



First home buyers spurring demand

By David Evans, Principal

The past couple of months have seen the emergence of a number of factors that are exerting an influence on property sales in Perth's Northern Corridor.

First home buyers, who all but disappeared because of stringent bank lending requirements, are back. And we are finding that many of them have succeeded in saving the higher deposits which lenders have been demanding in recent times. Some are being driven to buy by increased rental prices.

Investors too are showing renewed interest in the market. There is the possibility that some of them are being driven to bricks and mortar as a result of volatility in the share market. However, most seem to be motivated by attractive property prices, low vacancy rates, lower interest rates and significantly

improved returns.

The recent Federal Budget gave birth to another factor that could possibly increase investment in property in the next couple of years. According to my tax accountant, superannuation changes in the Budget, which negatively impact on certain groups of people, have led to increased enquiries from his clients about possible alternatives and in particular

investment in property.

Currently, sales of properties valued at up to \$500,000 remain strong. In the \$600,000 to \$800,000 price range we're still in a slow market, though well priced and presented properties are selling as can be seen in the picture on this page.

To find out what your property's worth in this re-awakening market, give us a call.



This well presented Mindarie property was recently sold to an investor after the first home open for \$615,000.

Median House Prices

Source: REIWA

	Yr to Jun 11	Yr to Sept 11	Yr to Dec 11	Yr to Mar 12	% change 5 years
Clarkson	\$390,000	\$382,500	\$380,000	\$377,000	0.4%
Hillarys	\$760,000	\$750,000	\$740,000	\$725,000	0.1%
Joondalup	\$479,500	\$472,500	\$470,000	\$471,250	0.7%
Rockingham	\$385,000	\$386,000	\$395,000	\$375,000	-0.8%
Wanneroo	\$395,000	\$395,000	\$380,000	\$395,000	1.5%
Warwick	\$522,000	\$515,000	\$515,000	\$511,000	2.7%



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INSIDE

- First home buyers spurring demand
- How to get the best bang for your marketing buck
- Make sure you get those investment property tax deductions right
- Rental property vacancy rates

Property investors

Make sure you get those investment property tax deductions right

By Karyn Mathews, Property Manager



In recent years the Australian Taxation Office (ATO) has made no secret of the fact that it is placing a lot of emphasis on checking through investment property

owners' tax returns.

This makes it essential to ensure you get those deductions right. If you don't, you could find yourself wasting valuable time answering persistent queries from the ATO.

There are some expenses which you can't claim. These include stamp duty and legal costs associated with purchasing the property.

Tax deductions on repairs

If you have been thinking of making improvements to your investment property, it's always worth remembering that some, but not all, repairs attract tax deductions against the year's income. It is sometimes difficult to determine what is regarded as a repair, which is treated as a straightforward deduction, and what is classed as a depreciable asset or capital works, so talk to your financial adviser.

Of course you should not undertake repairs purely to secure a taxation benefit. Rather, repairs should aim to improve a property's ability to attract and retain tenants, achieve higher rental fees and make it stand out from other rental properties.

Depreciation is one of the areas which some people don't take full advantage of when determining their deductions. This is not surprising since it can be a minefield determining what the latest rulings and qualifications are. Items that you regard as depreciating assets could in fact be classed as capital works by the ATO, making them subject to a lower annual depreciation rate.



For example, with a kitchen renovation, a new stove and range hood could fall under the category of a depreciating asset, with a depreciation rate based on a life of 12 years.

Kitchen cupboards, on the other hand, could be classed as capital works and therefore be subject to the low depreciation rate of 2.5%.

To get the maximum depreciation benefit from your investment, it may be a good idea to talk with people with particular expertise in this complex field, such as a recognised property tax depreciation expert.

Depreciation specialists

Depreciation specialists use their intimate, up-to-date understanding of tax laws and their construction costing skills to precisely determine what credits you are entitled to. They will ensure that the maximum number of depreciable items is identified - anything from the dwelling itself to capital works such as fencing, paving and even the garden shed.

And they will come up with a schedule which will clearly set out what you are entitled to claim for each depreciable item. It may surprise you but in some cases the tax benefits from depreciation could be as substantial as the rental income. This is particularly so with new homes.

Before acting be sure to get advice from your accountant or financial adviser.

Selling your property?

How to get the best bang for your marketing buck

By Craig Kennedy, Sales Manager



When you, as a seller, make your contribution to the costs of advertising your property for sale, you'd like to know that you're getting maximum impact for your dollar.

Just a few years ago the most cost effective way of advertising your property for sale would be through the property columns in weekend newspapers.

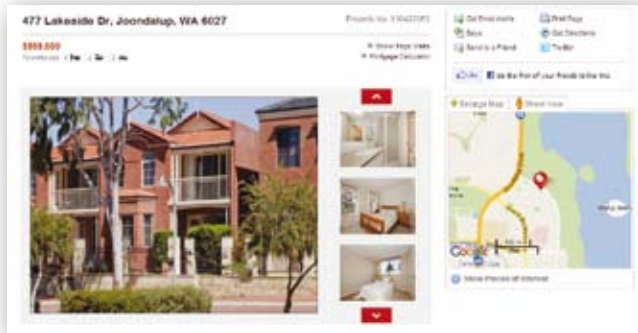
However, the last few years have seen a dramatic change in buyer habits when it comes to deciding which properties to inspect. Buyers no longer arrive at home opens armed with circled properties in a weekend newspaper.

Today, the overwhelming majority of people make a decision as to whether to view or enquire about a home based on the impression they get of the property on leading real estate web sites. They won't bother to attend your home open if they're not impressed or if they believe your price is too high.

Present it well on the internet

In other words your home must not just present well at home opens but also on these web sites in advance of the home opens. This means that today you'll get a lot more bang for your buck if your money is spent on good quality photographs for your internet advert, rather than on an entry in a newspaper.

At David Evans we have moved to ensure that sellers receive the widest possible exposure on the internet. We place all listed properties on no fewer than 15 different websites. However, your property will also be directly exposed to the buying public in a number of other ways. For example, the preferences of buyers on our database are constantly monitored in order to see whether they



can be matched to our listed properties.

Interestingly, while the internet is king, one of the most effective ways of reaching buyers remains the display window of your real estate agent's office, particularly if it's located in a busy shopping centre. We have high profile displays at our offices in shopping centres in Ocean Keys, Rockingham, Wanneroo, Warwick and Whitfords.

David Evans also publishes the Property SnapShot - a high quality guide which features homes of interest to first, second and third home buyers, upgraders and property investors. In this publication, the use of high resolution pictures ensures that properties are presented to maximum advantage.

By the way, at David Evans, any unused portion of the amount you contribute to marketing costs will be returned to you.

Rental property vacancy rates - 3 months to March

- Perth Metro Region - 1.6%
- North Coastal - 1.4%
- Western Suburbs - 2.0%
- Rockingham-Kwinana - 1.8%

Source: REIWA

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