

# Maximise the returns from your investment

WITH the recent surge in investors buying apartments, investment specialist Mark Hay says it is a good time to note some salient points about this type of property investment.

## LOCATION

This is the ever-important ingredient of sound property investment.

Location on a favourable street with views will always ensure good growth.

Water or city views offer the greater premium, while the location of the specific apartment in the complex should also be factored in.

Location in regard to transport, entertainment and other services are other important concerns.

## Security

Regardless of the suburb, security is a strong consideration for any apartment purchase.

Security of the common area, such as the foyer and car parking, as well as the apartment itself, is paramount for both rental and resale value.

If buying on a ground floor, pay extra attention to security issues.

## QUALITY OF FINISHES

Obviously, the quality of finishes affects rental and resale figures, but more relevant to investors is the upkeep of such finishes.

If the whole building's facade is painted, the cost to repaint every five years or so can be quite high, especially in multi-storey complexes where access is by scaffolding.

Likewise, timber fences, lattice work and heavily landscaped gardens also require upkeep, while the internal condition of an apartment can cause economic burden, too.

Always look for low-maintenance finishes.

## POINTS OF DIFFERENCE

Perth buyers and renters are becoming increasingly aware of the need for a point of difference.

Factors such as design, finishes, colours, amenities, outlook and long-term rental can offer your investment an edge over the rest of the market.

## AMENITIES

Pools, saunas and gyms obviously are great attractions, but equally important is access to smart-wiring, dual-phone lines and cable-TV.

These facilities are becoming



Mark Hay, principal of Mark Hay Real Estate.

everyday requirements for both the rental and resale market.

But as an investor, it's important to confirm that the benefits and extra rental gained from these facilities is proportionate to the extra strata levies needed to supply and service them.

## KITCHENS/BATHROOMS

Most apartment dwellers want kitchens to be stylish and functional — not just owner-occupiers and not just women.

Whether you are buying at the bottom end of the market or the top, kitchens are always a strong selling and renting point for apartments.

Bathrooms, to a lesser degree, also need to be functional for today's living — stylish, roomy and not just an after-thought.

Laundries adjacent to the bathroom work well, as long as enough room is provided and the washer/dryer is discreetly screened with bi-fold doors.

## NUMBER IN COMPLEX

This factor is not as important as in the past.

General acceptance of large blocks of apartments that are well-designed mean there is little downside compared with much smaller complexes.

The bigger the number, the smaller the quarterly maintenance fees and the better the views as the building rises.

## BALCONIES

With our love affair with the barbecue, generous-sized balconies add good value to your investment, embraced even further if they provide great views.

Balconies should offer a good degree of privacy and shelter from sea breezes and the noon sun.

## SIZE

Investment apartments suffer less from the effects of the need for a bigger apartment.

In fact, many inner-city apartments have been designed with minimal, but exciting functional use of space.

Compact, well-designed apartments rent for just as much as their larger cumbersome counterparts,

while there is not a great discrepancy in resale value.

Of course, once you move to the penthouse-style, size will be a greater determining factor.

## AGE

This element is important.

A brand new apartment will offer investors substantial tax benefits via depreciation, while potentially having less upkeep and being more in keeping with present trends. This can maximise rental return and resale figures.

The latest building designs will also be more likely to be smart wired, more energy efficient and more in line with today's modern standards.

## PRICE

The price of any particular apartment and its rental return are factors any investor needs to weigh up.

It is advisable to give much greater attention to the capital growth factor than rental return because the impact of 1 per cent extra capital growth over the life of an investment can be significant.