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# To invest, or not to invest

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Astute property investors are arranging their finances to snap up bargain-priced properties, according to McKinley Plowman accountant Nigel Plowman.

Increased inquiries had come from clients ready to "pounce on buying opportunities" since the start of the new year because of lower property prices, reduced interest rates and higher rental returns.

Mr Plowman said while no one was expecting much capital growth in the short term, lower interest rates and higher rents would ensure holding costs were kept to a minimum.

But unemployment fears and an overall lack of consumer confidence could keep some investors on the sidelines, Aspire Financial Group chief executive Craig Turnbull said, warning that "now is not a time to borrow to your maximum".

Finance pre-approval inquiries were also on the rise, McKinley Plowman finance partner Paul Moran said.

He said investors should consider taking advantage of what were the lowest fixed interest rates in six years. Some lenders were offering fixed rates below 6 per cent and now was the ideal time to lock in a rate.

Mr Turnbull countered, saying, "If we get another cut of one per cent (on official interest rates), and banks pass on at least three quarters of that, then the fixed rates offered are going to be lower".

He also said he did not believe there was any possibility of rates going up in the short term and that fixing rates was only useful for long-term investment where investors hedged their bets against increasing rates.

Mr Moran said: "Many people will try to second-guess the market and wait but those who wait too long in trying to guess the bottom of the market may miss out".

However, Mr Turnbull said he believed that investors had up to six months to continue looking for investment properties as excess supply was soaked up, citing more than 17,000 properties were for sale in WA.

Mr Plowman said several of his clients had recently bought heavily discounted investment properties.

One couple had bought a new four-bedroom, two-bathroom home in Ashby for $455,000.

Mr Plowman said the same house might have attracted a $500,000 plus price tag a year ago.

Mr Plowman's calculations showed that the couple would need less than one per cent annual capital growth to break even on the property, based on expected rental income of $450 a week, depreciation benefits on the new building and income tax benefits.

Buyers should seek professional advice to calculate the true cost of holding a property before investing, Mr Plowman said.