

THE ULTIMATE PROPERTY INVESTOR'S CHECKLIST

The 23 Things You Must Consider
Before You Buy Your First (Or Next)
Investment Property

Congratulations and Welcome

Congratulations on choosing to download the Ultimate Property Investor's Checklist – the 23 Things You Must Consider Before You Buy Your First (Or Next) Investment Property. This is the Checklist that my clients have used to purchase \$55.2 Million worth of investment property, as at Feb 12, 2016.

To make it easy for you, I have categorised the 23 different criteria into 4 separate sections. Sections 1, 2 and 4: You, the Investor, Your Finances and Your Team are sections you probably need to go through only once and perhaps review occasionally.

It will be section 3, Your Property Selection Criteria, that I suspect you will use most frequently as you assess the different investment opportunities that you come across. However, don't neglect the other 3 sections as they are equally important.

If you would like more information about any of these items, please feel free to get a copy of my book of the same name: The Ultimate Property Investor's Checklist – the 23 Things You Must Consider Before You Buy Your First Investment Property

I trust this checklist brings you much prosperity.

To Your Success,

Niro

Disclaimer

Now before you start discovering what this checklist is, my legal team have advised me that I must provide this disclaimer. (Boring, I know – sorry, but please ensure you read it anyway!) Here we go...

I probably haven't yet had the pleasure of meeting you. So I don't know you and this information may not be specifically for you. It is only general information which I hope will help but I cannot guarantee that it will. Please don't see this as legal or financial or even tax advice. It is only for information purposes.

This information is based on my now 16 years of experience helping hundreds of clients invest in property. However, over the years, there have been times when I have not been able to help someone for whatever reason. When that has happened, I've always been upfront and let them know that.

So I'd like to do the same here.

As much as I'd like the information here to be of value to you, it may not be because the information shared here is general in nature and may not be relevant to your particular situation. I don't know if it will be relevant to your particular situation since I don't know your particular situation.

So again, this information is general and does not address your or anyone's personal situation.

Finally, feel free not to believe a word that I say in this book. Yes, it is based on years of in-the-trenches experience but it isn't for everyone. Ensure you get the right advice for you.

The results I have achieved in property investing are not typical. So I can't guarantee them. Just like I was responsible for my successes (and failures) your results are 100% attributable to you. You are responsible for your successes.

However my team and I are certainly passionate about helping you and we'd love to be part of your wealth creation journey.

Ok, so if you continue reading, I'm going to assume you're looking for information from someone with experience so you can short cut your learning experience (which is a very smart thing to do), but you will then do your own due diligence and will take responsibility for any decisions you make.

Does that sound fair?

If so, please continue.

If not, then I humbly ask that you close this down, delete it and never read another word again.

The Ultimate Property Investor's Checklist

You, the Investor

1. Are You Clear on Your Goals and Reasons Why You Want to Invest?

- What is your long term investing time frame? Eg: 10 Years
- Will the property you are looking to buy help you achieve those goals? How?

2. Are you Clear on What Type of Investor You Are And Your Appetite for Risk?

- Does the property you are looking to buy meet your risk profile?
- How long do you plan on holding the property for?

3. Are You Buying for Capital Growth, Cash flow or Both?

There are some who say you must only buy for capital growth. The problem is that can lead to a heavy cash outflow on a property, which can impact your lifestyle and future borrowing.

There are others who say cash flow is the way to go. This led people to invest in mining towns, and many are now now faced with properties that are worth less than the mortgage and they can't get them rented.

So investing for one at the expense of the other is risky. Instead, focus on buying property in low risk areas with good long term capital growth prospects and solid rent returns.

4. Have You Worked Out Your Starting Position?

- How much **Available Equity** do you have?
Available Equity = Lender's Valuation (Almost Always Less than Market Valuation)
x 80% Minus Current Debt

5. What Can You Reasonably Afford?

- How much have you put away as a financial buffer?
- How long will your buffer last if you don't have a tenant?
- How long will your buffer last if you lose your job?

Your Finances

6. How Much Can You Borrow?

- Have you got a good investment broker who has advised you on your options?
See Item 23 for more information.

7. Are You Using a Different Lender for your Investment Property Loan to the Lender that Has Your Home Loan?

- By doing so you will:
- Help protect your home so you can sleep peacefully at night
- Maximise your ability to borrow and grow your portfolio
- Stay in control of your money

8. Are You Using Your Lender as Your Research Partner?

- This will ensure you **don't** pay too much for your investment property

Your Property Selection Criteria

9. Which Market Are You Going to Invest In?

- Always remember, Australia is a country of several markets. Don't limit yourself to just an area you live in or know. That may not be right for you?

10. What are the Credible Independent Forecasts for Capital Growth?

- Leverage off the experts who make their money from providing research and data.

11. What Infrastructure Is Going into the Area?

- What are the State Government's and Local Council's Plans for Future Development in the area?

12. Is Now the Time to Be Entering This Market?

- One of the worst reasons to buy is just because everyone says prices are rising. Instead, look to see if prices have flattened and the area is now showing signs of new growth

13. What are the Demographic Trends and Population Growth of the Area?

14. What Industry Supports the Area?

- Invest in areas that have multiple industries creating jobs for the area to minimise risk.

15. How Likely Is It For Your Property to Rent?

- What is the Vacancy Rate for the Area?
- Is there sufficient rental demand for the type of property you are buying?

16. What is the Rental Return of the Property You Are Looking At?

- Does it meet Minimum Rental Return Criteria?

17. Are You Buying a House or an Apartment?

- If you are buying an apartment just because it is cheaper, consider other markets. Houses outperform apartments over the long term

18. Are You Buying New or Old?

- Older houses can be cheaper but new houses have less maintenance costs, generally get higher rents and have better depreciation benefits. Don't look to buy the cheapest house. Look to buy the best house for you so that you end up with a Safe, Set and Forget investment, not something that you have to constantly worry about.

19. Have You Considered All Potential Nasty Cash Flow Surprises?

- Is Your Property Subject to Land tax?

20. What Is the Proportion of Owner Occupiers to Tenants?

- Always ensure there is at least an equal proportion of Owner Occupiers to Investors and preferably a majority of Owner Occupiers in your chosen area. This gives you greater protection in case of a downturn.

21. Is There a Rental Guarantee Offered on Your Property?

- If so, run away!

22. Have You Considered the Tax Implications of This Property?

Your Property Investing Team

23. Have You Got the Right People on Your Team?

- Is someone helping you research the different markets around the country?
- Is someone feeding your investment opportunities?
- Have you got a good investment finance broker?
- Have you got a good property accountant

