

In this edition, we recommend four simple tips that will point you in the right direction when selecting a quality property. We also discuss how important it is to understand your entitlements come tax time, particularly property depreciation deductions, which investors often don't realise they can claim. ~ Mary Cassar

Property News

Selecting the right property

By Greville Pabst, FAPI FRICS
CEO and Director, WBP Property Group

Whether buying as an investor or an owner-occupier, selecting the right property is a tricky business. Here are four top tips to point you in the right direction.

#1 Never speculate

When it comes to buying real estate, don't risk everything on a guess. Base your decision on available facts. The long-term consistent performance history of a suburb and property type is the most reliable indicator of any future outcome.

#2 Observe the trends

When buying a property, become familiar with the types of property and the areas that are most in demand. Identify what kind of buyer is moving into the area. Families? Singles? Couples with no kids? Why are they moving in? Speak to an area specialist about present and likely future trends.

#3 Location, location, location

Location underpins the value of a property.

Recent trends show that people are buying "lifestyle" when choosing their home. Proximity to schools, access to roads and transport, and the local community feel are all factors which contribute to the type of living many people are striving for.

#4 Buy for capital growth

The majority of property wealth is achieved through capital growth. In the long run a property with a high capital growth profile and moderate rental return will outperform properties with initial high rental returns.

Adhering to these simple steps will benefit you in the long-term. They will assist you when deciding between an average property, and a quality real estate property which will outperform the median suburb trends.



Did You Know ...?

Claiming tax deductions

By Bradley Beer,
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Director, BMT Tax Depreciation

It is so important for property investors to claim all the relevant deductions available to them, especially with tax time just around the corner. Unfortunately, depreciation is the most commonly missed deduction because it is a non-cash deduction.

The ATO allows property investors to claim a deduction back at tax time to compensate for the property getting older, and therefore depreciating in value. Our research shows that a high percentage of investors don't claim property depreciation, not realising they can! Every owner of an investment property, new or old, commercial or residential should be claiming their maximum depreciation entitlements.

Specialist depreciation-focused quantity surveyors prepare Capital Allowance and Tax

Depreciation Reports for investors, outlining deductions available per financial year for forty years.

This report essentially shows how much your taxable income will be lowered each year by claiming depreciation. A report can also be prepared to easily recover missed depreciation benefits by amending previous tax returns.

Obtaining a property depreciation report from a specialist quantity surveying firm is important to make sure you are claiming all of the items you are entitled to, and not claiming anything you shouldn't be.



Suburb Profile



The first quarter of the year has seen a further stabilising of the Melbourne property market. Stock levels have consistently increased in 2011. Despite these higher numbers Mordialloc properties are being absorbed and clearance rates are at (60%). Properties are taking longer to sell (45 days) compared to (30 days) for the same time last year. The average median price for a home in Mordialloc was \$777,500 in February 2011, significantly higher than the \$650,000 median price recorded in March 2010 (myrp).

Rents are expected to rise by 3.5% in the next year and this is reflected in the Mordialloc Timber site redevelopment.

Expect to see a tightening of stock levels coming into the winter period. Experts predict a lower than cpi growth of property prices of 0.6% for the year. Interest rates were kept on hold for the fifth consecutive month in April at 4.75% and are expected to stay the same until September.

Contact Us

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Regards,

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