



a word from warwick

BY WARWICK WILLIAMS, PRINCIPAL



With recent reports of low inflation figures, there is wide speculation that the RBA will cut the official cash rate when it meets in early May. Of course, this means little to home owners and investors unless the banks and other lending institutions pass on the rate cuts.

Irrespective of the RBA's decision, we are seeing some rather attractive fixed rate offerings from financial institutions in the market. When locking in rates becomes an attractive option for owners of property it generates the perfect opportunity to review a family's financial position and plan for the future.

Of particular interest in our market are the decisions home owners make with respect to how long they plan to remain in their existing property, perhaps renovate to gain the additional space they need, upgrade to a larger home, buy an investment property

or even downsize from the family home into something more suitable.

One of the questions posed to our agents on a regular basis is whether to renovate or move. Clearly there are costs involved with both however our tips for weighing up your options are highlighted for your consideration:

1. Get an understanding of how much your dream renovation will cost (then add a buffer for those unknown costs that are notorious for catching us off guard mid-build) and try to identify how long you expect to stay in your home once it is complete
2. Consider the impact the build will have on your family – can you remain in your home? Do you need to find alternate accommodation and if so for how long and how much?

3. Invite your agent to discuss your plans so that they can provide you with an idea of what your property would be worth once your renovations are complete

4. Take some time to look at properties that are currently on the market which would compare to the finished version of your home i.e. what would you need to spend to purchase a house already renovated with the desired accommodation levels in the same area (remember to take into consideration the fact that stamp duty will be a cost to you with such a purchase and if you need to sell your home to fund the purchase there will be fees involved here too) - again our agents can help you with this

5. Do the math....if the cost of renovating (which will give you exactly what you want) comes in less or equal to what you can buy in the current market then undertaking the work to your home makes financial sense. If however the costs of building will result in you potentially over-capitalising your position, and you don't plan to live there forever, then you may want to look at other options

If you need help ascertaining the best course of action for your future property needs we are a great source of information in your planning stages to help you make an informed decision.

Until next time,
Warwick Williams.

sales update

BY GRAEME LAWSON, LICENSEE

This month has seen better sales activity across all categories.

The premium St Tropez building on the edge of Homebush Bay is over 50% pre committed to off plan buyers at prices in the range \$575,000 - \$825,000 for two bedroom apartments between 87 and 143 sqm.

Resales have been consistent.

We certainly require one bedroom apartments for sale. Firm demand and a shortage of supply will assist in achieving optimum pricing. Let us know if you are considering selling. A great result should be achievable.

As always, if I can assist you in any way, simply contact me.

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3 Bedrooms

| | |
|----------|-----------|
| Valencia | \$950,000 |
| Palermo | \$940,000 |
| Paros | \$645,000 |
| Torino | \$640,000 |

2 Bedrooms

| | |
|----------|-----------|
| Lipari | \$625,000 |
| Bellagio | \$540,000 |
| Palermo | \$530,000 |
| Corsica | \$515,000 |
| Capri | \$457,500 |

1 Bedroom

| | |
|----------|-----------|
| Sorrento | \$415,000 |
| Palermo` | \$385,000 |



Repairs, Maintenance & Improvements

Many landlords often ask, “What is the difference between repairs, maintenance and improvements in relation to investment property tax deductions?” So we have taken the time to research this information.

What are repairs and maintenance?

When the ATO refer to ‘repairs’, they mean work to make good or remedy defects in, damage to or deterioration of the property. For example:

- replacing part of the guttering or windows damaged in a storm
- replacing part of a fence damaged by a falling tree branch
- repairing electrical appliances or machinery

When the ATO refers to ‘maintenance’, they mean work to prevent deterioration or fix existing deterioration. For example:

- painting a rental property
- oiling, brushing or cleaning something that is otherwise in good working condition
- maintaining plumbing

Can you claim repairs & maintenance?

You can claim a deduction for the costs you pay to repair & maintain your rental property, in the year you pay them.

What are you unable to claim?

You cannot claim the total costs of repairs and maintenance in the year you paid them if they did not relate directly to wear and tear or other damage that occurred due to renting out your property. These are capital expenses you may be able to claim over a number of years as capital works deductions or deductions for a decline in value.

What are improvements?

When the ATO refers to ‘improvement’ they mean work that:

- provides something new
- generally furthers the income-producing

- ability or expected life of the property
- generally changes the character of the item you have improved
- goes beyond just restoring the efficient functioning of the property

Can you claim the cost of improvements?

You cannot claim a deduction for the total cost of improvements to your rental property in the year you incur them.

Example:

Tim replaced a fibro cement sheeting wall inside his property with a brick feature wall because it was damaged by tenants.

The new wall is an improvement because Tim did more than just restore the efficient function of the wall. This means Tim cannot claim the cost of the new wall as a repair.

However, had Tim replaced the fibro with a current equivalent, such as plasterboard, he could have claimed his costs as a repair. This is because it would have merely restored the efficient function of the wall without changing its character, even though a different material was used.

All properties from time to time will need new carpet, paint or appliances (or sometimes all three). It is important to budget for the replacement of these items at least once every five years, or in accordance with your depreciation schedule or accountant’s advice.

Well kept properties will be more attractive to tenants, resulting in higher rents and minimised vacancy periods.

Properties that are maintained to a high standard will also appreciate in sales value more quickly than properties that are left to deteriorate and depreciate.

With the end of the financial year fast approaching, it may be time to consider whether your property needs any capital improvements.



Palermo 842 / 7 Baywater Drive

For Sale – Offers over \$975,000

Panoramic 270 degree views to Sydney Tower. 264sqm of luxury resort style living. Penthouse opportunities are rare! Palermo 842 is no exception! Elegantly furnished with contemporary, quality finishes. Web ID 1295.



Sorrento 608 / 37 Amalfi Drive

For Sale - \$525,000

Attractive split level 2 bedroom, 2 bathroom apartment with 1 car space & storage cage. Modern contemporary building, easterly aspect, morning sun with views to Rhodes and rear view to mountains. Web ID 1231.



Napoli 202 / 3 Stromboli Strait

For Sale - \$499,000

Attractive, 2 bedroom apartment in low rise building. 106 sqm low rise courtyard style building, front and rear balconies, natural light on two elevations, excellent ventilation and flow through river breezes. Web ID 1234.



Corsica 201 / 25 Hill Road

For Sale - \$499,000

Absolutely brand new quality apartment with open space outlook. Generous living area flows to covered tiled balcony. Enclosed kitchen with stone benchtops and s/steel appliances, single bathroom with separate WC. Web ID 1188.



Paros 513 / 21 Hill Road

For Sale - \$489,000

Light and bright two bedroom apartment on level five with NW and NE aspect, five year old building, efficient floorplan, quality fittings and finishes, stone bench tops and stainless steel appliances. Web ID 1221.



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