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9 Keys to Property Investment

Hi I'm Alan Henderson from Acquire. I'm a chartered accountant, experienced and active property investor and until recently owner of a property centric tax practice.

Acquire is about helping people build equity through property investment. Our series of free white papers are designed to help people invest better. Property investment is not rocket science, but frequently people invest badly because they don't take the time to inform themselves, devise a plan, and then execute that plan.

For more information on how Acquire can help build your equity through property investment go to www.acquire.co.nz.

1 Introduction

Property is not rocket science. You don't need a 3 day seminar of theory. When you learn to ski you don't sit in a class room for 3 days. You get on some skis, get some tuition so you learn quicker, and then head down a hill. Of course you don't ski out of bounds where there are steep drops. You ski within your limits. Slowly you get better and better and get some real joy out of the sport.

That's property. Figure out a good safe environment to operate in, then get going. Get advice along the way, and stay in the market long enough to see some good gains. Stay focused on the end goal. Don't get distracted by doom merchants.

That's really the purpose of these tips – to get you going and focused on the right things so that you get in to property and reap some rewards over the long term.

2 Top 9 Tips

1. Buy

Do something. Most people fail at property investment because they never take action. There is so much information around that sometimes people take on too much theory and get too caught up in education and analysis. Read a couple of good books, take some good advice and then take action.

Or people get paralyzed by fear – scared the market is too hot, so they wait – scared the market is about to crash, so they wait, scared that their job is not secure, so they wait, scared because everyone else is scared, so they wait.

2. Buy to a Plan

Develop a simple plan of action. It should include a reason, a vision and a strategy. Property investment is a vehicle, not an end in itself. Identify where it is you want to be financially, and by when, then decide how you will use property investment to get you there. What level of investment do you require and by when? Consider our independent planning session using our own software to help you get going faster and better. See http://www.acquire.co.nz/Plan_16.aspx

3. Hold for the long term

The old adage goes that its time in the market, not timing the market. We've worked with many property developers and most of them say that if they had their time again they would have held on to more of the houses they built and sold. They would rather have put more emphasis on investing. The more time you hold your property, the more time it has to grow.

What is interesting is that none of these developers had much to say about when they would have held – they just would have held. [Click here](#) to read our article Exploiting Property Cycles to understand timing your investments.

4. Buy where People Want to live

The majority of people want to live in main centres where there are jobs, opportunity, entertainment, access to travel etc. That translates in to demand for housing – houses to buy and to rent. This is good for you as the investor as the more demand there is, the more likely it is your property will go up in value. It also means there will be more demand to rent your property

5. Buy What People Want to Live in.

If you buy the types of houses people want to live in then once again you will experience more demand and thus more opportunity for price increase and rental demand. In our planning session we tell you how to find great capital growth suburbs.

6. Buy what you can afford

Stretch yourself, but don't kill yourself. By that we mean that it is OK to push yourself financially. However don't commit yourself to the point that you get so stressed it kills your lifestyle and relationships. You'll give up on property investing. Get good advice on what is right for you.

You should understand how you can use tax losses to help cash flow. Don't invest for the purpose of taking advantage of tax losses, but understand them. [Click here](#) for our free white paper on negative gearing.

7. Buy at a fair price or better

Some people think you have to have the deal of the century to warrant a purchase. We're not so sure. You might buy a property for \$350k and the valuation comes in at \$355k. If you had spent another 3 months looking you might have found something similar for \$335k. Quite a saving. But in 10 years time both those properties will be worth about \$700k. So I've made more money out of holding than I have out of scouring the earth for a bargain.

I would much rather work on accumulating great quality properties at fair prices than fair properties at great prices. [Click here](#) to read our article Property Scams and How to Avoid Them to make sure you don't buy a lemon.

8. Buy for Capital Growth

Property investment is about generating wealth. We need yield to help service the debt over a property. But yield will never generate you the wealth you need to give you financial independence. Focus on properties that will generate above average capital growth.

9. Do 1 – 9 again

When you can afford to, invest again. Take action, revise your plan, buy something to hold that people want to live in and in a place where people want to live. Buy what you can afford at a fair price or better. And focus on capital growth. And then of course do it again, and again and again...

3 Conclusion

You might have read all of the above and agree with it but be thinking – I just don't have the time or the confidence.

Good news – Acquire can help you. You might just need a plan, and then you'll be off and investing. If that's you then our Plan session will get you going. A one-to-one session that gets you really focused on what, where and how. We go through all the numbers using our own software, and then send you out a comprehensive report. See http://www.acquire.co.nz/Plan_16.aspx.

Or – you might need us to deliver you a portfolio – no problem, we'll agree the right properties for you and then go and source them. This is our Source solution. http://www.acquire.co.nz/Source_17.aspx