rooms in a house can be advertised via online platforms and rented as an individual room, rather than having to rent the whole property.



Step 5

Get qualified advice

Make sure that you take property investment advice from a professional who is suitably qualified, licenced and insured. Choosing to deal 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 to work towards your property investment goals.

It's also important to make sure that your chosen 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 essential, 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 investing NOW can be beneficial for you (hint: it can!);

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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