

Is new or old the best investment?

We ask our five experts whether heading for new-builds or sticking with the traditional is the way to go.



IAN BARR
THE WEALTH CENTRE

Every investment property is chosen on the individual purchaser's situations and plans. In saying this, however, I recommend purchasing new over old every time. Depending on your own personal goals and strategy there are definitely benefits to purchasing new. Depreciation on a new-build property allows you to claim on the total amount of the building, including fixtures and

“I recommend purchasing new over old every time.”

fittings, resulting in significant tax benefits. A new home that has quality construction, a modern design, structural guarantees and warranties, energy efficiency and low maintenance will attract quality tenants resulting in lower vacancy rates and higher rental yields. For a successful investment the new property needs to be in the right location and close to major infrastructure for your tenant to be able to live, work and play.



MARK ROBINS
LMW HEGNEY

As a valuer, simplifying a preference for property based on only one attribute is hard. I'd typically look at each property investment opportunity on its own merit and give consideration to all its attributes. Typically, older homes are sited on larger allotments, the improvements are of more solid construction (such as double brick) and of superior character/appeal (pre-1950s). The floor plans are typically less functional/or disjointed and improvements will require more maintenance. Other factors such as white ants, salt damp and general movement may also be of concern. Newer homes are typically sited on smaller allotments, of inferior construction (brick veneer or hebel), yet have more functional floor plans with open plan living. New homes will require less maintenance and have the benefit of superior depreciation. I'd say old homes are better as you have more opportunity to create equity through renovation or subdivision. Older homes are also typically closer to capital cities.



CATE BAKOS
CATE BAKOS PROPERTY

I'm a firm believer in older properties making better investments. The obvious upside to a newer property are numerous, but the defining downside is the limited "land to asset ratio". A new property offers an enticing finish for a tenant, lower maintenance issues (typically) and the strongest depreciation benefits. However, the limitation is the relative value of the

“An older property will have an optimised land value.”

land component. An investment property features a balance of land plus "improvements". If they equate to a greater share than 50 per cent, the investor can often find the building component is losing value faster than the land is gaining value, hence the property value may decline in early years. An older property will have an optimised land value, and it's land that appreciates. The secret is to find a well-maintained/renovated older property to get the best benefit of age. Depreciation's great, but it pales in comparison to the growth an investor can miss over the long term.



PAUL OSBORNE
SECRET AGENT

Both new and old can provide great investments. The key quality is the scarcity of the asset. This is why old properties get a favourable report from commentators and professionals. They fall into "survivorship bias" in which they've been left standing, as very likely they have something going for them. The challenging thing with new property is that it hasn't been around long enough to become a sought-after style or for its true quality to be known. Old properties can often provide the "antique effect"; a combination of style and building materials that would be too expensive to use today. The solid approach to building, with the nostalgia of the past, are strongly in. However, older places can need substantial upkeep and large-scale renovations. Newer properties require less maintenance and have better efficiency in terms of power, heating and cooling. From an investment point of view, they offer greater tax benefits. Newer properties also usually benefit from stronger yields. Ultimately it depends on the individual investor.



HONOR BORG
C VUE PROPERTY GROUP

I believe newer properties are a far better investment than older properties but it does depend on what every investor is seeking from their purchase. You may want an old house on a large block to develop later on and in that case it would be a far better investment than a brand new apartment. Newer properties may cost more at the beginning but the benefits are far greater. If

“Unless you're seeking to develop a block, I'd stick to newer properties for a hassle-free investment.”

you have a new property you can depreciate items throughout including the building itself. Ongoing maintenance on a newer property is generally far less than an old house on a large block. All in all, unless you're seeking to develop a block, I'd stick to newer properties for a hassle-free investment.