

Vol. 1 Issue 1

# THE 1ST TIME INVESTOR CHECKLIST

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# About Strategic Property Group

Strategic Property Group is an innovative, full-service property and finance advisory firm dedicated to helping its clients generate multi-million dollar property portfolios.

Whether you're looking to get into your first small development to sure up your nest egg, you want to get serious on joint venture multi-unit sites, or you simply want an experienced and trusted broker who can help you secure finance for your next or first property, we are fully equipped to service your needs in a holistic start-to-finish manner.



# Our Services

Strategic Property Group, in conjunction with member firms, is a full-service consultancy providing tailored wealth creation solutions, including: •

- ✓ Mortgage Broking
- ✓ Investment Education
- ✓ Subdivision
- ✓ Multi-Unit Developments
- ✓ Joint Venture Investments
- ✓ Buyers' Agents

## Contact us

For a free appointment to explore how we can assist you to grow your property portfolio, please contact us on:

1300 WE DEVELOP, or  
[enquiries@strategicpropertygroup.com.au](mailto:enquiries@strategicpropertygroup.com.au)



# From the Managing Director

Property investment as an avenue for growing your hard-earned wealth is full of various options to suit your personal risk and reward profile.

And whilst no single option is a magic pill for every investor, there is a correct way to sequentially discover your appetite and ability to invest in order to ensure you are maximising your potential and minimising your risk.

This checklist will assist in providing that structured road map to ensure that, whilst you may not feel like an expert, you are following the same steps we follow when assessing our clients' needs.

Once you've read through this guide, please log onto our website to access the wealth of tutorials and other eBooks available for free.

One final word - remember that investing in property as an asset class and buying a home are two totally different purchasing decisions with conflicting criteria. Property investment should be approached to like any other investment - without emotion or attachment.

Happy hunting,

Trent Fleskens  
Managing Director



# The 20 steps to buying your first investment property

- 1** **Maximise your borrowing power** - What can you do to increase your income and reduce personal expenses like credit cards and car loans? Every extra dollar earned or saved can mean up to 7 times more borrowing power!  
[More tips on finance.](#)
- 2** **Get finance ready** - Find a broker that specialises in property investment to find out how much you can borrow. [Get a free loan review here.](#)
- 3** **Set up your investment structures** - If you're serious about a long term property investment portfolio, find an accountant that specialises in property investment and discuss your investment plans to set up an appropriate asset structure. It's an investment that could save you a lot of cash in the future. *Will you buy in your own name/s, in an SMSF and/or a family trust? Do you have a business that you will need to separate from your personal investments?*
- 4** **Insure against risk** - Review your insurance cover and consider your requirements around home, contents, life, income, audit and professional/public liability risk.
- 5** **Decide what types of investments are best for you** - Real estate investment covers a multitude of dwelling and tenancies types. Some simple, some more complicated. Sit down with a Qualified Property Investment Advisor to decide what types best match your expertise and available time to manage them.  
More tips on types of investments.

# The 20 steps to buying your first investment property

- 6** **Set up your systems** - Property investment is a business with income, expenses, customers, suppliers, assets and liabilities. Setting up streamlined and integrated portfolio management, accounting and banking systems will minimise stress, keep you organised, save you time help you maximise investment returns and reduce annual compliance costs.
- 7** **Set your buying rules** - *What is your buying power, are you going to buy 1 large investment or a number of smaller value investments, what are your capital growth goals and what yields/cashflow do you need to achieve?*
- 8** **Decide where you want to invest** - Identify the locations you want to invest in. Review current and historical performance, identify where they are in the current economic capital growth cycle and eliminate the poor performers that don't meet your growth and yield criteria. More tips on choosing where to invest. Use websites like [microburbs.com.au](http://microburbs.com.au) to delve deep into the socio-demographic data of your preferred locations.
- 9** **Identify a list of potential investment properties** - Search the market for potential properties that match your location, dwelling and tenancy type and financial goals and create a shortlist of properties for further research.
- 10** **Research your investment shortlist** - Research the suburb's current and historical performance first; if it stacks up, then investigate the property.

# The 20 steps to buying your first investment property

**11 Analyse the numbers** - *What's the asking price, estimated valuation, how long has it been on the market, what did the current owner pay for it, how long have they owned it?* Check recent comparable sales in the location. Complete a growth and cashflow forecast. How will it perform over 10 years, how much equity will you need to tie up in this property and what to the total returns (IRR) look like.

**12 Fine-tune your research** - Once you have a shortlist, contact the seller/agent and find out as much as you can about the sellers motivation and selling deadlines. *Is it going to auction, has it been passed in, can you negotiate by sales agreement? Who are the current tenants, what's the term of their current lease and when were rents last reviewed? What are the defects and improvements to the property you need to attend to and budget for?* Make notes of all conversations.

**13 Negotiate/bid on the property** - If you are buying at auction, make sure you are finance ready, you have established the maximum purchase price and completed all due diligence before auction day. If you are negotiating by contract; work out your maximise purchase price and start negotiating well below that. Work out contract conditions you want to insert around finance, due diligence, building and pest inspections, settlement date and any other terms you require. Be patient with your negotiation; be prepared to walk away rather than pressured into a contract that is outside of your minimum terms and maximum price.



# The 20 steps to buying your first investment property

**14** **Contract completion** - Once you have a contract to purchase that's conditional on terms/ clauses in the contract, you often need to move quickly to meet agreed deadlines. These include registered valuations, final finance approval and issue of documents, build and pest reports and other items you have identified. This can be a stressful time that requires you to repeatedly follow up lawyers, financiers, real estate agents, property managers and various other specialists to get your tasks completed. Be patience, persistent and stay clam. Follow up is all part of the process.

**15** **Review your property management plan** - *How are you going to manage the property?* Are you doing it yourself, using the existing property manager or do you need to recruit a new property manager. Excellent property management is a critical part of your financial success. Don't underestimate the importance of doing this well.

**16** **Tidy as you go** - Once you settle on the property, make sure your accounting and portfolio management systems are updated with the final purchase cost and mortgage details. Review your financial forecasts, plan for tax refunds or personal tax/land tax to pay. Make sure income and expenses are going out of the correct bank accounts from day one and file all purchase related documents so you have your tax and accounting records in one location. Check with your accountant that there are no outstanding issues, so you have now surprises at end of the tax year.



# The 20 steps to buying your first investment property

- 17** **Order your depreciation schedule** - Contact a quantity surveyor and order your depreciation schedule, so you can ensure you maximise the full tax deductibility of the depreciating items in your investment property. If you are buying and reselling within a short time frame or have purchased a property more than 20 years old, talk to your quantity surveyor first about whether a depreciation schedule needs completing.
- 18** **Complete improvements and rectify defects** - Do a full review of your new property. Identify defects that need repair/replacement, identify improvements that will increase your market rent and/or market value and complete these. Ask your tenant and property manager for feedback. The number one reason why tenants leave is because property defects don't get fixed. Happy tenants equal 100% occupancy.
- 19** **Celebrate** - Congratulations, you have survived your first investment property purchase. Its gets easier from now...
- 20** **Work out when you will be ready to invest again** - Review your updated portfolio position. *What's your new LVR and DSR? Meet with your broker and work out when you will be in the position to invest again. What do you need to do income and equity wise to be able to move forwards?*

# Need personalised property investment advice?

If you would like to speak to our specialist brokers of property investment consultants to assess your current situation and develop a plan for the future or have any questions regarding any of the content in this guide or any other property-related issue, please contact us using any of the following methods:



Email us at [enquiries@strategicpropertygroup.com.au](mailto:enquiries@strategicpropertygroup.com.au)



Visit our website [www.strategicpropertygroup.com.au](http://www.strategicpropertygroup.com.au)



Call us on 1300 WE DEVELOP

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