



IS IT BETTER TO INVEST IN A HOUSE OR UNIT?

Before deciding to invest in property you need to know the key factors that should be part of your consideration, **Lisa Calautti** reports.

Potential investors must always consider what the cash flow of the property was likely to be, what return it would provide, and what its capital growth would be in the long term.

John Percudani said when choosing between homes and apartments, one was not better than the other.

"There are other things to consider, the big one being affordability. You obviously have to find something in the right budget" he said.

"Other important factors are location, stock levels, demand, future growth and rentability of the property.

"Apartments, however, do have an advantage in that single and couple households are on the rise and there is going to be ongoing demand for this type of accommodation.

"Apartments are often more affordable as you are not facing land costs and they can be far easier to manage as a landlord in terms of maintenance and so on."

When investing in a house, Mr Percudani advised investors not to buy a home just because they loved it.

"Buy smart, look at those key factors, cash flow, capital growth opportunity, affordability, rentability – just because you might not want to live there doesn't mean it isn't a strong investment. Invest with your head, not your heart," he said.

LWP Property Group managing director Danny Murphy said there was no correct answer when it came to whether you invest in a house or unit because it depended on the buyer's investment strategy.

"Assuming both options represent sound value – which is always the first criterion – the decision can relate to your objective for income versus capital

growth and simplicity of investment," he said.

"Often units are easier investments to manage and give higher income returns in the short term. Land generally appreciates whilst buildings depreciate. Houses with a bigger land component can offer more potential for capital gain in the long term,"

Attree Real Estate agent Erika Luff said choosing between a house or unit was a personal choice.

"Most of the time it depends on the budget and location. I would purchase a house as the land always goes up in value and the building appreciates," she said.



Hegney Property Group executive chairman Gavin Hegney said traditionally a home had the potential to deliver higher capital growth.

Apartments also had high income yields but he warned investors to select a unit within a block of no more than 15 to 20, within an older style apartment which could be renovated to add equity.

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**The West
Australian**

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BUILDING VS. BUYING

Pros & Cons of building your new home versus buying, according to leading builder Dale Alcock:

PROS:

- You get what you want, your choice of selections and colour scheme, your design, your way.
- Lack of maintenance. From day one your home is new and everything is at the start of its life, not part-way through or nearing the end. It's a "new home", not a "used home".
- Your new home will be far more energy-efficient than a used home. From insulation to hot-water systems, to light fitting, energy conservation will be better.

CONS:

- Waiting for your home to be built.
- Delays in approvals, including planning and building license approval.
- In some new suburbs there is a lack of infrastructure, including public services, public transport, shops and schools.



Pros & Cons of buying a home versus building according to REIWA president Alan Bourke:

PROS:

- Immediacy: You can immediately get shelter which is one of our most basic needs at the end of the day.
- It's cheaper to buy an established home than to build.
- When you buy a house you know what you are getting, when you build you have an image of what the home is going to look like and sometimes it's a different ball game.

CONS:

- Stamp duty costs are higher
- Not having a home exactly like you want. When you build, you have it built exact.
- You are buying second-hand rather than new older homes have more maintenance needs.

Disclaimer

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Meanwhile, Mack Hall and Associates director Frank Torre said units generally showed a better rental return with a lower capital outlay.

"However, their capital growth will ultimately be limited and in the long-term will stagnate because of the ageing building and the requirement for all owners in the strata company to agree on a rejuvenation plan," he said.

"A house will require a greater capital outlay, however, in the long term, being master of your own destiny will translate into better capital growth."



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