

How to spot a property spruiker

Property is understandably popular with SMSF trustees, but you've got to be careful of who you're dealing with when making a decision that could either make or break your retirement plans.

BEN KINGSLEY, PIPA - Tuesday, 16 February 2016

Property as an investment choice is going through the roof among Australians, including SMSF trustees, attracted to potential capital growth prospects and passive income in retirement, in the form of rent.

It goes without saying that SMSF property investment is unlocking great opportunities for savvy investors. However, unlike other asset classes, it's important to be aware that the property investment advice sector is unregulated. Anyone is free to don a shiny suit and spruik properties for investment

Just as SMSF trustees have been quick to explore the opportunities that SMSF property investment presents, so too have unscrupulous operators, out to make a quick buck at the expense of innocent trustees - a daunting thought.

The good news is property spruikers are easy to spot, if you know what to look for. Here are my top tips for spotting and avoiding a foul player:

Sales pitch doesn't equal education – There are many property companies and real estate agents running so-called 'educational' events targeting SMSFs. The truth is, these events are often little more than a fancy sales spiel. Tell-tale signs include unbelievable discounts and 'cookie-cutter' strategies – anyone who tells you there is only one way to invest in property is not giving you the full story.

Some claim its 'easy' – Don't fall for claims that property investment can be made easy. If property investment was so simple and easy, then surely everyone would be doing it. Neither SMSFs nor property investment are the playground of simple investors. And easy doesn't necessarily mean smart. You're talking about your retirement nest egg here, so avoid being talked into something 'easy'. You want your property investment to be a smart one.



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High pressure selling – This is a common tactic property spruikers use – rushing you into decisions and contracts and saying a property ‘will be gone’ if you don’t act right now! This is all part of a play to cut out your ability to make a well-considered decision. Any decision related to your retirement should only be made based on thorough research, detailed facts and due consideration.

Hidden fees – Dodgy operators are also reluctant to talk about their fees, commissions and any kickbacks they receive. Of course it’s a little hard to look for something that’s hidden, but if you can’t get clear documentation of fees and charges, it’s a good sign you’re not dealing with an ethical operator.

When it comes to SMSF property investment, selecting the right location and the right property is perhaps more important than ever. After all, this is your retirement nest egg on the line.

It is essential that you understand what an SMSF can offer you when investing in property as well as what the limitations are. Even though our industry has plenty of spruikers, there are many genuine professionals who can help you get the edge when investing in property. Seeking out professional property investment advice from someone with formal qualification, or a buyer’s agent who specialises in investment properties, can be a great way to ensure you’re on track towards a successful investment.

If you chose to go it alone, then be sure to do as much research as you can before selecting a property, and remember to select a location and property based on investment merit, rather than any emotional response.

Ben Kingsley, chair, Property Investment Professionals of Australia

http://www.nestegg.com.au/from-the-experts/expert-opinion/9964-how-to-spot-a-property-spruiker-a-warning-for-investors?utm_source=NE&utm_campaign=NE_17_02_2016&utm_medium=email