

## **Rental property – is it for you?**

Rental property has traditionally been a popular Kiwi investment, and there's no doubt many people have done and continue to do well out of it.

For those interested, there is no shortage of experts on the subject. Numerous books have been written about it, and often the newspaper features large ads promoting seminars on the topic.

However, owning a rental property is not for everyone. Perhaps only one in 10 people are really able to succeed at it – although those people do tend to do very well. Meanwhile, others often find it turns out to be a little more complex than they thought it would be.

Let's look at what's involved.

For a start, you need to buy the right property or properties, which can take a bit of time. Residential property investor Dolf de Roos suggests you may need to look at as many as 50 to 100 properties before settling on one. That's a lot of Saturday mornings!

Once you've bought a property, it may then need renovating, redecorating or landscaping – or even all three. When your property is ready, the next step is finding a suitable tenant or tenants. This can be a very time-consuming process and is likely to involve you interviewing various applicants, as well as following through with the necessary checks and references.

Once the property is tenanted, you'll need to make arrangements for the rent to be collected, as well as ensuring that the property is maintained, repairs attended to, and bills such as rates and insurance paid. You can do all this yourself or you may choose to pay someone else, such as a property manager, to do it for you.

Before you make the decision to become a landlord, make sure you get good advice from a lawyer and a tax adviser who know property. If you are looking at a proposition put to you by a promoter, they will probably refer you to their own professional advisers. While it is a good idea to see these people, it is still vital you seek your own independent advice from someone who can point out the downside and the 'fishhooks', as well as the benefits and advantages.

If you do attend a seminar, never let yourself be pressured into signing up on the spot – even if it means you miss out on a "special offer" or the chance of going into a draw for a luxury holiday.

Finally, if all this doesn't sound like you, but you'd still like to be a property investor, consider investing in a managed fund that holds a variety of property and property-related assets. Such a fund will give you access to a wide range of investments you would be unlikely to afford on your own and, in addition, the fund manager will take care of all the administration and property management issues. Ask a professional financial planner for more information.

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