

Buying on a shoestring

**4 TIPS**

**1 Invest with a buddy**

If you have a family member or a close friend who is also keen to crack the property market, you may want to consider co-purchasing. Co-ownership can be a powerful way to beat affordability constraints as it can allow you to split both the upfront cost, as well as the ongoing loan obligations. Seek professional advice first and have a legal agreement drawn up.

**2 Consider 'rentvesting'**

With a limited budget, you might want to consider living (renting) where you want to live, and investing in a rental property instead. 'Rentvesting' has become a popular way for young people to beat affordability issues. With this approach, you can still live in a more expensive location, where the cost of renting is less than paying an owner occupier mortgage. Then you can invest in another more affordable location, where you'll get help paying off your loan in the form of rental payments by a tenant.

**3 Know your budget**

If you want to crack the property market, setting and understanding your budget is essential. Your first step needs to be a visit to a mortgage broker to understand your borrowing capacity. Your budget will affect your consideration of factors such as the location and size of the property you can purchase. If you extend yourself beyond what you can afford, you increase the chance of getting into financial difficulty.

#### **4 Seek professional advice**

If buying a home, a buyers agent might be your best bet for cracking into the property market. If an investment property is your goal, then a qualified property investment adviser can help you identify the right property investment strategy, to ensure your first purchase fits within your budget and your ultimate wealth creation goals. It's also worth engaging a mortgage broker who can shop around to find you the best loan option for your needs.

Credit: Ben Kingsley, Property Investment Professionals of Australia