



COMMON MISTAKES & PITFALLS WITH PROPERTY INVESTING

As most investors will know, there is no straight line to success. Success comes from either hard work and effort or being wiser with your decisions. Success has a direct correlation to knowledge and even more importantly to the application of knowledge.

Success is definitely not instantaneous. For the majority attention to detail and being prepared is required when investing. Along with this comes aspects of investing in which the average investor may be leaving themselves open to the most common mistakes and pitfalls. However through knowledge and education investors can become aware of how to avoid these and in turn maximise results from their investment portfolio.

Below are 10 common mistakes and pitfalls with property investment and how they can be avoided.

1. Emotional attachment to your investment - It pays not to become personally attached to your investment property. The investment should be treated purely as a vehicle for creating wealth. This will also make the decision making a whole lot easier.
2. Risk management – Taking into account any risks that can be associated with property investment is crucial. There is a degree of risk with any investment but the good news is that this can be substantially reduced by a number of key fundamentals. Property location, property type, external influences, cash reserves, property age, vacancy rates, rental returns and research can have a major factor on the degree of risk with your investment.
3. Self managing your investment property – managing your property yourself can cause all sorts of headaches, not to mention be very time consuming. When properties are managed by qualified property managers you can be confident that any issues that may arise can be dealt with accordingly. Rent is collected, fees taken out, maintenance dealt with and any interaction is done between tenant and property manager. A small price to pay for the service provided.
4. Research – It is crucial that any investor seeks professional advice for any property purchase that is made, at the same time it is important to do your own research. This will then enable you to make your own informed decision based on a broad range of information.
5. Over Capitalising – many investors have experienced situations where they may have over capitalised on an investment property. Always invest within your parameters and comfort zone making sure that lifestyle is not affected. Research will play a key factor in making sure this does not happen.
6. Names on contracts – This can have a major bearing when buying an investment. Based on any investors own situation and what you are physically trying to achieve from the investment will depend on who's name should be put on the contract of sale and whether or not certain stipulations to percentage splits of ownership would be best suited. Once again it pays to seek professional advice on what would provide the most efficiency.



7. Loan types and structuring – when investing in a property not only do the correct property structures play a key role but so too does the type of loans and the way they are structured. Unfortunately many investors are unaware of how to correctly structure finance to suit what is trying to be achieved. Lenders or mortgage brokers that are investors themselves are the best to speak to for finance as they know how to best structure your finance tailored to your own unique circumstances.
8. Insurance – Recent surveys conducted on insurance for rental properties indicated that more than half of the properties were underinsured. It is very important that when insurance is taken out that the building along with contents and landlords insurance is adequate to cover any unforeseen circumstances. One key fundamental is making sure that insurance covers any inflation of cost associated in building replacement.
9. Selling – almost every investor has a similar story in that they may have sold an investment in the past that if asked the answer most commonly is “I wish I never sold it”. A lot of times through investigating reasons why the property was sold, the property could have been retained. Of course at times there are reasons that properties need to be sold but more often than not fine tuning can be made to better help the ability to retain your investment. Remembering when you sell you are losing out on future capital gain from the property.
10. Cross Securitisation – simply put “when one property let’s say your investment has security by not only

itself but another property being either a family home or other investment”. In the majority of cases this can be avoided by accessing equity from existing properties and using as a deposit for further purchasing. Cross securitisation has many downfalls and should be avoided if possible. NPA has a detailed article on the pros and cons of cross securitisation if you would like a copy sent out.

Property investment can be one of the biggest investments you can make. It pays to make sure you are educated and armed with the knowledge you need to be successful.

Furthermore, seeking advice from trained professionals will be paramount to your future wealth. This is why the experts at New Projects Australia are the team to turn to when looking for your next investment and making your property investment goals a reality.

All of New Projects Australia’s trained consultants practise what they preach. They all have either held investment properties in the past or are still currently administering successful property portfolios following the key strategies and structures that New Projects Australia delivers to many successful property investors nationally and worldwide.

All information is provided in good faith, New Projects Australia highly recommends seeking professional legal advice when partaking in any investment purchasing now or in the future.

Written By : Mathew Creeper – New Projects Australia.



A Reminder about our Free Monthly Investor Seminars

Learn the Steps to Successful Property Investment

- Which properties to invest in
- Should I buy new or old?
- How to maximise capital growth
- Pay off your mortgage years earlier
- Debt reduction strategies
- Best finance options
- Where to invest
- Why location is so important
- Where NOT to invest
- How to maximise negative gearing
- How to receive tax benefits in your pay
- Whose name to put on the contract



Brisbane: Monday 31st August

Ipswich: Wednesday 02nd September

Toowoomba: Thursday 03rd September

Melbourne: Wednesday 16th September

Canberra: Thursday 17th September

The following testimonial has been provided by an NPA client.

I attended a Property Investment Seminar about 8 years ago where Craig Whaley was the presenter. He had a lot of questions fired at him after the presentation and I was so impressed with his knowledge that I made an appointment to meet with him, the rest is history. I now have a portfolio of five properties with a net worth of approximately \$1 million.

My husband and I are average wage earners yet with Craig's guidance we are now able to retire early.

Craig is passionate about property investing and stops at nothing to gain more and more knowledge in order to help anyone interested in creating wealth with the courage to take the first step.

Congratulations Craig on opening your own business. Without doubt it will be a reflection of all that you have strived for.

Best Wishes

J. Preston



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Current Investment Opportunity

Address: Lot 17 Tristania Drive
House Size: 203.26msq
Land Size: 512 msq
Land Price: \$187,000
House Price: \$195,000
Total Package Price: \$382,000
Indicative Rental: \$380 - \$400 / Week



Full Turnkey Inclusions

2550 High Ceilings
Clay Brick External Walls with Natural Colour
Round Iron the Mortar joints
22 Degree Roof Pitch
Colorbond Fascias, Gutters and Downpipes
Feature Front Door
Enclosed Garage with roller door
Show on The Plans
Floor Coverings Of Tiles And Carpets
Evaporated Cooling throughout the home
Blinds to Windows
Quality Kitchen With Stainless Steel Appliances
Including
Dishwasher and Stainless Appliances
Downlights to Living Area
Fly Screens to Windows And Locks
Marked on Plans
Roof and External Wall Insulation
Built In Robes to All Bedrooms
Solar Hot Water System
Coloured Concrete Driveway
Mail Box, Clothesline and TV Antennae
Generous Power Point Allowance With Phone &
TV Outlets
Fencing
Alarm System
Landscaped Garden Beds
Depreciation Schedule



*This newsletter was brought to you by Mathew Creeper at **New Projects Australia**. We do our best to keep all investor clients up to date and well informed. If you have any questions, we will be happy to help, feel free to give us a call.*

Next month Steve McLean