

What's Stopping You Achieving Your Financial Objectives?

A Property Investment Article from Pinnacle

For many of us, investing is like being released in the jungles of Borneo and being told to find our way out. There are so many directions, so many possibilities on offer, and so many perceived risks. More often we opt for that aptly named phenomenon called "dynamic inactivity."

Rather than give a fantastic dictionary explanation of this, let's keep it simple and say that it means we spend a lot of time, energy and effort taking no action.

Therefore, this article focuses on some of the reasons why we take no action, and then why we don't profit from the returns that others have or are already enjoying.



What's holding you back?

For Those Who Haven't Invested in Property Yet

Fear is often an obstacle for first-time property investors. We all have to start somewhere, and when it comes to property the same principles that apply to investing in capital markets and mutual funds come into play.

The solution is to place the majority of your investment into a core portfolio strategy. As an early entrant to the property investing game, you should aim for primary markets such as London, Australia, Hong Kong or the US. These markets have good legal frameworks, availability of lending, a demonstrable demand for rentals and a secondary market with properties regularly bought and sold.

Avoid secondary markets such as Thailand and Vietnam, which are often advertised as exotic and very low price but offering phenomenal growth. New property investors should avoid this until they have amassed some capital that they could afford to lose, as these emerging markets are not for the faint hearted - even if the adverts attract you.

To combat your fear of the unknown, you'll need someone to assist with the whole process. Spend some time with a good property investment company to outline what you would like to achieve over a period of time, what you are concerned with and what success for you will look like.

The strong advisers in this area will be very punctual in advising you what you need to do, and when you need to do it. They'll be able to assist you through the reservation and conveyancing processes, sort out your lending requirements, and help you obtain finance. Nearer to completion a good company will arrange furniture if your place needs it, and they'll assist you in getting tenants. So for the less experienced, what's stopping you from exploring this opportunity?

For Experienced and Successful Property Investors

You've done it, been there and gotten the T-Shirt. Congratulations - and well done - for being in property. You'd be very surprised to hear just how many successful people in work, life and investing in general have either not bought their own house or do not own property.

But here, we're not talking about you. With your market knowledge, you should be picking the phone up to the property company now, particularly in view of what's happening with currencies, capital market gyrations and the massive losses seen across these markets over the recent few years. Property never has a zero value - something those who invested millions in Lehman Mini Bonds would have loved to hear, but alas - hindsight is a powerful thing.

Back to those who own, one, two maybe a dozen properties...Here the investment arena in property changes as most clients do not want to spend all weekend trailing through tenancy contracts, speaking to tenants who need a new light bulb, and so on.

Thus, you need to be looking for a partner who can assist in managing your portfolio. You may want to work with a company that gives you access to online information about valuations to let you know how much you've made, as well as tenancy agreements, status of tenants, who the mortgage is with and its terms. Most importantly, this service should instantly prompt you when you need to take action, or notify you or when action has been taken on your behalf.

That's the administration support fixed, but what about more investing?

Start building your property portfolio now:

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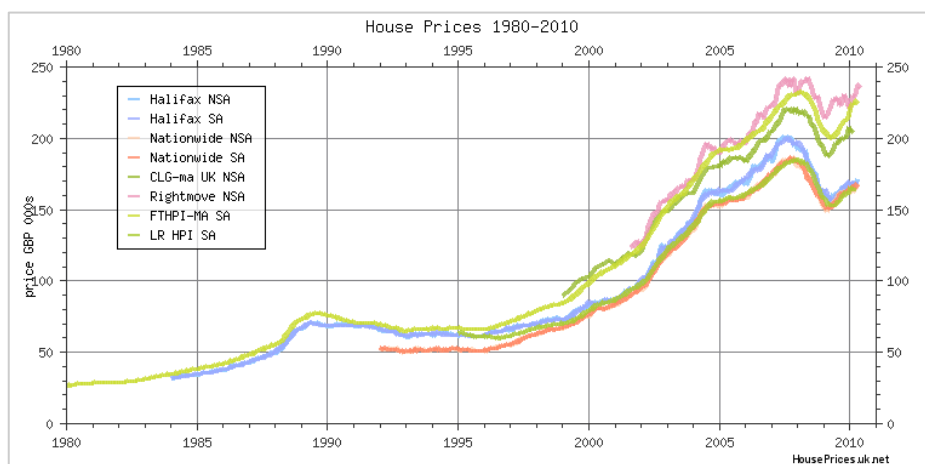
The experienced investor looks to add alpha to the returns. Alpha is the ability to get extra returns.

This is done by investing into developing markets. Having taken care of the core investments, it's time to look to broader opportunities. These are the exotic ones, the more risky ones - but as always, with a greater degree of risk comes potential for better reward. You'll rest safe in the knowledge that if it does go pear-shaped, you don't wipe your whole portfolio out.

Take a look at niche plays in primary markets. Consider investing in to development opportunities, whereby as an investor you can assist in land purchase, partner with a reputable property development company to develop the site, sell the resulting assets and participate in profits. Sounds very simple, which it is. This strategy does away with stamp duty, much form filling, mortgages - and above all, aims to achieve alpha returns.

Waiting for Markets to Fall Again

Are you waiting for the market conditions to be "just right," or fall a bit more? Don't think you should be! As you can see by looking at London property market statistics from 8 different organizations, things are on the rise again in London.



Yes, a correction has taken place since 2007 - and if you'd bought in 2007 and sold in 2009 you'd be looking a bit sick. But who was doing that? Those that had to sell. Not those who are buying and holding for the sort of time when returns get good, e.g. 7 - 10 years minimum.

We recall people espousing more pain after the 1987 crash, but have a look at what's happened after that. If you'd sold that one in 2007, what a winner that would have been!

The same people were saying the same thing after the Asian financial crisis in 1997, and the market has still gone up.

Let's understand the math; there is some correlation between the fact that over 10 year cycles we go from low to high, experience a correction, and then start again. It looks like we're at that stage again, so if you can buy it, manage it, hold for 7 - 10 years and make a good return, then why wait for another big drop?

As the saying goes, "If the Robins are singing, then spring is over..."

Fear of Failing

"People don't plan to fail - they fail to plan."

So here's the solution.

Step 1 - Read all of the above again.

Step 2 - Realize there is nothing to be afraid of.

Step 3 - Commit to action.

Step 4 - Pick up the phone - whichever category you fall into - and arrange to come on over for a chat...

Couldn't be any easier!

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