

# Choosing an INVESTMENT PROPERTY

How do you know what to buy that will suit your needs?



Everyone who is contemplating buying an investment property, feels a little bewildered by the decision that lies before them.

It's hard to know what and when to buy or even where to look.

All investors would love to be able to buy in an area before it becomes the 'the place to be', so they can buy cheaply and enjoy the benefits of increased property prices. However, how do you find that suburb?

What signs can indicate an "up and coming" suburb in the making?

In this article we will attempt to point you in the right direction and by revealing some of the signs you should look out for when you are about to buy an investment property.

**What questions should you ask yourself before buying a property in a particular area?**

- Does the demand for property in the area exceed supply?
- Is the area's price increase significantly greater than the region as a whole?
- Does the area have low prices, which are expected to rise in the near future?
- Are the neighbouring areas experiencing good capital growth and are there positive developments happening in the area that will impact positively on capital gains?

By asking yourself these questions, you can determine whether it is possible for the area you are about to buy into, to experience some significant residential booms.

**Investing always involves risks. It is important to be aware of these before you buy a property.**

- If the vacancy rate increases, rent may be less than expected.
- A rise in interest rates will mean a rise in repayments.
- Maintenance costs of the property could be higher than budgeted for.
- There could be no capital gain or worse the property could drop in value.

**Why do properties remain vacant?**

If the rent is too high it may be harder for you to find a tenant for your property. High rents can lead to long-term vacancies and this will greatly affect your investment income.

If there is a higher ratio of properties to tenants, it will have a negative effect on the vacancy factor as the tenants have more choice and are in a stronger position to negotiate on rents.

If your property is poorly presented it may fail to attract tenants, so it is important to keep your property in the best possible condition. It is also important to buy an investment property that is close to all the necessary amenities.

**It is always a good idea to seek professional investment advice from your accountant and/or financial advisor.**

**Most financial advisors believe that the minimum timeframe for investing in property is 5 years to allow sufficient time for capital gain.**



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Finding the best tenants starts with finding the best property investment manager.

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# PROPERTY NEWS

*Ideas to help you when you're Buying or Selling*

Wood & Co - Issue 1

# Riverside home sold in 26 days

After 13 inspections and 5 offers, a great price was secured for 3 Squire Drive Swan Hill. For full details see page 3



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## Message from the Managing Director

Dear readers,

The Mallee and Murray Valley are grinning green as crops and winter pastures get established. Whilst magnificent autumn rains have provided a good sub-soil moisture profile, the dry and frosty June has set things back a little and we are hoping for some wetter months ahead to give the crops a boost.

Swan Hill's residential property market continues from strength to strength and from the first of July, first home buyers are now enjoying exemption from stamp duty (up to \$600,000) and significant grants which will only add to the current demand chasing a limited supply of quality properties – keeping prices buoyant.

The chilly winter has certainly not dampened buyer confidence and the Wood&Co sales team are continuing to receive strong enquiry across all classes of property.

Kind regards

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# How to understand property cycles

## 'Over the long term property values increase'

**Understanding property cycles is one of the biggest challenges in real estate. Many novice investors believe that having read a few articles on the subject or done some basic research they know what is involved.**

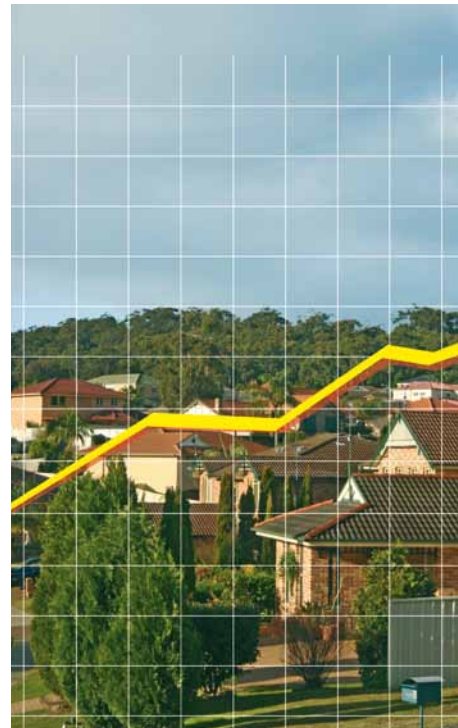
However, property cycles are not as straightforward as some authors would have investors believe. The key to investing in real estate is timing. As any experienced stock market or property investor will tell you, it's all but impossible to pick when a market has peaked or bottomed.

There are always those who will tell you they 'picked the top of the market' or 'got it right when it bottomed'. But, the reality is, it rarely happens. Instead, experienced investors try to pick a trend, whether a market is rising or falling.

For a property investor to accurately pick the trends, they need to know what a property cycle is. Property cycles in Australia generally last between seven to 10 years. They operate within the broader economy and are subject to and influenced by those factors that are impacting on the economy as a whole.

Those factors include interest rates, inflation and employment. And of course that immeasurable factor – market confidence.

It is true that the underlying force driving the property market is a growing



population. So, what you see in a rising market is that the demand for housing is on the increase, that there is a shortage of both rental accommodation and established and new housing.

According to the standard texts on property markets, the rules of supply and demand then come into play and investors and property developers step in to meet the demand by buying and building more homes.

The reality is that other factors such as interest rates are the real arbiters of whether or not that new investment takes place. What we are seeing at the moment is a classic example of a real estate market that is extremely hot on the back of low interest rates.

Providing that interest rates remain low, the market should continue to rise.



**As with any financial exercise, the decision whether to invest in property or just to upgrade the family home is not one to be taken lightly. You should consult your financial adviser to ensure that you are in the right position to benefit from the market.**

# Home sells for almost triple the median price



**There is no doubt the market is on the rise with one recent sale by Wood & Co seeing a luxury home go for almost triple the median price for the Swan Hill area.**

Listing agent and Wood & Co Managing Director, Brian Wood said competition was strong among buyers wanting to combine luxury with a riverfront lifestyle.

"We had five offers on the property at 3 Squire Grove."

This was after 13 inspections, which showed the strong interest in both the location and the number of buyers wanting to move into the area.

With a prestigious address, the land size of 4000 square metres with river frontage, and well-appointed two-storey home, it was no wonder Wood & Co could obtain the highest price in a short timeframe for the vendors.

The home sold within 26 days of listing, a fraction of the typical average period that Swan Hill properties have been on the

market in the past.

For the home's vendors, Wood & Co lived up to its motto of 'Your Best Choice'.

The vendors had approached the agency to sell their home because of their long and successful association with the Wood family-run business.

**"The team at Wood & Co were very helpful with the pricing strategy, reading the market well before listing the property for sale," the vendors said.**

"As for marketing, we thought the internet coverage was excellent. Wood & Co's photographer had taken some excellent shots that really highlighted the features of the property."

The four-bedroom, two bathroom home features high ceilings in formal lounge and dining areas, a well-equipped kitchen, plus the large family room opens onto the pergola shaded by a flowering vine.

The ground level master bedroom is complemented by a study/extra bedroom,

while upstairs are two more bedrooms, one bath and a living room opening to the balcony.

The home also includes a 20-panel solar system on the separate workshop and storage building.

"We were also impressed the salespeople too who were always prompt at meetings with prospective buyers when promoting our property. They were very friendly and approachable toward these clients," the vendors said.

"It was important to us that the sale and settlement terms tied in with our building plans and the whole business has just fallen into place."

**Like these happy vendors, make Wood & Co 'Your Best Choice'. You can find helpful selling tips and hints for buyers on the agency's website go to [www.woodandco.com.au](http://www.woodandco.com.au) and click on 'selling' or 'buy'.**

## Our reputation is your guarantee



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For a confidential update on how recent sales have affected your property, give one of Wood&Co's Property Professionals a call.

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