



**Property
Management
Specialists**

The Auckland Property Investor Checklist

8 things you need to consider when buying
your next investment property.



There is only one word to describe the real estate market in Auckland at the moment despite a 3-month long lockdown... HOT!

While we believe it is always a great time to buy if you know what you are doing, based on our experience managing hundreds of properties for Auckland property investors over the last 13 years, too often we see properties that turn out to be the wrong fit for the investor. Sometimes, the wrong buying decision can cost a *lot* of money. However, most of the issues that arise can be prevented with a bit of planning and patience. We've laid out 8 things to look out for and check off before buying your next investment property so you can reduce the risks of potentially making a bad investment.



1. Do a Healthy Home Assessment

Healthy Home standards have been well talked about in recent months, which is why it is important to understand that if you buy a property without having an idea of its Healthy Home status, you might be looking at close to \$10,000 before you can even advertise for rent. Do yourself a favour, do an assessment or ask for the Healthy Home reports from the previous owner before committing to buying the property.

Buy, but be prepared.



2. Ask a lot of questions

Ask both the real estate agent, the seller, or even the neighbours if there is anything a buyer should be aware of with this house, particularly around previous occupants, weather tightness concerns, if it is a modern design or had alterations done since the early 1990s. Write down what you are told. It is amazing what information you will uncover by simply asking.



3. Do a building inspection report

Thoroughly check the house and we recommend that you use a qualified building inspector, and walking through the property for 10 minutes at the open home simply is not enough, even if the property is brand new. You should look at:

- the roof
- plumbing, including water pressure
- electrical wiring
- the piles
- insulation (especially above ceilings where most heat escapes)
- fences, paving and driveways
- evidence of house movement
- Signs of Methamphetamine contamination
- Any alterations that do not appear on the plan.

Check the property for potential signs of leaking, including:

- visible water damage
- cracks in the external cladding
- mould on ceilings and internal walls
- bulging or stained walls and skirtings
- balconies on upper floors without good drainage.

4. Check the property for Methamphetamine

BEFORE you commit to purchase the property, it is in your best interest to check the property for Methamphetamine contamination but more importantly please make sure you have the test report in writing, which can later serve as a baseline test for tenancing purposes.

That simply means, you can prove to the tenants and insurance company that at the time of the purchase, meth was not present hence not a pre-existing issue.



If the test comes back positive or worse, you can use that as leverage to negotiate a better price or simply walk away from the deal. Checking for meth before buying a property in our experience is a must and you simply should NOT skip.

The test result (if negative of course) should be kept on file and serves as a baseline test for future tenancies. Yes, it also means you should test for Meth at every change of tenancy.



5. Do a budget for ongoing cash flow

Can you really afford it long term?

There is nothing worse than purchasing an investment property only to create financial stress you were unprepared for. Work out the realistic outgoings before committing to a long term investment.

Below is a simple formula to help you to work out the cash flow situation after purchasing the property. Your net cash flow position will be A-B and depending on if it is a positive or a negative figure, you need to prepare accordingly.

Income (A)

$\$Rent \times 52 = \$$ _____

Outgoings (B)

- $\$$ _____ Mortgage payment
- $\$$ _____ Insurances including landlord insurance
- $\$$ _____ Land rates
- $\$$ _____ Accounting fees
- 7.5% of rent Property Management Fees
- Min 5% of Rent Repair and Maintenance
- 2 weeks Vacancy
- \$300 Meth Test

Total (A) = _____

Total (B) = _____

Income (A) - Outgoings (B) = _____

6. Do a budget for initial capital outlay

This is to ensure the property can be rented at the highest possible rent to great tenants. There are 3 aspects here to consider:

(1) If the property is not Healthy Homes Standards compliant, this is your first capital outlay. Heating alone can cost up to \$4,000 depending on the heating requirements. We have seen costs range from a few hundred dollars to over \$10,000 for old villas and bungalows.

(2) If you have a limited budget and renovation is not within your consideration, then as a minimum, the property must meet certain standards for it even to be ready for a new tenant. E.g. all chattels are in working order, especially appliances, alarm system, spa, heat pumps, etc; and the property must be in clean and tidy condition both inside and outside.



6. Do a budget for initial capital outlay (continued)

(3) If you are considering doing minor renovations in order to increase the rental return this is a great opportunity to do that. Things to consider that can instantly increase your rent include:

- Kitchen - replacing, covering or painting high usage areas such as cupboard doors, doorknobs, tap fittings and benchtops can be a quick and inexpensive way to freshen the overall appearance.
- Bathroom - add bathroom fans or heating lights to minimise build-up of mould, replace any chipped tiles and missing grouting. Repaint painted areas, if necessary, using mould resistant paint.
- Replace or clean blinds and curtains.
- Paint interior walls where required.
- Add a dishwasher.
- Make it pet-friendly.
- Make it family-friendly.
- Ensure the garden is as low maintenance as possible.
- Add a carport, a parking space, or shade-sail cover area.
- New front door - this can be an inexpensive way to create a good first impression. Keep your eyes peeled for a second-hand bargain
- New mailbox or separate letterboxes for each separate dwelling, if in a block.
- Add security or sensor lights.
- Add security screens on doors and windows.
- Provide a clothesline, either hard standing or retractable.
- Add storage.

7. Get an updated rental appraisal

Quite often the real estate agent would have offered you a rental appraisal which was dated months ago. Rental market in Auckland changes quickly, it is important to get an independent evaluation of how much rent you can receive by getting an updated rental appraisal from your trusted property manager.

[GET A FREE APPRAISAL](#)

8. Talk to professional advisers.

Such as a mortgage broker, lawyer, accountant, financial advisor, and property manager.

We understand it is costly to get advice from professionals, but often **not** getting the proper advice can be much more costly. Buying property under the right entity for tax reasons; structuring loans accordingly to your situation; ensuring that you seek legal advice about any issues that arise in the LIM or property report; and talking to property managers about the true rent level and vacancies; all of these can potentially save you tens of thousands of dollars.



These are the 8 things to protect you and your hard-earned money. We hope you have found this checklist useful.

Good luck hunting for your next investment property. Have fun, and remember, talk to a trusted property manager.

If you are serious about property investing, UNO Property Management experts can help you to maximise the returns on your investments and reduce your risks. Book a FREE Consult with one of our senior team members today to discuss your goals.

[Book a Consult](#)

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