



**THE  
JAK  
GROUP**

LIVE TODAY, PLAN FOR TOMORROW

## WHY INVESTING IN PROPERTY WORKS

Property investment offers the security of 'bricks and mortar' compared to the fluctuating values of shares and commodities.

### The main advantages gained from investing in property are:

#### Capital Growth

Depositing your money in the bank or investing in fixed interest products does not provide you with any capital growth. If you buy property however, you do so expecting that the property will grow in value over time.

#### Rental income

One of the advantages of owning an investment property is that you can start to receive an income almost immediately. Once you have put a tenant into your property, you should receive a couple of weeks' rent in advance upon signing the lease and then regular payments of rent into the future.

#### Degree of control

Without question, one of the main reasons people decide to invest in property is that they have greater control over their asset. For example, if they want to receive a higher rent, they can upgrade the property. If they want to increase the value of their property, they can renovate, landscape or possibly even sub-divide and create new allotments.

#### Lower volatility

People will buy property instead of shares because there is less risk in property. Providing you are willing to forsake potential high returns from investing in shares for a stable return from property then property investment may be right for you. You can sleep well at night knowing that the price of your property is very unlikely to plummet overnight, which can happen to the share market.

#### Tax benefits

**There are several tax benefits available to property investors.**

Any legitimate expense incurred in running your investment property should also be tax deductible. These include travelling to your investment property and any money paid to a property manager to manage your property on your behalf.

Depreciation of the building may also be claimed as a tax deduction. Buying brand new or a relatively new property allows for the greatest amount of depreciation. Claiming building depreciation is a clever way to increase your cash flow.

JAK recommends you should never buy property (or any asset) just for the tax benefits. Getting a tax benefit should be a bonus, not the sole reason for purchasing.

#### Hedge against inflation

It has been shown historically in Australia and all over the world that property increases at a greater rate than inflation. Periods of growth can vary but generally speaking in real terms (without inflation) property growth outstrips increases in inflation. Historically, the median house price in Australia has doubled every eight to ten years.

#### Touch and feel it

When you have a chance to speak to property investors at length, somewhere in the conversation they will state that they like to invest in property because they can see it, touch it, and feel it. For many people, Property is familiar territory. It is easier to become well versed in creating a successful strategy for building a portfolio of investment properties than it is to negotiate the complex and volatile landscape of the sharemarket.

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