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INVESTIR MAG

Property Investment Made Easy

Off the plan investment

Tax time prep for investors

New hope for refinancing

Navigating the housing crisis

Negative gearing

Safe as houses

JULY ISSUE
2023
INVESTIR MAG

Think INVESTMENT REALTY

Welcome

To the latest issue of InvesTIR magazine.

Thank you to our contributors!

TROY SUSSMAN
-Think Investment Realty

TIM LAWLESS
- Core Logic

GARY BRINKWORTH
- Heron Todd White

EMMA CATTERMOLE
- Wealth Folio

RICK HIPWOOD
- CTB Advisory

MATT JURY
- First Class Insurance

Note: This magazine and its articles provide general information and should not be considered financial advice. It is advisable to consult with a financial professional before making any investment decisions.

Property Investment state of play

Welcome to the latest issue of InvesTIR Magazine!

Despite the head noise and media click bait, I personally believe we are supercharged again for some outstanding property price growth.

All economic indicators are in our favour. However, at the end of the day it always has and always will be "Supply Vs Demand".

We as a country, and the luckiest country in the world. Yet, we don't have anywhere near enough roofs to cover heads. "Shelter"

Forget the international migration numbers, thats just the rocket. Similar to the house builder boost from COVID

As it stands right now today, we have a drastic under supply of properties for our current population. Here are the cold hard facts!

- Lending is down by record numbers
- Developer and building lending and approvals down in record numbers
- Record increase in the number of renters
- Unfathamable shortage of skilled labour (Hutchinson Builder rejected over $7b worth of projects due to labour shortages just this year)
- Housing supply levels are down more than 80% Australia-wide

While buying and holding property is the key to wealth, timing can certainly skyrocket your returns. TODAY is the time to jump on board (the rocketship) and invest in your future as supply and demand has never been highter. Prices will continue to be pressed even higher as international students and immigrants are starting to flood back to Australia.

I believe we are in for exciting property growth times ahead.

Troy Sussman

Troy Sussman
Think Investment Realty
07 54511080
thinkinvestmentrealty.com.au

Albanese stands strong on negative gearing

Great news for property investors as Albanese rules out changes to negative gearing - prioritising housing investment

The Prime Minister made a resolute decision last month, ruling out any modifications to negative gearing, in a move aimed at safeguarding housing investment. This decision comes amidst ongoing debates surrounding the potential consequences of altering this policy, with concerns raised about its impact on the economy and employment.

Deloitte's 2019 modelling projected significant negative outcomes if changes were made to negative gearing. The analysis indicated a potential 4.1 percent decline in housing construction, a $1.5 billion reduction in GDP, and the potential loss of 7,000 jobs. Considering the current economic landscape, which includes rising capital costs and labour challenges, the impact of such changes would likely be even more severe.

Preserving housing investment has been a priority for the government, particularly in light of the commitment to deliver one million new homes by 2029. The Prime Minister emphasised that altering negative gearing could undermine this goal, especially when combined with state government decisions that have already been hindering apartment supply through foreign investor surcharges.

The Prime Minister also questioned the efficiency of changing negative gearing and Capital Gains Tax (CGT) solely for revenue generation purposes. Instead, alternative approaches such as boosting and broadening the Goods and Services Tax (GST) while eliminating inefficient stamp duties and foreign investor surcharges were suggested as potential options to consider.

The Prime Minister's position on maintaining the current negative gearing policy stems from the mandate received during the 2022 election, as the government strives to uphold its commitments. This clarification was provided on May 16 to dispel any doubts surrounding the government's stance.

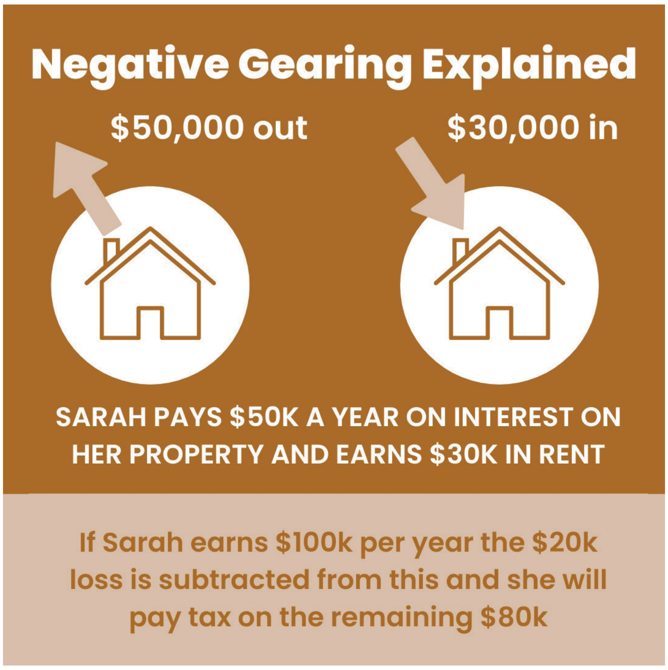
However, the pressing national housing challenge remains an issue that requires attention. Governments at various levels have been criticised for evading responsibility in implementing effective systems to address housing supply deficits and for tax settings that discourage new housing development. The consequences of these shortcomings are becoming increasingly evident across the country.

Elected representatives, responsible for managing under-performing planning systems and those who may not fully consider the cumulative tax burdens on new housing supply, as well as those advocating for limited urban growth, all play a role in reducing the potential supply of new homes. It is crucial not to lose sight of these challenges while addressing the pressing need for increased housing availability.
The Prime Minister's steadfastness in preserving housing investment and opposing changes to negative gearing reflects the government's determination to address the housing crisis while ensuring stability and growth in the housing sector.

Negative Gearing has been in place since the 80's, and it isn't surprising to us that the Prime Minister has decided to leave things alone. As we have always pointed out to our clients, every time a government threatens to make changes to Negative Gearing, they have lost the election. Labour has suffered this fate on several occasions.

Why? Australia is in serious short supply of housing and property with plans for hundreds of thousands of immigrants to arrive over the next few years. It is therefore critical property investment is encouraged.

The best way to create wealth is to buy property, but not just any property, Troy has years of experience in teaching his clients the how, the when and the where of accelerating property wealth.



Navigating the Housing Crisis: A Friendly Guide for Property Investors

Investors, you are the driving force behind a thriving housing market! In these challenging times, we want to provide you with information that is approachable, friendly, and informative. So let's dive in!

THE IMPACT OF RENTAL REFORMS:
Recently, the Real Estate Institute of Queensland (REIQ) conducted a survey shedding light on the concerns of property investors. The findings revealed that 62 percent of investors have considered selling their rental properties in the past two years, with 27 percent attributing their decision to rental law reforms.

UNDERSTANDING RENTAL REFORMS:
To give you a quick recap, the Queensland Government passed legislation earlier this year aimed at limiting the frequency of rent increases to once every 12 months, starting from July 1. Additionally, they opened up community consultation for Stage 2 rental reform laws. These proposed changes encompass various aspects such as installing modifications, making minor personalization changes, balancing privacy and access, improving the rental bond process, and promoting fairer fees and charges.

BALANCING THE EQUATION:

While it's crucial to protect tenants' rights, it's equally important to ensure fairness for property investors. Some investors feel that the reforms are tilted in favour of tenants, eroding their confidence in the government. It's worth noting that the current regulatory framework already safeguards tenants' rights. Imposing changes that come at the expense of one group to empower another seems unjust and counterproductive, potentially leading to increased rental stress.

ELIMINATING "US VS. THEM":

Rather than perpetuating a divisive mentality, it's time to bridge the gap. Property investors already contribute more through taxes and fees compared to other community members, aiming to achieve the same outcome. This lopsided approach lacks justice and fairness. The REIQ data further highlights that a significant 75.6 percent of investors in Queensland claim that the current rent they charge doesn't cover their property-holding expenses, even after implementing rental increases. This situation is forcing some investors, particularly those without a structured plan, to exit the market.

ADDRESSING THE CORE ISSUES:

Multiple levels of government have inadvertently contributed to the housing under-supply. Unfortunately, they are now attempting to solve the issue with demand-side solutions instead of addressing the root causes. This approach tends to create more problems instead of solving them.

ADOPTING AN INVESTOR STRATEGY:

In the face of changing circumstances, whether caused by a global pandemic or policy changes, having a robust property strategy is more important than ever. A well-crafted strategy allows investors to weather the storm and adapt to new opportunities that arise from rental reforms.

EMBRACING OPPORTUNITIES:

Let's remember that the demand for rental properties is increasing. Instead of rushing to sell due to rental reforms, it may be wiser to adapt our strategies to leverage the new opportunities that emerge. Amidst the constant bombardment of alarming headlines surrounding the "housing crisis," there lies a silver lining: increased potential for you. While it's unfortunate that certain individuals may face difficulties, it doesn't imply that you have to endure the same fate. The media thrives on promoting pessimistic narratives, and while you have the option to succumb to it, let's choose a different path and make the most the extraordinary real estate opportunity, recognizing it as the greatest real estate opportunity of our lifetime.

TURNING CHALLENGES INTO SUCCESS:

While higher rents and reduced vacancy rates may seem concerning for tenants, they can present opportunities for property investors with the right strategies in place. Being adaptive rather than reactive is key to achieving real success. It's crucial to manage our reactions to negative stimuli and respond promptly to positive changes.

TAKING ACTION:

If you have concerns about the proposed changes or are considering entering the world of property investment, reach out to us today for a friendly and obligation-free chat. We're here to help you make informed decisions and navigate these complex times. Book a time at **thinkinvestmentrealty.com.au**

Watch This!

SCAN THE QR CODE TO WATCH OUR EXPERT TROY ON SBS INSIGHTS CHANNEL DISCUSSING THE HOUSING CRISIS

Housing recovery accelerates

CoreLogic Home Value Index surges with strongest monthly growth since November 2021

As part of Think Investment Realty's ongoing research and the monitoring of the property market throughout Australia and South East Queensland in particular, we value the information supplied and the State of The nation opinions by Tim Lawless from Core Lodgic.

We recently met up with Tim at an industry event in Brisbane, so it was great to get to have an in depth chat with him about where we have been and where he feels we are heading. As we do, Tim feels we have turned the corner of the very sort lived property downturn. He also feels we have come to the end of the rate hikes – or nearly. Tim has kindly given us permission to share his research with you in this publication.

Home Value Index shows housing values increase in June, but the pace of growth has slowed

Australian housing values moved through a fourth month of recovery with CoreLogic's national Home Value Index (HVI) rising 1.1% in June, decelerating slightly from the 1.2% gain recorded in May.

Since finding a floor in February, the national measure of housing values has gained 3.4%, however, the market remains -6.0% below peak levels recorded in April 2022. That is the equivalent of the median dwelling value still being -$45,771 below a peak of $768,777.

Every capital city except Hobart (-0.3%) saw dwelling values rise in June, with CoreLogic's research director, Tim Lawless, noting that Sydney continues to lead the cycle.

"Sydney home values increased another 1.7% in June, taking the cumulative recovery since the January trough to 6.7%. In dollar terms, Sydney's median housing values are rising by roughly $4,262 a week," he said.

A lack of available supply continues to be the main factor keeping upwards pressure on housing values, Mr Lawless said. "Through June, the flow of new capital city listings was nearly -10% below the previous five-year average and total inventory levels are more than a quarter below average. Simultaneously, our June quarter estimate of capital city sales has increased to be 2.1% above the previous five-year average."

Although housing values continue to record a broad-based upswing, the pace of growth across most capitals eased in June. "A slowdown in the pace of capital gains could be a reflection of a change in sentiment as interest rate expectations revise higher," Mr Lawless said. "Higher interest rates and lower sentiment will likely weigh on the number of active home buyers, helping to rebalance the disconnect between demand and supply."

Regional housing values have also trended higher, albeit at a slower pace relative to the capitals. The combined regionals index also recorded a fourth consecutive month of growth, taking housing values 1.2% higher than the recent low in February.

Mr Lawless notes the softer growth trend across regional areas of the country align with recent shifts in demographic factors.

"After regional population growth boomed through the worst of the pandemic, internal migration trends have normalised over the past year, resulting in less housing demand across regional markets. Additionally, housing demand from overseas migration is skewed towards the capital cities rather than the regions."

Regional Victoria is the only rest of state market where quarterly housing value trends remain negative, down -0.4% in June to be -1.3% lower over the quarter."

Value declines were evident across most the SA4 sub-regions of regional Victoria, including the areas adjacent to Melbourne. In June, Geelong home values were down -0.7%, Ballarat values fell -0.3% and Bendigo was down -0.9%," Mr Lawless said.

"The weaker conditions across regional parts of the state may be related to a normalisation in migration flows as more regional residents move to the city, along with a substantial narrowing of the affordability gap between regional Victoria and Melbourne through the recent upswing."

Despite the recent uptick, most regions continue to see housing values below their recent cyclical highs. Hobart housing values have recorded the largest cumulative decline, holding -12.9% below the record high in May last year. Across the capital cities, Perth is the only capital where home values are at record highs, having recovered from the relatively mild -0.9% decline through the downturn. Adelaide home values are only -0.3% below record highs and likely to reach a new high point in July.

Across the regional markets, Regional NSW is recording the largest drop from peak through to the end of June, with values down -9.6%, followed by Regional Victoria (-8.4%) and Regional Tasmania (-7.2%). At the other end of the spectrum, dwelling values in Regional South Australia and Regional Western Australia, where housing market conditions have mostly remained positive through the rate hiking cycle to-date, recorded new cyclical highs in June.

Featuring Research By Tim Lawless Core Logic DOWNLOAD THE FULL REPORT AT corelogic.com.au


Wild & Tasty is
food blog of Ellen Wild


Think
INVESTMENT REALTY
Congratulations
on Settlement

Off The Plan Success Story

M Apartments

On Saturday 29 April the owners of 23 brand new units in Kangaroo Point got to view their new investment property for the first time at the Think Investment Realty client open day to celebrate the near completion of the 46 Unit M Apartments on Main Street.

Most of these lucky investors started their ownership journey several years ago - before COVID! While some may assume the length of time between deposit and completion as a downside, savvy investors understand the huge benefits involved in a long settlement.

Think Investment Realty clients have 'held' the property for several years, without having to pay any more than a ten percent deposit. They have had no mortgage or holding costs such as rates and body corp fees to contend with, yet have benefited from the amazing rise in the market over the past 3 years.

As our client Claire said 'it is amazing! Our property has only settled this week and we have made more than $180k on it already. That's 400 percent return on the deposit we paid!'.

Development partner Anthony Conomos and Think Investment Realty Property Strategist Troy Sussman recalled the project launch back in 2019.

"It all started with a beer in the pub across the road at the Pineapple Hotel" Sussman recalled.

"After working with Anthony on his three other successful Kangaroo Point developments over the last 10 years we knew as soon as this project was earmarked that it would be a massive win for our clients."

"Because we have a close relationship with developers like Anthony, we can give early access to our clients to off-the-plan opportunities that are in well researched areas and delivered by the best of the best in terms of developers, designers and builders."

Conomos spent years researching locations before settling on Kangaroo Point, and he hasn't looked back. It has paid off even more for this project with a mind-blowing amount of infrastructure happening all around Kangaroo Point. From the redevelopment of the Gabba precinct for the Olympics, the multi-billion dollar cross-river rail project, the new walking

Playing a long game

bridge to the CBD and several other massive projects all kicking off within meters of the project.

"Some of the clients settling on these apartments are first time investors while others are well seasoned with 5 or 6 properties in their portfolio. Being able to manage a mixture of properties such as units, town houses and house and land packages shows the importance of mindset and understanding the fundamentals of investment." Troy Sussman from Think Investment Realty explained.

"We are so proud of our clients that jumped on board with this project, we are so proud our research has again proven to be spot on. This project is one of dozens that Think Investment Realty has delivered that have not only achieved but far exceeded expectations." Sussman added.

Open day showcases luxury finished investment product in the heart of Kangaroo Point

"We had more than 60 clients inspecting the units today. The overwhelming consensus is they all want to move in! The location and the finishes are just that good!" Conomos shared.

"It was like magic watching everyone walking through the development with their faces lit up like Luna Park, just so happy to take it all in." Sussman added.

"At just 2km from the CBD, 1.7ha part across the road, $2.4 billion dollar Gabba precinct 150m away, cross-river rail, $5.4b at Queens Wharf, 2.2b at eagle street pier.

It's the culmination of all those things that puts this project in the perfect spot, which is so exciting for our clients. Our investors are also blown away by the luxury finishes, from the tiles at the entry, the high end engineered timber flooring, the ducted air with individual zoning, the 40mm kitchen benches to the high end Italian glass mosaic splash-backs and handmade tiles in the bathrooms. With inclusions like upmarket blinds and block out blinds, luxury wool carpets and the exquisite timber panelling in the kitchens, and dryers installed in the laundries it's no wonder they were gob smacked at the client open day.

'Think Investment Realty educated investors to stick to the fundamentals of research based real estate selection and ignore the unwarranted fear caused by the media.' Conomos shared, 'like when post-COVID the Commonwealth Bank came out and said property prices were going to fall 20 - 30 %. Westpac said 10%."

"During this time, our clients held on to these properties despite the fear factor.

They withstood potentially some of the scariest hype we have been through in all time, but it turned out to be one of the greatest property stories of all time." Sussman added.

"I think each one of the buyers on a two bedroom has made at least $150,000 in growth since their initial purchase, some even more. On the one bedders, maybe $100,000. To get that in a cycle is incredible. You have to wait for it, you have to be patient. But, at the end of the day what these clients are doing is playing the long game."

"It comes back to the fundamentals of property investment," Sussman

"The level of quality of the finishes and all of the little touches you have added to elevate every space and just create a sense of home"

Client, Claire Simmons

adds. Conomos agreed; "Whilst some people buy property to take profit, ideally you are not buying to sell, It's a long term plan all about accumulating property to provide an ongoing increasing income for themselves in retirement."

A beautiful partnership between Think Investment Realty and the developer

This is the fourth joint venture development between Artaria Developments and CHAD have delivered in the Kangaroo Point area and Think Investment Realty clients have been involved in each of them, achieving both strong capital growth and rental returns. Their fifth is ready to be launched in three or four months, just 150m down the road.

Troy Sussman from Think Investment Realty is again looking forward to connecting investors and home-owners with another great project.

To sign up to be first to hear about the next project send an email to troy@thinkinvestmentrealty.com.au

Client Feedback

CLAIRE & TIM SIMMONS

"We have been clients of Think Investment Realty for years and we were so excited to get on board with this project. We had regular updates throughout the stages of the development, We had photos which was great to be able to see because we aren't locals."

But to actually now to be standing here in the apartments is just amazing. We received an invite to come and see the property which we were super keen to do before tenants moved in. So to actually come and see it in the flesh is amazing.

Claire, referring to Mary Durack, the interior designer behind the project, said "Mary, we love you, we have never met you, but you are phenomenal. The level of quality of the finishes and all the little touches you have added to elevate every space, and just create a sense of home in our unit has been huge."

"Being here for the open day has been amazing. Anthony Conomos the developer personally taking us through the complex and our unit and taking the time to explain so much to us about all the ways that they have gone above and beyond to create this exceptional product has been so amazing."

Hope for Property Investors and Refinancers

Opportunities Arise for Borrowers as Lenders Ease Serviceability Buffers

Emma Cattermole
Director, Wealth Folio

In an effort to provide borrowers with a chance to escape the constraints of their current mortgages, some lenders have taken steps to reduce serviceability buffers. This move has received a mixed response from industry competitors but offers hope to property investors and individuals seeking to refinance.

Mortgage brokers are witnessing borrowers leveraging competition among lenders to refinance their loans, which were otherwise trapping them due to insufficient equity in their homes. The relaxation of serviceability buffers by certain lenders presents an opportunity for borrowers to secure cheaper loans and improve their financial situations.

To qualify for these more affordable loans, borrowers must demonstrate a strong repayment record and the ability to comfortably manage the new loan. While some lenders have eased the previously mandated three-percentage-point servicing buffer imposed by the Australian Prudential Regulation Authority (APRA), others may follow suit.

The decision to reduce serviceability buffers stems from a comprehensive analysis of the interest rate outlook, with lenders confident that a lower buffer still provides sufficient leeway in case of short-term rate rises. This adjustment allows customers to enter the property market, refinance their loans, or utilize debt consolidation to better manage their financial commitments.

By easing loan servicing conditions, lenders are not only offering hope to property investors looking to seize opportunities but also providing a lifeline to individuals seeking to refinance their mortgages for improved terms and financial stability. The increased competition among lenders is likely to lead to more flexible lending criteria or discounted offerings, as they aggressively vie for new business.

It is important to note that APRA's stress test requirements remain in place, requiring new home loan applicants to prove their ability to afford repayments at least three percentage points above the applied loan rate or the bank's pre-set floor rate, whichever is higher. However, some lenders are now more willing to negotiate on a case-by-case basis, making it possible for borrowers with exemplary repayment histories and steady incomes to access better loan options.

While this development is positive news for borrowers, it is worth mentioning that lenders continue to assess applicants according to regulatory requirements. Nonetheless, the reduction of serviceability buffers opens up opportunities for borrowers to explore more affordable loan options, potentially saving them a significant amount of money over the term of their loans.

Its important to note that lenders who are offering this currently are doing this on the basis the borrower chooses a 5 year fixed rate term which gives both the lender and borrower peace of mind knowing for 5 years their repayments won't change.

In summary, the recent relaxation of serviceability buffers by some lenders, as per APRA guidelines, brings hope to property investors and borrowers seeking to refinance their mortgages. This shift in lending practices provides an opportunity for individuals to secure cheaper loans, improve their financial situations, and explore better options for managing their mortgage commitments.

Contact Emma for more informaiton
wealthfolio.com.au
1300 367 680

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Property Market in review

EXTRACT FROM HERRON TODD WHITE REPORT

HTW CEO Gary Brinkworth

For over a year, Australia has been dealing with challenging fiscal circumstances. Monthly increases in interest rates along with scrutiny around inflation saw commentators waiver on whether we are past the worst of the downturn or should instead prepare for more challenges. While the public has become somewhat accustomed.

to unrelenting change, the last two rate increases by the Reserve Bank may prove to be the most significant.

Not too long ago, many commentators viewed a pause on rates in response to easing inflation as a sign the economy was rebounding, with even the most conservative commentators relaxing their stance.

Rebounding markets make acquiring property now with a view to holding for the long term a savvy decision.

However, the last two interest rate increases have dented recent gains in confidence. Many commentators have become more reserved over the past four weeks – a pivot from their positions earlier in the year. Now we're hearing commentary about a looming recession, even if it's short-term and "technical".

The main message is that residential property prices should continue to prove resilient. And, according to Kevin Brogan, across all these markets, rents have only increased since 2020 with many producing a positive cashflow by 2023. "As you can see, despite a global pandemic and economic uncertainty, residential property has proved to be a solid asset – whether as a home or investment. The key is always to choose your real estate based on solid fundamentals and sound independent advice. History shows that those who invest $750,000 today will look back in 2026 pleased with their decision."

Scan the QR Code to read the full report.

The Tax Paradox

And why paying tax is not a bad thing

We've all heard it before, the only thing certain in this world is death and taxes.

While this is unfortunately true, it does tend to give taxes a bad rep being lumped in with death that way. Yes, everyone hates paying taxes; but, if you have a tax bill at the end of the year, that means in terms of work, business, or investments you made money.

So, we need to change the way we perceive tax.
Let's take tax deductions against wages income.

The more tax deductions you have, the better, right? That may not be true. You are actually better off if you have zero tax deductions, meaning you didn't have to spend out a single dime to complete your job.

We'll use Anna and Billy as an example.
Anna makes $120,000 pre-tax in 2023. She pays out $2,000 in work-related deductions and receives no reimbursement from her employer.

Billy also makes $120,000 pre-tax in 2023. However, Billy doesn't have any work-related deductions to claim.

Rick Hipwood
CTB Advisory
- forward thinking accountants

for more info contact Rick
07 5444 4222
ctbadvisory.com.au

The difference in their net cash positions for 2023 would be:

	Anna	Billy
Income	$120,000	$120,000
Less: work-related expenses	($2,000)	-
Less: tax on taxable income	($28,817)	($29,467)
Net Cash Position	$89,183	$90,533

Even though Billy paid more tax, he has $1,350 more take home cash. Anna's $2,000 deductions only saved her $650 in tax.

Now, we are not saying don't claim any deductions on your tax return. If you have paid out for anything relating to your job, you are entitled to claim these expenses and should. But talk to your employer to see if they are able to reimburse you or provide an allowance for those costs. Otherwise, ask yourself if you are getting the benefit you expected from your work-related expenses.

What about investments?
We have been touted time and again that negatively geared properties are great for tax savings. Yes, investment properties that make a loss may decrease your tax bill. But, again, at what cost to you? The bottom line is: a property that is negatively geared is decreasing your net cash position. Take Anna and Billy again, though this time they both have an investment property. Anna's property after interest and depreciation is negatively geared, while Billy's is positively geared.

	Anna	Billy
Income	$120,000	$120,000
Less: work-related expenses	($2,000)	-
Less Rental Loss	($6,000)	-
Add: Rental Profit	-	$4,000
Less: tax on taxable income	($26,687)	($30,947)
Net Cash Position	$89,313	$90,053

Again, Billy ends up paying more tax than Anna, but his net cash position is much greater than Anna's. Anna's total outgoings of $8,000 results in tax savings of $2,600, but she is still out of pocket $5,400.

The tax policy on negative gearing as confirmed recently by the Prime Minister is a great policy to provide you benefit for when your property is negatively geared. Without this, any investor would be worse off. But the tax policy on negatively geared properties should not take away from the overall benefit of an investment property making a profit. When it comes down to it, it is better to make a profit and pay a little tax than to pay out for a loss and only receive a little refund.

Once you get comfortable with the idea that investment properties can be an opportunity for positive cash flow instead of just a way to reduce your taxable income, speak with an accountant that specialises in investment properties for advice on the best strategies and structure to suit your needs and goals.

Property prices NOT affected by interest rates

INVESTING IN PROPERTY IN AUSTRALIA: DEFYING HIGH INTEREST RATES

Investing in property has long been a popular choice for wealth creation, and Australia's real estate market has been a prime destination for investors. However, with interest rates on the rise, some potential investors may hesitate to enter the market. In this article, we will explore why even in the face of high interest rates, investing in property in Australia can still be a lucrative opportunity.

STABLE MARKET

Despite the rise in interest rates, Australia's property market remains stable. Over the years, it has demonstrated resilience and consistent growth, even during economic downturns. This stability can be attributed to factors such as population growth, limited land supply, and a strong demand for housing. Such factors indicate that property values are likely to appreciate in the long run, providing a solid foundation for investment returns.

POSITIVE CASH FLOW

While high interest rates can impact the affordability of loans, they also result in higher rental yields. Positive cash flow properties provide investors with ongoing income streams and can offset the impact of higher interest rates, making property investment a viable option for those seeking regular returns.

TAX BENEFITS AND DEPRECIATION

Investing in property in Australia offers tax advantages that can mitigate the effects of high interest rates. Rental income is subject to taxation, but investors can deduct various expenses, including loan interest, property management fees, repairs, and depreciation. Claiming depreciation benefits for wear and tear on the building and its fixtures and fittings can significantly reduce taxable income. These tax incentives can help offset the higher interest costs associated with property investment.

LONG-TERM CAPITAL GROWTH

Property investment in Australia is often viewed as a long-term strategy, focusing on capital growth over time. Historically, the Australian property market has shown consistent growth trends, with properties appreciating in value over the long haul. While high interest rates may temporarily impact affordability, patient investors can ride out short-term fluctuations and reap the rewards of capital growth in the future, building substantial wealth through property appreciation.

CONCLUSION

Despite the current high interest rates, investing in property in Australia remains an attractive option for investors. The stable market, positive cash flow opportunities, tax benefits, and the potential for long-term capital growth make property investment a worthwhile endeavour, despite the financial landscape.

Call for Government to incentivise investors

COURIER MAIL

The government must wear more than some of the blame for the housing crisis – its demonisation both of the landlords whose investment makes private rentals possible. Interest rate rises and red tape is leading investors to flee the market.

Investors have fled Queensland, with new loans plummeting almost a quarter in the past year, as the Housing Minister finally admitted the state's housing crisis was now worse than when the government's flagship summit was held.

The government seems to be finally admitting that incentivising private property investors is going to be the fastest way to address housing shortages. Watch this space!

Construction costs finally show signs of easing

CORELOGIC

Construction costs in Australia have shown signs of easing after two years of continuous increases. The Cordell Construction Cost Index (CCCI) reported a growth rate of 0.9% for the first quarter of 2023, lower than the previous quarter's figure of 1.9% and a significant slowdown compared to the September quarter. While labour shortages and price volatility remain, there has been a gradual reduction in demand for materials due to delayed projects and weaker consumer confidence.

$9k tax cut for politicians during housing crisis

SPEECH DELIVERED BY GREENS MEMBER MAX CHANDLER MATHER TO PARLIAMENT JUNE 2023 HERE IS A TRANSCRIPT OF WHAT HE HAD TO SAY:

"What sort of government is it that can't guarantee a single cent for public and affordable housing but can guarantee $254 billion for everyone in this place to get $9,000 extra year for tax.

They can guarantee $41 billion for fossil fuel subsidy. They can guarantee a $16 billion in tax concessions for property investors. But they can't guarantee a cent for public and affordable housing in the middle of the worst housing crisis we have seen in generations.

A member over there just before told me to grow up and if you think that your strategy is to tell everyone in this country it's immature to think that in one of the wealthiest country we can't put a roof over everyone's head.

If you think it's a strategy to call people immature because we think it's wrong from charging interest on student debt than you are from raising taxed on gas corporations.

If you think it's a good strategy to tell everyone in this country that it's immature to expect that while politicians are about to get a $9000 extra year off their tax, we think no one in this country should be forced to live on poverty payments. How dare you! And the strategy you resort to is lying to the Australian public."

Why Include Contents Insurance with Landlords Insurance?

As a property investor/owner, safeguarding your investment is crucial. Insurance plays a vital role in protecting your property against unforeseen events and ensuring your financial security. In this article, we will delve into three essential topics for property investors: the importance of including contents insurance with landlords insurance, the advantages of bundling all your insurance policies into one place, and the availability and workings of loss of income/loss of rent cover post-COVID.

Matt Jury
First Class Insurance Soultions
0447 120 517
matt@firstclassinsurance.com.au

In situations such as body corporate arrangements or when renting out furnished properties, it's essential to consider the value of your contents within the property. While landlords' insurance primarily covers the building structure, fixtures, and fittings, it often doesn't extend to the contents within the property. Your new unit doesn't have to be furnished for you to have contents cover either. Here's why obtaining a bit of contents insurance alongside your landlords insurance can be beneficial regardless of your unit being furnished or not:

COMPREHENSIVE PROTECTION FOR FIXTURES AND FITTINGS

Contents insurance provides coverage for essential components of the property, including carpets, curtains, appliances, and other fixtures and fittings. It will also cover you for any fixtures and fittings that have been installed by you as the property owner of a strata titled unit that is not covered by the body corporate. These items are vulnerable to damage from accidents, natural disasters, or tenant-related incidents. By including contents insurance, you ensure that these valuable assets are protected against potential loss or damage.

BODY CORPORATE SITUATIONS
In scenarios where multiple units or apartments are part of a body corporate, the shared areas and assets may be covered by the body corporate's insurance policy. However, this coverage typically does not extend to the contents within individual units. Having a separate contents insurance policy ensures that your personal possessions are adequately protected.

TENANT LIABILITY
Contents insurance can also offer protection against potential damages caused by tenants. While landlords insurance may cover structural damage caused by tenants, it may not include damage to the contents. Contents insurance provides an extra layer of security, minimizing your exposure to financial risk.

THE BENEFITS OF BUNDLING INSURANCE POLICIES

Managing multiple insurance policies from different providers can be time-consuming and confusing. Bundling all your insurance policies into one place has several advantages that property investors should consider:

SIMPLIFIED ADMINISTRATION:
Consolidating your insurance policies into one place means dealing with a single point of contact, streamlining administrative tasks. It reduces the complexity of managing multiple policies and ensures efficient communication and coordination.

POTENTIAL COST SAVINGS:
Many insurance providers offer discounts or reduced premiums when you bundle multiple policies together. By combining your landlords insurance, contents insurance, and other relevant coverages (such as motor insurance or professional liability insurance) with the same provider, you may be eligible for cost savings.

COMPREHENSIVE COVERAGE
Bundling your insurance policies allows you to customize coverage options to suit your unique needs. With one insurer, you can ensure that your policies are aligned, eliminating potential gaps in coverage and providing comprehensive protection for your property investments.

LOSS OF INCOME/LOSS OF RENT COVER POST-COVID:

The COVID-19 pandemic brought significant challenges to the rental market, with many tenants facing financial hardships and landlords experiencing reduced rental income. Here's an overview of the availability and workings of loss of income/loss of rent cover post-COVID:

EVOLVING COVERAGE OPTIONS:
Loss of income/loss of rent cover continues to be available post-COVID; however, insurers have adjusted their policies to adapt to the changing landscape. It's important to review the terms and conditions of the policy to understand the coverage limits, waiting periods, and exclusions that may apply.

ELIGIBILITY CRITERIA:
Insurers may require proof of financial hardship for tenants, such as job loss or business closure, to activate loss of income/loss of rent coverage. Additionally, certain policies may impose a waiting period before coverage begins, usually ranging from 30 to 90 days.

MITIGATING FINANCIAL RISK:
Loss of income/loss of rent cover provides peace.

BOOK A STRATEGY REVIEW

As we enter the new 23/24 financial year, I would like to invite you to join me for a Property Strategy Review.

We will review your current property and your goals and design a property roadmap to build you and your family a brighter future.

You can use the QR code to book a session directly into my diary. I look forward to meeting you soon.

Best Wishes,

Troy Jussman