



Identifying a good investment property

Most of us have heard the saying 'Location, location, location', but have we thought about what it actually means? Is it the only factor when considering buying an investment property?

Location, location, location

There is no doubt that location is the single most important factor in determining a good investment property. It influences your ability to attract tenants and provides the opportunity for long term capital growth.

Tenants are generally attracted to locations offering:

- good access to public transport (trains, buses, ferries etc),
- close proximity to local shopping facilities, and
- access to amenities such as schools, hospitals and leisure facilities.

Locations with good access to the development of new infrastructure such as expressways and freeways also attract tenants.

If a suburb has all these traits it will most likely experience population growth or low rental vacancy rates - both good indicators of demand.

Socio-demographics

It is important to understand the socio-demographics of the area where you are looking to buy. This includes household formation (families or singles), average income and other traits.

These are important considerations when determining the type of property to buy. If the area is predominantly represented by families it would be best to purchase a house, duplex or townhouse instead of a one bedroom unit.

Property characteristics

When looking at property characteristics there are a few things to consider.

Clean and well presented. Well presented properties are more likely to be rented than those that are not.

Low maintenance. As a landlord you are financially responsible for the repair and maintenance of the property. Most landlords do not want to be 'hands on' and therefore look for properties that are not likely to need excessive repairs. This is why many investors prefer newer properties (apart from the additional tax benefits) and apartments as they generally need less repairs.

Garaging. For many tenants their largest investment is their car and therefore they are attracted to accommodation that offers off-street parking and preferably garaging.