



# SMASH PROPERTY

MINI EBOOK

# interest-only, explained.

A strategic guide for property investors — what interest-only really does, when to use it, and when it bites back.

## FIRST THINGS FIRST

# why investors use interest-only to grow.

An interest-only loan means you're only paying the interest for the first few years — usually one to five — not the loan amount itself. Repayments are lower. And when it's used the right way, that's a serious tool for an investor.

**IN PLAIN ENGLISH**

During the interest-only window, your monthly payment doesn't shrink the loan — it just rents the bank's money. The loan balance sits still. Your cash flow gets the breathing room.





## WHY GO INTEREST-ONLY

# five reasons investors lean in.

**01 // CASH FLOW****MORE CASH IN YOUR POCKET**

Lower repayments mean better cash flow — covering rates, insurance and maintenance, taking the stress out of holding, and saving the next deposit. Cash flow is king, especially early on.

**02 // BORROWING****BUILD YOUR PORTFOLIO FASTER**

Banks size your borrowing based on current commitments. Lower repayments can mean more borrowing power (in the right circumstances) — which gets you into the next deal sooner.

**03 // TAX****TAX BENEFITS**

If the property is an investment, the interest is usually tax-deductible. Interest-only = higher deductions = a better outcome at tax time. Speak to your accountant for the specifics.

**04 // CONTROL****STAY IN CONTROL**

You don't have to pay down the loan right away — and that's the point. You decide when to reduce debt: after a renovation, a value uplift, or once rents have ticked up.

**05 // LONG GAME****PLAY THE LONG GAME**

Most investors don't get wealthy by paying off properties — they get wealthy by growing their asset base. Interest-only helps you focus on growth first, consolidate later.

## A FEW THINGS TO KEEP IN MIND

# what do you actually want to achieve?

## SHORT-TERM VS LONG-TERM GOALS

- Eventually the loan flips to principal + interest — plan for that, or refinance to another lender to restart the timer.
- You still need a long-term plan: refinance, sell, pay down, or recycle equity into the next deal.
- It's not about being "cheap" — it's about using your money smartly.

## FINAL WORD

Interest-only loans aren't for everyone. For investors looking to scale smart and fast, they're one of the most powerful tools out there — when used strategically. Setting clear goals is critical: without a destination, any road will take you somewhere — but it might not be where you want to go.

**WANT TO KNOW IF IT SUITS YOUR GAME PLAN?**

Book a free strategy call at [smashpropertyinvesting.com.au](https://smashpropertyinvesting.com.au) and we'll map it against your portfolio, your goals, and your serviceability.

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