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INVESTORS

Why Property

Property is popular with investors who want to grow their asset base over the long term. The appeal in property for investment use could be in the tax benefits it may offer, positive cash flow or capital growth

Types of Loans

Investment loans generally have the same interest rate as those for owner occupied property. At times the interest rate may be higher. This may be for example if you decide to have an interest only facility where you don't make any principal reductions on the loan

Research

Research what you want to achieve with a property investment portfolio; what type of property will best suit your requirements; which geographical areas will be suitable for your portfolio; the costs associated with purchasing a particular property and its on-going costs. It is also important you become familiar with the real estate market in the area you are buying in so that you can make a well informed decision when purchasing.

Seek advice from your Accountant, Financial Planner and a Real Estate Agent. Your Mortgage Consultant will liaise with your Accountant and Planner to ensure your loan structure complements their advice and recommendations in relation to tax strategies.

Negative Gearing

Negative Gearing is the term used when the costs associated with the property (e.g. interest expense, bank fees, council rates, strata fees, repairs and maintenance, capital depreciation) are greater than the income generated by the property. Negative Gearing is generally popular with investors who are seeking to reduce their overall tax liability.

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Your Accountant will advise you as to whether Negative Gearing is the tax strategy which suits your circumstances

Positive Gearing

Positive Gearing is the term used when the costs associated with the property (see page 1) are less than the income generated by the property (i.e. rent).

Positive Gearing is popular with investors seeking to generate a positive cash flow from their investment property. This may have tax implications as income generated by an investment property is treated as ordinary income for taxation purposes. Your Accountant will advise you as to whether Positive Gearing will suit your circumstances

Depreciation Schedule

To maximise your depreciation benefits, it is important you seek the advice of your Accountant or Depreciation expert. Often property investors are not enjoying maximum depreciation benefits which may have tax implications for them.

Can I Use the Equity in My Home to Buy an Investment Property?

If you have sufficient equity in your home, you may be able to access some of this equity to cover the deposit and associated purchase costs of your investment property. Your Mortgage Consultant will be able to assist you in deciding how to best fund your investment property purchase

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