

KEITH SOAMES Newsletter

REAL ESTATE

See Soames for homes

June 09

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PROPERTY OF THE MONTH



8 GILDA AVENUE, WAHROONGA

AUCTION: 20th June 2009 - ON SITE

A MAGNIFICENT WORK OF ART

6 Bedrooms, Attic Studio, 3 bathrooms, double lock up garage, a huge pool and a 1580 sqm block of land.

It has it all and only minutes walk to Wahroonga Village, station and private schools. This beautiful home was originally built in 1917. Recently a huge extension has been added to give you almost 500sqm of total indulgent living with fireplaces, wraparound veranda, spotted gum floor boards, skylights and much much more. If you are wanting an individual home this is not to be missed.

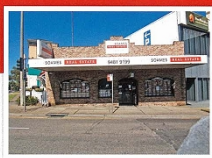


BEVERLEY MOORE
0423 369 367
Sales Consultant

Triple your exposure = higher selling price



Hornsby 9987 0011



Thornleigh 9481 9199



Wahroonga 9487 1500

3 offices 1 team

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THIS MONTH'S MARKET WRAP

The local real estate market during the month of May has been very strong. Unit sales to first home buyers have continued their upward trend, with many 2 bed units in the Hornsby area now close to and going over \$400,000.

We are now seeing some growth return in the \$600,000 - \$800,000 price bracket with sellers to first home buyers now moving into their next home with 3 to 4 bedrooms. We feel confident that this sector of the local market will stay strong well into Spring.

General purchase interest and sales have improved in the \$1million plus bracket however, buyers remain cautious and are negotiating vigorously. The perception in the market seems to be that prices have bottomed, and prudent buyers / investors are looking to catch the market before it starts to rise.



KEITH SOAMES
Principal

THIS MONTH'S SOLD PROPERTIES

67a Bellamy Street, Pennant Hills	\$800,000
123/208 Pacific Highway, Hornsby	\$354,000
33 Pulbrook Parade, Hornsby	\$390,000
12 Janita Crescent, Mt Colah	\$625,000
6/23 Burdett Street, Hornsby	\$400,000
1/7 Unwin Road, Waitara	\$408,500
13/4 Muriel Street, Hornsby	\$365,000
62 Thorn Street, Pennant Hills	\$560,000
20 Silver Ash Way, Thornleigh	\$575,000
9/9 Trelawny Street, Thornleigh	\$485,000
7 Calga Ave, Normanhurst	\$615,000
214/2c Munderah Street, Wahroonga	\$420,000
7c Redgrave Road, Normanhurst	\$690,000
9 Hopkins Place, Nth Turrumurra	\$820,000
8a Chunooma Road, Nth Wahroonga	\$840,000
17 Lennox Street, Normanhurst	\$819,000
10 Firth Avenue, Normanhurst	\$666,000
65 Junction Road, Wahroonga	\$835,000
23 Lochville Street, Wahroonga	\$1,350,000
50/75 Jersey Street, Hornsby	\$175,000
509/39 Orara Street, Waitara	\$315,000
2/10 Church Street, Mt Kuring-gai	\$520,000
48 Billyard Avenue, Wahroonga	\$1,375,000
7 Neil Street, Hornsby	\$590,000

HORNSBY - 9987.0011

THORNLEIGH - 9481.9199

WAHROONGA - 9487.1500


RENOVATE and DEPRECIATE

When purchasing an older investment property, many investors decide to renovate the property after settlement. Investors can often claim thousands of dollars in deductions when renovations are done. The following case study highlights how it worked for one investor.

CASE STUDY

Jim purchased a 60 year old 3 bedroom townhouse in Paddington. In its pre-renovation condition, the house contained carpet, vinyl, blinds, an air conditioner, old stove, hot water service and light fittings. Upon his accountant telling him about the potential depreciation deductions available in old, pre-renovated properties, Jim decided to enquire about a scrapping report before he started any work on the property. Upon inspection a full site inspection was conducted which took note of all the items that could be "written off" before they were thrown out. The following deductions were obtained:

Item	Depreciation Obtained
Air-conditioning Unit	\$600
Blinds	\$600
Carpet	\$2,500
Hot Water Service	\$420
Light shades	\$300
Stove	\$350
Vinyl	\$1,500
Total	\$6,270



Jim then took the report to his accountant and claimed \$6,270.00 in depreciation deductions that year in his personal tax return.

Over the following 12 months, Jim completed his renovations, including an extension at the rear of the property. He again had another inspection carried out to assess the renovated property to achieve the maximum depreciation deductions.

During this inspection another report was provided to Jim, taking into consideration all the new additions (stainless steel oven, cook top and range hood, new carpet, air conditioning unit, etc) as well as calculating the construction write off allowance now available on the extension.

Both Jim and his accountant were impressed with the total depreciation claim on the scrapped assets and renovated property of \$16,000 in the first year alone.

ACKNOWLEDEMENT TO: BMT & ASSOC Quantity Surveyors. Issue 25 WINTER 2009



SUZANNE WHELAN
9485 4805
Property Manager

TAKE OUT INCOME PROTECTION INSURANCE

If you're a negatively geared property investor who's self-employed or you work on contract, your salary doesn't have the same short or medium-term stability or security as a wage earner who's a permanent employee.

One risk-management strategy you can put in place to maintain the stability of your income is to take out income protection insurance. This ensures you continue to receive a certain amount of income if you suffer a decline or inability to work.

Income protection insurance covers you for such things as illness or disability. It'd be hard to cop building a large, geared portfolio and then having your ownership of that portfolio threatened because your ability to service the loan repayments was undermined by a long illness. You want your property portfolio to be able to support you but until it does you need to be able to continue to support it!

A helpful aspect of income protection insurance is that the premium is deductible for tax purposes.

TAKE OUT LANDLORD'S INSURANCE

We've all heard horror stories of tenants who trashed rental properties, were months behind on the rent and skipped the premises while still heavily in arrears. This not only causes costs for the investor in repairs and lost rent but also causes delays in collecting future rent because of the time required to get the property in order.

While prevention is obviously better than cure, in that good tenant selection is paramount, landlord's insurance offsets the cost (and some of the pain) of a bad tenant. This can mean the difference between a bad tenant causing only a minor disruption versus a huge cash hole.

As with income protection insurance the premium for landlord's insurance is tax deductible.

KEEP A CASH BUFFER

The most straightforward means of ensuring you can get cash quickly is to have some on standby.

Don't part with cash if you don't have to when making a property acquisition. To the greatest degree possible, let a bank or lender be satisfied with equity in the form of hard assets rather than cash so you can have cash on standby and under your control.

You can still have the cash working for you if you have it sitting in an offset account or line of credit. There's no substitute for cash (it's the most liquid asset) and a ready supply is one of your best risk management measures.



SUE ELLIS
9483 9113
Property Manager

INVESTMENT OF THE MONTH



10/75 JERSEY STREET, HORNSBY

\$185,000

Great Opportunity to get into the Market

North facing studio apartment situated in a security complex with indoor pool and security car space. The unit is in close walking distance of Hornsby train station, Westfield shopping centre, local amenities as well as Hornsby Hospital. This presents a terrific opportunity to buy while the double home loan grant is still in place. It would also make a good investment returning approximately \$240pw.



JANINE NASH
0414 471 744
Sales Consultant

PROPERTY MAINTENANCE and LANDLORD LIABILITY

The importance of maintaining your property has never been more relevant in the rental market.

As a landlord you should be sure of your legal obligations to provide safe premises for your tenants. Landlords should not assume that the lease gives them protection from liability for what happens to the tenant while in occupation.

Changes to the Residential Tenancies Act make it clear that the landlord has an increased responsibility to ensure their properties are safe, for the tenant and for third parties.

A recent spate of litigation where injury and theft were deemed to be the result of a landlord failing in his duty of care to provide premises that were safe for occupation as normal actions could provide (except for defects which could not reasonably be discovered) were settled in favour of the tenants even though the negligence was committed by third parties in each case



MICHAEL KAS
9483 9114
Property Manager



Celebrating 40 Years!

Prior to opening their first real estate office in Thornleigh, Keith Soames and his wife Jan ran a basalt processing business in Bathurst.

That was now 40 years ago, and Keith Soames Real Estate has grown to incorporate three offices and 29 staff members, servicing the entire Upper North Shore region.

The business continues to be family operated, with both of Keith's sons now active and integral team members.

3rd ANNUAL WINTER FUNDRAISER for the CHILDREN'S HOSPITAL WESTMEAD

Keith Soames Real Estate will be donating \$25 for every home, townhouse or unit appraised during the Winter months. Our donation will increase to \$100 should you decide to sell with us. Help us help the Children's Hospital.



Call one of our 3 offices on:
Hornsby 9987 0011
Thornleigh 9481 9199
Wahroonga 9487 1500