

Cashing in on cash-flow positive properties

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Investors in lower-priced suburbs such as Kelmscott and Armadale could buy and established home for about \$250,000 and get a weekly rent of \$300 or more, Brendan Leahy, of Brendan Leahy Real Estate said. He said annual rentals returns were greater than 6 per cent and could soon be higher than 7 per cent for rental homes in good locations.

His tips for investors included considering rental return as a key component and not making an emotional decision. "Most first time investors purchase a property they'd like to live in but remember that the investment property must appeal to a tenant who will be paying the rent," he said. He said past trends in values indicated future trends, so it was wise to examine long-term capital growth rates. Investors should target suburbs in lower-priced areas which had a lot of properties for sale and check to find if there were any infrastructure changes proposed.

For example, an upgrade of a local shopping centre could have a big impact on values. He also said having pre-approved finance would allow investors to buy the right property quicker.