



Property Investment

ournewhome



Buying an investment property can be an overwhelming decision.

Investing is a choice many people make at one point or another, in the hope of bringing wealth to their lives.

Property investment has been a proven vehicle to grow wealth for more than 100 years, but it is not a complex matter. It involves a number of simple steps and clear principles that continue to deliver steady returns for Australians over time. While there is no way to get rich quickly, you can actively start building your wealth today.

## **Greater control with Property Investing**

You can see and touch property – it is a physical, tangible asset. For this reason, property gives investors peace of mind that the value of their money will not suddenly dip. Property will always be of value and you can insure it against loss or damage. Further, no other investment will place you in a better position of control. Property investors can choose the location, block size, design, rental price, tenants, build quality, finishes, inclusions, landscaping etc...

## **Stable Growth over time**

Statistics show that over the last 30 years, Melbourne house prices have grown at an average 7% per year. Values have declined in only 6 of those years, with the average of those losses being just -1% (Source: Valuer General Victoria 2014). Based on this growth rate, Melbourne property has historically doubled in value every 7-10 years, and has a unique ability to grow consistently throughout different economic conditions.

## **Save on Tax**

A strategically geared (structured) property provides opportunity for considerable tax benefits. Deductions can be claimed on your tax return such as loan interest repayments, repairs and maintenance, rates, taxes, insurance, agent's fees, travel expenses, and building depreciation. Through these deductions property investors are able to access dollars normally paid to the ATO, and instead divert them towards directly funding the investment. Compared with property, shares or holding cash with a bank offers very limited tax advantages, while superannuation tax benefits do not present themselves until retirement. While tax benefits should not be the sole reason to invest, virtually no other investment class actually enlists the tax-man to help pay your wealth building journey!

## **A commodity always in demand**

Property is a commodity that will never be out of favour – everyone needs somewhere to live (but not everyone needs a ‘share’ or a piece of gold). Demand will continually exist for rental properties as there is a finite supply of housing and not everyone can afford a mortgage themselves. The Victorian State Government predicts Melbourne will grow to around 7.7 million people by 2051, meaning the city will require 1.6 million more dwellings than it currently has today. (Source: Plan Melbourne 2014).

## **The power of leverage**

There are many methods for funding your investment, however the beauty of property is using banks’ money to your benefit. Financial institutions prefer property to lend for, with most banks only lending around 60% of the value for share investment, and will not use the shares as security. Conversely, banks will lend up to 95% of a property’s value because they have faith in this investment type being less volatile. Banks are also more willing to lend a *higher* amount and at a *lower* interest rate for property investment. By leveraging bank funds investors significantly amplify their returns and can begin with less personal finances tied into the property.

## **Set & Forget**

A strategically geared property can require no direct cash input from the investor, with tax savings and rental income covering the majority of the investment's running expenses. With other parties financing the majority of the investment, investors benefit from having their money working productively in other areas such as paying down non-deductible debt (eg: your home loan) or 'bad' debt such as car loans. With house prices rarely decreasing in price, it makes an ideal option for long-term investors looking to fund their retirement.

## **We are here to help**

There is no 'one size fits all' when it comes to property investment. Everyone has different goals and are at different points of their lives. No matter what your end goal is, these key fundamentals and principles have formed the basis for our clients creating strong, balanced portfolios. The sooner you get started the easier the journey will be, so invest some time today to maximise your opportunity for future success.

***Ready to start?.....Enquire Now!!***