

How do you attain balance?

This month we asked five property experts what they believe is the key to a balanced portfolio.



JANE SLACK-SMITH
YOUR PROPERTY SUCCESS

My grandmother, who lived to the age of 96, believed "all things in moderation". I believe that's also true when it comes to building a sustainable and profitable property portfolio, but there's often confusion over which strategy to choose – capital growth, cash flow positive, flipping or a quick

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cosmetic renovation/buy and hold strategy. A good balance to me is having both – capital growth to grow my wealth and cash flow to help me pay for my portfolio before I sell or pay it down. My strategy gives me three ways to make money: buy below market, creating immediate equity; renovate, pushing up the value and rent; select a property in a high capital growth area. So, a balanced portfolio is one that won't overstretch you but will get you to your goal.



RICHARD WAKELIN
WAKELIN PROPERTY ADVISORY

One word: diversity! You want to make sure you don't have all your eggs in the same basket so look to spread your portfolio across a mix of locations, property type and number of properties. With locations you want to buy in different suburbs but still within the inner suburbs of our eastern seaboard capital cities. It is important to still buy high quality assets in good locations. Don't buy poor assets in locations far from the inner suburbs thinking that's diversity. A mix of houses and apartments spread across town reduces the impact on your wealth and income of, say, a surge of new apartments in one locale. If you have \$1-1.5 million available to spend on property, think about splitting that into two or three different purchases – say a house and an apartment – rather than just buying one prestige property. That way you have the option to sell off one asset if the need arises and still keep the others.



KIM EASTERBROOK
ELITE BUYER AGENTS

It's important to understand what your goals are, how much risk you're prepared to take and to know your financial situation. This differs for everyone, so careful planning is essential. Prior to purchasing, ensure you have the right team around you – a skilled buyers' agent, accountant, solicitor, building inspector and mortgage broker.

“Ensure you have the right team around you.”

It's important to firstly understand how much you can borrow and the legal structure in which you're going to purchase the properties, which then can be passed to a professional who'll assist in planning the portfolio to achieve your goals. Knowledge of property markets in various cities and states will help find the right balance for you, but prior to making the jump, a solid understanding of the pros and cons of capital growth properties and cash flow properties and the art of diversification is critical.



CATE BAKOS
CAKE BAKOS PROPERTY

A financial planner may suggest that the key is diversification among multiple asset classes. As a property investment advisor, my focus on the word "balanced" is mostly on the investor's level of risk and cash flows. Aside from different locations and varying dwelling types, the aspects I prefer to focus on are growth versus rental yield. There's little point in targeting multiple exceptionally strong, capital growth, inner-rings properties if the negative cash flows inhibit the investor from further purchases. Finding a property that'll deliver high growth and high yield is a very difficult task, and often selecting some properties offering a combination of slightly moderated growth and an attractive rental yield can make the difference between a portfolio of two and a more sizeable one. The key is managing the cash flows – for the "now" and into the future, when the investor's life stage could change their household income.



MARGARET LOMAS
DESTINY FINANCIAL SOLUTIONS

The key to a balanced portfolio is to first of all learn more about what is available in terms of investing, and then establish what feels most right for you. Many advisers say that allocating your resources across all asset classes is a good balance, but this may not be the right balance for the individual. In my experience, all investors have different asset classes with which they feel the most comfortable – some like property best, others shares and others still like to keep all their assets in liquid cash. Choosing the one which feels the most right, which also allows for an investment that matches the short-, medium- and long-term financial needs

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of the investor, and then making sure you become as educated as possible about that asset class so you make wise choices, is the best way to have a portfolio that feels comfortable to you and lets you sleep at night.