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# THE INVESTOR

## INVESTOR MYTHS

- Higher rent always = higher profits – Setting rent too high can lead to longer vacancies and tenant turnover. It is better to price the rent competitively to attract and retain reliable tenants, creating a steady cash flow.
- Negative gearing is the best strategy – While negative gearing can reduce tax liabilities, relying on it alone isn't always wise. Positive cash flow properties can provide steady income and long-term financial stability.
- Once you have a tenant, you can forget about the property – Regular inspections and maintenance are essential to ensure the property remains in good condition and prevent minor issues becoming costly repairs.
- Landlord insurance is optional – Home insurance doesn't cover rental-related risks like tenant damage or rent defaults. However, landlord insurance provides crucial financial protection.
- If you own property, banks will always lend you more money – Lenders assess income, debt, and market conditions before approving loans. Simply owning a property does not guarantee access to more finance.
- Buying the cheapest property is the best investment – Location, tenant demand, and potential for capital growth are far more important than just buying cheap.
- If you renovate, you can charge significantly more rent – Upgrades can justify a rent increase, however, there's a limit to what tenants will pay.
- Real estate is a set-and-forget investment – To be successful requires ongoing strategising, proactive planning, research, and regular market reviews.



## BE ONE STEP AHEAD

### END OF FINANCIAL YEAR IS FAST APPROACHING

As the end of the financial year (EOFY) fast approaches, property investors have a valuable opportunity to maximise tax benefits and set themselves up for financial success. Strategic planning now can be the difference between a well-optimised tax return and missed opportunities.

One smartest move an investor can make before June 30 is to address property maintenance. Many expenses related to repairs and the upkeep of an investment property can be claimed as immediate deductions, reducing taxable income for the current financial year. However, not acting in a timely manner can impact investors as demand for tradespeople surges leading up to the EOFY. A shortage of available professionals can lead to delays, potentially pushing claimable expenses into the next financial year, resulting in missing out on timely deductions.

Beyond maintenance, the EOFY is the perfect time to review depreciation schedules. Many investors are unaware that wear and tear on their investment properties can be claimed over time, significantly reducing taxable income. If a depreciation schedule has not been updated recently, consulting a quantity surveyor can help ensure every eligible deduction is claimed.

Additionally, reviewing loan structures and interest payments before June 30 is crucial. Investors may consider making extra repayments on deductible loans to maximise interest deductions or refinancing to a more tax-efficient set-up. With interest rates fluctuating, EOFY presents an opportunity to reassess financing strategies that align with long-term investment goals.

A proactive approach to tax planning can also include prepaying expenses, such as insurance, rates, or professional fees, if you need to reduce your taxable income.

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## BE ONE STEP AHEAD... CONTINUED

Those with negatively geared properties may benefit from strategies that offset rental losses against other income, effectively lowering their overall tax burden. We strongly advise consulting with an accountant or tax advisor before lodging returns to ensure compliance with Australian Taxation Office (ATO) rules.

Property investors can take full advantage of available deductions by planning early, addressing maintenance needs promptly, and reviewing tax strategies while avoiding last-minute stress.

If you want to claim taxable deductions in this financial year, now is the time to act.

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## TOP FIVE PROPERTY UPGRADES

For property investors, small but smart upgrades can make a big difference in attracting quality tenants.

While major renovations can be costly, several affordable improvements can instantly enhance a property's appeal and potentially justify a fair market rent increase if smart choices are made.

Following are our top five property upgrades:

### 1. Fresh paint for a modern look

A simple coat of paint can transform a property, making it feel clean, fresh, and inviting. Neutral colours work best as they appeal to a broader range of tenants, making spaces look brighter and more spacious. Touching up walls, skirting boards, and even the front door can create a great first impression.

### 2. Upgrade fixtures and lighting

Old, outdated fixtures can make a property feel tired. Swapping out old tapware, cabinet handles, and light switches for modern alternatives is a quick and inexpensive way to add value. Good lighting is also essential. LED downlights or stylish pendant lights in living areas can create a more attractive and energy-efficient home.

### 3. Air conditioning and heating

Climate control is a must-have for tenants, especially in areas with extreme temperatures. Installing a split-system air conditioner can significantly increase tenant demand. If the property already has air conditioning, servicing the unit before re-letting can assist with long-term preservation.

### 4. Kitchen and bathroom refresh

A full renovation isn't always necessary, but simple updates to kitchens and bathrooms can make a huge impact. Replacing benchtops, updating splashbacks, or installing new cupboard doors can modernise a kitchen without breaking the budget. In bathrooms, swapping old shower screens, regrouting tiles, or adding a new vanity can give a fresh, clean look that tenants love.

### 5. Outdoor appeal and low-maintenance gardens

Outdoor space is a major selling point for tenants, especially in family-friendly areas. A tidy, low-maintenance garden with fresh mulch, easy-care plants, and a well-maintained lawn adds instant appeal. Creating an inviting outdoor area with a deck, patio, or fire pit can significantly boost rental value if space allows.

Investors can increase their property's rental appeal without overspending by focusing on cost-effective upgrades.

A well-maintained, home attracts quality tenants, reduces vacancies, and maximises rental returns, which are all crucial factors in smart property investing.

## Changes to Rental Laws

*Keeping you updated*

On 24<sup>th</sup> October 2024, the NSW Parliament passed major reforms to residential tenancy laws. Some smaller changes have started. Most changes are expected to start in early 2025.

The recent and upcoming changes include:

- **End of a tenancy**, landlord will need a reason to end the lease, evidence must be provided with a termination notice, with penalties payable by landlords who give a reason that is not genuine.
- **Re-letting Property Restrictions after ending a tenancy/terminating a tenant**, an approval from Fair Trading will be required if the landlord wishes to re-let a property after giving termination notice to the tenant.
- **Ending a tenancy: Early exit ability for tenants**. If the tenant in the fixed term lease has been given a termination notice by the landlord, the tenant can leave their agreement early without paying break lease fees using an early exit notice at least 14 days after the notice is given to the landlord. Unless, a termination notice has been provided by the landlord due to breach of the tenancy agreement.
- **Notice periods for fixed term leases**, the amount of notice a tenant must have before their lease ends will increase from 30 days to 60 days if the lease is 6 months or less, or 90 days if the lease is more than 6 months.
- **Rent increases**, only can take effects once every 12 months with required notices.
- **Keeping pet**, it will be easier for tenant to have pets in their home. A tenant will be able to apply to keep a pet, with landlord only able to decline for particular reasons. Landlord will need to respond to a pet request within 21 days, if they do not respond, the pet will be automatically approved. The landlord cannot ask a tenant to increase the bond or the rent to allow the pet in the property.

For more information and guidance on the changes of rental laws, please click here: [new rental laws](#)