

This newsletter has been designed to keep you updated on what is happening within the industry and our Real Estate Office

### From the desk of the Principal

Hello and welcome to the first issue of our new-look "Property Investor Newsletter".

Over the years we have endeavoured to keep you up-to-date with current and relevant issues of interest as well as keeping you informed of what's going on in the office.

With this new-look newsletter those of you with a few spare minutes can sit and have a browse while those whose time is precious can still check out the relevant updates quickly by checking the brief summary of what's "In this Issue".

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### Something Interesting...

For those of you who haven't seen it already go to [maps.google.com](http://maps.google.com)

Type in the street address of your property and click "Search maps".

In the bubble at the location on the map click "[Street View](#)" or just zoom all the way in.

## How to Increase Your Rental Yield...

The purpose of investing in property is to "make money" and provide "financial security", which can be in the short term or long term.

Investors will often have different objectives as to how and when they make their money. Some investors specifically want to make a loss on the property (negative gear) in the short term, to off-set their taxable income, and are then relying on long-term capital growth gains.



If you do want to increase the value of your investment, it is important to understand how to achieve this and then take every possible step to focus on increasing your rental yield.

The outcome of increasing your rental yield will make property investing more enjoyable, less stressful and assist in making the

property more attractive to future potential buyers looking for an investment.

Some simple yet often neglected methods of increasing your rental yield include:

1. Raising the rent
2. Increasing the occupancy rate or reducing vacancies
3. Minimising your expenses
4. Maximising your deductible expenses

In this article we will explore ways of achieving these goals.

The good news is that we have seen great rental increases across Australia, and predictions are that this will continue in most geographical areas. Rental increases should be considered just prior to the existing lease expiring. It is recommended to increase the rent at least once a year (market permitting) so that the tenant becomes accustomed to the increases and does not receive a considerable increase unexpected after 3 or 4 years. Please feel welcome to discuss rental increases with your property manager. *Continued Over...*

**IMPORTANT:** This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. The newsletter is issued as a helpful guide to clients and is for their private information. Every effort is made to ensure the contents are accurate at the time of publication. We take no responsibility for any subsequent action that may arise from the use of this newsletter. Published by THE PPM GROUP - [www.ppmssystem.com](http://www.ppmssystem.com)

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- Properties Recently Rented



Take advantage of vacancy periods during tenant change-overs. Utilise this time to mulch garden beds, replace old plants with more suitable plants (most local councils offer ratepayers free vouchers for plants), paint internal walls and ensure that the window coverings and carpets are in a well-presented condition.

Maintaining the property in a first-class condition will attract quality tenants and ensure that you are receiving the highest possible rent.

Adding air-conditioning or a dishwasher may allow your property to rent for an additional \$10-\$25 + per week, or perhaps your existing tenant would like these property additions (which are a tax deduction) in exchange for a modest rental increase.

An alternate strategy to increase your rental yield (which is the opposite to regular rent increases) is to ensure that your weekly rent is competitive, or even contemplate having the rent priced just below the market to attract and keep quality long-term tenants, reducing vacancy periods (lost rent) and the wear and tear on the property that comes with high tenancy turnovers.

*Remember, a gain in rent may easily be lost by a few weeks of vacancy.*

The Tax Office admits that 52% of investors do not claim what they are legally entitled to. Don't let that apply to your situation. Many investment property owners do not claim depreciation. Why? Often it is simply because they don't know about it.

To claim depreciation, you need a Tax Depreciation Schedule put together by a quantity surveyor who specialises in tax work. A Tax Depreciation Schedule is a report that outlines the depreciation allowances that an investor is entitled to on the property.

There are two types of deductions, Capital Works Deduction and Plant and Equipment Allowances. The Capital Works Deduction applies to the building and any structural improvements. The second deduction is the Plant and Equipment Allowances. Certain items can be depreciated at an accelerated rate, such as carpet, air-conditioning, curtains and appliances.

Contact your accountant or quantity surveyor for assistance.

Our Property Manager will be happy to provide you with a referral.■



## Important Reminder! First Home Buyers Grant Goes Up

*Could you or a family member benefit from a \$21,000 gift to purchase a property?*

As you will be aware, the first home buyers grant has doubled to \$14,000 for existing houses and tripled to \$21,000 for newly built dwellings in Australia.

This government incentive is a great start to assist first home buyers achieve their current uncertain dream of being able to purchase their own property.

We do appreciate that current property investors will not be eligible for this grant. However, have you considered ...

1) utilising the grant for a partner who may not have purchased a first home, or

2) assisting your children to give them a kick start into the property market.

If you require further information on the first home buyers grant, please feel welcome to contact our office and speak with one of our friendly sales team members. ■

## From the desk of the Asset Manager

### Valentine's Day Reminder

If you have a loved one or a secret admirer – you don't want to miss the 14<sup>th</sup> February!

Gift suggestions for the ladies: a card with a personal note or poem, pamper package, jewellery, perfume, balloons, chocolates or flowers.

For the men: book, wallet, tie, cufflinks, boxer shorts, pen or work shirt.

Or you may choose a romantic night out for two!



### Inspirational Note

*"Everything that comes your way is a gift. Don't lose sight of the rewards available every step of the way."*