

R&W

Mortdale/Penshurst 9570 2777



**PROPERTY
INVESTOR**

NEWSLETTER

FEB – MAR
2017

This newsletter has been written to keep you updated on what is happening within the industry and our real estate agency

WHY DO RENTS FLUCTUATE?

If the rent for every property we owned covered the mortgage payment, we would probably be far more relaxed. But for the majority of investors this is generally not the reality. More investors than not, are relying on the weekly rent to meet payments and expenses and we understand the importance of achieving the highest possible rent.

The achievable rent on a property is no different to the sale of a property. It is determined by the condition or presentation of the property, inclusions, location and more importantly, the supply and demand of tenants at the time.

When determining the rent of a property we must take into consideration the properties on the market at the time. If the property becomes available during a period of time where there is low tenant demand and a high number of vacant properties the rent achievable can go down.

It is for this reason that it is important to know the market conditions and ensure that your investment property stands out over all others when trying to secure a tenant.

THE CONCEPT OF REASONABLE IT CAN BE DIFFERENT EVERY TIME

Managing a property and the tenant is fairly straight-forward at the commencement when it comes to entering into a tenancy agreement. You outline the tenant/s, rent, term and bond details. The information is clear with no requirement for interpretation.

However, as we know there is much more to managing a property than paperwork. There are countless scenarios that can arise that require interpreting the legislation or what we call the 'grey areas'.

The concept of reasonable is one that many landlords (including us as the managing agent) often need to take into consideration when making a decision or taking action.

Legislation can state that you must provide reasonable security for the premises; or you must give reasonable notice to enter the property; or the property must be kept in a reasonably clean and tidy condition.

So what is reasonable? It actually depends... Reasonable is what the average citizen of sound mind would think, do, or expect in that situation.

If we talk about 'reasonable' notice for a sale or rental inspection for instance, many would think of 24 hours. But would 24 hours be reasonable for a night shift worker versus someone who is retired and staying at home?

A property to be kept in a reasonably clean and tidy condition is not required to pass the 'white glove' standard of cleanliness at a routine property inspection.

Understanding the concept of reasonable is very important in times of dispute. If a dispute does arise, take a moment to look at the situation from all aspects. Put yourself in the other person's shoes. If you cannot come to a resolution and the matter is taken to the Tribunal Courts you may find the ruling outcome unreasonable.

As property managers, we strive to achieve the best outcomes possible within the provisions of the Act.

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We are focused on maximising your rental income and optimising your capital growth

1. Not claiming enough

As an investor it is important to be thorough with your returns. Items such as smoke alarms, security systems, swimming pools and even garbage bins are often overlooked, but hold valuable tax savings. Fixtures and fittings with a depreciable value less than \$300 can be immediately claimed in the first financial year. A garbage bin valued at \$250 and smoke alarms valued at \$145 are just two examples of items, which are eligible and can generate immediate tax savings.

2. Believing your property is too old

The age of a property does not necessarily rule out all deductions. In order to claim the capital works allowance for structural elements of a rental property such as walls, floors and ceilings, your property must have been constructed after 1987. However, owners of older properties can still claim deductions for renovations carried out after the relevant date, even if these were completed by a previous owner. Plant and equipment assets within the property such as carpets, hot water systems, blinds and stoves are also eligible deductions.

3. Missing deductions after renovations

Items that are scrapped and replaced during renovations can be eligible for deductions. Ideally, a property should be assessed before renovating to determine the value for scrapped assets, such as tiles or appliances like dishwashers and refrigerators, then after renovating to account for new additions.

4. Believing that once a return is gone, it should be forgotten

Just because an investment was purchased some time ago, or you have already lodged your return and not included something deductible on it, does not mean you have to miss out. The ATO allows two previous tax returns to be adjusted so investors would be wise to examine whether they have missed anything and if so, speak to their relevant adviser to have their tax return amended.

5. DIY deductions

Investors are always seeking to maximise their profit on their property portfolio, but as in other areas this doesn't mean doing your own taxes is the best path to take. Not only is using a professional tax deductible, you're also more likely to get a bigger return than you would doing your taxes alone.

BMT Tax Depreciation

NEWS Update

Carol Zhang
R&W Mortdale/Penshurst

Welcome our latest team member
- Carol Zhang.

Carol will be working alongside Sandy Howe as a Property Manager. She comes to us with over seven years of property management experience.

Feel free to call Carol and welcome her on 9570 2777.



TALK TO THE PROPERTY EXPERTS

BUYING, SELLING & PROPERTY MANAGEMENT

Call us if you are thinking about
buying or selling or know of
someone that is

PROPERTIES RECENTLY RENTED

Keeping you updated on the
local rental market

HOUSES

34 Mundakal Ave, Kirrawee
7 Kerrie Cr, Peakhurst
24 Renway Avenue, Lugarno

UNITS

14/9 Pitt Street, Mortdale
2/19 Pitt Street, Mortdale
3/4-6 Lawrence Street, Peakhurst
6/4-6 Lawrence St, Peakhurst
11/66-68 Lawrence St, Peakhurst
1/3-7 Gover Street, Peakhurst
814/2B Defries Avenue, Zetland

TOWNHOUSES/DUPLEXES

18b Roberts Avenue, Mortdale
16 Farm Road, Lidcombe

PROPERTIES RECENTLY SOLD

Keeping you updated on the
local sales market

5 Baumans Rd, Riverwood
43 Trafalgar St, Peakhurst
13/1-3 Hugh Ave, Peakhurst
7/39-41 Trafalgar St, Peakhurst
10/39-41 Trafalgar St, Peakhurst
13/39-41 Trafalgar St, Peakhurst
1/6-8 Peake Pde, Peakhurst
10/6-8 Peake Pde, Peakhurst