



buyersclub

7 property investment mistakes

A first time home buyers guide

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Investing in real estate is an excellent long term financial decision that can set you up for financial freedom. However, first timers should proceed with caution.

Jumping into the real estate investor space can be an exciting new venture, however, ensuring that you make well-researched decisions will have a significant impact on the return of your investments.

Below are some key points to consider: -

You're purchasing where?!



Ensure that you carry out your due diligence before jumping into your first time investment. As a first time buyer, the process can be overwhelming and you tend to overlook important key points about the property. Like for example, the location.

It is worthwhile to spend some time to research the location that the property is located in to highlight any potential disadvantages that may affect your return.

Having a look at the local crime statistics and the local community news and events can give you an idea of the kinds of rental

candidates that you may be entrusting to upkeep your investment.

Also consider if there are any major developments in the area that could impact your investment? Like a train station being built a few streets away or a new housing estate. Are you buying in a growth area?

Major developments in the area have the ability to impact your properties growth overtime.

Luckily, as a member of the **Buyers Club**, we do most of the due diligence for you. However, it doesn't hurt to give yourself that piece of mind.

Know the type of property you're purchasing and the responsibility that comes with it

Something to keep in mind is that no two properties are the same. The nature of the property you purchase will determine what future requirements you will have as the owner, such as ongoing expenses, legal or lease requirements and the upkeep of the property itself, etc.

For example, if your intention is to purchase a property and list on a B&B website, you need permission to do so from Council. You will need to consider costs involved with running a B&B as well as the upkeep of the property, such as cleaning, and handy work.

Another example is your requirements for a unit in a strata complex could be attending an annual general meeting with the other owners and obeying registered by-laws.

Commercial properties are different again.

Be sure to seek advice from your Conveyancer regarding the zoning of the property to know what is and isn't permitted.

We have a prestigious list of trusted legal professionals that we would recommend to you!

Underestimating expenses



There are a lot of ongoing costs associated with owning a property such as mortgage repayments, land/water rates, strata levies, landlord insurances and management fees, just to name a few. A common mistake is underestimating what these will be and the fact that they will increase over the length of your investment.

Another common mistake is to rely solely on your rental income to cover the cost of these expenses.

Be sure to calculate a budget for your expenses before finalising the deal so you don't have any costly surprises.

A **Buyers Club** agent will discuss this with you as part of our service.



Know your tax implications

You should know that income from all sources is taxable in Australia. This includes income from your rental properties which can bump you into the next tax bracket and have a sizable impact on the tax you pay every year.

Many different tax laws apply to property investments, depending on the nature of the property and how you are registered on title.

It is a good idea to talk to your accountant or financial advisor before making the jump into any investment to seek advice on the best cost viable path moving forward.



Knowing your limit

In most cases than not, in order to invest in property, you will need to obtain a loan from the bank to complete the purchase.

It is essential that you ask your bank or mortgage broker for pre-approval for an investment loan before you start hunting for your investment so you know exactly how much you're able to borrow.

Also, don't be afraid to shop around for a lender to guarantee you get the best deal on your interest rate.



What's the plan?

A factor that can determine if you are a successful investor or a non successful investor is if you have an investment strategy in place.

The purpose of an investment strategy is to provide a clear pathway on how you will actually earn money and in turn capitalise on your wealth over a period of time.

Your chosen approach will consider your personal situation, goals, risk tolerance and future income requirements. There are many strategies out there and it's about comparing the pros and cons to determine what is right for you.

So before deciding on a strategy, seek some professional advice from your accountant or financial advisor to help you understand your options.

Book your one-on-one meeting today to join the Buyers Club, or speak with your dedicated team member for more information.

Don't get too emotionally invested

Think with your head and not your heart. Remember that this is a business transaction and you can not be riddled with emotional barriers like fear and indecisiveness.

Try not to get emotionally invested in your property based on how it makes you 'feel'. It is a rental property, you do not need to love the kitchen tiles.

Sometimes emotions can overpower and get in the way of you making an informed and level headed decision. This can feel like indecision when purchasing a property, or the pressure you feel at an auction. In cases like this, you need to have someone on your side to help you see clearly and keep you on track.

That is where a trusted buyers agent at Buyers Club steps in!



The good news is.....

We can help you with all of this!

At Buyers Club, we sit down and discuss your goals to formulate a plan on how to make your investment dreams come true.

We get you in touch with our lending partners to obtain finance approval and we conduct all the research for you!

We find the most lucrative opportunities and bring them to you for your choosing.



Remember, we work for you!

Once you choose the property we will even organise your pest and building inspections and valuations along with any relevant due diligence.

Once you take ownership we will put you in touch with our network of preferred providers including everything from property management to insurance.

It doesn't stop there! We will evaluate the results and help you repeat the process on your journey to building a well managed and profitable property portfolio.

Welcome to the Buyers Club.

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