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Tips for making money out of your property investment

While, naturally, we are going to fly the property flag, creating wealth is slightly more complex than buying an investment property and praying for a good tenant. The property itself, regardless of the fact it's made of bricks and mortar, needs to perform and work hard for you every single day.

Before buying your investment property, I'm sure you did lots of research into many things that may effect the long term return of owning it. Such things may have included location, age of the building, potential rental return, mortgage rates, insurance costs and body corporate fees.

The key to making money out of your investment is to ensure you have a long term business plan, and that you have strategies in place, with your property manager, to minimise variations from this plan. Its an ongoing commitment.

We have developed the ten tips for making money out of your property investment by ensuing you have a good plan in place, and have considered all the options. In this edition we will address tips 1 to 5, so hang out for the May edition where we will finished the other five tips.

1. The cost of 'today' Understand the concept of "days on market" in that every day your property is empty it will cost you money. Ask your property manager about local vacancy rates and be proactive in your marketing to ensure plenty of time is given to find your new tenant.

This will reduce the vacancy rate and save your returns from diminishing.Keep the financials at the forefront of your mind by perhaps thinking of your rent in a different light, like a daily rate while vacant e.g. losing $100 per day or knowing your budgeted annual return and knowing that while your property sits vacant you are reducing the chances of making budget.

2. 5% makes all the difference It is crucial to understand that you are presenting a product to the marketplace. Letting the condition of your investment decline will see both the value of your property and quality of your tenant decline. This could mean reducing the leverage of your asset. Be proactive with maintenance not reactive, don't wait for something to go wrong.

Ensure your property manager has done a capital expenditure budget to cover the cost of repainting, gutters, new carpets, blinds and even larger items like refurbishing kitchens and bathrooms. I would expect to be putting away a least 5% of your annual property income to spend on these items.

3. Is your property attractive? Make sure that the marketplace wants your property. Maintaining your investment at market level and keeping it relevant to the market itself is imperative to maintain your property's business plan. Understand your marketplace and ensure it aligns with the type of tenant you want in your investment.
Don't buy a family home in a student area if you don't want students.Cleanliness is the biggest "selling point" in residential property rentals. While your property manager will always ensure the property is returned in the best condition don't discount factoring in commercial cleans between tenants to keep it fresh!

4. Tenancy turnover is very expensive Understand the value of good quality tenants and how they contribute to both your sanity and your property business plan. Don't price good tenants out of your property. Good quality tenants generally have a good understanding of the market and that extra $10 you may want may just prompt them to move on.Have an understanding of the 3 star tenant rating system:

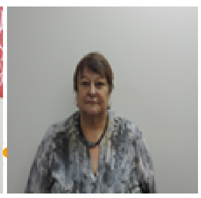
- The tenant pays rent on time, in advance and in the manner prescribed
- The tenant treats the property as their own and keeps it clean and in good order
- Is pleasant and professional to deal withTurning over tenants will require marketing and other associated costs as well as a potential vacancy period. That extra $10 per week could cost you hundreds of dollars in lost return.

5. Find a good property manager Employing the services of a good property manager is essential to maintaining your property return.
Like any other service you pay for, you should research and interview them to ensure they have the ability to service your needs and align with your investment goals. Asking for the cheapest fees is not the way to save money, ask for increased service instead.Finally let them do their job. Like any other profession, you have employed them for their expertise. Your contribution is better left to your diner parties!

"The key to making money out of your investment is to have a long term business plan"

Your Trusted Property Management Professionals

Ben Lee Long



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