



## PROPERTY INVESTOR

# NEWSLETTER

JUN – JUL  
2017

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

### DO YOU OWN ANOTHER INVESTMENT PROPERTY?

Consolidating the management of all your investment properties to the one agent can streamline the communicating, reporting and accounting process.

If you have another investment in our area, please feel welcome to talk about the further advantages with your property manager.

### ARE YOU CONCERNED ABOUT YOUR LAWNS & POOL BEING MAINTAINED

This is a real concern for many landlords. Will the tenant maintain the lawns, gardens and pool (if applicable) to our high standards?

This is one of our management roles that we are constantly focused on to ensure the internal and external of the property is well cared for. However, if you want added peace of mind, you may like to consider including lawn and pool care as an inclusion to the weekly rent and then engage a professional. It can be a win for the busy tenant and they may be more attracted to renting the property and you as the property owner will know that the outside of the property is being looked after.

## THE PROS & CONS OF FURNISHED PROPERTIES

The main reason to consider furnishing an investment property would be to increase the annual income return.

A furnished property can provide these additional returns above the standard rent, as tenants are willing to pay more for the convenience of moving into a furnished property and possibly being able to rent for a shorter-term.

While furnished properties can attract long-term tenants they are more often than not rented to tenants looking for a shorter-term tenancy, such as three months. Less than three months is often considered a holiday rental.

Short-term tenancies, allow owners the flexibility of moving prices with the market at different times of the year.

Furnished properties are the perfect solution for longer-term vacationers, students, expatriates working from overseas on contracts, or people going through a relationship breakdown. Short stays might be the perfect solution for property investors who also want to use the property as a vacation home.

There can be fewer tenants wanting to rent a furnished property. However, there are often less furnished properties, which can increase the demand and rent achievable.

Depreciation is always a good advantage. Other tax advantages may depend on the type of dwelling it is (separate house or an apartment in a managed complex) and your tax advisor will need to advise you on these. Furniture can typically be written off at a reasonably rapid rate or often immediately depending on the purchase price.

Renting a furnished apartment means you're going to have to buy all of the furniture and it will need to be updated from time to time, repaired and cleaned, all of which is an ongoing cost. To reduce replacement costs you could consider providing the furniture only without kitchen utensils appliances and bed linen.

As furnished properties are often considered more short-term rentals, it will result in increased let fees and advertising costs and there could be greater vacancy periods with the higher turnover in tenancies. PTO>

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

# WHAT IS CAPITAL GAINS TAX?

LIKE MOST TAX AND ACCOUNTING RELATED MATTERS, CAPITAL GAINS TAX CAN BE COMPLEX AND DAUNTING FOR SOME

Capital gains tax is tax on the profit made on the sale of any capital item.

Capital gains tax applies in the financial year a capital asset is sold. It is important to note that the date of the actual contract is the purchase or sale date for capital gains purposes, not the settlement date. This becomes relevant for sales made towards the end of the financial year, which settle in the next financial year.

There is no actual rate of capital gains tax. The capital gain is calculated as the difference between the sale price, less associated expenses, such as solicitor fees, agent commission, etc. and the original purchase price, plus associated costs of purchase including stamp duty, solicitor fees, building inspections, etc.

Once you have calculated your actual gain (for assets held by individuals over 12 months) there is a 50% discount resulting in the gain being halved. The discounted gain is then included in the investor's tax return as assessable income, along with their employment income and any other income. The normal marginal rates of tax then apply.

The exception to capital gains tax is in relation to selling a principal place of residence property, where the sale is capital gains tax-free. For homes on land over two hectares, not all of the gain will be exempt. Gifting a property to a family member will generally not exempt you from capital gains tax, except in limited circumstances, such as via a will or on family breakdown. The sale price of a 'gifted' property will be deemed to be the market value at the time of the transfer of the property.

## 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

**9800 0700**

### Properties Recently RENTED

Keeping you updated on the local rental market

#### HOUSES

**Rathgar Road, Lysterfield**

**\$530p/w**

5 Bed, 2 Baths, 3 Toilets, Double Garage

#### UNITS/TOWNHOUSES

**Cornelius Drive, Wantirna South**

**\$350p/w**

3 Bed, 1 Baths, Single Garage

## DO YOU REGULARLY CHECK ALL OF YOUR STATEMENTS?

When was the last time you checked your statements?

There are those that are diligent with their checks, but many are too busy to take the time.

Whether they are automatically generated or the data is entered by a staff member, computer statements/reports can sometimes be wrong.

It is important that you take a few moments during the month to ensure that your statements are accurate and correct.

This not only relates to your end of month rental statement/s, but your bank, superannuation fund and credit card statements as well.

There have been many cases where monies have been incorrectly deducted and have gone undetected.

## TESTIMONIALS – THANK YOU

Re: Darren Hill Real estate

Darren Hill Real estates has been managing several of our properties as rental managers for around 20 years now, and in that time have always provided a hassle free and professional service. The level of communication is appropriate, clear, and prompt, and has dealt with the daily hassle of the property management with little input required from us.

Recently we have also used Darren Hill to sell a property for us and the service was everything that you hope to get from an agent, I believe Darren conducted the marketing and sale of the property with our interest as the vendor being the priority, as it should be. The sale result that Darren achieved was better than that which we could realistically expect and it was done without any unnecessary sales gimmicks. We went into the sale with a clear understanding and at no time did Darren try to get us to reduce our price target. Darren provides complete disclosure of sales leads, feedback and follow up status, so we could clearly understand what the market was saying. I have no hesitation of recommending Darren and will continue to use his services in the future.

Sincerely

Stephen Brocklesby

