GUIDE

Investment Property Guide

A well-structured investment loan protects flexibility, keeps your tax position clean and supports the next purchase — not just this one.

Choosing the right investment

Cashflow, capital growth or a blend of both — decide the strategy before you decide the property. Location, tenant demand, vacancy rates, land content and future infrastructure all matter far more than the fittings on inspection day.

Loan structures for investors

How you structure the loan is as important as the rate. Keep each property standalone where possible so you can sell, refinance or release equity without touching the others.

- Avoid cross-collateralisation between home and investments
- Split loans by purpose so deductible and non-deductible debt stay separate
- Use an offset against non-deductible (home) debt first
- Keep loan accounts clean — no personal spending against them

Interest-only vs principal & interest

Interest-only repayments improve short-term cashflow and preserve deductible debt, which is why many investors use them. Principal and interest builds equity faster and usually attracts a lower rate. The right choice depends on your overall portfolio strategy and tax position.

Using equity to grow

Usable equity is generally 80% of your property's value less what you still owe. A separate equity loan (a split) can fund the deposit and costs on your next purchase, keeping each loan cleanly tied to its purpose.

Tax considerations

Talk to your accountant early. Depreciation schedules, negative or positive gearing, ownership structure (individual, joint, trust or SMSF) and CGT all shape the true after-tax return. Loan structure and lender choice should support — not fight — that plan.

Building a portfolio

- Diversify by location and property type, not just count
- Review the portfolio annually — rates, structure and equity position
- Keep cash buffers per property for vacancies and repairs

- Plan the next lender before the current lender caps out your borrowing

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Ready to talk it through? Book a free, no-obligation consultation with Gemma at www.topsoulfinance.com.au or call 0438 285 413.