

## **A Beginner's Guide To Property Investment**

When looking for a property to invest in, there are a number of key factors and risks you need to be aware of. Below are some important points to consider in relation to property investment.

### **The location and neighbourhood**

Number one on the list is that for your investment to be worthwhile you need to make sure the location and neighbourhood is desirable not just to you but also for those who may want to live in it. Researching the location is key: What are the transport links like? Will the residents of the property require a car to get around? What amenities and facilities are within walking distance of the property – shops, restaurants, bars and so on? What surrounding features can add value to your property? For example parks, beaches or a square.

All of these questions need to be considered as some or all of these factors will make your property more desirable. You need to determine what factors are negotiable and what are vital for your investment.

Once you have established your desired location, you'll need to work out if you want to invest as a property to live in and then sell on for a higher price and profit, or you want to invest as a rental property. Not sure which to go for? Below is a summary of both types of investment.

### **Investing for a rental property:**

Investing in rental means buying a property and renting it out to a tenant. This is a great way to get a monthly income that you could save and use to invest elsewhere. With rental properties, you need to remember to include the fees and tax implications of any transaction when you appraise an investment. Additionally you need to establish what kind of tenant you want as this decision should influence the decor and furnishings you. Although neutral decor is best to keep all potential clients interested.

### **Investing to live and then sell property:**

When investing in a place to buy then sell later you need to ensure you have the time to wait for the house prices to rise. As property prices fluctuate you need to ensure you're willing and able to ride out any losses in a slow housing market and wait to sell when times are better. Selling houses is not a quick process so be aware that you cannot get your money out quickly.

After determining whether you want to live-in it or rent it out, you will need to consider whether you want to invest in a house or an apartment. This may be an easy choice, but if you are unsure then the benefits of both are listed below.

### **Benefits of house:**

- A heightened sense of privacy and a larger space for tenants and buyers.

- Houses are attractive for long-term tenants such as families and children who are unlikely to move after 6-12 months.
- Long-term tenants mean less hassle with maintenance as often they are likely to take on the responsibility themselves.
- There is greater potential for capital growth.
- Square-foot space is often larger than flats, which provides the flexibility to extend, develop and convert, which can all add value to a property.
- No service charges or issues with a house that you expect to come with the open spaces that are shared by other flats.

**Benefits of apartment:**

- Lower purchase price than houses. You can find luxury flats for up to two-thirds the cost of a house.
- Maintenance costs of flats are considerably cheaper than houses. Residents share the costs and the freeholder will usually organise it.
- High demand in business areas mean prices will rise providing high returns.
- Often you can get higher cash opportunities on cash returns and yields over houses.
- The nature of purchasing apartments means it is easier to purchase more than one property allowing the potential to build a portfolio.

The location, type of investment and type of property are all factors you should consider when investing. It is important that you are aware of all of these factors and which you are prepared to prioritise to ensure you can maximise your profits.

New property developments worth noting:

<http://www.qmile.com/luxury-apartments-edinburgh>

<http://www.telegraph.co.uk/finance/property/investment/10832865/The-20-best-places-to-invest-in-London.html>