So, you've got your own home and you're starting to look at buying an investment property. Hi, I'm James and I'm from The Property Education Company and today, we're going to talk about investment properties and some strategies you can do to maximise your returns.

What I really want to talk about is using equity from an existing property to then purchase a new investment. We can talk about negative gearing as well and what I also want to discuss is interest only loans, particularly on investment loans. So, let's get into it.

First, let's talk about using equity as a deposit for your new investment. So, how we work out equity is we use the value of your property minus what you have left on your current mortgage to figure out what we can borrow to use as your deposit. Once we have that deposit, we now have an additional loan that is entirely for your new investment, which can save you having to spend all that time again trying to save up money to use as a deposit on a new loan.

This strategy can be immensely beneficial because we can use your current value of your property to help towards new investments. Now, we also have to make sure you're in a strong financial situation, which is why talking to a mortgage broker is a great idea.

So, let's discuss negative gearing. Negative gearing occurs when the owning and management of an investment oversees the income that it actually generates.

Now, as much as this does sound like a big deal, it can actually be a very big tax benefit for a lot of our clients. So when negative gearing occurs, the loss on that income from the investment loan can actually use to benefit your personal tax bill.

Now, this can be really great in the short term when it comes to your own tax benefits, but also can help in the long term when it comes to your capital growth of your investment portfolio.

Lastly, let's talk about interest only loans. So, interest only loans can be massively beneficial to a lot of our clients, especially with those with larger investment portfolios and if it suits their needs.

So, an interest-only loan means that we only pay the interest portion of a repayment, over one to five years, depending on what we select that's beneficial for the client, and we don't touch the principal.

The main benefit of interest-only loans is actually it's increased cash flow over the course of the interest only period.

That means you can spend more time with your money investing in other projects. It can be renovations on certain investments or it can be going on a holiday, for example, if you really need to. But it can help cover some of those costs because of the reduced repayments every single month.

So, I hope a lot of this information was helpful. If you do have a lot of questions, If you'd like to discuss it, reach out to anyone in The Property Education Company. We're looking forward to hearing you soon.