COMMON PITFALLS & THINGS TO LOOK OUT FOR AS A PROPERTY INVESTOR

While property can be a strong long-term investment, there are common mistakes that can impact performance if they're not carefully managed.

1. Focusing only on price or yield
It can be tempting to chase the cheapest property or the highest rental yield, but this can sometimes mean compromising on location, tenant demand or long-term growth potential. You should consider the overall balance between price, yield, growth and risk.

2. Underestimating upfront and ongoing costs
Many investors plan for the deposit and loan repayments but overlook costs such as stamp duty, insurance, land tax, owners corporation fees, maintenance, vacancies and property management fees. These expenses can affect cash flow if they're not budgeted for upfront.

3. Not allowing vacancy or maintenance buffers
Even in strong rental markets, properties may be vacant from time to time as tenants change over and also during periods of maintenance and refurbishments. You should ensure you have a financial buffer in place to cover these periods without stress.

4. Damage
Intentional damage from a tenant, or from the environment due to flooding or storms for example can be costly to fix and impact your rental cashflow for extended periods. It is very important to take out relevant insurances, such as Landlord Protection Insurance and Building Insurance (if your property belongs to an Owners Corporation, your fees will usually include Building Insurance).

5. Choosing the wrong location
Location plays a major role in tenant demand and capital growth. Investing in areas with limited infrastructure, poor amenities or weak employment opportunities can make it harder to attract tenants or achieve long-term growth.

6. Overextending borrowing capacity
Just because a lender approves you for a certain amount doesn't always mean it's comfortable or sustainable. You should consider interest rate changes, lifestyle expenses and long-term affordability before committing.

7. Not seeking professional advice
Trying to manage everything alone can increase risk. Working with experienced and licenced financial professionals, advisers and property managers can help you avoid costly mistakes and make informed decisions.

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479 Eynesbury Road, Eynesbury VIC 3338
Open Monday – Friday, 11am – 5pm
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CONTACT US
(03) 9971 0414
sales@eynesbury.com.au

EYNESBURY.COM.AU