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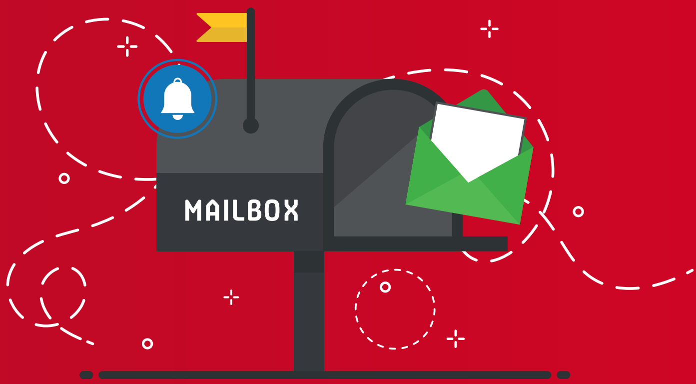

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HOW TO CHOOSE AN INVESTMENT PROPERTY

With rental vacancies being near all-time lows in many parts of Australia, now is an excellent time to purchase your first investment property or add to your portfolio.

However, your investment needs to be strategic if you want to experience maximum returns and minimise the stress involved with holding the property. Here are some tips for purchasing an investment property as 2023 gets underway:

How to choose an investment property

- **Do you research**

  As shared by propertyupdate.com.au, each state in Australiais at its own stage of the property cycle. Within each capital city and even many smaller towns there are multiple markets, with property values falling in some locations, stagnant in others and even a few locations where housing values are still rising.

  The first step when you set out to choose an investment property is to do your research and due diligence so you know the market you're planning to buy in and you understand its potential challenges.

  Ideally, your investment will be in a growth area with strong rental yield and will have the potential to attract reliable long-term tenants.

  Questions to ask when doing your research include:

- Upgrade the facade and entryway
- What is vacancy and demand like in the area?
- Are there many new developments planned for the area?
- What amenities (schools, shops, public transport) are nearby?
- What are tenants looking for (e.g. lock up garages, family homes, luxury apartments etc.)

- **Work with a good property manager**

  Another point to consider when you choose an investment property is whether there is a quality property manager nearby who can help to look after it.

  Self-managing a rental property is a great deal of work and can become too much if you're juggling a family and working full-time.

  Check the reviews of the agency you are considering working with to make sure it will meet your needs.

  A quality property manager should make your life easier by using apps and other digital tools that give you at-a-glance access to information about things like insurance, fees and rental payments. Talk to them about how they will make your experience easier so your investment doesn't start taking up significant amounts of your time.

- **Do your sums**

  The whole point of purchasing an investment property is to make money. When you choose an investment property, you want the highest rental yield possible, so you must do your sums beforehand.

  The best thing to do to ensure that you are making the most out of your future investment property is to talk at length with your mortgage broker and/or financial adviser. Let them know your long-term goal and what you hope to get you to your investment property, and chat about your current budget.

  Make sure to take additional costs like council rates, maintenance and any possible renovations and repairs into account before you expand your mortgage.

  Think about the level of involvement you want to have

  Does your strategy involve purchasing and holding a property for many years while a tenant lives in it, buying off the plan or upgrading it to sell? There is no 100% right way to go but you need to have an idea in mind of the ideal outcome so you can purchase the right type of home.

  Work with a good real estate agent

  A qualified agent won't just sell you a property, they will help you find something that matches your goals. Let local selling agents know what you are looking for and they may come to you with the solution.

Ready to invest? Contact your local Professionals representative today.

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HOW TO MAKE SURE YOU GET YOUR RENTAL BOND BACK

The tenant/landlord relationship is built on trust and a mutually beneficial arrangement but a rental bond is collected at the start of a lease to mitigate any risk of damage caused while tenants live in the home.

If you're a tenant or you are planning to become one, the steps you take before you move into the property, while you live there and before you leave will ensure you receive your bond back in full.

How to get your rental bond back

- **Before you move in**

  Your property manager should give you a detailed condition report before you move in, which shares information about the state the home is in and what existing damage there is to the property (e.g. stains on the carpet).

  You may wish to take photos yourself to keep as evidence if you notice an issue that could potentially be disputed when you leave. Look for cracks, stains or anything that doesn't quite work properly and keep some evidence that has a clear date on it.

  Hold onto your copy of the condition report so you can refer to it before you move out and confirm if any dings and dents to the property were there before you moved in.

While you're living there

- **Keep a cleaning schedule**

  If you leave the property in a condition that meets the requirements in your lease agreement when you depart, then will be entitled to get your bond back when you leave the property.

  Whether you are living on your own, with a partner or with friends, create a schedule to clean regularly. This will save dirt and mess from building up to a point that it is too hard to get on top of when you are preparing to move out.

- **Don't break your lease**

  You will sign an agreement when you move in to remain in the property for a certain amount of time. After this expires, you don't have to leave but you will likely only need to give four weeks' notice before you move out.

  If you break your lease you risk losing your bond so aim to stay for the full terms of the contract.

Before you move out

- **Use a checklist**

  Work your way through the condition report while you're packing and cleaning to make sure everything is as it should be. For example, you may need to:

- Replace lightbulbs
- Find and return all the house keys/ building access swipe cards
- Steam clean the carpet
- **Hire professional cleaners**

  Most people underestimate the effort involved with moving house and find themselves short of time when it comes to doing the cleaning.

  Property managers will want to show the property as soon as it is vacant so if you're feeling the pressure to get everything done, hiring a cleaner can help ensure you get your bond back. Professional cleaners are thorough and experienced so they offer good value for money. Speak to your property manager about who they recommend and you may get a good deal.

- **Use a buyer's agent**

  A good property manager will be willing to work with you to make sure you receive your bond back. This is why it can make sense to lease a property with the help of an agency rather than directly with the property owner, who may not know the rules when it comes to returning a rental bond.

  Ask for a pre-vacation inspection. Your property manager can let you know what you have missed and give you the opportunity to rectify the situation before they deduct the expense from your bond.

- **Know your rights**

  An experienced property manager will ensure your bond is returned to you within 2-3 weeks or will give a clear explanation as to why your bond is being withheld. If you feel the reason is unjust, you do have the option to contact Fair Trading or the Tenant's Union in your state.

Want to rent a home from a reliable and knowledgeable property manager? Contact your local Professionals today.

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SHOULD YOU RENOVATE BEFORE YOU SELL?

The Australian property market settled in 2022 thanks to higher interest rates and a change in consumer confidence. With conditions favouring buyers, it has become more important to offer people exactly what they want.

In 2023, buyers seem to be seeking out homes that are move-in ready. If you're thinking about selling, this may affect your strategy.

Find out why a pre-sale renovation could make sense for you over the next 12 months.

What buyers want

As recently shared by news.com.au, in the leadup to Christmas, Australian homes for sale that need a lot of work are being heavily discounted.

The reason behind this is supply and labour shortages caused by the pandemic. Buyers are increasingly nervous about purchasing a fixer-upper because of fluctuating costs and extended wait times.

They want the security of knowing that they can move right in and live comfortably in a completed house, rather than having to factor in the stress of a reno project and a home that they can't really enjoy.

Should you renovate before you sell?

Of course, sellers have the same issue as buyers when it comes to renovating; it can be hard to find willing workers and supplies cost a premium at the time. However, when you're selling, there are a few factors on your side:

- **You can be more flexible with timing**

  If you want to renovate before selling and you're not desperate to sell, you can stretch your timeline to get the work done. This can even out in your favour — waiting an extra three months while you renovate can help the home to sell quickly and for an excellent price, instead of it languishing on the market.

- **You can focus on the right spaces**

  Limited time or budget to fully renovate your home before selling? You can save money by focusing on key rooms and sticking with mainly cosmetic upgrades.

  Many buyers will be happy to move into a home if the kitchen and bathroom are fresh and ready to use. They can make other changes without as much urgency.

- **You can do it yourself and add to the value of your property**

  Buyers often stretch their budgets to the limit and do not want to spend extra money on renovations, especially when costs are unpredictable. If you have the time, skill and motivation to make some upgrades before selling, you can boost your home's value prior to listing it.

Easier DIY jobs include:

- Fresh paint inside and out
- Replacing cabinet doors in the kitchen and bathroom
- Replacing fittings like taps, shower heads, or door handles
- Lay some fresh flooring
- Update the front fence and give the facade a pressure wash
- Add a new backsplash in the kitchen

Unless you have the right qualifications, avoid taking on electrical, plumbing, roofing and tiling jobs yourself.

Talk to your real estate agent

The decision around renovating or upgrading your home before you put it on the market will also depend on the buyers in your area and the current level of demand. Speak to your local agent about whether or not homes are selling quickly without being renovated and what buyers are most interested in.

If your agent does recommend you renovate, ask about their recommended builder and tradespeople contacts who can help you complete any necessary upgrades in a cost-effective way.

Remember not to spend so much on a renovation that you don't make money on the home... again, your agent is the best source of advice.

Should you renovate before you sell? Speak to your local Professionals agent to find out.

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PROPERTY INVESTOR TRENDS FOR 2023

Investing is an excellent strategy to build wealth and financial security, and 2023 is shaping up to deliver plenty of opportunities for savvy investors.

While the way you decide to invest is up to you, here are some of the forecast trends for the next twelve months.

Investor trends for 2023:

Caution around new developments

While there is a shortage of rental homes in Australia right now, investors are being warned to complete thorough due diligence before buying off the plan or committing to a purchase that is still under development.

Labour and material shortages impacted property development timelines in 2022 and this is expected to continue in 2023. While buying off the plan doesn't have to be off the table by any means, it is important to work with reputable developers and real estate agents who have excellent contacts and a good track record of successful projects.

Buying for yield

The current rental crisis means rental yields are high in many postcodes. Investors with smaller budgets may find they can buy a cheaper home with a decent yield as a stepping stone to a highly productive portfolio.

Buying at the 'lower end' of the price spectrum usually means purchasing older homes in regional or less 'trendy' areas. Investors are warned to think about whether they are buying in a market which won't deliver lasting returns.

Looking beyond residential

Some investors will be looking at office and commercial properties in 2023.

One industry where space is at a premium is warehousing. As retailers stock up because of supply chain concerns, storage vacancy is also at a premium so this could provide investment potential.

Meanwhile, the Australian Financial Review is reporting that 'B and C grade' office values will fall as businesses offer premium spaces to attract people back to the workplace. This may see the end of cheaper offices, which will be repurposed to create more industrial spaces.

Go Niche

With the market for traditional office spaces falling apart in 2023, investors are steering towards more niche-style investment properties.

Businesses such as child care centres, medical clinics, and pubs are looking inviting to investors who might traditionally have invested in office space. Spaces like these are more affordable for a single investor than a large complex, and because they are considered a higher risk, they have the potential for a decent yield.

Avoid fixer-uppers

Buyers across all sectors are straying away from fixer-uppers thanks to lengthy delays in construction.

If you plan to flip a property or renovate it to charge higher rent, be prepared to play the long game and be patient while you wait for tradespeopple and supplies.

Get the right advice

Buying well involves the help of a broker, financial planner/advisor and real estate agent.

Every market has its own trends, perks and forecasts. Investors who choose wisely will understand the long and short-term opportunities of their purchase and will look at elements including:

- Market Demand
- Rental yield
- Local infrastructure and development
- Tenant appeal
- Holding costs
- Managing potential interest rate rise

After a slower and difficult-to-predict year, potentially high rental yields are bringing investors back in force. Work with your local Professionals agent to find the investment property that's right for you.