

## **Planning - the Key to Successful Property Investment**

The property market is incredibly diverse. Which do you choose — residential or commercial? Off-the-plan or established? City, suburban or country? Main road or quiet street? What's more important — capital growth or maximising your tax deductions?

When you are trying to tackle such a dizzying array of issues, it is hard to make decisions that are truly in your best interests. It is tempting to latch onto the teachings of various property advisers who claim to have a theory or formula that will guarantee wealth and success.

This is precisely when most investors and homebuyers run into trouble. Why? Because they forget about the most important aspect of the property equation — you! Your personal and financial circumstances are unique, and so are your goals. This means that the property investment approach that is right for others may not be right for you — and vice versa.

### ***YOU first, property second***

So, before you even ask “Which property?” it is essential to sit down and PLAN. This starts with fully evaluating your personal and financial circumstances and goals. Factors you should consider include:

- Your age
- Net income
- Dependants
- Nature of employment (employee, self-employed, retired)
- Assets (when purchased, purchase price, current value, amount owing)
- Commitments (loans, credit card/store card balances, HECS debt etc)
- Financial goals (build equity/supplement salary/replace salary)
- Personal goals (e.g., car/holiday/children/more leisure time).

### ***What's your strategy?***

The findings of your evaluation will help identify the overall property investment strategy that is right for you at this time. Depending on your circumstances, you may need a property strategy that is focused on:

- Building equity through capital growth
- Consolidating your position through active debt reduction; or
- Freeing up equity to buy assets that will replace your wage or salary.

### ***Where to next?***

The kind of property you buy (or indeed, whether you buy at all) can only be determined when you have fully assessed your situation and decided on an overall strategy. If your head is still spinning, you may want help.

### ***How to find a reputable property adviser***

The property market is rife with advisers who purport to know what's right for you. Why, then,

do so many people who use advisers make such disastrous investment decisions? Here are key questions to ask a property adviser before you decided whether to sign up for its services:

- Are you qualified in property as well as a financial services specialty, such as accounting or finance? Can you provide truly holistic advice?
- Are you charging a fee for service or a commission? Do you pay commissions to third parties who refer business to you? Do third parties pay you a commission for referring business to them?
- Do you provide a written property plan with recommendations and research to back them up?
- Are you offering a complete service, not just searching or bidding?
- Are you genuinely independent and will you work in my interests only?
- How long have you been doing this kind of work?
- Are you selling or purely advising? Do you sell property, and/or do you have other financial interests in encouraging clients to buy property in a specific location or development?