

10 COMMON PROPERTY INVESTOR MISTAKES



Paying too much for a property.

If you don't research the locality you're investing in, you could pay too much. You may have to sit in the market a few years to reach market value before you can consider unlocking equity.



Selling too soon.

If you're employed doing something you love, you're in an ideal position for investing in property. The best strategy for someone in this position, is to buy and hold for the greatest returns. Patience is rewarded when you have goals to smash.



Buying a lemon.

Just. Don't. Do. It. If you're buying an existing property, invest in a full site, building and pest inspection. Structural building problems and costly repairs will chew up any spare cash flow, slow down your portfolio growth and do your homework.



Buying in an area with poor rental demand.

Properties in high vacancy areas can take a long time to lease, affecting your cash flow. While you can't control fluctuations in vacancy rates, you can monitor it.



Employing a poor property manager.

Property managers are the critical link between you and your cash flow. Property managers need to have great multi-tasking and negotiation skills. They're your eyes and ears especially when you are investing from a distance.



Low rental return, high negative gearing.

If there is a significant negative gap between the repayments on your investment loan, and the rental return your cash flow will be a challenge. You need cash flow to grow your portfolio.



Shunning expert guidance.

Culturally, we're not great at asking for help from others. As a property investor starting out, you need to leverage the knowledge and experience of professional property investment expertise. There is money at stake, particularly when you start out.



Buying where you live.

Don't buy where you live because it is convenient and familiar. Limiting investment to one postcode is a common mistake. Open your mind to the possibilities beyond a personal frame of reference. That's when you'll grow.

KEY POINTS

- Do your homework!
- Buy well and hold.
- Surround yourself with a team.
- Have a good amount of Buffer.
- Good Cash Flow.



waiting, waiting, waiting...to buy.

If you wait for the right time to buy a property, you might never find it. I know from experience that there is always going to be a good market to invest in. The property markets act independently based on localised economic factors.



No cash stash for a rainy day.

Having access to cash in advance decreases your risk. You can start your cash stash by putting less of a deposit down initially, to keep cash on hand. I recommend you aim to have four months worth of living expenses set aside as a buffer.