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<b>Property investment should be seen as long term</b>		
<p>As the end of the financial year approaches you might see an increasing number of tax effective get-rich-quick schemes trying to grab your attention before 30 June. Some schemes might involve property.</p> <p>There's good reason to be confident about property investment. While the boom of the last few years is clearly over, reasonable demand continues to challenge supply ensuring the need for homes, rental accommodation and commercial premises remains strong. However, to be successful with property, investors need to accept that it's generally a long term proposition.</p> <p>REIWA records show that the local property market goes through a growth spurt every five to seven years, and you might expect to enjoy the rewards of at least one boom if you plan with this in mind.</p> <p>However, any promotion that projects very high property gains over a short period should be studied carefully. It is advisable to obtain independent advice regarding property valuations and income projections.</p> <p>Some promotions involve the sale of property interstate. If you are serious about interstate investments then you really should inspect the properties personally and get local, independent advice on valuations and state of the market.</p> <p>Managed investment schemes involving rental property with guaranteed lease-back arrangements are popular because they provide security of income. They are also strictly controlled by government regulations. There is usually plenty of legal paperwork associated with managed investment schemes and it's best to get professional legal help to explain the various fees and income flows.</p> <p>An important consideration is the re-sale process of a share in a managed investment scheme. Check if there is a time limit on the resale and if it requires a prospectus to be issued.</p> <p>Some properties are sold off-the-plan, meaning a contract to buy a property is entered into before the dwelling is completed. Often these sales are direct from the developer. If you are unfamiliar with the developer it's wise to check on their previous projects, including the quality of construction.</p> <p>If buying off-the-plan, you should scrutinise the contract for any sunset clauses. These are clauses that allow the seller to withdraw from the sale if your settlement cannot be reached by a certain time.</p> <p>One of the reasons that property remains a popular investment is because it provides investors with the capacity to claim significant tax deductions. However, tax considerations should not be the overriding objective of any investment. The property investor should be guided primarily by growth in values over the long run with regular rental income.</p> <p>The successful property investor would have researched the market and made informed decisions. This should involve thorough property inspections and familiarity with the market values and historical trends that REIWA and its agents can provide.</p> <p>16 June 08</p> <p>Article added by: Communications</p>		
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