RIPPLE EFFECT: 9 undervalued suburbs set to BOOM!

your investment
property

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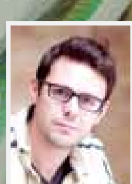
HOW TO GET RICH

(Even on a low income)



TIM HALLING
Bought three properties on a $30k wage

DUANE ROBINSON
Accumulated four properties on a $40k wage

KAREN VAN MAANEN
Amassed six properties on a $40k wage

PLUS

SUBDIVIDE FOR PROFIT
Split the block, double the cash

INVESTING AFTER A DIVORCE
How to get your finances back on track

24 SAFEST SUBURBS
for low income earners

WARNING! PROPERTY SCAMS TO WATCH OUT FOR

Investing on a LOW INCOME

Just because you're on a minimum wage doesn't mean you can't invest in property. *Jeremy Sheppard* shows you how to do it safely

There are a lot of numbers you need to consider carefully if you plan to invest in property when money is tight.

Firstly, there are numbers related to the purchase price you can afford. This includes considering the deposit, stamp duty, legal fees, pest/building inspections and a host of other things and usually comes down to how much savings or equity you have.

Then there are numbers based on projects you might intend on doing such as a renovation, extension, subdivision or development. Finally, there are numbers related to holding the property. This includes things like servicing the mortgage, rental income, management fees, repairs and depreciation.

On top of all this, you need to allow a safe margin for error: renovation costs may blow out, interest rates may increase, tenants may fall behind on rent or the hot water system could die.

It all sounds a little scary to the first-time investor and even worse if you're on a tight budget. But there are some numbers you can look at which will make the investment much more likely to be profitable and less risky in many of these aspects. They relate to the nature of the market you're buying into.

The need for capital growth

A small amount of capital growth soon after purchasing a property can place a safety net under your investment. So, if you were to lose your job, for example, and could no longer make mortgage payments, the property could then be sold for more than the costs of buying and selling, due to the capital growth. You'd effectively get out of the deal with an excellent learning experience and hopefully no financial loss.