

Mindset of a property investor



By **Wendy Priestly** PMC president

*Do you have what it takes to be a successful property investor?
Most 'investors' who buy investment property do not really understand how investment property differs from a principal place of residence.*

They do not understand the need for a different loan structure, insurance, tax treatment, type of property for tenants, location and diversity from their own home.

In fact, most investment property owners only own a limited number of investment properties on which to really base the term property investor, as opposed to a hobby investor. Australian Taxation Office statistics from the 2009-2010 tax year report show there are really a very small number of multiple property investors.

From the below table it is clear very few owners of investment property could be

called 'investors', as opposed to hobby activity. With more than 90 per cent of owners of investment property owning only one or two properties and with only 3.7 per cent owning four or more properties, it seems to me the level of skill necessary to own a number of investment properties is held by a very small number of investors.

To add to the evidence that many investors in property are just participating in a hobby and are not aware of how to operate their investment in a business-like manner, one of our TIC partners, Deppro – tax depreciation specialists, suggests up to 80 per cent of property investors are unaware of what

they can claim. As a result, many investors under-claim their expenses. However, all TIC purchasers are provided with a Deppro depreciation report to ensure they are claiming correct amounts.

I have found in current news articles a wide range of commentators making recommendations about how investors should proceed in current times. At the moment, there are a large number of commentators indicating their advice is not to buy negatively geared properties, but rather buy positively geared property that may be located in rural or small regional centres. The writers suggest negatively geared property is a loss-making situation and therefore is not a suitable strategy to be using for property investment.

I wonder if such commentators own property as a true investor or are looking at it from a hobby point-of-view rather than

Properties held	Number of owners	Percentage of ownership
1	1,239,959	72.8%
2	307,514	18.0%
3	92,834	5.5%
4+	62,4486	3.7%
Total	1,702,793	100%

Source: Individuals with an interest in a rental property 2009-2010 income year (pg 7)



PMC travel

2013 PMC Retreat in Port Douglas March 18-24

After the annual conference in Brisbane (March 16-17), join a PMC group to the wonderful north to Port Douglas.

Enjoy the break in luxury accommodation, watch the sunsets from a private catamaran and have a fantastic time with other members.

2013 PMC Galapagos Islands – Sth America April 17-27

The Galapagos Islands are blessed with pleasant weather all year round, which means there is no better time to visit these precious Islands. Have the journey of your lifetime amidst playful sea lions, elegant albatrosses, fiery red Sally Light-foot crabs, and sneaky friate birds.

an investment point-of-view.

From my perspective, investment property is to be a source of long-term capital gain that will provide a considerable source of equity in 10 to 12 years that is greater than I could have saved from my own resources.

From a business perspective I would be prepared to make an investment of a small amount of my own funds to gain such a large return over time. To me this is no different to contributing funds to a superannuation fund for long-term growth or contributing to a lease cost of a vehicle or piece of equipment that will ultimately provide my business with a better profit return than I could provide by buying the equipment fully at the time and using all my funds.

In other words, I am prepared to contribute funds to a growth asset, such as multiple investment properties (negatively geared), that will cost me a small amount to hold currently, but will repay my original investment of funds multiple times over through sound selection and observance of property growth drivers.

Looking to be a true property investor requires that I have the mind and behaviour of a true investor. To me this means both in my multiple properties and in myself. I need to continue to learn and use my funds to a greater capacity.

I would encourage all TIC investors to seek out learning opportunities with PMC webinars and workshops to both learn and share to ensure you can grow your investment properties to greater capacity. Learn from experts in the field of investment property rather than just a journalist who writes as a property commentator.

Hope to see you all at the upcoming PMC functions for 2013. 🏠

2013 PMC South American Tour April 28-May 17

The opportunity to visit South America with fellow PMC members is available with this fabulous 24-day tour.

Visit a wealth of amazing destinations, including Rio de Janeiro, Iguassu Falls, Macchau Pichau, Bolivia and Buenos Aires. Travelling with a group of 12-18 people allows a greater opportunity of seeing the real places.



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Tired of the tours that allow for only a couple of days in European cities? This itinerary allows for extended stays in destinations so you can explore the city and experience the culture, people, cuisine and sights.

Hotels are centrally located so you can walk right outside without looking for a cab, bus or train to explore the city.

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Depart from Singapore – Borneo – Bali

Visit the National Parks and see the Orangutans in their home forests.

Enjoy the comforts aboard the 5-star boutique ship.

Private Tours

Planning a trip and need help? Call a specialised travel agent to plan and detail your trip. Not only do you receive caring service, but genuine discounts are given to members.

PMC Club Travel

Submit all enquiries to Club Travel consultant Sharyn Bojczenko:

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