

WHAT IS

RENTVESTING?



 **ST TRINITY**



BUY TO LIVE OR BUY TO INVEST

The great Australian dream of owning your own home has shifted. As property prices continue to rise, buying your dream home in your preferred location may no longer be affordable.

Thinking about whether to buy a property to live in, or invest? For many property purchasers this is often the dilemma they face, with many benefits to both. How do you decide on what's best for you?

What if there was another way to get onto the property ladder? One that could work for you, even possibly helping you achieve your home ownership goal as well?

Experience the best of both worlds with Rentvesting!



WHY

THE BEST OF BOTH WORLDS

You're able to purchase a property and rent it out to tenants to cover some, or potentially all, of the costs that come with ownership, while continuing to rent the home where you live, in a suburb you mightn't be able to purchase in otherwise.

In the event your investment property is providing you a passive income,



you could even put that profit towards your personal home rental costs



deposit towards your next investment.



BENEFITS OF RENTVESTING

It is important to take into consideration the pros and cons associated with Rentvesting, in order to decide whether it's right for you. In terms of positives, there are plenty to discuss, such as:

YOU CHOOSE WHERE YOU LIVE



As a Rentvestor, you decide where to live, depending on your lifestyle needs and budget. Perhaps you're closer to work or family, or surrounded by fantastic amenities? Whatever it is, it's entirely up to you!



POTENTIAL TAX ADVANTAGES

If your property is negatively geared, where your rental return is less than your interest repayments and other expenses, any net rental loss you incur may be offset against other income, such as your salary. This in turn reduces your taxable income, in addition to how much tax you have to pay.

LOW MAINTENANCE COST



As a renter, you most likely won't be responsible for any maintenance costs caused by natural wear and tear. For example, if there are issues with a service or appliance, your agent will organise the repair or replacement (depending on your rental conditions).



SMALLER SAVINGS DEPOSIT

Your investment property price is often lower, hence you may require a smaller deposit.

RENTAL INCOME



You can use the passive income from your investment property to pay down the mortgage on the property you're living at, or pay your own home rental costs.



POTENTIAL CAPITAL GAINS

If your investment property increases in value, you can sell it for a profit later on or use the equity for a new investment.



As a landlord, you may also be responsible for the costs and management of repairs to your investment property. This is why landlord insurance is essential. In the event your rental income is less than your ownership costs, you'll need to make up the difference, on top of paying your own rental costs.

At the end of the day, while you're living where you want, someone is paying your property off for you - what better way to own property?



WHERE

LOCATION LOCATION LOCATION



CHOOSING THE RIGHT LOCATION

Popular suburbs, lifestyle hotspots and locations close to main cities or hubs, generally command a higher price tag than other suburban or regional areas that are more affordable.

The gap in price between those areas that are close to work, leisure and the city and those that are on the fringes of the city has steadily increased, often prompting potential buyers to reconsider how they can make the most of a rising property market.

You may potentially spend around the same if you were renting or living in a home you owned. However, you have the potential to live in the suburb you want to live in, while also getting your foot in the property market.

Having someone else pay down your mortgage for you, whilst you continue to build equity in your property for your future, is a very attractive property ownership strategy.



HOW

WHAT TO CONSIDER



WHAT TO CONSIDER BEFORE RENTVESTING

AFFORDABILITY

look to buy in an area that you can easily afford – never stretch your finances

CAPITAL GAINS

Properties that are neutrally or positively geared with higher rental returns may mean lower tax advantages.



GEARING

Properties that are neutrally or positively geared with higher rental returns may mean lower tax advantages.

ATTRACTIVE

Look to invest in areas that are attractive to tenants and in consistent demand

LOW MAINTENANCE

Consider purchasing properties that are well constructed, that needs little to no repairs or maintenance, such as an off-the-plan apartment.



IS RENTVESTING FOR YOU?

Rentvesting works best when there's a noticeable difference between what it costs to buy versus rent in the same suburb. Planning your property decisions ahead of time is critical to making choices that you do not come to regret.



CONCLUSION

START SOMETHING



HOW CAN ST TRINITY HELP YOU ON YOUR RENTVESTING JOURNEY

As different circumstances require different decisions, it is critical you consider what your requirements are, as well as decide on a budget that's right for you. You want to be clear from the outset on your goals and your strategy for the short and long term - and how you're going to achieve them.

If you're looking to purchase your first property as a home or to rentvest, St Trinity is here to help! We are an Australian owned and operated property group, with popular residential developments all across Sydney, Wollongong and the South Coast.

Start Something today and get in touch with our team to see how we can assist you on your property journey!

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SOURCES

<https://www.suncorp.com.au/learn-about/property-investment/what-is-rentvesting-and-is-it-right-for-you.html>

<https://www.realestate.com.au/advice/what-is-rentvesting/>

<https://www.domain.com.au/advice/why-rentvesting-is-more-affordable-than-buying-a-home-to-live-in-and-why-it8217s-not-for-everyone-20180724-h12fiv-753826/>



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