

# PROPERTY NEWS

*Ideas to help you when you're Buying or Selling*

# Sold In 3 Days



**39 PAPERBARK DR, WOODCROFT**

## Agent Created Buyer Competition:

- **One Open Home**
- **115 Inspections**
- **18 Offers**
- **Sold For A \$71,000 Premium**

Veteran real estate professional, Stephen Lord, understands hot markets better than most and says there's only two things vendors need to understand to get the most from the looming Spring selling bonanza - hold their nerve and listen to their agent.

Stephen, who has a record of achieving rapid sales and top prices, used the example of this home.

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- **Depreciation Is Money In The Bank**
- **Agent's Market Knowledge Key To Price**
- **Spring Selling Is About Real Profits**

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**02 8883 3553**

## LETTER FROM THE PRINCIPAL

Dear Readers,

Real estate is again proving itself a powerful investment. In the last 12 months it has created overnight millionaires of mums and dads who simply had not realised how much their homes had increased in value.

Some are using their equity to help their children gain a foothold in the property market. Others are using it to buy an investment property.

There's yet another segment, those selling up, taking the money and using it to down size as well as buy a flat or home to rent out.

Right now, with the lowest interest rates in 60 years, your alternatives are many.

If you can't decide which is the best option for you, feel free to contact us for obligation free advice.

Kind regards,  
Stephen Lord  
Principal



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# Depreciation Schedule Vital To Tax Benefits

**Too many landlords find themselves rushing around like headless chickens at the end of the financial year. Yet it can be avoided with simple planning.**

Gittoes has the expertise to prepare the essential reports.

Depreciation is a cost you claim on your investment property for the general 'wear and tear.'

**There are two types of property depreciation allowances available:**

*Plant and Equipment* refers to items within the building like ovens, carpet, light fittings, blinds etc. Each item has its own rate of depreciation.

*Building Allowance* refers to construction costs of the building itself and only applies to buildings or improvements made after July 18, 1985.

### Plant and Equipment

This can be quite complex to calculate. Each item has its own rate of depreciation such as blinds that could have a rate of 20% for 5 years while ovens could have a 10% rate for 10 years.

But before you even go down the dollars and cents path you need to address the nuts and bolts, enlisting your agent to prepare a report on the items in your property.

The more time you allow for this the better, as the agent will need to organise

access and a property inspection with the tenant at a time that suits both parties.

### Building Allowance

**If you know the cost of construction for the building or renovations, the tax rates are as follows:**

- For those built or renovated between July 18, 1985 and September 15, 1987, depreciation is calculated as 4% of the building cost for 25 years.
- If the building was constructed after September 15, 1987, you can claim depreciation of capital works for building and landscaping at a rate of 2.5% for 40 years.

Hence, most properties constructed before 1985, cannot claim building allowance unless renovations were made.

### Property Depreciation Calculator

The best way to calculate your property depreciation allowance is to have a Quantity Surveyor create a schedule for you. This schedule provides you with your allowances for the next 10-20 years so you only need to obtain it once, if no internal or external changes occur.

You can also use a Tax Depreciation Calculator. The allowances indicated on the calculator are estimations only for properties you are about to purchase. The amount indicated would be an estimation of the amount you can deduct.

## Deduction Assessment

|                 | Purchase Price | Year One Depreciation | Years 1-5 Depreciation |
|-----------------|----------------|-----------------------|------------------------|
| House Renovated | \$400,000      | \$5,600-\$6,800       | \$18,400-\$21,000      |
| House Brand New | \$585,000      | \$12,500-\$14,800     | \$46,800-\$50,600      |
| Unit Renovated  | \$455,000      | \$7,300-\$8,500       | \$25,800-\$31,500      |
| Unit Brand New  | \$625,000      | \$14,500-\$16,300     | \$53,800-\$61,125      |

- Claim an average of \$5000-\$10,000 in deductions in the first year
- New and old, every investment property can benefit from a depreciation schedule
- Adjust two previous tax returns.

# Agent's Knowledge Of Market And Buyers Led To Great Result

**Were it not for the experience of House 2 Home Realty Principal Stephen Lord the owners of 39 Paperbark Dr, Woodcroft would have far less money in the bank than they do now.**

Three times the owners were prepared to sell - at \$630,000, \$640,000 and \$650,000 - but luckily they bowed to Stephen's experience and let him continue, all the way to \$670,000.

At Stephen's suggestion the home, which was being offered for the first time, was initially advertised on his internet site for offers above \$599,000.

Stephen knew from his extensive research that sub-\$600,000 was perceived as a benchmark for a three bedroom home in the suburb, and thus it would attract a lot of interest.

But he always knew it would attract final price above \$600,000, and for two very good reasons.

"Firstly there was the unmet demand. In July 2013 six homes had sold in the suburb but in July 2014 availability had fallen with only two offered.

"Then there was the home itself - larger than the norm with big bedrooms, a large ensuite, top quality inclusions and high end appliances.

"I was confident that once we had people through the door as a result of the reasonable starting price, competition would do the rest," Stephen said

It took just one day of internet advertising for buyer interest to indicate Stephen was right on the money.



**39 Paperbark Drive, Woodcroft sold \$71,000 above the starting price.**

By the first and only Open House, Stephen had been told by the owners that if he received an offer of \$630,000 he could accept it without reference to them.

During a hectic three hours of negotiations at the Open House Stephen ultimately fielded 18 offers.

When the price rose to \$640,000 the owners said to take it but Stephen insisted the buyer was prepared to go further and held out.

Again at \$650,000 the owners said take it and again Stephen held out until finally he negotiated a sale price of \$670,000.

Stephen said afterwards that too many agents and owners are too concerned about the starting or list price.

"It's not where you start, but where you finish that is important," he said.

"Ultimately the owner should concentrate on the presentation, on dressing up the home to ensure everything is perfect.

"From there, trust your agent to set the starting price, to negotiate and to call it when he knows that the buyers have reached their spending limit.

"That's why you use an agent. That is his skill set," Stephen said.



## Would you like to have your home sold by the best in the business?

Stephen Lord has a proven record of success and an impressive portfolio of clients who are totally satisfied by his outstanding level of service.

**Ph 02 8883 3553 or 0412 260 022**  
**[www.h2hrealty.com.au](http://www.h2hrealty.com.au)**

# It's the season for buying and selling



Is Spring the best time to buy or sell a home?

**There are quite a few answers to this question, with replies relating to the state of the market, your finances, your requirements, interest rates and other such matters coming thick and fast.**

But while it is, of course, best to buy or sell when it suits your individual needs, there's something about Spring that seems to start the market ticking over.

And this "Spring effect" has flow-on benefits for both buyers and sellers alike.

## Buying in Spring

The weather has a lot to do with it, of course. If you're planning to buy, there is much more incentive to get out and about now that the weather is warmer, rather

than shivering through inspections in the winter cold. This anticipated increase in inspections during Spring encourages people to put their homes on the market, providing you with many options to choose from.

## Selling in Spring

Planning to sell in Spring also makes sense from the point of view that this is usually the time when your house and garden are looking their best. It is also the time when people are keen to buy because they hope to be able to move and settle into their new home before the

Christmas break, so there is more chance of attracting genuine buyers.

One well-known real estate principle is that it is wise to be a buyer when other people are selling, and to be a vendor when other people are buying. The great thing about Spring is that this applies both ways. It's a time when some people are selling and others are buying, resulting in it being the prime real estate season.

**So whether you plan to buy or sell property, make up your mind to make the most of Spring and look forward to an outstanding result!**

## spring selling to do list

Wash & de-cobweb house  
Pressure wash paths  
Weed paths, gardens & lawns

Plant shrubs, flowers  
Touch up or re-paint particularly  
gutters and front door

Wash windows  
Freshen, repair fence  
De-clutter yard & house

## Looking to rent your property?

# Let us take the worry out of renting your property with one phone call

Speak to any local and they will tell you that House 2 Home Realty, Principal, Stephen Lord has a track record of providing quality service and understanding when it comes to successfully managing rental properties.

**Please phone 0412 260 022 to secure your new tenant today!**