



Module 4:

Property as an Investment

Module 4 identifies the issues that need to be taken into account as you help your client think about their overall investment position.

Investment in property can be a highly successful strategy for wealth creation; however, it needs to be considered in light of the mix of assets contained in your client's investment portfolio. Investors need to understand the relative merits, risks, and possible returns of all different types of investment classes in order to make an informed decision.

Module 4 also covers different property types, land and building use principles and gives you an overview of building and construction types used in Australia.



Content Outline

PROPERTY
INVESTMENT
PROFESSIONALS
OF AUSTRALIA

PIPA

Topic 1 - Property Investment

Topic 2 - Researching, Collecting and
Analysing

Topic 3 - Evaluating Property

Topic 4 - Direct Property Types

Topic 5 - Land Use and Town Planning
Principles

Topic 6 - Building Re-use and Renovations

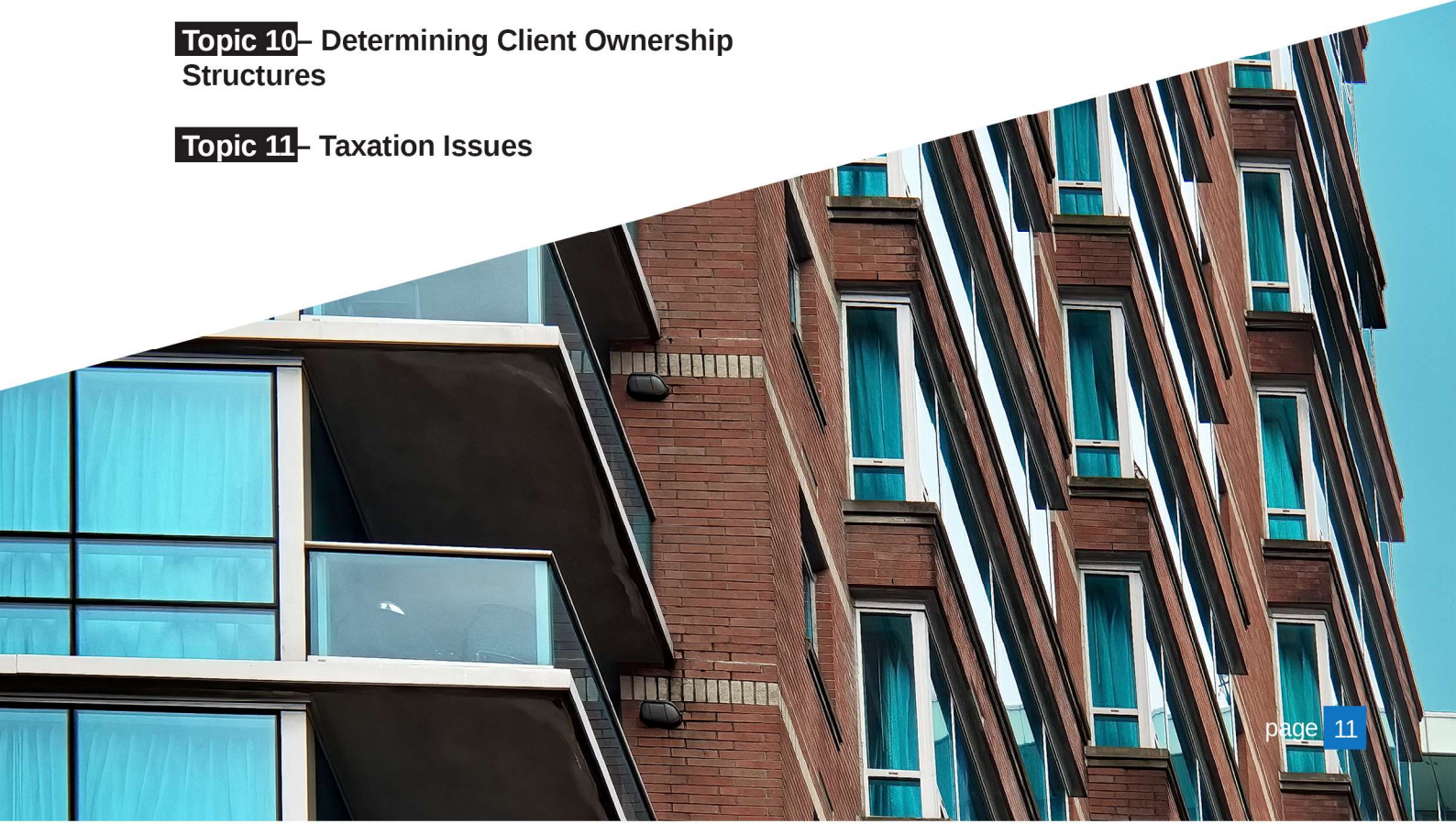
Topic 7 - Construction and Building Regulation
and Implications

Topic 8 - Property Management

Topic 9 - Establishing Ongoing Management

Topic 10 - Determining Client Ownership
Structures


Topic 11 - Taxation Issues



Learning Objectives

- Explain the possible positive benefits associated with investing in property
- Explain the possible negative issues associated with investing in property
- Identify the five reasons that would potentially match property investment as a tool for investors
- Compare five different categories of property and their benefits and downsides
- Explain the different structures available to purchase an investment property
- Discuss the relative merits of property types such as off the plan, commercial, niche, and residential property
- Identify the elements that constitute an appropriate financial plan for a client
- Explain the concepts of risk and return
- List the characteristics that constitute a quality property investment
- Describe the importance of determining the client's financial goals and objectives
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- Describe the importance of determining the client's financial goals and objectives
- Explain the impact of demographics on property investment related decisions
- Describe the difference between gross and net returns on investment
- Discuss the importance of 'ease of management' characteristics
- Analyse potential risk factors
- Describe other features such as location, fixtures, land size, and quality
- List the advantages and disadvantages of investing in residential property
- List the advantages and disadvantages of investing in commercial and industrial property
- List the advantages and disadvantages of investing in rural and special use property
- Describe the differences between local, state, and federal government planning involvement in land use



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- List the relevant building codes necessary for property investors
 - Explain the meaning of the terms caveat, covenant, and easement
 - Describe the trend of renovation of investment property in Australia state by state
 - List the national Top 10 renovation trends
 - Explain the merits of different types of renovation trends
 - Discuss possible impacts of greenhouse emissions in regard to building renovations
 - List statutory requirements for building
 - Describe the common components in a building contract
 - List necessary items to check for in both new and older property regarding the condition of the property
 - Describe the importance of a property pre-purchase inspection
 - Describe the principles of effective property management
 - List common elements contained in property management agreements
 - Discuss appropriate ways to deal with common property maintenance issues
 - Differentiate between urgent and non-urgent repairs and maintenance
 - Compare different types of property management
 - Describe the process of engaging a property manager's services
 - Discuss the state based residential tenancy acts
 - Compare seven different types of client ownership structures and their relative merits
 - Explain the rules associated with a client investing within a self-managed super fund
 - Describe the process for valuing property using both the net present value and discounted cash flow techniques as well as other valuation methodology
 - Describe taxation types which may or may not be currently applicable to property investment such as capital gains tax, stamp duty, land tax, and income tax
 - List income tax deductions applicable to property investors
 - Define the concepts of tax avoidance, tax evasion, and tax planning
 - Explain common taxation issues that property investors encounter in Australia
 - List income tax deductions applicable to property investors
 - Explain capital gains tax (CGT)