



*This newsletter has been designed to keep you updated on what is happening within the industry and our real estate office*

### FROM OUR PROPERTY MANAGEMENT TEAM

### Properties Recently Rented!

Keeping you updated on the local rental market

#### HOUSES

Keats St, Moorooka \$340  
Big 2bed polished floors sun room

Tarrant St, Mt Gravatt E \$380  
Great 3bed family home rumpus

#### UNITS

Rode Rd, Wavell Heights \$390  
Executive 2bed 2bath big balcony

Edmonstone Rd, S Brisbane \$335  
Modern fully furnished 1bed unit

Miller St, West End \$380  
Modern neat 2bed timber floors

York St, Indooroopilly \$390  
Great 2bed 2bath top position

Brighton Rd, West End \$460  
Modern large 2bed 2bath 2balc

Burrai St, Morningside \$300  
Neat 2bed unit walk to the shops

#### TOWNHOUSES

Riding Road, Balmoral \$410  
Great 3bed 2bath private c/yard

## BRISBANE HOMEOWNERS CAN REBUILD ABOVE FLOOD LEVELS

The State Government has endorsed Brisbane City Council's (BCC) interim planning measure to help rebuild homes in flood-affected areas.

Deputy Premier and Minister for Local Government Paul Lucas said he had advised BCC that it may adopt a temporary local planning instrument (TLPI) that would allow flood-affected properties on standard lots or be built up to 9.5 metres above ground level without the need for a development approval- one metre higher than the current 8.5 metre planning limit.

"Approximately 12,000 Brisbane homes were affected by the devastating floods in January this year," he said. "Additionally, many developers want to get on with the job of building houses and units in areas that may potentially be impacted by future floods if they are not built at a particular height. The TLPI adopts an interim flood level to regulate floor levels so that they can get on with constructing dwellings."

"For flood-affected properties that are unable to be raised to achieve flood immunity, the TLPI introduces a number of new standards such as flood resilient

building design and materials including water resistant sheeting, for new building works below minimum floor levels."

"One of the things that was learnt from the floods is that they appear to have impacted on different parts of Brisbane in different ways compared to the 1974 floods."

"One of the key roles of Queensland Floods Commission of Inquiry is to look at appropriate development levels and the like in Queensland, though this is something that we do not expect to finalise until early next year."

"Ultimately the commission may adopt a different view however the TLPI represents BCC's consideration of expert reports on the best interim levels pending that final decision."

Residents who do not wish to raise their houses will be able to rebuild their properties exactly as they were; but these changes have been implemented to encourage people to build their homes to a level that will provide appropriate flood immunity.

P.T.O. >

**IMPORTANT:** This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. Every effort is made to ensure the contents are accurate at the time of publication. Clients should seek their own independent professional advice before making any decision or taking action. We take no responsibility for any subsequent action that may arise from the use of this newsletter.

### IN THIS ISSUE

- Brisbane Home Owners can Rebuild above Flood Levels
- Depreciation can change an Investment
- Sale Property of the Month



"This is quite different to the ability to prevent building in areas previously not build on," Mr Lucas said. The TLPI establishes an interim residential flood level, which is based on the highest of either the January 2011 Brisbane River flood event or the Defined Flood Level, as established in the existing planning scheme.

Mr Lucas emphasised this is a temporary solution and BCC would have to amend its planning scheme before the TLPI expired in April 2012.

Source : REIQ Journal (June 2011)

## DEPRECIATION CAN CHANGE AN INVESTMENT

It's important for investors to understand the effects of property depreciation and how it can change an investment, advises BMT.

The Australian Taxation Office allows investors to use two alternative methods of depreciation:

- Diminishing value method - which accelerates depreciation deductions quickly.
- Prime cost method - which spreads the deductions out over time.

According to quantity surveyors BMT, the long term intentions of the property investor will determine which depreciation method will be most suitable for them. They can only choose one though.

Each method affects the long-term cash flow position in a different way, says BMT.

"Under the diminishing value method the deduction is calculated as a percentage of the balance left to deduct. The deductions will be higher in the first five years and diminish over time. This is because a greater proportion of

the asset's cost is being claimed in the earlier years of the effective life.

"Under the prime cost method the deduction for each year is calculated as a percentage of the cost per year. This results in a more even spread of deductions over a longer time."

The diminishing value may be an attractive option for an investor who purchases a property and wants to sell it in around five years time, because it provides higher returns over the earlier years.

However, if the owner plans to hold the property for a longer period of time, then the prime cost method might be more suitable because it provides a constant long-term projection of what the investor's tax deductions will be.

But BMT says most investors employ the diminishing value method on both short and long term investments because depreciation deductions are cumulatively higher over the first five years of ownership, when they want or need deductions most.

An example of how the diminishing value method compares to the prime cost method in deductions obtained per year for ten years is as follows:

Year	Diminishing value method	Prime cost method
1	\$8,658	\$6,606
2	\$8,930	\$6,126
3	\$6,948	\$6,126
4	\$6,197	\$6,126
5	\$5,103	\$6,124
6	\$4,408	\$4,813
7	\$4,118	\$4,720
8	\$3,744	\$4,718
9	\$3,513	\$4,718
10	\$3,368	\$4,708

SOURCE: BMT; figures are based on a 15 year old house with a purchase price of \$400,000.

Source : Australian Property Investor (June 2011)

## Investment Property of the Month



### PRICED TO SELL – BEST ON THE MARKET!

Be quick to see this near new ground floor 3 bedroom 2 bathroom ritzy apartment in one of Brisbane's fast growing suburbs Nundah.

Located in a small complex of 12 the stylish apartment boasts many great features including; 3 generous sized bedrooms with built-ins, ensuite off the master, main bathroom with tub and separate laundry, modern kitchen with stainless steel appliances, air-conditioned open plan living and dining area, large entertainer's balcony with a breezy south-eastern aspect, and secure car parking.

Look no further; with affordable body corporate fees and council rates, a short walk to major public transport links, a 15 minute drive to the airport or Brisbane CBD and Centro Toombul Shopping Centre just around the corner.

With its maintenance free living, this is the perfect property for an executive owner occupier to move straight in or for an investor looking to capitalize on the \$410pw rent and great depreciation benefits.

**\$419,000**