

How to Choose the Right Investment Property?

Property can be a very lucrative investment, but only if you choose the right investment property. It is always advisable to hire some professionals to get specific advice, and you will also have to have an overview of the main criteria for choosing. This will certainly reduce your costs and will minimize risks.



1. What is Your Investment Strategy?

To find the most suitable property, you'll first have to consider your investment strategy. Are you looking for a short or long term investment? Where are you planning to buy? Are you looking for a buy to let investment or would like to resell your property quickly for short-term profit? Ensure throughout the research and purchase process that your investment objectives are in line with your chosen property.

2. Select an Area with Good Economic Prospects

You should make sure that the country or area where you're planning to invest has good economic prospects and an increasing population. Economic growth will ensure a stable property market and future price appreciation. A growing population is also a sign of a strong economy, and will mean that you have a steady supply of tenants. Research the demographics of your chosen area, and look out for future economic developments and investments.

3. Select an Area with Good Local Amenities

Location is crucial. Whether you are renting or are planning to resell the property, a good local infrastructure is essential. Your property will need to be desirable to prospective tenants. So what makes an area desirable? Local shops, schools, a good transportation system and infrastructure, and a variety of public facilities coupled with low levels of crime and good safety will always attract

many tenants, and will contribute to capital growth.

4. Considerations About the Property

Location is crucial, but pay at least the same amount of attention to choosing the actual property. As a first step, it can be extremely helpful to hire a home inspector, and a professional real estate agency. Make sure that the property is in good condition, or if extensive refurbishment is needed, pay specific attention to calculating your actual costs. Make sure that the property itself is desirable to prospective tenants. If you are buying a property in the suburbs for example with many families, a larger house with a nice garden, a garage and some parks in the neighborhood will have the most appeal. If you are buying in the city centre, which is mostly inhabited by young professionals, good transportation links, a suitable size and a lively neighborhood might attract the most tenant interest.

5. Achieving a Positive Cash flow

The single most important factor when choosing an investment property is the potential of achieving a positive cash-flow with it. Calculate your costs, including purchase price and additional taxes, and consider how much regular income you can get from rental yields. One effective way to achieve a positive cash flow and to minimize your risks is to buy a below market value (BMV) property that has a good rental potential.