



FINANCE NEWS | VIEWS | CLUES

MAY 2021

INVESTOR BEHAVIOUR IN THIS RISING MARKET

In contrast to owner occupier activity, we are seeing subdued investor activity and credit growth with investors viewing from the sidelines. Twelve months ago investors were waiting for the market to drop, now they are concerned about the limited stock, surging prices and the impact of COVID on rental yields.

HOW CAN PROPERTY INVESTORS MANAGE THIS PROPERTY MARKET AND BE READY WHEN OPPORTUNITIES ARISE?

For property investors cashflow is critical in building a property portfolio. And right now, while the market is running, is an opportunity to lock in and access capital – to positioning themselves to re-enter the market when the right asset comes up and as stock levels rise.

As such building a strategy around getting properties re-valued to understand the equity available and then do analysis to understand their purchasing capacity can be a smart investor strategy. So once re-valued it would be sensible to seek guidance in releasing the equity available and appropriately structuring this, and in getting the suitable finance approvals in place to ultimately be secured by the property purchased.

This will position investors to get into the market when the right opportunity comes up, and for investors – we can expect the supply of properties into the market to increase, potentially from other investors wanting to take advantage of the surge and make a tidy capital gain and also as current renters buy and leave properties vacant, leading to an opportunity to sell.

P 02 9929 4177 F 02 9929 5479
LEVEL 1, 68 ALFRED STREET
MILSONS POINT, NSW 2061
MPOINT.COM.AU

M POINT FINANCIAL SOLUTIONS PTY LTD
CREDIT REPRESENTATIVE 492756 OF BLSSA PTY LTD ACN 117 651 760
AUSTRALIAN CREDIT LICENCE 391237

LEAVE THE EMOTION OUT! THE CORE FUNDAMENTALS REMAIN THE SAME FOR AN INVESTOR

- Work out the strategy – What you want to achieve and the end goal.
- Understand the Investment Strategy – Whether it be live off the income, maximise equity and build a portfolio or tax minimisation.
- Do your homework – Does it have strong capital growth potential? Understand the region, the vacancy rates and the rental income capacity.
- Analyse the cash flow – What can you afford and what are the potential income and costs associated with the property.
- Be disciplined and keep emotion to one side – A quality asset will stand the test of time and for most, property is a long-term investment not bound by short-term market sentiment and emotion.

SEEK EXPERT HELP FROM US

The first home buyer market has been set alight with government subsidies and low interest rates. Hence the demand for rental properties has dropped and rental prices stagnate. Investors have been overwhelmed by the prices owner occupiers are paying and lack of investment return on these prices. The sentiment will turn when rates creep higher and those subsidies are removed. Opportunities for investors will emerge and you need to be finance ready when they do arise. Here at M Point Finance we can review existing property portfolios and look to see where excess capital can be utilised to maximise the portfolio return.

Reach out to Andrew (alennon@mpoint.com.au) and we can assist with your new financing needs.