KEVIN HODGES real estate

t 8254 3777

Your Rental Manager

STRAIGHT TALK

PROPERTY INVESTOR / OWNER NEWSLETTER **January 2016**

Welcome to 2016!

There is absolutely no doubt in my mind that the older we get the faster time flies! Can you believe we are now 16 years into the new Millennium?

No doubt this will be a year of many changes as politicians and others grapple with the complexities of our modern world. But some things remain constant: We all need somewhere to live; We all need to feed and educate our families; We all need to earn a living; We all need an annual holiday!

Part of our purpose in our business is to help with these needs. Property still remains an excellent way of building resources for the future. Whilst in many areas we have seen prices fall in recent times, net returns are increasing and we enjoy steady demand from tenants looking for accommodation. There are some excellent buys around, particularly in the Northern suburbs of Adelaide where prices have fallen.

So, looking forward to this year I expect much of the same as in 2015. I don't anticipate any large upward movement in prices; interest rates should remain steady; many opportunities will present themselves.

Happy New Year!

What We Have Rented in the Past Month

Once again, we have had a very busy month in December and have leased the following properties:

Elizabeth Downs ………………………………………………………………….. 3BR Semi - $210 per week
Elizabeth Park……………………………………………………………………..3BR House - $285 per week
Munno Para West …………………………………………………………….…. 3BR House - $270 per week
Munno Para West ……………………………………………………….. 2BR Town House - $275 per week
Elizabeth Park ……………………………………………………………………. 3BR House - $280 per week
Reid ……………………………………………………………………………….. 2BR Homette - $240 per week
Kilkenny …………………………………………………………………………. 3BR House - $430 per week

Please contact our office or visit our website at kevinhodges.com.au to find out how we can help you with your investment property.

What you can do to secure the best tenant

Attracting good tenants seems to be a daunting process, however it is not as complicated as you may think - as long as a number of steps are followed.

Firstly, remember that a good first impression is everything so, spending a little time before marketing your property to ensure that it is tidy and well presented puts you well on the path to securing good and responsible tenants who will want to move into your property.
You may have to give your property a facelift at some time during the lifetime of your investment. A refurbished and well-presented property not only attracts good tenants but also gives a greater likelihood of a obtaining a higher rent and reduced vacancy period. In short, a poorly presented property will only attract a tenant of the same calibre.

Property investors need to budget and create a sinking fund to cover expenses that will occur during the lifetime of their property. On average an investment property will need to be updated every 4 to 6 years. Things to budget for over this timeframe include:
- replacement of hot water system
- replacement of white goods such as stove, clothes dryer, dishwasher
- internal and external painting
- replacement of floor coverings and window coverings.

It should be noted that expenses incurred making your property attractive to tenants are also tax deductible.

5 Depreciation Points Every Property Investor Should Know (part 2)

1. What is depreciation?

Depreciation is a non-cash deduction the Australian Taxation Office (ATO) allows the owner or owners of an investment property to claim a deduction due to the wear and tear of a building structure (capital works deduction) and its fixtures (plant and equipment depreciation) over time. Depreciation is described as a non-cash deduction, meaning the investor does not need to spend any money to be able to claim it.

2. No property is too old

An investment property does not need to be new to be able to claim depreciation. Though ATO legislation states that owners cannot claim capital works deductions for any residential property in which construction commenced prior to the 15th of September 1987, there are no date restrictions for a claim for the depreciation of plant and equipment assets contained within the property. On average, 15% of the total construction cost of a residential property is made up of plant and equipment, so it is always worth making an enquiry.
If a property owner has not been claiming depreciation or maximising their deductions, the previous two years tax returns can also be adjusted and amended.

3. Deductions are available for forty years

The ATO has determined that any building eligible to claim the building write-off allowance has a maximum effective life of forty years. Therefore, investors can generally claim up to forty years depreciation on a brand new building, whereas the balance of the forty year period from the construction date is claimable on an older property.

Part 3 coming Feb 2016

Article provided by BMT Tax Depreciation.