



## Laing+Simmons property investor news

### Good times may be ahead for landlords as the Australian dream remains out of reach for many



A new report released by the Real Estate Institute of Australia shows that the proportion of income that homeowners now need to meet their home loan repayments has increased by 0.5 percentage points bringing it to 35.3 per cent. (This figure is for the 2010 December quarter.)

Figures also show that the proportion of new home buyers has dropped to 15.6 per cent, the lowest figure since 2004, and the number of commitments for new home purchases has fallen by 13.5 per cent.

The Australian Capital Territory is the most affordable with a decrease in the amount needed to meet repayments (18.5%). The other states/territories all

require a much larger percentage of their income to meet their home loan repayments:

- South Australia – 35.3 per cent;
- Western Australia – 27.6 per cent;
- Northern Territory – 24.7 per cent;
- Queensland – 33.4 per cent;
- Tasmania – 29.2 per cent;
- Victoria – 36.1 per cent; and
- NSW was the least affordable experiencing a growth of 5.9 per cent (39.5%).

This all points to a robust rental market for landlords. Rising interest rates and increases in the cost of living puts pressure on home buyers, as well as:

- the current lack of supply of affordable properties;
- population growth; and
- the downturn in the construction industry.

Landlords will have the upper hand and rent increases will no doubt creep back into the market on a regular basis.



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## Capital Gains Tax

Are you thinking of selling your investment property? Don't forget to factor in the cost of Capital Gains Tax (CGT).

CGT is generally payable when you sell a property that is not your main home of residence. Your main residence is defined as one where:

- You and your family live
- Your personal belongings are in it
- It is your electoral roll address
- Your mail is delivered here
- All services are connected such as gas and electricity etc.

So, if you wish to dispose of a property that you have purchased (and have tenanted), inherited, received as a gift or won as a prize that is not your main residence you will be liable for CGT.

According to the Australian Taxation Office, CGT is classified as:

"...CGT is the tax you pay on any capital gain you make and include on your annual income tax return. There is no separate tax on capital gains, it is merely a component of your income tax. You are taxed on your net capital gain at your marginal tax rate."

It is worked out by the following method:

**"Your net capital gain is:**

your total capital gains for the year

**minus**

your total capital losses (including any unapplied net capital losses from previous years)

**minus**

any CGT discount and CGT small business concessions to which you are entitled."

There are ways to reduce your liability by offsetting your capital losses from other properties and assets. For more information visit the Australian Taxation Office website on [www.ato.gov.au](http://www.ato.gov.au).

## Bank wars are good for home owners

The Commonwealth Bank recently released a new loan product – the "No Fee" home loan. It has no monthly fees, no annual fees and no exit fees. It also promises to "negate payment fees, loan services fees and settlement charges". According to their website all you need is a 20% deposit or mortgage insurance.

If you already have a standard variable rate loan with the Commonwealth, you can switch to the new home loan without fees from early April. For further information visit [www.commbank.com.au](http://www.commbank.com.au).

## Protecting your investment

Floods, cyclones, earthquakes and tsunamis – these seem to be more common occurrences than we would like. Although it is extremely hard to protect your property against any of these events there are some simple ways to protect against heavy rain and dangerous winds.

Check out your roof. Check for loose tiles or screws and make sure there are no gaps which would allow rainwater to enter and cause potentially thousands of dollars of damage.

Check your gutters and make sure they are not blocked and that water is able to flow freely. This will prevent overflowing pipes which can also damage your walls.

Check that all of your walls are sealed and there are no holes, and that all the doors can close properly and all hinges are secure.

Prune dead trees or overhanging branches preventing damage to your property, your neighbours property or your tenant, should a tree collapse in a storm.

Finally, check your insurance policy and make sure it is up to date and all events are covered.

### From the desk of Melanie van Bentum

Well another summer is over and we will soon be adding the layers as winter fast approaches.

We have found the interpretation of the new act to be varied and challenging. Like anything new teething problems occur and as each day goes by we iron out any issues. One area I do want to address is the need to install water saving devices if you are charging tenants for water usage. Firstly you have to have a separate water meter (units/apartments are not) you must also install water saving devices that only allow the flow of 9 litres of water per minute. If you have new tenants commencing this must be installed and completed before the new lease is signed to charge them usage. If your current tenants stay on, you must have the devices installed before 30th January, 2012.

Enclosed is some information from our licenced and insured plumber with an authority section for you to complete and send to us. OR simply email or fax us your instructions to organize this on your behalf. Get it done now to ensure your property complies.

As always call us with any queries or concerns you may have and stay safe.

Kindest regards,

**Melanie**  
Senior Property Manager

## trivia CORNER

Ever wondered how some phrases originated?

### "Getting down to brass tacks"

**Meaning** – Engage with the basic facts or realities

**Origin** – Brass tacks were often used in Tudor furniture. In order to re-upholster a chair, the upholsterer would first need to remove all the tacks and fabric coverings, thus getting down to the basic frame of the chair.