



PINNACLE CHOICE

NEWSLETTER

SEPTEMBER 2020

VIC BOOSTS SUPPORT FOR LANDLORDS, TENANTS

Tenants and landlords in Victoria will receive additional support amid the COVID-19 pandemic, the state government announced.

The ban on evictions and rental increases (both residential and commercial tenancies) will be extended until the end of the year.

“Extending the ban on evictions and rental increases is an important step in ensuring we help tenants and landlords get through the coronavirus pandemic and out the other side,” said Melissa Horne, minister for consumer affairs.

Over the past four months, almost 26,000 agreements for reduced rents have

been registered with the Consumer Affairs Victoria. The advice and dispute resolution services will continue to remain in place, according to the state government’s announcement.

The Victorian Small Business Commission recorded over 7,900 rent-related enquiries from small business owners and landlords. Around nine in 10 of these enquiries have resulted in tenants and landlords reaching common ground.

Commercial landlords will now be required to provide rent relief in proportion with the fall in turnover being experienced by eligible tenants.

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* Geru Tacadena - Your Investment Property Mag 2020

SOUTH AUSTRALIA CONTINUES TO OFFER STABILITY TO INVESTORS



Herron Todd White’s latest Month in Review has shed light on the South Australian property market, noting that COVID-19 has had little effect.

“Throughout the month of July, South Australia remained community transmission-free of COVID-19. At the time of writing, one new case has been recorded since 29 June, which has been linked to a resident returning from quarantine in Victoria,” the report said.

“Even as restrictions ease, the labour market has remained subdued, with the South Australian unemployment rate increasing from 7.9 per cent in May to 8.8 per cent in June, which is now the highest in the country.

“As at 30 June, CoreLogic’s Home Value Index indicated the metropolitan market remained 2.04 per cent up on the same period 12 months ago, [but] has seen a 0.19 per cent contraction month-on-month.

“Historically, the South Australian market has lagged behind the east coast markets, which have shown signs of decline since late March. Considering the most recent

market data and east coast market direction, it appears that the South Australian market could be entering the initial stages of a downward cycle. At this stage, the decline has only been slight and will be monitored closely in the short to medium term.”

Obviously, the level of uncertainty surrounding COVID-19 has been a major deterrent to investors entering the market, with the report finding that a change in behaviour has impacted Adelaide’s market, with activity varying across the board.

“Depending on proximity to the CBD, the investor market has historically been driven by rental returns within the outer ring and capital growth within the middle and inner rings,” the report explained.

“Gross yields of 6 to 9 per cent are common within the established suburbs in the outer ring.

“Advertised rents range from \$250 to \$350 per week, with median house prices ranging from high \$100,000s to high \$300,000s. Representative of typical investor stock is the June sale of 140 Elizabeth Road, Morphett Vale for \$240,000. Post-settlement this property was immediately let at \$350 per week, generating a gross yield of 7.58 per cent.”

[Read more...](#)

* Emma Ryan - Smart Property Investment 2020

AUCTION CLEARANCE RATES AUGUST 2020

53.6%

73.4% LAST YEAR

VIC - Melbourne

66.2%

76.4% LAST YEAR

NSW - Sydney

60.6%

61.6% LAST YEAR

SA - Adelaide

50.6%

43.8% LAST YEAR

QLD - Brisbane

As Victoria stays in Stage 4, the auction clearance rate dropped to 53.6% and very low compared to last year. Adelaide and Sydney falling behind last year’s figures but still staying in the 60% range of clearance rates. Brisbane (QLD) being the only city/state to beat last year’s figures 6.8%.

* Domain Auction Results 2020

AUSTRALIA'S HOME BUILDING LIFTS FROM PANDEMIC-INDUCED EIGHT-YEAR LOW

Building approvals are recovering from the economic slump caused by the coronavirus pandemic, with dwelling numbers bouncing back from June's eight-year low.

Latest figures from the Australian Bureau of Statistics show home building rose 12 per cent in July.

"The July results likely reflect improved consumer sentiment in May on the back of falling COVID-19 cases and easing of restrictions," ABS director of construction statistics Daniel Rossi said.

However, the value of total buildings approved fell 3.9 per cent over the month, and non-residential building total value fell 19.8 per cent – its lowest level since January 2018.



Private sector dwellings excluding houses rose 22.7 per cent, while private sector houses had its strongest month since January 2014, rising 8.5 per cent.

Tasmania made the strongest gains with dwelling approvals rising 50 per cent, while New South Wales rose 32 per cent. Victoria's approvals increased by 9.3 per cent and Queensland's lifted 7.7 per cent.

South Australia and Western Australia both recorded decreases, falling 10.5 per cent and 8.3 per cent respectively.

Also on Tuesday, the CoreLogic Home Value Index of national home prices showed the fourth successive month of falls, down 0.4 per cent in August but still up 5.8 per cent over the year.

In capital cities, prices eased by 0.5 per cent but were 6.3 per cent higher over the year.

"Price weakness was most pronounced in the larger virus-affected Melbourne and Sydney housing markets, exceeding solid price gains across the relatively virus 'free' capital cities of Canberra and Darwin," CommSec senior economist Ryan Felsman said.

"Prices in Hobart, Adelaide, Perth and Brisbane all remained stable."

Regional home prices were flat in August but up 4 per cent on the year.

Mr Felsman said the figures highlighted the increasing divergence between virus hot spots and the rest of the country.

"It certainly appears that 'lifestyle' regions could stand to benefit from a potential virus-induced exit of people from big cities – encouraged by changing working arrangements – allowing them to work from home," he said.

Home prices hit all-time highs in 11 SA4 (statistical area level four) regions, including the ACT, Adelaide-South and Brisbane-East in August.

*Gerard Cockburn & Rebecca Le May - News.Com.Au 2020

WHY IS TAX DEPRECIATION IMPORTANT FOR PROPERTY?

There are many reasons why depreciation is important to property investors:

- It helps improve cash flow to the property investor.
- It can reduce the tax payable.
- A negative-gear house loss can be reduced.
- A brand-new property can be affordable.
- Annual deductions are typically thousands of dollars for the residential property investor.
- Commercial property owners and leasees are often both able to claim and benefit.
- Annual deductions for commercial properties can

often run into the hundreds-of-thousands of dollars.

Most investors would agree with me that "you need to maximise your cash flow". One of the ways to do this is by claiming all-of the available tax deductions to you. The tax depreciation deduction along with the other available tax deductions will help reduce your tax payable and has the ability to put more money back in your pocket.

Many investors know that they can claim tax deductions for interest, property management fees, repairs and maintenance. But, many investors, also

miss out on claiming the tax depreciation deduction. Maybe they didn't know about it, they were confused as to their eligibility for it, or worst of all, they were told they couldn't claim it by their accountant.

With interest rates being so low, the tax depreciation deduction could potentially be the biggest deduction claimable for some property investors.

Would you want to leave \$1,000 in tax depreciation deductions unclaimable? What about \$10,000? What about \$100,000?

The quickest and easiest way

to claim these deductions is to organise a tax depreciation schedule from a quality quantity surveyor. They will prepare a Tax Depreciation Schedule for your accountant to apply. Please note that your accountant is not qualified by the ATO to estimate construction costs to generate this deduction for you.

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* Mark Wilkins - Smart Property Investment 2020

HOW SUCCESSFUL WAS THE FIRST HOME LOAN DEPOSIT SCHEME?

The National Housing Finance and Investment Corporation (NHFIC) Trends & Insights report, released 31 August showed that the scheme supported one in eight first home buyers between March and June.

Australia's essential workers secured one in six of the scheme's guarantees and around three-quarters of guaranteed loans were taken up by Australians aged between 18 and 34 years of age.

Canstar group executive, financial services, Steve

Mickenbecker said the scheme was timely as it allowed buyers to take advantage of the record-low interest rates.

"It's pleasing to see that the objective of the program is being achieved, with first home buyers able to get into their first house four years earlier without the need to incur lender's mortgage insurance, and taking advantage of record-low interest rates," Mr Mickenbecker said.

Of the 10,000 First Home Loan Deposit Scheme

(FHLDS) participants – representing one in eight FHBs over the period – almost 70 per cent purchased a detached house, roughly 25 per cent purchased an apartment and 5 per cent purchased a townhouse.

However, the median purchase price for apartments (\$475,000) exceeded houses (\$385,000), with the vast majority (82.6 per cent) of apartment purchases in the major capitals, compared with 54.1 per cent of houses.

In total, 62.3 per cent of FHLDS participants purchased a home in a major capital, while 37.7 per cent purchased a property in a regional location.



*Cameron Micallef - Smart Property Investment 2020



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