

April 2024

# Investor

NEWSLETTER

## PROPERTY MATTERS



macwell.com

## Editor's Note - Navigating the Challenges in QLD's rental market

Dear Investors,

It's a challenging time in the Queensland rental market, and as we gather insights and perspectives, it's clear that the solution hinges largely on supply. In recent discussions, including my appearance on ABC radio alongside Paul Tomasini from the Tenancy Skills Institute (InCommunity), we dissected the intricate dance between investing in properties and the growing hardships for tenants.

The reality is stark—our rental markets are squeezed. With interest rates climbing, many investors find themselves in a tight spot, compelled to sell off properties, which in turn exacerbates the supply issue. This shortage has inevitably led to soaring rental prices, creating a cycle of hardship for tenants and investors alike.

State responses have been less than encouraging, with investors often painted in a less-than-favourable light. This narrative is not only unhelpful but overlooks the core issues at hand. The immediate need is for more proactive engagement from our state government. We need policies that bolster investor confidence and facilitate the expansion of rental supply—cutting through the red tape to make property investment smoother and more attractive.

While there are temporary relief measures in place, such as the grants provided by InCommunity to help sustain tenancies, these are short-term fixes. We need to drive conversations that lead to long-term solutions. The plans currently on the table predict a 5-year timeline before we see significant changes.

However, the urgency of the situation demands swifter action.

How can we make a difference? It starts with collective action. Joining organisations like the Property Investors Council of Australia and reaching out to your local MPs in the postcodes of your investment properties can amplify our voice. It's time for the silent majority to speak up and make our concerns heard.

There's a glimmer of hope on the horizon with rumours of potential interest rate cuts by year's end. Such changes could provide the breathing room needed for investors to hold onto their properties and possibly reinvigorate the market.

Let's rally together for the future of Queensland's property market. Your investment, voice, and advocacy are crucial as we strive for a balanced, thriving market that benefits everyone involved.

Warm regards,

*Samara Bedwell*

Samara Bedwell



# Understanding Australia's Migrant Patterns for Investors

In recent discussions, particularly in an insightful article by demographer Simon Kuestenmacher in The New Daily, the complexities of Australia's migration policies and their effects have been a focal point. Australia's migration policy significantly influences our economic and demographic landscape. On average, the country sees a net migration increase of 215,000 annually, derived from 485,000 arrivals and 270,000 departures. Notably, after the pandemic in 2022/23, migration surged to 737,000, mainly due to increased demand in international education.

Approximately 21% of our annual migrant intake includes Australians returning and New Zealanders, which limits adjustment options in migration policies. The remainder consists largely of temporary visas (61%)—primarily international students—and permanent migrants (17%), with only 7% on skilled permanent visas.

The potential for reducing visa numbers is often discussed. However, family visas, comprising 5% of the total, present ethical challenges if restricted. On the other hand, considering our skills shortages, particularly in aged care, expanding working rights for asylum seekers could be beneficial.

Significant cuts to temporary visas could negatively impact the education sector and the broader economy, as these migrants substantially contribute through spending and filling job vacancies.

Similarly, reducing working holiday visas, which make up 9% of the intake, would likely be counterproductive given their economic contributions.

In summary, while the spike to 737,000 migrants last year is an outlier, a more sustainable target might be around 500,000 annually. Regardless of potential adjustments up or down by 100,000, a pressing challenge remains: enhancing our housing stock to accommodate an increasing population efficiently. Balancing economic advantages with social and infrastructure readiness will be crucial for integrating migrants effectively into Australia's fabric.

## Fun Fact - What Makes Australia so Appealing

Australia's popularity among foreigners can be attributed to many factors, but one fun fact that often captures the imagination is its stunning beaches. Australia boasts over 10,000 beaches, more than any other nation, which means you could visit a new beach every day for over 27 years! This, combined with Australia's diverse ecosystems, vibrant cities, and laid-back lifestyle, makes it a top destination for tourists and migrants alike



# The Essential Role of Depreciation Schedules

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For property investors, maximizing return on investment is crucial, and one of the most effective tools at their disposal is a depreciation schedule. Understanding the importance of this financial document can significantly impact the profitability of investment properties. Here's why a depreciation schedule is essential for every property investor.

## 1. Tax Benefits

The primary advantage of a depreciation schedule is its role in tax deductions. Depreciation is the natural wear and tear of a property and its fixtures over time, which can be claimed as a deduction against taxable income. This schedule details all depreciable assets within a property, allowing investors to claim these expenses annually, thus reducing their taxable income. It's a legitimate method to offset the cost of property investment through tax returns.

## 2. Cash Flow Improvement

By maximizing tax deductions, a depreciation schedule directly improves an investor's cash flow. Lower taxable income means higher take-home earnings, which can either be saved or reinvested into the property or other investments. This improved cash flow can be pivotal, especially in the early stages of property investment when expenses tend to be higher.

## 3. Enhanced Investment Strategy

A depreciation schedule provides a clear overview of the value decline in property components over time, offering insights that are crucial for strategic planning. Investors can use this information to schedule renovations, decide on maintenance priorities, and plan exits from investments to optimize returns. It also helps in forecasting future cash flows and understanding the long-term financial impact of owning the property.

## 4. Increased Property Value

Regular updates to a depreciation schedule post-renovations or upgrades can increase the amount of claimable depreciation. This not only continues to enhance tax benefits but can also indirectly raise the property's market value by highlighting its well-maintained or upgraded state. This is particularly useful when it comes time to sell or to leverage the property for additional financing.

## 5. Professional Compliance and Accuracy

Creating and maintaining a depreciation schedule typically requires professional assessment by a qualified quantity surveyor. This ensures that all claims are compliant with current tax laws and that the values assigned are accurate and maximally beneficial. This professionalism helps avoid potential legal issues with tax authorities and ensures that the investor is claiming the correct amount.

## Conclusion

For property investors, a depreciation schedule is not just a tool for tax season; it is a continuous asset that supports financial health and strategic investment planning. The benefits extend beyond simple tax deductions, affecting overall cash flow, investment longevity, and property value. As such, securing a professionally prepared depreciation schedule should be considered an essential step for any serious property investor.

This document not only bolsters financial gains but also fortifies the investor's understanding of their property's fiscal dynamics, paving the way for informed, lucrative investment decisions.

## Macwell Lately

*Every month we at Macwell set about achieving goals for our clients and goals for ourselves - take a look at our achievements recently:*



*Jason Bedwell - Sales Manager, Trainer & Auctioneer*

Recent property sales include:

43 Ney Rd Capalaba - \$850 000

39 Highlands St -Yarrabilba \$630 000

124 Morna St Newport -\$850 000

10 Ellerston Ave Brookwater - \$635 000

For more sold information go to:

<https://www.realestate.com.au/agency/macwell-property-capalaba-VBQCJB>



*Arna Hoibert - Sales Administration*

Arna Hoibert our beautiful sales administrator and all round office hero celebrates 2 years with Macwell Property - Happy Anniversary



*Georgia Forchert - Receptionist*

The lovely Georgia Forchert joined the Macwell team in the capacity of Receptionist. Georgia is a bright and bubbly girl with a great sense of humour and a passion to help our callers and visitors feel their best.



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FREE PROPERTY MANAGEMENT**

**1**

Create a  
management plan

**2**

We manage your  
property and keep  
you in the loop

**3**

Sit back, relax and  
watch your nest  
egg grow

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