

Property Management News

JUNE 2020

HOW TO OPTIMISE RENTAL RETURNS DURING A CRISIS

When faced with uncertainty, especially in an environment such as that created by Covid-19, it's understandable for investors to worry about their returns. So, whether you are a serious property investor or you've just purchased your first investment property in the last few weeks, there are a couple of things to consider as you optimise your rental returns on your investment property during a crisis like this.

Check Your Landlord Insurance

Landlord insurance is something you rarely claim, but you always want to have protecting your investment property. In times of crisis, you must check your landlord insurance. Collect information on how you're currently protected and what you're covered for.

You also want to reach out to your landlord insurance provider to find out what action you are expected to take, if you are in a position where you need to make a claim. Follow the instruction you're given by your insurance company to ensure that you're able to make that claim quickly and easily, if required.

Understand Your Tenants

If you're approached by your tenants to request a rent reduction, take a moment to understand their position. It's important to acknowledge that

your tenants are responding from a place of fear, especially if their income is being impacted by the crisis. However, this doesn't mean that you automatically have to give this rent reduction. Speak with your property manager and landlord insurance company to obtain professional advice on how to respond to this request and act logically and respectfully.

Speak With Your Bank

If you're financially impacted by this crisis, speak with your bank about any mortgage relief that might be available to you, in your circumstances.

During a crisis like this, banks are being bombarded with calls, emails and in-person requests, so wait-times are going to be much longer than usual so please be patient.

Keep Leasing Your Property

If your property has become vacant during this time, speak with your property manager to obtain professional advice on how to secure a tenant in this market. Your property manager will likely be following recommendations from their local Real Estate Institute and governing bodies on

best practices for showing tenants through your property and optimising your rental returns during a crisis.

In a time of crisis, remain fact-based and focused on solutions for your investment. Follow local government recommendations and stay in contact with your property manager to preserve the best outcomes for your investment property.



IF YOU'RE FINANCIALLY IMPACTED BY THE CRISIS, SPEAK WITH YOUR BANK

We are excited to inform you that commencing Saturday 9 May 2020 the government has lifted the restrictions in relation to vacant property opens for rentals and sales, however certain covid-19 distancing are still required.

This will allow more traffic of interested parties to inspect open homes. However the market rentals and sales are still effected due to Covid-19.



Hendra Wijaya
Principal

RECENT RENTALS

84/116 Maroubra Rd, Maroubra
2 beds 2 baths 1 parking \$650 pw
407/1 Bruce Bennetts Pl, Maroubra
2 beds 2 baths 1 parking \$600 pw
21/274 Anzac Parade, Kensington
1 bed 1 bath 1 parking \$370 pw

RECENT SALES



39/79-87 Boyce Rd, Maroubra
2 Bedrooms, 2 Bathrooms, 1 Parking
PROUDLY SOLD for \$970,000.00



119/116-132 Maroubra Rd, Maroubra
2 Bedrooms, 2 Bathrooms, 1 Parking
PROUDLY SOLD for \$980,000.00



Detach yourself from your investment property

Property investment has come a long way from the days when a landlord managed his own property, door knocked for cash rent and did his own repairs.

The key to successful property investment is to treat it as a business. This means emotionally detaching yourself from the property.

This may mean ensuring you do not form a talking relationship or friendship with your tenant. Leave this up to your Property Manager. You never want a tenant using 'but the landlord said' against your Property Manager. If legal steps need to be taken due to rent arrears, you won't be burdened emotionally by the tenant's circumstances.

If you used to live in the property that you now call an investment, then realise that a tenant is never going to look after the property the same way as you would.

The professional property investor treats it like a business and leaves the hard work to their Property Manager. At the end of the day, you're purchasing 'peace of mind' by hiring your Property Manager, so enjoy it!



A QUALIFIED QUANTITY SURVEYOR WILL MAXIMISE THE TAX DEDUCTIONS FOR YOU



WANT MORE MONEY IN YOUR POCKET? DEPRECIATION IS THE KEY.

With the end of financial year just around the corner, now is the time to re-visit the tax advantages of owning an investment property. This includes arranging to have a tax depreciation schedule completed on your investment property.

Why is it important to have a tax depreciation schedule completed?

The preparation of a tax depreciation schedule by a qualified quantity surveyor will maximise the tax deductions available to you. Most importantly, your property does not have to be new to gain the benefits that a tax depreciation schedule can give you.

Understand what you are entitled to

Over time, items in your property begin to wear out and depreciate in value. The ATO allows property investors to claim tax back for depreciation through wear and tear. The same is true for the structure of the building. Like a property's interior, buildings also wear out over time. The loss you are entitled to claim for this is called 'building write off'.

Many plant and equipment items within an investment property may be depreciated over their effective lives. Such items include:

- Hot water systems and smoke alarms
- Floor coverings, blinds and curtains
- Ovens, cook tops and range hoods
- Light fittings, ceiling fans and air conditioners, and
- Clothes dryers and dishwashers.

There are many other property-related expenses that you may be entitled to claim in addition to depreciation. Such deductible expenses include interest, accounting fees, repairs and maintenance costs, borrowing costs, management fees, legal and accounting fees, insurance, mortgage insurance, rates and capital deductions.

We can recommend a tax depreciation specialist to help you maximise the tax depreciation deductions available to you. Call us and we'll be more than happy to help. Even the preparation of the report is tax deductible! Most importantly, the schedule will assist your accountant in the timely processing of your income tax return, meaning more money in your pocket sooner.