PROPERTY SELECTION CRITERIA

Demographics Criteria

1 Population Movement

Look for areas that have a moderate amount of population growth. This will tie into infrastructure projects, because as the population swells in some areas there will be some underlining infrastructure to support this population growth. There are some areas where there will be limited population movement which can potentially contract because the urban infill has already taken place and the area may be already built up and more mature, take this into consideration.

2 Supply/Demand/Demographic

Housing supply is driven by land availability, construction costs, profitability for developers, and (for 'infill', 'brownfield' or 'greenfield' developments) infrastructure costs such as water, power, sewerage and public transport.

Housing demand is driven by the number and type of people looking for housing, household income and preferences (such as size, location and tenure type), and interest rates. [Reference: https://federation.dpmc.gov.au/supply-demand-and-government-involvement-housing-market]

Demographics' will be different in each suburb therefore the type of property | product needs to suit.

3 Vacancy Rate

This is an important factor which can undulate also that is why a wider spectrum of criteria is required to see the bigger picture. It is considered that 3 percent is a normal vacancy rate. This gives you an indication of the type of supply and demand in a particular area in terms of rental properties.

Land Criteria

4 Depreciation

The government incentivises new construction with the depreciation. Depreciation is the what you can claim, like wear and tear on the property for income producing purposes. You can claim the depreciation of your investment property against your taxable income at a much higher rate than older property.

5 Valuation

If you are seeking finance which nearly all investors do! Without a good valuation all of this falls down because you may not have funds to complete, everything hinges on a good valuation.

Location Criteria

6 Capital Growth

The ideal is to be investing in an area that is growing steadily rather than to risk purchasing into an area that is 'Just about to' or on the other spectrum where an area has already received high level of growth.

7 Rental Yield

Look for rental return of between 4 - 6 percent to give you enough income to support the investment property purchase.

8 Infrastructure

Infrastructure can be described as anything to support the local population like shopping centres convenience | stores, retail shops, transport - Bus, Train, and High Ways | Freeways, hospitals and this can be planned and existing infrastructure, look for the trail of government spending.