



ISSUE

APR – MAY

2022

# THE INVESTOR

## NEGATIVE GEARING

is when you make a financial loss on your investment property.

According to the Australian Taxation Office (ATO), a rental property is negatively geared if the net rental income is less than the cost of owning the property, including expenses and the interest on the loan.

*Why would you want to make a financial loss on your investment property?*

Negative gearing can offer property investors certain tax benefits if the cost of the investments exceeds the income it produces.

Australian taxation laws allow you to deduct your borrowing and maintenance costs for a property from your total income. Therefore the advantage is that the investment loss can be used to reduce the amount of tax on your income earnings.

For example:

Total Taxable Income	\$120,000
Less Investment Loss	\$ 29,000
<u>New Taxable Income</u>	<u>\$ 91,000</u>

The negatively geared property/ies effectively reduce your short-term taxable income and tax payable with a long-term outlook that the property will increase in value to justify the loss of the negatively geared property.

It is important to seek professional advice from your accountant or financial advisor to ensure that you are maximising the returns on your investment/s and minimising your tax payable.

Don't get caught up in the hype of 'negative gearing' as a sole investment concept, as every investor's situation is different.



## HOW TO ATTRACT TENANTS 10 THINGS TENANTS WANT IN A PROPERTY

Do you ever ask yourself, "What do tenants want"? While this may seem a big question (with varying answers), we can share that we have taken the time to review online data from website rental portals and search terms to determine the top 10 things that investors should be focused on to attract quality tenants.

# 1 – A pet-friendly property

# 2 – A furnished property (Tip: Consider adding this as an optional extra on your rental advertising/marketing and hire a rental property furniture package that will increase your tenant interest and value add to your return on investment (ROI))

#3 – Air-conditioned properties and heating

#4 – Swimming pool

#5 – Parking, a garage, carport, or parking space

#6 – Outdoor entertainment space

#7 – Stylish features such as floorboards increased by +129%

#8 – Modern conveniences such as dishwasher, dryer, washing machine

#9 – Safety and security

#10 – Storage

You may not be able to deliver everything that a tenant wants, but it is good to consider their needs when trying to rent your property.

## 5 WAYS TO INCREASE YOUR SALE PRICE

There is a common saying that “*There is no second chance for a first impression*”. If you are considering selling a property, presentation is everything, but that does not have to equate to spending lots of money or undertaking significant renovations.

#1 Engage professional cleaners to ensure that the property is spotless from top to bottom. Regardless of how old a property is, it will make a world of difference to the buyer walking through and inspecting the property if it is clean.

#2 Painting the walls can be one of the most powerful ways to enhance the property's value and visual first impressions. From the moment a buyer walks into the property, it gives an overall fresh feeling.

#3 Declutter the property and make sure it is not overly busy with furniture, decorations, ornaments, books, personal photos, and other items to create an illusion of spaciousness. You want the buyer to be able to picture their belongings in the property.

#4 Engage a professional to stage the property with furniture, decorations, and artwork to showcase the best presentation of the property. Staging helps attract a broad range of buyers and can generate a 10-fold return. Experts say that if it costs \$4,000 to stage a property, you should be getting \$40,000 in return.

#5 Don't forget the outside curb appeal. Sometimes we can focus so much on the inside that we forget about the outside. Invest in landscaping, clear pathways, pressure clean the outside areas, weed the gardens, and even consider painting the front door.

## HOW MUCH DOES IT COST TO BUILD?

With the recent floods and perpetual natural disasters that can occur at any time, it is important to make sure that your property/ies are adequately insured.

So how much should you insure your property for, or how much would it cost to rebuild a property? According to the latest Australian Bureau of Statistics (ABS) data, the 'average' cost is just over \$320,000. However, the reality is dependent on many factors such as location, property size, finishes and current labour costs.

Based on actual figures used by builders, the cost to build a house in Australia can range from \$1,300 per sqm to \$3,900+ per sqm. The ABS approval data states that the *average* dwelling size in Australia is 229.8sqm, which calculates the cost of the build to be \$298,740 - \$896,220++, depending on the level of finishes, materials, and labour costs.

Once you can determine the size of your property/ies, it is easy to estimate the cost to build a property, excluding the land value component.

## THE RIPPLE EFFECT... THE NEXT BEST THING

If you cannot afford to buy into a high growth area (because you have just missed the mark this time around), you might still be able to buy into the area by checking the surrounding suburbs.

This will require timing, so you need to know which phase of the cycle the local property market is in to maximise your chances of riding the wave of growth known as the '*Ripple Effect*'.

### TOP TIPS FOR FINDING AREAS BEFORE THE RIPPLE OF GROWTH HITS:

- Measure property values by comparing the median prices of adjoining suburbs.
- If there is more than a 5% variation, chances are the suburb next door will be playing catch-up and potentially be the next hot spot.
- Closely monitor median price trends every quarter. Once you are sure the cycle has kicked off, look for properties within your budget that are as close to the growth area as possible.
- Subscribe to property alerts through real estate portals for properties coming on to the market within these areas, so you are one of the first to know.

You should not act solely based on the material contained in this newsletter. The information and statements herein are general comments only and do not constitute or convey advice per se. Seek independent professional advice before making any decision or acting.

## PROPERTY MARKET

Keeping you updated.

### RENTED

3 bedroom home in Southport with ensuite and lock up garage  
\$600 per week

## PM NEWS UPDATE

We have a large residential block of land with old home coming onto the market this month for \$1million.



## SUDOKU COFFEE BREAK

Every row & column, and 3X3 box, must contain the numbers from 1-9

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