The when, where and how of investing in property

By Jako le Roux

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Real estate has proven over and over that it is the best investment you can make. Understanding when, where and how to invest is the key to building a strong property portfolio and becoming financially independent. Savvy investors buy properties, hold on to them, and sell them off once they have gained value. This can either be done by selling off a portion of the portfolio or the entire portfolio. The important factor that needs to be taken into consideration here is time.

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When to invest

Your property will never be cheaper than it is today. Determining when to buy is easy – the answer is now; yesterday would be even better if that were possible. Regardless of where you are in the world, the value of the property is on a steady climb. This promotes the concept of capital growth: today you buy for less, tomorrow you sell for more, and the longer you hold on to your property, the greater your capital growth. As a long-term investment, it makes sense to start building a property portfolio as early in life as possible. Start small but start strong.

Where to invest

This is a question that is frequently asked and with good reason. The old adage – location, location, location – still holds true. Buying an investment property in a good location is going to mean a higher occupancy rate, higher growth, and a better chance of reselling. But what is a good area? Understand the significance of capital growth in property investment, study the market and always be on the lookout for areas that are expanding in terms of population, local economy and infrastructure.

How to invest

First-time investors would be wise to consult a property investment company, or consultants that specialise in property investments. Real estate is often perceived to be a cutthroat business and one that is not for the faint of heart. Purchasing your first investment property can seem like a daunting task and is one reason many South Africans prefer to invest in retirement annuities, shares or with their banks. Although these are good investments, they hardly ever yield the returns that a property investment can bring.

Property investment agencies help you access the finance you need to obtain the property. They will also advise and assist you in finding you the property that will suit your needs. Once purchased, a trusted investment managing agent will be invaluable in ensuring that the property is managed and tenanted. A good agent will make sure you are fully aware of the potential risks involved, as well as the rewards and yields that you can expect to receive on your investment.

Understanding these basic steps can put you well on your way to your first property investment. From there you can grow your portfolio and over time will realise the wealth inherent in the industry.

ABOUT THE AUTHOR

Jako le Roux, senior property investment consultant and team leader at Just Property