

Property criteria

CHECKLIST

Before going out and buying an investment property, you need to know what you're looking for. Besides the price and desired rental yield, this could include location, type of property, and making sure the property has everything it needs to be rent-ready.

Use the guide and checklist below to start understanding the criteria for your investment property.



Purchase price

The purchase price is an important piece of the puzzle and influences the remainder of the property criteria.

As part of the pre-assessment, this will be based on your deposit (cash or available equity), monthly cash surplus, and ability to borrow.

Your cash or equity deposit

\$ _____

Based on your pre-assessment or pre-approval, what can you afford to borrow?

\$ _____

Total you can spend:

\$ _____

Capital growth rate

If you have a financial goal you're working towards, you'll want your investment property to grow in value over time at a rate that will help you reach that goal.

To get to my goal, the capital growth rate needs to be:

_____ %

Rental Yield

The rental yield is important as it shows the profitability of the property. The expected rental yield changes depending on the market and location, but often 3.5%+ is good to aim for.

Based on the purchase price, and assuming a rental yield of 3.5%, what could you charge for rent?

\$ _____ p/w

Location

When choosing a location, you want to think about:

- The economic growth of the area
- Council infrastructure like public transport and amenities, schools etc
- Property supply & demand for housing

Your ideal locations

- Auckland
- Wellington
- _____
- _____
- _____

Property Type

There are many property types to choose from, including townhouses, apartments, duplexes and dual income – alongside the more traditional ‘standalone’ home.

When considering a property, you will want to know what kind of title the property has to ensure there are no restrictions and you own the house and land outright.

You should check whether you will be subject to a residents’ association or body corp. These can come with additional fees, and potential restrictions – although they also act to uphold the value of the overall development or apartment building.

Finally, decide whether you’re interested in a turnkey property or land and build. The financials are a little different with each. For a turnkey you’ll pay a deposit to secure the property and then nothing until settlement. With a land and build you’ll pay a deposit, settle on the land, and then have regular payments throughout the building period, which means you start paying interest on any lending before the property can be tenanted. Banks may also factor in higher overrun costs into a land and build.

Select your preferred property type

- Standalone
- Townhouse
- Apartment
- Dual income

What kind of title should the property have

- Fee simple standalone
- Freehold (townhouse)
- Freehold in stratum (apartment)

Can the property be governed by

- A residents’ society/association
- A body corp
- Neither

Should the property be

- Turnkey
- Land and Build

Developer

It makes sense to research the people building your property.

Research their previous work and explore the build guarantees and warranties that they have on offer.

Does the developer

- Have a proven track record
- Offer a 10-year build & material guarantee
- Offer a rental guarantee

Rent Ready

You are going to want the home to be rent-ready at settlement so your tenants can move in right away and start paying the mortgage without you needing to do anything other than giving them the key.

Some properties will come with additional appliances like a washer-drier or even EV charger, but this isn't standard.

Does the house come with

- Landscaping
- Blinds
- Heat pump
- Appliances including oven, cooktop + rangehood and dishwasher
- _____
- _____

