

Looking for a property investment specialist?

21 questions you must ask!

(Our answers provided)



1300 800 886

www.thesuccessfulinvestor.com.au

**Choosing the right Property Investment Specialist to assist you is tough.
Making the wrong choice can affect you financially. But how do you know who to trust?**

Here are our answers to the 21 questions that you should ask a Property Investment Specialist or any company selling you property. Use this document to find the right company for you.

Question 1

Who are the people behind the company?

Our managing director and founder is Michael Sloan. Michael is an external property advisor to NAB and regularly contributes to their website and speaking events.

Prior to establishing The Successful Investor, Michael led a property education company focused on preventing clients from being ripped off by unscrupulous real estate professionals. TSI was founded to provide a service that was clearly lacking: a company that puts its clients first ahead of a sale.

TSI is a family company with Michael's wife Laurel and son Xavier both working at TSI.

Question 2

Do you sell or have you ever sold these types or investment properties?

- **Student accommodation**
- **Retirement accommodation**
- **Holiday accommodation**
- **Serviced apartments**
- **Hotel rooms**

No! These properties often come with a great story regarding what makes them such a good investment, but unfortunately it is often just a good story. The safest investment property for you is a standard residential property, not a niche market property.

Question 3

Do you have exclusive rights to sell apartment complexes?

No. We are offered exclusive rights on a regular basis, however we always say no because in almost every apartment complex there are some average properties and we won't sell them.

We shortlist the best properties in every project and once they are sold we move on to the best apartments in another complex.

Question 4

Who do you act for and how do you get paid?

We are quite clear with our vendors that we act for the client, however we are paid by the vendor – just like if you sold your family home through a local agent to sell it for you, the buyer doesn't pay a fee.

Question 5

Are you a mortgage broker?

No, even though our founder is an award-winning mortgage broker, it is a potential conflict of interest to sell you a property and arrange the loan.

Question 6

Do you charge your clients a service fee?

No, some companies do charge a fee to the buyer, however our services are free.

Our services include: strategy reviews, advanced loan structure advice, and ongoing mentoring on a regular basis – even if you have finished investing. We also offer a free service to relatives and friends who need advice on a range of issues from home loans to income protection. And we always refer them to professionals we know and trust.

Question 7

Do you provide comprehensive cash flow reports?

Yes. Not knowing the cash flow on an investment property before buying is the biggest mistake new property investors make – our cash flow report ensures that you understand the finances on the property before you purchase.

Question 8

Can you explain how depreciation works and do you provide an indicative depreciation schedule on every property you sell?

Each one of our advisors are property investors and have experience across all aspects of investing, including depreciation. They can answer any questions you may have on depreciation and yes, we have indicative depreciation schedules on every property we recommend.

Question 9

What do you consider to be standard capital growth?

It is often reported that properties in Australia double in value every 7 to 10 years, but we prefer to be conservative so we use 6% capital growth for our projections. We can use a different figure for you upon request.

Question 10

Give me an example of an investment property you would recommend.

A good investment is a home owner quality residential property in a quality location at the right price and right cash flow for your circumstances. We are happy to provide you with a sample property we have recommended including the supporting material and a cash flow report.

Question 11

Do you sell all of these types of properties?

- House and land packages
- Apartments
- Townhouses

Yes, we sell all of these properties rather than specialising in one type only. We also provide properties for self-managed super funds and from time to time dual occupancy properties as well.

Question 12

Do all your properties come with a car park?

Yes, always buy properties with a car park, no matter how great the location.

Question 13

Do you provide an independent rental appraisal? If so, how many rental appraisals do you seek and where does your rental appraisal fit in the expected rent range for this type of property?

We do not provide our own rental appraisals. We always speak to at least three property managers regarding each project and obtain at least two independent rental appraisals. We use the middle range of the suggested rent when we produce a cash flow report.

Question 14

What is unique about the property you sell?

Each property has a unique component; it may have a superior quality compared to what an average investor may buy in the same area. Or it may have a larger than normal outdoor space in an apartment complex.

Question 15

Do you sell high rise apartments?

Not so far, the high rise market in Melbourne is dominated by foreign investors. Foreign investors are not allowed to buy anything but new properties, which creates a flow on effect where demand in the resale market is low.

Brisbane's market conditions, however, sees strong local demand for high rise apartments so we will consider quality apartments in the right location.

Question 16

Do your properties meet bank valuations?

Mostly they do, however that can never be guaranteed. Even though we have a valuation at purchase price from a reputable valuer, your bank valuer may produce a different figure. Most of our valuations are at purchase price or within 5%.

Question 17

Do you have current indemnity insurance?

Yes, we are fully covered.

Question 18

Do you pay a referral fee?

Yes. For every person you refer to us that reserves a property, we will arrange a \$500 VISA gift card for you to spend any way you like. This is our way of saying thank you.

Question 19

What research do you undertake?

We are offered on average three new projects a week and only two a month are approved by our research team.

Before we invest our time in a comprehensive score card analysis we start with the fundamental considerations:

1. Who are the builder or developer and what is their track record of success?
2. Is the location suitable?
3. The suitability of the property for the location.
4. The size of the property.

Note: If all four criteria have not been met, we do not continue researching the property or complex.

If all four criteria have been met, we request further supporting material from the builder or developer, rejecting immediately any projects where this material is unavailable. We then rate each investment on a two-tier score card system to produce a rating out of 100.

The first tier of the score card considers attributes such as price, cash flow, floor plans, inclusions, property manager feedback and outdoor space. Every project must exceed a minimum rating before progressing.

The second tier considers macro conditions such as location, shopping, transport, schools and amenities.

Only those projects with extremely high scores are recommended to you.

Question 20

Are you a specialist in property investment? What qualifications do you hold?

Each one of our advisors are licensed real estate agents. Our principal is a qualified financial planner, award-winning mortgage broker and has successfully completed the Deakin University property education course.

Question 21

Are you a member of any industry bodies?

Yes. We are a member of the Real Estate Institute of Victoria and the Property Investment Advisors Association of Australia.