



Property Investment – Things you should know

The key to property investment is knowing what you are getting yourself in for. There are plenty of property investment options which you can explore; just take a look at a New Zealand real estate website and you will find that there are small one bedroom apartments & units right through to larger family sized homes or even waterfront property, which you could invest in.

It's important to get as educated as you can on property investment, many people get themselves in deeper than they ever intended too because they simply do not know the ins and outs of investing. Many financial institutions run seminars on such topics nowadays, and these can be worthwhile going to.

You need to ask yourself how much you can afford to 'risk'. Establish whether you are investing in the property for yourself to live in or whether you are going to rent it out. This will help your lender determine how much money you have available for such a purchase. If you already have a property of your own that you reside in and you want to buy another to rent out, your financial situation will be somewhat different of that of a first time investor.

Think about the area you want to invest in. Be realistic, look at properties in your price range. If you are willing to do some DIY, then you might be able to get a property at a good price. If you are looking for a holiday home as your property investment, do your research, find out popular holiday spots and the rates that other New Zealand holiday home owners are charging. If you are hoping to rent out your property for the long term, you will be wanting a family or perhaps executives to rent it, so you should look at things like the location of schools, amenities and transportation for example. All of these things can be selling points for your potential tenants.

Make sure that when you are preparing yourself financially that you are going to have enough money to cover the ongoing costs of ownership; rates, repairs and mortgage. Remember that you might not always have tenants in your property, so you need to be able to cover these yourself. Other expenses which you might not have thought of are: advertising for tenants, property maintenance (i.e. lawn mowing etc), body corporate fees (if you are looking at an apartment), travel expenses (if the property is some distance from where you live is it going to cost you a lot to get to it to do your landlord checks?) and book keeping services, when you have a property investment you need to keep good records!

On that note – Get yourself a good accountant. Tax returns and claims can be complex and you want to ensure that you are doing all that you need to be doing, to save yourself from further cost in the future. Accountants can also provide advice on making your investment work better for you.

Whilst we all hope that our investment property will make us money in the long term, be prepared to lose money too. It pays to look at property prices for the properties surrounding yours. Take a look at if prices have been steady or not. Do not over extend yourself financially, the idea of investing in property is to get equity at the end.

Last but definitely not least, remember to insure your property. As a landlord you will need insurance to cover full replacement, malicious damage and legal liability to name a few.