



Property Management

news

THERE'S A WAY OF AUSTRALIANS OF ALL AGES CAN BENEFIT IN THE PROPERTY MARKET

RENTVESTING OFFERS AN ALTERNATIVE WAY TO ENTER THE PROPERTY MARKET

Recent research has revealed a surprising rise in the number of Generation Y investors who own investment properties.

263,000 Australian households own an investment property but they are currently renting their usual residence. We take a look at the growing trend of reinvesting and ask the question whether this tactic could help more Australians own property.

The latest ING Direct Financial Wellbeing Index revealed 22 per cent of eighteen to thirty four year olds (Generation Y investors) own at least one investment property. This was followed closely by 20 per cent of thirty five to forty nine year olds (Generation X) and 19 per cent of fifty to sixty four year olds (Baby Boomers).

While this is a much smaller number than the 1.2 million owner occupiers who possess additional properties reported by the ABS, the number of rentvestors is continually growing. Research has also suggested the age group of those who rentvest is widening and subsequently the definition of the term has become more generic.

“ Additional cash flow from tax deductions will help property owners in the long term. ”

HOW CAN THIS BENEFIT YOU

Apart from the obvious influence that increasing house prices have had on buyers, particularly those looking to purchase within capital cities, another factor which have encouraged rentvesting is the ability to claim deductions for expenses relating to the property they own such as

property management fees, interest on a loan, council rates, insurance, repairs and maintenance and depreciation.

The income generated from the property, along with the tax deductions available, reduce holding costs. In many scenarios, the end net result is a positive cash flow.

By purchasing in an area which has potential for future capital growth, and taking advantage of all of the available tax deductions, an investor is provided with the opportunity to save and create equity.

These savings and any equity held in an existing investment can be useful to help grow a property portfolio or even to purchase a home in which to live in the future.

Whether or not rentvesting is the right tactic for your individual circumstances is a decision best made with the assistance of an Accountant. Either way, we expect to see the trend continuing to grow in popularity.



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BRINGING YOU UP TO DATE WITH PERTH'S CURRENT RENTAL ACTIVITY

Leasing activity in the Perth metro area declined over the month, however reiwa.com data shows it lifted five per cent in the three months to February. "Although leasing volumes were down last month compared to January, tenants remain very active right now. And in fact, if we compare February's leasing levels to the same time in 2016, activity is actually up seven per cent on an annual basis," Mr Groves said.

Perth's overall median rent price was stable in the three months to February, holding at \$360 per week.

"In terms of houses and units, this broke down to \$375 per week for houses and \$340 per week for units," Mr Groves said.

"Tenants remain the beneficiary of Perth's rental market, however investors should be encouraged that prices have held up well over the last three months and activity has increased."

reiwa.com data shows the total number of rental listings in Perth declined by one per cent over the month. Mr Groves said there had also been a noticeable improvement in the three months to February, with listing levels now 12 per cent lower than they were in November 2016.

"There's no denying listings are higher than we're used to, but the fact rental stock is no longer increasing at the frequency it once was is an encouraging sign. It suggests levels have peaked and are now stabilising," Mr Groves said.



PROPERTY MANAGEMENT INDUSTRY UPDATE

Did You Know? We held 63 viewings in March. Our vacancy rate is 3.3% where as the industry average is sitting at 6.6% and we have leased 50 properties already in the new year!

Disclaimer

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