

Overcome your fears of property investment - NRAS to the rescue!!

Although it is natural for property buyers and investors to have fears, a rationale based on historical evidence can help to change your mindset and lift your confidence.

Often, confidence comes from knowing the answer to one big question: “Why should I buy property?” and the answer to this important question should be along the lines of: “Because I have an obligation to take care of my financial freedom” Like most Australians, you’re surely busy in your work or business, budgeting for your bills, planning your yearly vacations, and for the mum’s and dad’s raising a family means that too often investing just 1 hour to review your long-term financial options is for many widely overlooked!

Once you have decided to take action to reach your long-term goals, you’re confident, positive mindset will be buoyed by the answers to three more questions, namely “When, What and How?” Action is an important part of overcoming fear, because for many it isn’t the fear of the ups and downs in the current market that present the biggest challenge: It’s the fear of taking action which makes us reluctant to secure our long term goals.. Smart and new investors alike these days are seeking to fast track their wealth and future security in later life. Property ownership has increased the fortunes and future security for thousands of Australians. The Government in 2008 launched the N.R.A.S Scheme with the aim of providing much needed affordable housing in key areas across Australia. This has created an absolute once in a lifetime opportunity for investors.

When to buy?

If you wait for the perfect time you may never buy, as it isn’t often that all the comfort zone parameters such as your earnings, affordability capacity, low interest rates and low house price will all align. Don’t base your decisions on forecasts – base them on history.

- Historically, over 10 years housing prices always end up higher at the end than at the point you buy, no matter when that period is.
- Over the long term, there is always a time with high interest rates, but they always come back down
- NRAS allocations at this stage are for a limited time only, so to gain the advantages, like owning a property with no out of pocket expenses, one will need to be aware of the timing.

The key factors which drive property prices remain constant.

- Supply and demand – this factor, not interest rates is the key driver of increased property prices. Even with a growing supply of residential properties, Australia experiences continuous pressure from migration influx, rising birth rates and limited available land in many capital cities. These factors ensure that the price of residential property will rise in the long term despite market fluctuations.
- Construction costs – unlike shares, construction costs can virtually never come down and this dictates a firm base on property prices.
- Rental income – the national average investor rental return now sits at 5% pa. Rising rental income and interest rates are making it easier to achieve the point at which your rent covers nearly all of your mortgage payments.

- Overall, the net population growth in Australia is now at its highest rate ever and this helps to sustain residential investment capital and rental returns. Proven by the fact that the government has acted by installing the NRAS Program to lessen stress on long term rental.

What to buy?

- It's better to buy property with medium price which most could afford.
- Buy somewhere with a likely dramatic change in infrastructure, employment opportunities and shopping facilities. An NRAS approved property has all these factors considered and applied in the selection process to gain NRAS approval.

How to buy?

- Look for something you might hold onto for 10 to 20 years – or beyond. Buy with a very careful cash flow prediction. Understand all the variables including interest, rental and your income.

Your rent, NRAS grant and capital gains over the long term will enable you to purchase a second property and so on. In a continually growing portfolio this will act as your superannuation, providing both a capital accumulation and an income stream in retirement. Our team at Specialised Property Partners will refer you to the appropriate professionals to create a strategy centred on your circumstances and goals.