

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 Asset Manager

Do you have adequate Public Liability Cover?

Public Liability Insurance offers the insurer protection from people claiming compensation in the event of an accident or loss in or around your home.

If your tenant or a tenant's visitor were to lodge a compensation claim, then your Public Liability Insurance policy will assist you with the payment of compensation.

Public Liability Insurance may also cover you against injuries made by falling objects or people carrying out repairs.

The recommended standard cover is \$10,000,000. Your Building Insurance will often have Public Liability Insurance as will Landlord Protection Insurance.

However, we do recommend that you check that you have adequate coverage.

Inspirational Tip

"It's better to fall short of a high mark than to reach a low one".

H.C. Payne

Renovations – Are they worth it?

With the introduction of many renovation shows over past years, more and more property owners are choosing to renovate their property.

It may be a home renovation/extension to increase the property size (avoiding having to relocate to a larger property) or a process undertaken to capitalise on the property and make money.

Renovations undertaken on your principle place of residence are often treated a little differently to investment property renovations. If it is your home you will often spend a little extra to have it exactly the way you want it. However, if you are not planning on residing in the property for the long term, you should take the following into consideration to ensure that you do not over-capitalise on your renovations. Once the property has been renovated you want to ensure that you will be able to get your money back.

Tip 1 – Know the value of your property before you undertake the renovations. Contacting your local

agent for a complimentary appraisal will assist with this process.



Tip 2 – Know your local market. What is the average price for similar properties? What is the lower-priced range? What is the higher-priced range? How are these properties presented? Even take the time if possible to drive past and view the properties from the street.

Tip 3 – What will your renovation cost? Always add an extra 10%-20% on top of your anticipated costs and allow for contingencies (unexpected costs).

Tip 4 – Engage an expert builder or project manager to assist with establishing the overall renovation costs.

Continued Over P.T.O...

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

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Tip 5 – The most popular rooms to renovate are the bathroom and kitchen as they offer emotional appeal to the buyer or investor.

Tip 6 – Improving the external appearance such as the lawns, gardens and external painting of the property is often money well invested. Make sure that the renovations are in keeping with the street appeal and don't dramatically stand out.

And once again, don't forget to take property resale values into account when you renovate.

It is important to please yourself, but from an investment standpoint, you should make sure that potential tenants and buyers will also think your improvements add value. ■



ATO – Rental Expenses

You can claim a deduction for certain expenses you incur for the period your property is rented or is available for rent.

However, you cannot claim expenses of a capital nature or private nature – although you may be able to claim decline in value deductions or capital works deductions for certain capital expenditure or include certain capital costs in the cost base of the property for capital gains tax (CGT) purposes.

Types of rental expenses

There are three categories of rental expenses – those for which you:

- cannot claim deductions
- can claim an immediate deduction in the income year you incur the expense
- can claim deductions over a number of income years.

For a detailed understanding of all rental property expenses we recommend that you visit the following web link of the ATO and download a copy of their 2008

<http://www.ato.gov.au/content/downloads/IND00133187n17290608.pdf>

This guide explains how to treat rental income and expenses, including how to treat more than 230 residential rental property items. ■

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Q & A

What is the difference between a home's appraised value and a market value?

Appraised value is a certified appraiser's opinion of a home's worth at a given point in time.

Market value is what price the house will actually bring at a given point in time.

A comparative market analysis, which is performed by a real estate agent or broker, is an informal estimate of a market value, based on sales of nearby comparable properties.

Lenders require appraisals as part of the loan application process by a certified appraiser and these fees can vary from \$200 to \$500.

Storm Update:

As many of you know or have heard, the Coast has been lashed by severe storms over the past few weeks. Trees were blown down and several homes were flooded or damaged by the high winds.

While we had a few minor incidents of water entering houses due to the strong wind, we were fortunate that there was no major damage to any of the properties we manage.

Most of the damage that did occur was due to large trees and loose debris. Fortunately this sort of weather is far from the norm and with any luck won't be repeated in the foreseeable future.

SMOKE ALARMS

Just to remind you that, due to the laws regarding smoke alarms, our office has put in place a policy to cover the legal requirements for our owners at minimal cost.

If you have any queries or would like to know more please don't hesitate to contact us.

**REAL ESTATE
WORKS**

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**SALES &
PROPERTY
MANAGEMENT**