



Julie Feller

Spring Market

With Spring upon us, we find ourselves thankfully busy with strong enquiry and demand on all fronts. The Latest National Auction Clearance Rates show that last week there were more than 1,300 capital city Auctions throughout the country which was fewer than the almost 1,400 the previous week. Despite the dip in auction volumes, the weighted average auction clearance rate increased from 60% the previous week to 61.3% last week. Melbourne's auction clearance rate recorded a slight increase from 65% to 65.4% and in Sydney, clearance rates jumped to 66.5% from 61.7% the previous week. During this week, there is currently more than 1,900 capital city auctions planned, a significant increase on the volume from last week.

Negative Gearing

The term "negative gearing" is classic jargon that can be often be misunderstood. So what does "negative gearing" really mean? An investment property is "negatively geared" when the mortgage interest and other tax deductions, such as management fees, rates and maintenance costs, are greater than the rental income.

This results in a net loss that may be offset against your other income (such as salary), which then lowers your overall tax bill. In this way, the taxman as well as your tenant helps you pay for your investment property. While hopefully at the same time, your property is steadily appreciating in value.

An example of how negative gearing works:

Mrs Smith, a property investor, buys a unit for \$300k, puts in \$50k of her own money and borrows the remaining \$250k. The annual interest calculated at 7% is \$17,500* and the weekly rent is \$300 or \$15,600 a year.

Interest = \$17,500

Rent = \$15,600

Difference = -\$1,900 (loss)

(*Example figure only, will vary with daily interest charges and frequency of mortgage payments)

Expenses: Ongoing costs including rates, water, insurance, maintenance and depreciation allowances are \$2,600 each year. When you factor in the expenses to own the property and the difference in interest charged and rent, you have a loss of -\$4,500. In this example, the investor can reduce the tax liability on their other assessable income by the investment property's loss of \$4,500. The loss on the investment property is then deducted from the taxable income.

If Mrs Smith received and paid tax on \$40,000 income for the year, her

new taxable income would be reduced to \$35,500 (taking into account the deduction of the \$4,500 property loss). This would result in a tax refund benefit on the difference of \$4,500. If Mrs Smith's tax rate was 30%, this would result in a refund of \$1,350. Obviously, the higher tax income bracket and property loss, the greater the tax benefit will be.

Most people accept a loss in income because they believe it will be more than compensated for by a capital gain (increase in property value) down the track. But you need the financial flexibility to fund a cash-flow deficit while the property gain accrues. You don't want to get 18 months into a property investment to find the cash deficit is intolerable.

If you are looking to reduce your tax paid, we recommend that you discuss this further with your accountant.

Draft Residential Tenancies Regulation

The draft Residential Tenancies Regulation 2010 has been released for public Consultation . The period for consultation ends on Friday 15th October 2010. The Residential Tenancies Act 2010 and regulation are expected to commence in November or December 2010 (no firm date has been announced). The Real Estate Institute of NSW believes that implementation of the new residential tenancies regime should not be rushed, and that the current legislative timetable does not allow sufficient time for stakeholders to consider the changes and prepare for their impact on day -to-day agency practice.

The Real Estate Institute of NSW, is currently in the process of reviewing the draft regulation and will be lodging a submission on behalf of it's members. It is pleasing to see that the REINSW's lobbying efforts have already resulted in some changes from earlier drafts of the regulation.

A summary of the key changes is currently being prepared and will be made available to members. We will be in possession of these once ready a will advise our Landlords in due course.

The Team...



Julie Feller
Principal /
Property Manager



Danny Taylor
Sales and Leasing



Adam Gordony
Property Manager



Helena Lenthén
Trust Accounts



Fyonn Wolf
Property
Management

Some of the properties leased in the July to September 2010 Quarter

July

Blair St, Bondi	1 bdrm apart	\$510pw
Blair St, Bondi	2 bdrm apart	\$500pw
Isabel Ave, Vaucluse	2 bdrm apart	\$450pw
Crown St, Surry Hills	Terrace	\$725pw
New South Head Rd, Double Bay	2 bdrm apart	\$500pw
Roslyn Gardens, Elizabeth Bay	1 bdrm apart	\$350pw
Waverley Cres, Bondi Junction	1 bdrm apart	\$480pw
Oberon St, Coogee	2 bdrm apart	\$500pw
Chaley St, Rose Bay	Semi	\$750pw
Blair St, Bondi	2 bdrm apart	\$500pw
Arden St, Coogee	1 bdrm apart	\$400pw
Simpson St, Bondi	1 bdrm apart	\$525pw
Bligh Pl, Randwick	2 bdrm apart	\$480pw
Ramsgate Ave, Bondi	Studio apart	\$350pw
Penkivil St, Bondi	3 bdrm apart	\$650pw

August

Holt St, Surry Hills	1 bdrm apart	\$400pw
Hall St, Bondi	1 bdrm apart	\$460pw
Bellevue Rd, Bellevue Hill	2 bdrm apart	\$530pw
Blair St, Bondi	2 bdrm apart	\$580pw
Victoria St, Potts Point	2 bdrm apart	\$630pw
Mount St, Coogee	2 bdrm apart	\$725pw
Clyde St, Bondi	Semi	\$780pw

Warners Ave, Bondi	3 bdrm townhouse	\$875pw
Mackenzie St, Bondi Junction	Terrace	\$600pw
Darling Pt Rd, Darling Point	1 bdrm apart	\$500pw
Glenwood Ave, Coogee	2 bdrm apart	\$525pw
Moore Park Rd, Paddington	1 bdrm apart	\$370pw
King St, Randwick	2 bdrm apart	\$425pw
Curlewis St, Bondi	2 bdrm apart	\$450pw
O'Brien St, Bondi	2 bdrm apart	\$550pw
Gadigal Ave, Zetland	2 bdrm apart	\$585pw

September

Bellevue Rd, Bellevue Hill	1 bdrm apart	\$375pw
Ocean St, Bondi	2 bdrm apart	\$500pw
New St, Bondi	3 bdrm apart	\$750pw
Gould St, Bondi	3 bdrm apart	\$850pw
Clairvaux Rd, Vaucluse	House	\$1000pw
Adelaide Pde, Woollahra	House	\$1400pw
Spencer St, Rose Bay	2 bdrm apart	\$840pw
Fairfax Rd, Bellevue Hill	3 bdrm apart	\$875pw
Benelong Cres, Bellevue Hill	3 bdrm apart	\$1750pw
Station St, West Ryde	2 bdrm apart	\$285pw
Gould St, Bondi	1 bdrm apart	\$670pw
Wiley St, Waverley	Terrace	\$900pw
Bellevue Road, Bellevue Hill	1 bdrm apart	\$400pw

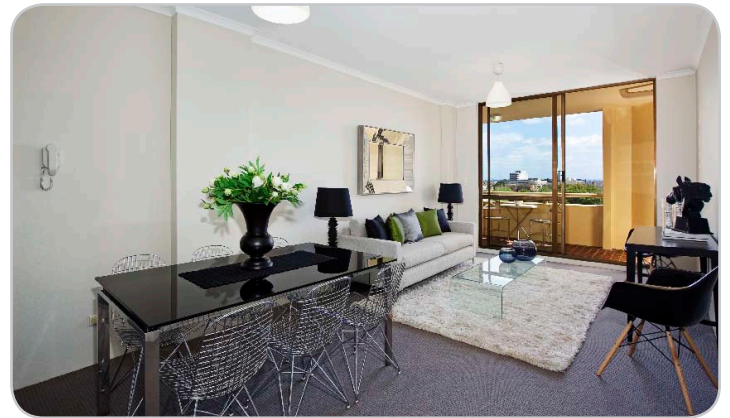
Properties for Sale

For more information go to www.juliefeller.com.au



Bondi Beach – 201/10 Jaques Ave
Oversized One Bedroom + Study

Auction: Sat 30th Oct On-site at 10:30am



Surry Hills – 32/471 South Dowling St
Inner City Living at its Best - Quiet Rear Position

Auction: Sat 30th Oct On-site at 12:30pm



Properties Recently Sold



Bondi – Martins Avenue



Bondi Beach – Gould Street



Vaucluse – Old South Head Road

