

Are you missing out on thousands of dollars in legitimate tax deductions?



by Matt Stanley

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ASSET ECONOMICS estimates that only one in five residential investors make use of the tax depreciation entitlements which are available to all investors on all investment properties.

When you think of tax deductions for a residential property investment, you probably think of things like mortgage interest, maintenance and upkeep, property management fees and council rates. But there's one other big deduction that can often be overlooked - depreciation.

These depreciation benefits can significantly boost the cash flow of property investors after the current rises in interest rates that have reduced their cash flow because of higher mortgage repayments.

All investment properties are eligible for a building write off allowance off 2.5% of the original build cost along with Plant and Equipment. Investors can gain between 10% - 20% of the building's value as depreciable plant. Examples of Plant and Equipment include carpets, ovens, cook top, dishwasher, clothes dryer, window blinds, air conditioner, heater and hot water system.

Information that needs to be provided -

- Date of settlement
- Purchase price

- Access details for inspection (e.g. property manager or tenant details)
- Any information pertaining to improvements or additions made to the property including dates and actual costs (where available)
- The date the property became available for income producing purposes.

The best time to get a depreciation schedule is usually as soon as possible after settlement.

Not only do ASSET ECONOMICS provide you with a depreciation report but included in our fee suggestions to improve your weekly cash flow along with suggestions to improve your valuation so that you can start to get ready for your next property investment.

Based on the Diminishing Value method of depreciation, several building scenarios are provided as an approximate guide. Please note that the table below represents residential property only

Building Type	Purchase Price	Year 1 Depreciation	Year 1 - 5 Cumulative Depreciation
1 Bedroom Unit	\$200,000	\$7,000	\$20,000
2 Bedroom Unit	\$250,000	\$8,000	\$25,000
3 Bedroom Unit	\$350,000	\$9,000	\$30,000
Townhouse	\$400,000	\$10,000	\$40,000
Residential House	\$450,000	\$12,000	\$45,000
Residential House	\$650,000	\$15,000	\$50,000

FOOTNOTE: For a small fee of around \$500 our suggestion is to have a depreciation schedule prepared on your investment. The tax savings are real and will effectively increase your return. Another angle is that the money you save will cover your management fee.

Brett Graham

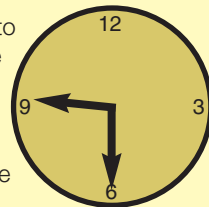
From all the team at
**Coolum
Maroochydore
and Buderim ...**



**We wish you a Very Merry Christmas
and a Very Prosperous 2008!**

Some statistics to mull over

Residential clock. Sometimes a simple way to measure the strength, weakness and cycle of the market is showing it in a clock form. This is how we see the current residential market. A BOOM market is shown as 12 o'clock. A BOTTOM market is shown as 6pm. currently we see the market at about 9.30pm.



\$750 the average cost of conveyancing as a seller
\$1500 the average cost of conveyancing as a buyer
\$500 the average cost of a pest and building report

1.2%. is the vacancy rate of our Property Management Division across our three offices at Ray White Coolum, Buderim and Maroochydore. With close on 1000 properties under management it is historically a very low figure. This time last year it was around 2.5%. Our average rent is now nudging over \$300 per week.

Out of 257 sales that we made for the three months of August, September and October. Investors were responsible for one third of them. Despite increase in interest rate the demand is still very strong.

Each month we average about 160 applications for rental properties through our offices and each month we service an amazing 1200 enquiries.





For every new property that we bring to our portfolio between now and the end of December we will be offering a full 12 months subscription to Property Investor magazine. So if you know a friend you can refer to us or if you have another property you want us to manage for you then feel free to contact us today and begin your subscription.

Brett Graham

Buderim office expanding

Finally the opportunity has presented itself for the Buderim Office to expand. For the past 5 years the business has experienced incredible growth in sales, Property Management and administration staff. We now will have second premises to house the Property management



Brett Graham

Division, Loan Market operation and a growing sales force. The existing office will continue to operate as a stand alone sales office with a more up market approach. Please join us for cup of tea or coffee next time you are in town. More details in our next issue of Investor Note.

Executive properties are becoming increasingly more popular

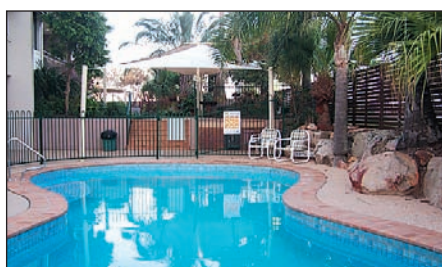


We have recently leased a four bedroom Balinese style home with lagoon pool for a staggering \$850.00 per week. While a similar property in the past would have been more difficult to occupy, we had a huge amount of enquiry with three applications submitted. Ray White holds a large database of prospective tenants awaiting similar properties to become available. If you own a property such as this please give us a call.



Heidi Davies

Recommended Buying Opportunities



MAROOCHYDORE 3 'Mylos', 2 Maroubra Street Beachfront Investment

Mylos Apartments are perfectly situated across the road from the beautiful Maroochydore beach. This fully furnished 2 bedroom unit won't last long. A perfect investment opportunity with excellent occupancy, good returns plus the perfect position guarantee a sound investment for the future.

Warren Chapman 0416 137 132



COOLUM BEACH 46 'Beach Retreat', 1750 David Low Way Auction on site Saturday, December 8 @ 1pm

Income: Rental income - \$39,624.60

Owner income - \$20,667.23

Body corporate: \$7,208 p.y. approximately

Rates: \$963.67 per half year approximately

Royce Hort 0418 758 098



Brand New Homes from \$390,300

4 bedroom homes with open planned design featuring ensuite to master, 2 living areas and double car accomm. Sizes vary from 192m²-228m² under roof. Block sizes range from 488m². The highest level of fittings and inclusions are standard. Approximate rental returns from \$410-\$430 per week. Guaranteed building timeframe. Buy brand new and receive the full tax benefits of Property Depreciation. Enquire today for a full information pack and available opportunities

Dan Sowden 0412 201 914

Ray White.

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