

REAL ESTATE

Property the smart choice

OF ALL the investment options available, buyer's agent Patrick Bright says property is unflinchingly the smartest choice because it combines all the benefits of investing in shares with none of the risk.

Mr Bright, EPS Property Search buyer's agent and author of *The Insider's Guide to Profitable Property Investing* (due for release in September), says there are eight good reasons why property is a better investment option than shares:

1. Property has consistent capital growth

The average growth rate on residential property in Australia is around 8 per cent a year. In other words, residential property prices have doubled on average every seven to 10 years. "It's this consistent capital growth that helps you build equity and get rich," Mr Bright says.

2. Property can be bought at a discount

"Can you buy shares at a discount? Can you ring up your broker and say, 'Look, I know ACME Corporation is trading at \$32 today, but I only really want to pay \$29. Is that OK?'"

3. You can easily add value to property

Mr Bright says adding value to your investment property is relatively straightforward. "You just give it a coat of paint or tidy up the garden or replace all the doorknobs, build a barbeque, get the carpet replaced or polish the floor boards."

Mr Bright says there are hundreds of improvements, big and small, that property investors can make to increase both their income and capital value.

4. Property has generous tax benefits with negative gearing

Property is a very tax-friendly investment, Mr Bright says. "The government has provided a generous array of tax breaks which encourages investors to be successful by legally minimising tax." He says a great tax perk for property investors is being able to claim a deduction for 'negatively geared' properties.

5. You can buy it with someone else's money

Unlike loans to fund businesses, Mr Bright says lenders are eager to lend people



Logic: We have to live somewhere so demand will always exist for housing

money to buy property. "Property is considered a blue chip security by lenders. In this day and age most people can usually find a lender who will come up with the funds for an investment loan — even if your credit history is what's known in the industry as 'impaired' and your income erratic."

6. Property isn't subject to extreme price fluctuations

After food, shelter is the most important fundamental human need and because everybody needs a place to live there is always a constant demand for property, Mr Bright says. "Property simply isn't subject to the same extreme price fluctuations that shares are. Sure prices go up and down, but changes take months or years."

He says property investors can also be

secure in the knowledge that their property will still be there in 100 years' time and worth a lot more money.

7. You can insure it

A residential or commercial investment property can be insured against most risks associated with it. A building can be insured against damage from fire, for example, and insurance against tenant damage or the tenant leaving and breaking their lease is also available.

8. You are in control

"With property, you are in the driver's seat," says Mr Bright. "You make all the decisions, not some big wig sitting in an office." He says investors also have the choice to be proactive which ensures the best return possible. "Unlike your share

portfolio, you can add value to your investment properties."

Mr Bright says there's one more good reason why property is the smartest investment.

"Most of us want to be wealthy, and a good way to get wealthy is to do what the wealthy do."

"In Australia the rich invest in property. In 2004, 54 out of the top 200 richest people made their money in property."

Of those who made their wealth in business, most store their wealth in property, he says.

"Property is a major source of wealth for 90 per cent of millionaires worldwide."