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Welcome to the monthly Property Profile Group newsletter!

As Australia's strongest and most dynamic collection of independent real estate agencies, we publish this newsletter to inform and excite readers about the property market. Included are articles, facts and figures on industry news and helpful property-related hints and tips. As always, we value your feedback, so please be in touch with any ideas and suggestions.



June house price figures encouraging

June quarter figures released by the Real Estate Institute of Victoria reveal positive and sustainable results across Melbourne and regional Victoria's residential property market.

The median price of a house in Melbourne has increased by 5.4% to \$590,000 from \$560,000 in the March quarter and by 5.7% in the last 12 months. The top performing suburbs over the April-June months included Mt Eliza, Brighton, Essendon, Melton, St Albans and Northcote. These neighborhoods all recorded median house price rises of over 10%.

The median price of a Melbourne unit has risen by 3.2% to \$474,500 from \$460,000 in March and 1% overall in the last 12 months. The strongest demand for units and apartments was recorded in Richmond, East Melbourne and Malvern East.

The figures in regional Victoria are also encouraging. The median house price was \$325,000 in the quarter, increasing by 1.6 per cent over June quarter and 8.5% over the year. Of the three main regional centres, strongest demand was recorded in Bendigo, with a 4.5% increase in the quarter to \$287,500, followed by Ballarat, with a 1.3% increase to \$288,500. There was a correction of 3.9% to the Geelong median over the last quarter, but it was stable over the year at \$370,000.



Understanding Tax Depreciation

With "tax time" well and truly upon us, most property investors are seeking to maximise their annual tax deductions. Tax depreciation is a significant deduction allowance but one that many investors fail to fully understand and utilise.

Put simply, depreciation is the decrease in value of an item over time. The tax deduction for depreciation is compensation for the deterioration of your investment. The physical value of rented buildings, and their associated contents such as fittings and fixtures, decline over time as they experience wear and tear. Tax Depreciation Schedule is a professionally prepared document that sets out how much depreciation you can claim on your property and reduces your tax liability on assessable income. [To page 2](#)

From page 1 Tax depreciation allowances come in two types:

1. Capital works deduction, which relates to the original construction cost of the building and any structural improvements.
2. Plant and equipment allowances, which allows for depreciation contained in the building, such as appliances, curtains or carpet.

The ATO suggests an appropriately qualified Quantity Surveyor be consulted for the purpose of preparing Tax Depreciation Schedules. The reason for this is that Quantity Surveyors have expertise in the valuation of construction costs.

Before calling on professional help, you may want to prepare by documenting a few details about you and your property and provide details about the inclusions, floor areas, renovations or changes to the property, photos of the property, and a floor plan.

Remember, even if someone else — including a registered tax agent — helps you to prepare your tax return, you are still legally responsible for the accuracy of the information.

For more information, try these online guides:

- The ATO's Rental Properties Guide provides information on all regulations associated with depreciation.
- Information on self assessment and depreciating assets.

Winter window dressing

Winter may be all about adding accessories to create a sense of comfort and warmth, but there is an exception: windows. While a thick curtain or drape can insulate against plunging temperatures, heavy fabric also prohibits precious daylight from entering your home, potentially making rooms seem dark, or worse, dingy.



When it comes to dressing your mullion windows or French doors for the cooler months, a good principle is to use only what you need for privacy. If you have glass doors at the front of the home, for example, you will want something to stop passers-by watching as you prepare dinner. Consider a semi-sheer curtain that can be tied back, or reflective blinds, which appear opaque from outside, but are near invisible from inside.

Plantation shutters — a slightly more expensive option — look great from both inside and outside the house. Perhaps one of the most popular trends at the moment is to create layers around your windows. Think about using a sheer curtain for privacy while “framing” the window with more luxurious curtains made from silk or organza in rich colours that gently drape to the floor.

If the back or side windows are hidden behind the fence, however, consider leaving them bare. Not only will your home capture the winter light, you will be able to admire the changing colours of the season as you go about your business.

The good news is that many custom-made window furnishing suppliers offer great discounts at this time of year. You will always save more if you can buy curtains “off the rack”, but these are usually restricted to certain dimensions.

Invest with the best!

July can be a busy time for property investors as they sort through end-of-financial-year deductions and paperwork. Around this time many investors are looking for opportunities and talking with their real estate agents about prospects in the market.

Quality advice starts with encouraging investors to do their research. This gives them the confidence to make an educated purchase.



When researching the market, investors should be mindful of the key characteristics of successful residential property investment.

The better investments are generally in places where there is consistent population growth — which, at the moment, is a Melbourne-wide phenomenon. Currently, vacancy rates are at an all time low, and have been for more than three years.

Tenants like convenience. The better investment properties tend to be those which are easy to maintain, have space for cars, access to main roads and public transport and are located close to shops, schools, tertiary institutions and other community infrastructure.

The ideal investment location is where demand for rental properties exceeds supply. In the current tight market this is almost everywhere, but it won't always be the case. Do your homework to gain a long term view of local conditions. The Australian Bureau of Statistics has census results illustrating areas of high tenancy rates.

Ordinarily, a good measure of the supply of rental properties is the proportion that is vacant. Suburban or town vacancy rates are not always readily available, but there is no question that metropolitan vacancy rates are currently low at around 1.5–2.5 per cent. Another measure is the number of new housing developments and this information is available from the local council.

Look for properties that are affordable, generally at or around the median price, and which have reasonable prospects of good growth in values.

Historical median house price information for suburbs and major regional areas is available from Real Estate Institute of Victoria. This information is useful to discover patterns in values.

Choosing a property with redevelopment potential can also be worthwhile. An investment property that can be subdivided into smaller lots for home units will be popular with some developers and can bring long-term rewards.