IN THE HOT SEAT

API SITS DOWN WITH MIRIAM SANDKUHLER, PROPERTY ADVISER AND DIRECTOR OF MELBOURNE-BASED PROPERTY MAVENS, TO TALK HIGHS AND LOWS IN THE PROPERTY INVESTMENT GAME.

What inspired you to get into property investing?

After leaving home at 17, I wanted to become financially independent ASAP! I received a lot of poor and misleading 'advice' from well-meaning estate agents while building my property portfolio, which led to some costly mistakes! I was young and didn't understand that the agents weren't qualified (or insured) to provide investment advice.

Then, after spending several years working in financial services, I came to understand the importance of having a clear investment strategy and independent advice.

With a passion for investing, I decided to switch from a sellers' to a buyers' agent to help people buy safely, ensuring they made smarter and more profitable decisions. My background in financial services came in handy working with SMSF investors and starting my own buyers' agency has proven to be a perfect career fit for me.

What do you love about investing and what do you loathe?

I love that over time I can watch my portfolio as it grows in value by hundreds of thousands of dollars. By buying investment-grade property only and being patient, the results are very rewarding.

My biggest frustration is the cost of upkeep, but it's a necessary evil to protect the value of my portfolio and attract quality tenants, allowing me to hold my properties over the long-term to generate wealth.

How is your property portfolio at present and what are your long-term plans?

My property portfolio is performing well and this year I'll purchase another property in my SMSF, where I have a 'buy and hold' strategy. Once debt's eliminated, I'll look to cosmetically renovate some of them, but with the view to reaping the rewards once I retire.

What's your general strategy?

General strategies can be dangerous as one size definitely doesn't fit all.

In addition to being a licensed buyers' agent, I'm also an accredited property investment adviser, so I've tailored my own strategy to suit my age, marital status, personal circumstances, income, risk profile, timeframes to retirement and budget.

I ensure my portfolio is diversified to minimise risk, holding a mix of capital growth and cash flow properties, which enables me to service debt and continue buying property. I've also bought property interstate to allow for diversification of markets, which perform based on different economic cycles.

I strongly believe that you only buy the minimum number of properties you need to give you the lifestyle you want, i.e. don't buy seven average properties if all you need is three strong performing properties to achieve the same outcome.

Do you have an exit strategy?

I reassess my strategy each year and modify my stance if there are any changes in my personal situation or the market. Longer term, however, the goal is to have paid down all my debt by retirement and have my portfolio generating ongoing passive income in tax-effective structures that maximise retirement entitlements.

What are some of the more common pitfalls you see clients falling victim to?

The biggest pitfall is thinking free advice is good advice or, worse, taking advice from people with no genuine expertise or formal qualifications to be giving it.

It drives me nuts to see buyers taking investment advice from developers and property spruikers who promote the 'one size fits all' approach via 'educational' seminars.

Investors often don't understand they will be given biased information, because these 'advisers' don't work for the buyer they work for a developer.

I also see buyers getting emotional and overpaying for property. This can be devastating, because banks won't always lend on the contract price, even if a buyer has finance preapproval, which can leave them unable to settle.

What are some simple rules to live by in the property investing game?

- Free advice isn't always good or unbiased.
- Engage experts along the way – they save you from making costly mistakes worth thousands of dollars.
- Ensure you have your finance preapproved before you start searching for property.
- Do your research and due diligence before you buy or sign a contract of sale and remember, buyer beware!

How do you see property markets faring in 2015?

The two big killers of the property market are rising interest rates and high unemployment.

With interest rates looking as though they'll remain relatively low, I think we'll continue to see strong activity from investors and homebuyers with solid equity in 2015.

In some states, unemployment is approaching the level where it can have an impact, particularly on outer suburban property, so that's a factor to watch.