IS THERE A BEST TIME TO INVEST IN PROPERTY?

They say that the science of comedy is dictated by timing. Sometimes the same is said of investing in property. While comedians are cleverly delivering their punchline just as their audience takes a breath, some investors are attempting to pick the optimal time to invest in property.

So where are we in the property market cycle?

While the performance of individual property markets may vary from state to state, many commentators are tipping that a number of property markets in Australia will peak in 2022. There are several different views as to what will happen after the peak. Will the market fall or plateau?

So how do we know when to 'time' our purchase?

No one wants to buy a property only to see the value fall immediately or shortly after purchase, and then have to wait (perhaps years) for the market to come back to its original value.

Firstly, we need to consider if we are asking ourselves the right questions.

1. What are the most important decisions we need to be making when investing in the market?
2. Is timing the purchase more important than buying the right property in the right market?

   And

3. How long should we hold the property?

Let's have a look at these…

The 'Right' property

Finding the right property may not exactly match your 'dream home' criteria as you will not be living in it. However it must still be attractive enough for others to live there.

For an investment, you should be considering the following:

- ☑ Does the property have good bones, solid foundations and a suitable and logical layout?
- ☑ Is the property structurally sound and will it stand the test of time?
- ☑ Is the build of good quality and present well to attract potential tenants?
- ☑ Has the property been well maintained to reduce the likelihood of ongoing maintenance issues?
- ☑ Is the property appropriate to attract the local market demographics and increase your chances of renting the property easily?

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The 'Right' location

While the overall property market might be moving up or down, there will always be sub-markets that are moving in different directions.

Long term it is generally advisable to invest in locations that have or will eventually have:

- ☑ Good and accessible public transport
- ☑ Appropriate public infrastructure, including hospitals, schools and essential services
- ☑ Amenities, such as shops and conveniences within easy reach
- ☑ Employment generators, allowing tenants to be close to their work
- ☑ Lifestyle attributes, providing an opportunity for your tenants to get out and about to enjoy themselves

The 'Hold' period

The property market can be forgiving, particularly considering property prices are known to double every ten years[1]. Booms and busts do not last forever. Property prices recover, and over the longer term these highs and lows tend to even out.

It may sound like ensuring these decisions are correct could be more important than picking the timing of your purchase.

However, the correct timing is always **when you are in the financial position to purchase** an investment property rather than trying to guess the peak or trough of the market.

So, what is important for you to know about property investment?

1. **Research.** Understand the risks involved and be prepared to invest over the long term.

   Creating wealth through property is not a 'get rich quick' strategy.

2. **Consider your future** and how long you plan to hold the investment property.

   Be mindful that the property market is heavily influenced by sentiment.

   When markets are on the rise there is a fear of missing out (FOMO).

   When they are declining there is a fear of buying early (FOBE).

It is important to take the emotion out of the buying decision and make an informed decision based upon financial returns and research.

And finally, **think about your own personal circumstances.**

Are you in a strong financial position and willing to make changes to your investment decisions should your financial circumstances change?

If you think you might be ready to invest, then let's have a chat.

1. *news.com.au – Do property prices really double each decade. Here are the facts - https://www.news.com.au/finance/money/costs/do-property-prices-really-double-each-decade-here-are-the-facts/news-story/b72e56bb9c9ef11f6f3914ef1ed88b87*

Be sure to read our **'Are You Ready for an Investment Property?'** before we connect.

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