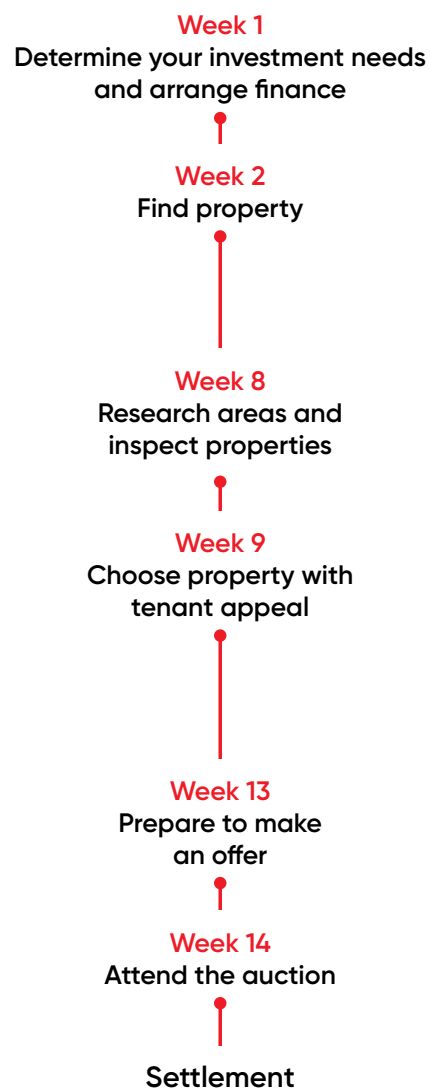


Your checklist for investing in property



Determine your investment needs

You'll need to consider budget and location. It's natural to start looking at areas you know and like, but it is important to remove your own tastes, prejudices and emotions from the process and look at it as a purely rational and financial decision.

It's a good idea to look at historical data and consider the pattern of capital growth over the last 10-20 years to establish whether or not the locations you're considering are worth consideration. Be prepared to hold onto your investment property for at least five to ten years in order to give it time to appreciate in value and offset initial costs like stamp duty and legal fees.

The most important thing with any investment property is ensuring that it is tenant friendly - this will help you maximise the rental return on the property. Fewer amenities and less infrastructure can often be less desirable to a tenant. Other crucial things to consider are whether public transport is available nearby, what schools are in the area, what types of amenities, such as shopping centres, are in the suburb and how the suburb has performed historically in the rental market. Visit www.dpcd.vic.gov.au (Department of Planning and Community Development) for information regarding Victoria's growth and development.



If you are looking to invest in an area you are not familiar with, research things like population growth and nearby industry. Equally important to consider are age of population, average wealth of population, new housing going in the area and employment levels. Once you have done all of your research you can start looking for a property. Start with an online search of properties in your chosen area and price range. You may also want to attend some auctions in the areas to get a sense of the market.

If you have done all of your calculations and are confident that the investment will perform and that you can cover all ongoing costs then start bidding and buying! Remember, if you are unsure at any point of the process, get advice from an independent qualified financial professional. It's important to get financial and property advice from someone who is independent, and who has your best interest in mind.

As a general guide look for suburbs with the following qualities:

- access to freeways
- close to transport
- numerous lifestyle/entertainment options
- a variety of quality shops
- good schools/universities and/or daycare centres
- low crime rates
- high rental demand (vacancy rates).





Arrange finance

See how much you can afford to spend on your property. Understanding your borrowing capacity will influence other factors such as the type of the property and location. It's a good idea to seek professional financial advice before you make any decisions. You may need to factor land tax into your calculations: land tax is an annual state government tax which needs to be paid by the owner of the investment property.

Find the property

Start looking for the ideal place. A great way to begin is by registering with hockingstuart's free property match system, early alert. Simply visit hockingstuart.com.au and complete the online early alert registration form. Specify the type of property you're looking for, location, number of bedrooms and bathrooms, property type and of course the price range. Details of properties that match your search criteria are then emailed to you directly.

red magazine is a great source for finding property, as is searching online through sites like hockingstuart.com.au, domain.com.au and realestate.com.au

Timing: Up to 12 weeks.

Research the area

Location is key to the success of your investment property, not only helping to attract quality tenants but also giving you a better opportunity to enjoy long term capital growth. You can even research the area from the convenience of your desk. The hockingstuart Red Report is a useful source of information on all various areas which drills down into crucial data such as the average selling prices of houses, townhouses, apartments and land. The hockingstuart Red Report can be found at hockingstuart.com.au. Looking at a range of websites will also provide a deeper insight into what's happening in the area(s) you're considering. Start with the Real Estate Institute of Victoria (REIV), where you'll find invaluable data regarding suburbs, cities and regions across the state. The Department of Planning and Community Development will tell you about long-term plans for Victoria's regions and cities, investments in infrastructure and services and the development of local communities. Finally, visit the local council's website to drill down and learn about what's happening now as well as short term plans in the area you're interested in.

Timing: Two to three days.





Inspect the property

Visit the property and get to know it as well as you can. Spend as long as you can getting to know it; take a good look inside and out, up and down the street and around the neighbourhood. Don't be afraid to ask as many questions of the agent (or owner) as you like such as the attractions to the area, neighbours, schools, access to transport, freeways etc. And if you're really interested in the property, come back for another visit at a different time of day, if possible. Depending on your findings, a building and/or pest inspection may be required. The former offers peace of mind if you're seriously considering a property.

It's also a good idea to gather as much information as you can about the surrounding buildings (or apartments if you're looking at an apartment block) and other projects if any are planned. The local council is a good source of information about what projects may be planned for the area.

Timing: One to two days.

Choose a property with tenant appeal

Putting yourself in the shoes of a potential tenant, look at what features the property has going for it. Consider the condition of carpets, paint, window furnishings, cleanliness, security etc. What amenities are nearby – schools, parks, public transport? If you can imagine yourself living there it's a good sign.

Timing: Up to eight weeks.

Prepare to make an offer

Before you make an offer seek advice on the Section 32, commonly referred to as the Vendor Statement, provided by the real estate agent on behalf of the vendor. It is here that all the particulars of the property should be disclosed. It is a good idea to appoint a solicitor or a conveyancer, who can help you with the often complicated legalities surrounding your purchase. If buying at auction, you should consider attending other auctions beforehand. You will get some event experience as well as a sense of the price of properties like the one you're considering. Seeking advice on this and other matters in the process from your hockingstuart agent is well worth it; their experience is invaluable.

Before you make an offer, you should have pre-approval of the amount you're entitled to borrow from your bank, including an allowance for an upfront deposit. Remember to consider the ongoing costs of ownership. Things like council rates, water, fittings, body corporate fees, gardening, maintenance expenses and repairs will all have to be covered by you.

The next step is perhaps the most satisfying and fun – buying! There are two ways to buy a property, either through auction or private sale. The method of sale is up to the vendor. A property offered for private sale will be advertised at a certain price, which may or may not be negotiable depending on the vendor but it can't hurt to make an offer, something your hockingstuart agent will be happy to put forward on your behalf.

Timing: One week.





Attend the auction

If you are the successful bidder at an auction you will need to be able to pay a deposit, usually 10% of the sale price on the day. A bank cheque is a good idea for this part of the process. A formal exchange of contracts then follows between you and the vendor.

Settlement

Congratulations on purchasing your property!

Before settlement you should conduct a final inspection to ensure that it is in the condition you agreed to buy, that agreed-upon repairs, if any, were made and nothing has gone wrong with the home since you last inspected.

Taking out building insurance on your new home from the moment you sign the contract is highly advisable; that way you're covered for any unexpected contingencies.

Landlords

For advice on being a landlord, please see our checklist for leasing a property or ask to speak to a hockingstuart Property Manager who will be only too happy to assist.