

## Buying a strata unit for investment

People often make the mistake of thinking that the rules for buying for investment and buying to live in are different. With some small exceptions, owner-occupiers and investors are looking for the same things. However, buying a unit *is* different to buying a house and different rules do apply. See also Lannock's guide to buying a unit to live in.

Do	Don't
<ol style="list-style-type: none"> <li>1. Focus on the most important things – ongoing rental returns and future capital gain</li> <li>2. Consider whether your capital gains could be boosted by renovating or refurbishing:             <ol style="list-style-type: none"> <li>a. Inside the unit (inside the front door) or</li> <li>b. The common property (between the front gate and the front door)</li> </ol> </li> <li>3. Always get a pre-purchase strata inspection and check out the history and current status of the building</li> <li>4. Be aware of future capital works that may be desirable on the common property</li> <li>5. Assess guaranteed rental options very carefully</li> </ol>	<ol style="list-style-type: none"> <li>1. Don't buy based on cheap levies – levies are there for a good reason, what you want is a property where levies are used well and for good purpose</li> <li>2. If you are buying strictly for investment purposes, don't only look at properties that you would like to live in – buy the unit with the highest expected returns</li> <li>3. Don't buy when you are on holiday (unless you had that intention before the holiday) – you are looking for solid returns, not a holiday lifestyle</li> <li>4. Don't assume that future capital works are covered by a sinking fund</li> <li>5. Don't assume that a sinking fund is the best means of funding future capital works (sinking funds are often the most expensive form of strata funding)</li> <li>6. Don't forget lifestyle – although you won't be living in it, somebody else will. It's the way they feel when they walk through the gate and up to the front door that will determine how much they are prepared to pay in rent and how much they will buy it for.</li> </ol>