CONNECT
Through Property

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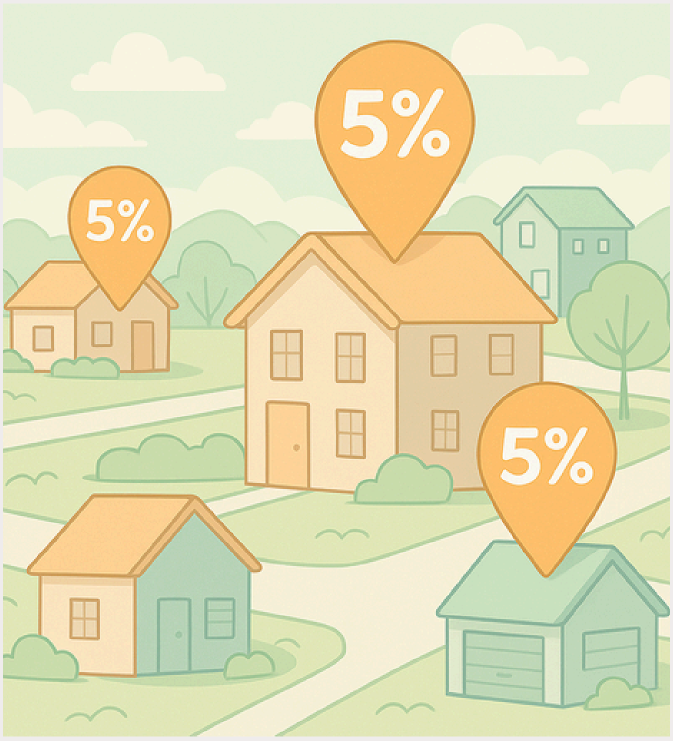
WELCOME TO OUR

Monthly Newsletter



Thank you for being a part of our community!

Nationally, the property market has remained resilient, with listings down about 20% compared to the five-year average, and home values rising for the seventh consecutive month. In August, national prices increased 0.7%, bringing the median home value to $848,858.

This spring is shaping up to be particularly busy, with the expanded First Home Guarantee scheme now allowing buyers to purchase with just a 5% deposit with reduced limitations from October (rather than January '26), and the RBA cutting interest rates again to 3.60%, boosting buyer capacity and confidence.

As always, we're here to guide you through every step—connecting you to smarter property decisions.

In this newsletter you will find:

News and market insights from the last month, some tips for a busy spring in property, and August's edition of 'Connect Corner'.

NEWS UPDATE

- **First Home Guarantee Fast-Tracked -** The Federal Government will launch the expanded First Home Guarantee Scheme on October 1st (ahead of schedule). With just a 5% deposit and no LMI, it aims to assist 70,000 buyers to enter the market in year one. It's also lifted income caps, increased property price caps and transitioned to an unlimited allocation of places under the scheme. REIA welcomed the move, noting higher property price caps and supply commitments should boost accessibility, however many predict the increased demand could drive up prices. (source: Property Buzz)
- **RBA Cuts Rates Again -** The RBA has delivered its third cut of 2025, bringing the cash rate down to 3.6% in August. Economists expect more cuts could follow before year's end, despite a small jump in July's inflationary data. (source: ABC)
- **Aussies Rush to Refinance After RBA Cuts -** Almost 100,000 mortgages were switched in the June quarter —1,084 per day—the highest since September 2023. Following recent RBA rate cuts, borrowers are chasing better deals, narrowing the gap between existing and new variable rates to just 0.04%. (source: REA)

Market Insights

- **Key Enquiries Reflect Rising Demand -** Data from PropTrack shows key enquiries per listing—such as calls, emails, and document downloads—have surged, with 59% of suburbs seeing increases over the past year, especially affordable areas. Melbourne leads, with demand up in 90% of its suburbs. (source: PropTrack)
- **Sentiment Reaches Five-Year High -** Property optimism is at a five-year high, with most respondents expecting prices to keep rising, according to Australian Property Investor Magazine's Q2 2025 report. Queensland is seen as the top state for investment, followed by NSW, Victoria, and WA. Investor activity is set to surge, with those planning to buy in the next 12 months rising from 57% to 69%. Houses are becoming increasingly preferred over units. (source: Hotspotting)
- **Investors On The Rise -** According to new ABS figures, Investor loans surged 3.5% in the June quarter to 49,065, while owner-occupier loans rose 0.9% to 80,929. First-home buyers took out 28,861 loans. Despite slightly fewer owner-occupier loans than last year, their total value increased 7.4%, contributing to $87.7 billion in total lending—up 2% from last quarter and 7.2% year-on-year. (Hotspotting)

Spring into Action

Spring is here, and with it comes Australia's most vibrant real estate season. As the weather warms and gardens bloom, the property market mirrors this renewal with increased activity and opportunities for buyers.

Why Spring is Prime Time for Buyers

Spring is traditionally the busiest period in the Australian property market. Over the past decade, listings have surged by an average of 5.9% from winter to spring, accompanied by an 8.4% rise in sales. This uptick is driven by several factors:

- Increased Listings: Homeowners often choose spring to list their properties, capitalising on the season's appeal.
- Enhanced Curb Appeal: Properties look their best with blooming gardens and longer daylight hours.
- Motivated Sellers: Many aim to finalise sales before the end of the year.

Tips for Buyers to Navigate the Spring Market

To make the most of the spring selling season:

1. Get Pre-Approved: Secure financing early to act swiftly when you find the right property.
2. Monitor Listings: Regularly check property portals and attend open homes to stay informed.
3. Understand Market Trends: Be aware of seasonal price fluctuations and plan your offers accordingly, with sharper price rises typical between winter & spring.

Whether you're a first-time buyer or looking to expand your portfolio, spring 2025 offers a dynamic and promising property landscape. With three interest rate cuts this year and the expansion of the First Home Guarantee scheme brought forward to October, this spring is set to be a busy and competitive season for buyers.

Connect Corner

Providing valuable education from other industry professionals each month, helping you make informed investment decisions and stay ahead in the market.

For this month's Connect Corner, we've leant on the expertise of Helen Bousamra of ***OBB* Accountants.**

1. A bit about yourself, your business, where you're based & who do you help?

My name is Helen Bousamra and I am the owner of OBB Accountants, a public accounting practice located in Port Macquarie, NSW. I am the Registered Tax Agent for the company which means we are authorised to lodge all tax-related compliance reporting for individuals and entities. The company started in 2003 on the northern beaches of Sydney. We relocated to Port Macquarie in 2014, along with one of our accountants who decided to move as well. We maintained our office in Sydney for 3 years as well as establishing ourselves in the local community. When our Sydney accountant was planning his retirement, we decided to service all our clients from the Port Macquarie office and shut down the Sydney office. Our clients range from individuals with investments portfolios (shares and/or property), to small-medium sized businesses, as well as Self-Managed Super Funds.

2. What are the main tax deductions property investors often miss out on?

Most property investors are aware that they will earn rental income and have some regular expenses to claim, such as mortgage interest, management fees, strata fees if applicable and rates. However, there are a number of other expense items which might be deductible either in the tax year they were incurred or as a reduction in capital gains when they dispose of the property. Some of these are:

- Borrowing Costs - these can be claimed over 5 years
- Insurance - especially contents insurance as this covers things such as window furnishings, carpets, loss of rent, etc
- Depreciating items - we recommend people get a Quantity Surveyors report done, especially if they have completed some major renovations
- Purchase & Selling Costs - often people don't keep a record of the additional costs they incurred when they buy a property, such as pest inspection, etc. These might not be claimable during the tax year but will be used to reduce your capital gains when you dispose of the property
- Council Rates, Strata Levies and other adjustments in the settlement period when purchasing a property.
- Interest on loans to repair or replace assets
- Lenders Mortgage Insurance - also can be claimed over the first 5 years of the loan.

Connect Corner

3. From a tax perspective, does it make sense to hold property in your own name, or should people be thinking about trusts and companies?

When deciding who should be the owner of an investment property, there are a number of factors which might drive your decision. For some people, the ability to stream income via Trust Distributions might be the most important feature. For others it might be the negative gearing benefits for a higher income earner that appeal. Asset protection might lead someone to purchasing through a company. SMSF may also be an option as this receives a concession when it comes to the amount of tax to pay on the income earned each year, as well as capital gains tax exemptions when certain conditions are met.

For instance, we have a grandmother who bought a block of units in a trust so that her grandchildren could receive the trust distributions without impacting their own abilities to purchase property later. One thing to be mindful of when purchasing in either a trust or a company is the potential for Fringe Benefits Tax to apply. If looking to purchase a property for a family member or holiday home, FBT may apply to those assets. It's not a "one size fits all" approach; you need to talk to your accountant and financial planner before purchasing to ensure that the owner entity is appropriate for your circumstances.

4. What are the tax implications of selling an investment property versus refinancing to release equity?

When an investment property is sold, it is a Capital Gain Event, and this means that you will be taxed on the gain made on the property after all associated costs have been taken into account. If the owner is looking to purchase another investment property in the future, the tax paid will reduce the amount of available funds they have and may mean a bigger mortgage on the next property. Whilst this interest will be tax deductible, the bigger mortgage is still a liability and may impact borrowing later. This might still be a good strategy if you had a high mortgage on your main residence as you can pay off the non-deductible debt and then have a highly negatively geared property for tax planning.

Using existing equity to help you purchase an investment property can be a useful strategy so long as you meet serviceability requirements if using a mortgage to fund the rest of the purchase. This does open up more opportunities to purchase as you effectively have the deposit in equity. Depending on the amount of equity, you may be able to purchase a number of properties so that you can take advantage of the negative gearing. Essentially, while this is still a valid tax strategy, you want your investment properties to be mortgaged as high as you and the bank are comfortable. This can be a way to grow your property asset portfolio faster and to diversify into different regions to leverage growth opportunities, as well as income sources.

If you'd like to know more, you can get in touch with the OBB Accountants team at admin@obb.net.au or via their website obb.net.au

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Empowering everyday Australians to achieve financial freedom through strategic property investment and portfolio growth.

Let's get in touch

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