

When is the **best time to sell** an investment property?

Selling an investment property will depend mainly on your personal needs at the time and the performance of each property in your investment portfolio.

The market is favourable for high returns

If you invested some years ago, before record house prices are now matched with historic low interest rates and recent gains in property value, you might consider selling in order to achieve a considerable profit while these conditions still apply.

Your investment property is under performing

Could you increase the rent? Are there some affordable improvements you could make in order to gain a higher rental return or selling price for the property? Is capital growth likely to improve in the area in the foreseeable future?

To reduce the interest you are paying on your home loan

Selling an investment property you have held for some time and that now has a high level of equity can make sense if you use the money to reduce or pay off the mortgage on your own

home, saving many thousands of dollars in interest on repayments.

The property was initially your principal place of residence

If you lived in the property yourself immediately after purchasing it and moved out within the last few years you will not be obliged to pay Capital Gains Tax (CGT) on the sale if you make a profit. This tax benefit may make it worthwhile to sell the property while the time is ripe.

You are fretting about the property

Property investment is generally a long-term proposition. Sometimes, however, it's simply a great time to sell or you need to move on. Before considering selling an investment property, be sure to speak with your accountant regarding the tax implications. Will selling the property lose you important tax benefits through negative gearing? How much is the Capital Gains Tax on the profit from the sale likely to be?

After a tumultuous 2021, it's finally time to take a break, soak up some sun, spend time with loved ones and recuperate in time for 2022.

Season's Greetings and wishing you all the best for 2022.

Thank you for your continued support to Richardson & Wrench Maroubra in 2021.

Hope you have a wonderful festive break and New Year, spending some quality time with family and friends.



Here's to 2022, I look forward to catching up next year!

Hendra Wijaya
Principal

RECENT SALES



607/717 Anzac Parade, Maroubra
2 Bed | 2 Bath | 1 Parking
Price Undisclosed



205/767 Anzac Parade, Maroubra
3 Bed | 2 Bath | 1 Parking
Price Undisclosed

10 common **landlord insurance** pitfalls

Many property investors take out landlord insurance, but they can still run into significant problems if they don't properly understand their cover and the common pitfalls around insurance.

The most common pitfalls to avoid when buying insurance are:

Buying on price alone — look for "value" not "cheap";

Deliberate fire by tenants — some policies exclude this;

Excess — how much? And can the bond be used as payment?

Underinsurance — insuring for less than true replacement value;

Malicious damage by the tenant — is it covered?

Accidental damage — some insurers limit cover to the contents not the building;

Check for complete cover — some combined house and landlord policies offer an inadequate landlord component;

The Body Corporate already insures the property — not for liability if someone hurts themselves inside;

Periodic tenancies or lease continuation — some won't pay out for claims if the written lease has expired;

Deciding "you don't need insurance" — a reliable tenant and a good property manager is not enough to protect you.



MANY
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Making property investment decisions the smart way



For all intents and purposes, the theory behind property investment is fairly simple.

You purchase a piece of real estate for an affordable, even undervalued, price in an area where both demand and values are set to increase and rent it out to generate an income. After holding it for a period of time, you go on to sell the property for more than you bought it for, making yourself a tidy profit.

While numerous other more complex issues can come into play, generally this is ideally how investing in property should work. Having said this, the legions of people who have made poor investment decisions losing considerable sums of money can attest to many opportunities for the process to go wrong.

eventually be sold and gains made. For such value growth to be achieved, a property will most likely be located in an area that is also set to increase in value, which could be for a variety of reasons such as:

- Expected, sustained population growth
- Planned government investment in infrastructure and transportation
- A local economy that is set to boom

Factors like these and others will see the demand for homes in an area increase, usually driving up both property values and rental rates.

An area's rental vacancy levels are another important consideration for investors. While it is obviously ideal to secure an affordable property, you won't be able to generate an income unless there is rental demand in the area. And the lower the vacancy rate is, the stronger the upwards pressure on rents will be.

With careful research and planning, investors should be well placed to secure a property that consistently generates a pleasing income and can eventually be sold for profit. Remember that property investing isn't generally a 'get rich quick' scheme, rather the most capital growth will usually occur when properties are held over extended periods.

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So how can investors avoid the pitfalls of property investment? Essentially it comes down to being smart with your purchases, avoiding borrowing too much and doing as much research as possible about the state of the market and where to buy.

Most properties ideal for investor purposes will be affordable in the first instance, but also set to grow in value over time, so that they can