5 things you need to know before buying an investment property.

Purchasing property is a strategy for many Australians who are looking to build their wealth and provide themselves with a comfortable retirement.

The dependable nature of 'bricks and mortar' means it is perceived as one of the less risky ways to invest, however it is still possible to get it wrong.

Make sure the properties you buy pay off by following these five tips:

1. Come up with a plan.

Ask yourself why you are investing in property. It could be for short term gain or as part of a decades-long strategy to support yourself and your children in the future.

Understanding what you want the result of your property investment to be will help you create a plan and work within the right time frames. Remember whatever you come up with should have some degree of flexibility to accommodate market changes.

2. Do your research.

The last thing you want is your investment property sitting empty because nobody wants to rent it. Look into the area you are thinking of investing in and check current vacancy rates. If they are high, it is time for a rethink.

Selecting a suburb with low vacancy mean more competition amongst tenants, which gives you the potential for higher rental return.

3. Choose your location carefully.

The property you invest in will have a better chance of securing tenants if it is close to schools, local shops and easily accessible to the nearest business hub.

It is also worth investigating which locations are set for growth, either due to a new transport link, plans for better public health services or a revitalised shopping district. Infrastructure improvements not only make an area more desirable, they bring renters there through new employment opportunities.

4. Tick the boxes – and then some.

You want your property to be in a desirable area with low rental vacancy. You should also look for a place which is in demand due to its features.

Think lock up garage, internal laundry, ensuite bathroom, water views, home office, or a spacious backyard. Depending on the type of tenants you are looking for, being able to offer these lifestyle perks will make it easier to find them.

Great features which would suit an owner as well as a tenant will also make your property easier to sell when the time comes.

5. Know your budget.

Every property purchase comes with expenses like solicitor's fees and stamp duty. It is important to keep these in mind when shopping around as they will be added to the total final cost.

You should also make sure you will be able to cover the cost of your increased mortgage should your tenants move out and leave you minus their rental payments. Then there are things like landlord's insurance, real estate agency fees and regular maintenance expenses to keep in mind.

An LJ Hooker Home Loans lending specialist will be able to go through your finances with you and explain how much you can borrow as well as how much you can expect your loan to cost you each year.

To find out what your borrowing options are to purchase an investment property, speak with our team today.

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