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**REIV Geelong Division  
Awards Night**

On Saturday the 25th of July the Real Estate Institute of Victoria held the Geelong Divisions 2009 Awards night held at the four points Sheraton waterfront. We are proud to announce Stephanie Clonan from Release Property Management was awarded “Administrative Staff Person of the Year” For all of those who have experienced Stephanie's exceptional service I am sure you would all agree worthy winner.  
Congratulations Stephanie!



**IMPORTANT:** This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. The newsletter is issued as a helpful guide to clients and is for their private information. Every effort is made to ensure the contents are accurate at the time of publication. We take no responsibility for any subsequent action that may arise from the use of this newsletter.

**LANDLORDS INSULATE YOUR PROPERTIES FOR FREE! \* Conditions Apply**  
**\$1000.00 Govt Rebate**

The Australian Government is investing \$4 billion in the *Energy Efficient Homes Package* to improve the energy efficiency of Australian homes -making them more comfortable, reducing their carbon footprint, cutting energy waste and assisting householders to save on their energy bills.



The *Efficient Homes Package* is providing assistance of up to \$1000.00 to Landlords and Tenants for the installation of new ceiling insulation in existing rental and other properties, (if you are an owner occupier and occupy a dwelling as your principal place of residence you may be eligible to apply for assistance under the Homeowner insulation program.)

Landlords can apply for assistance for each rental property and other properties they own, including dwellings where they do not receive rental payments and untenanted properties, for example holiday homes. Assistance up to \$1000.00 is available for each individual property application.

For most homes, insulation is the simplest, most effective and cheapest way to make a house more energy efficient, keeping it cooler in summer and warmer in winter. It can save up to 40% in heating and cooling bills. Insulation can also reduce condensation on walls and ceilings, leading to improved health outcomes.

The Government estimates that up to 40% of Australian homes are not insulated. The assistance offered by the *Low Emission Assistance Plan for Renters* is specifically targeted at the installation of ceiling insulation in these homes. It is estimated that approximately 700,000 rental households will benefit from this offer of the Australian Government.

The main phase of this *Low Emission Assistance Plan for Renters* runs from 01 July 2009 until 30 June 2011. During this time Landlords or Tenants can have ceiling insulation installed and in many cases, without cost.

GWR insulate offer a complete insulation analysis and installation service. Offering swift, professional advice with most installations completed within the same week. We guarantee a simple process, with sound information and guidance.

**SPECIAL OFFER for RELEASE CLIENTS**  
**50% Off the Cost of Landlord Insulation Report**  
**\$27.50 per house report Normally \$55.00\***

**CALL US NOW !!!!**

**M 0430 033 217 E [gwrinsulate@techninfo.com.au](mailto:gwrinsulate@techninfo.com.au)**

**New Addition to Release Property Management**

This month we welcome Jodie Lumsden to Release Property Management.

Jodie has accepted a position with us in Reception/Administration and we are thrilled to have her working with us.

Jodie brings with her an extensive and thorough knowledge in the Real Estate and Administration industry.

Please feel free to introduce yourself next time you call the office as I'm sure you will be just as impressed with Jodie as we are.

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## Government changes Superannuation laws to boost property market?

### What will happen to the property market after the First Home Boost?

We are the very first generation of Australians who know that we must fund our own retirements. Already, before the 2009 May Federal Budget, most of us thought that Superannuation was not going to be enough to provide us with a decent lifestyle when we retire. How many changes have there been to superannuation laws and how many are to come?

By cutting the concessional contributions to superannuation in the last budget Wayne Swan has put this thinking beyond any reasonable doubt. He actually ensured that investing in direct property is now even more attractive to anyone who is looking at building a nest egg for their later years. Now unless you want to have your assets tied up until age 67, investors will need to stay outside superannuation.

Moreover, the Treasurer's budget shows how fragile any superannuation strategy can be because of the constant changes in its taxation effectiveness. How long is the generous tax treatment of super fund income for people over 60 going to last? Tax free today, taxed tomorrow?

Some cynics would argue that the government has curtailed concessional contributions to superannuation to force people into property investment in order to compensate for the expected dip in property activity when the First Home Grant Boost is removed later this year. Maybe these cynics give government too much credit for their foresight, but nevertheless I can only think that it makes sense!

Property taxation is less of a target. The government needs private investors to provide housing that they cannot provide themselves. The main taxation aspects of property investing are negative gearing and capital gains tax.

There has been only one serious attempt at removing negative gearing, which occurred in 1985, with disastrous consequences for the property market and people trying to rent. Rents rose by 37% across Australia and by 57% in Sydney. The negative effect of this decision on the economy forced the very same government to reintroduce negative gearing in 1987. In any case removing negative gearing does not materially change tax revenue for the government as for every dollar of tax deduction for interest paid by a borrower there is also a dollar of taxable interest received by a lender. So there is little incentive for any government to re-open this Pandora's Box any time soon.

Any move to increase capital gains tax will have consequences in terms of real estate prices, both for purchasers and renters, as investors would be looking at offsetting the extra tax if they sold their property/ies (banks are not too dissimilar in their strategies!)

In addition, there are many ways to realize the value of a property without having to sell it. In other words the property investor has a better degree of control over his taxation options than a superannuation investor.

In term of leverage, property has always been way ahead of shares with 90% lending available compared to 60-70% lending, at best, for shares using the now dreaded margin loan schemes, and no leverage for direct savings. Any sensible investment strategy would need to include some leverage as direct savings will mostly just cover the cost of living and will not help you greatly to "get ahead" with your finances.

Finally, if you want to leverage your investment and hesitate between shares and property, the most important consideration is that you need to be able to sleep at night, and this is a personal decision based on your character and risk/reward attitude. Although long term returns are similar, I know that the share market wild fluctuations in the last 18 months have kept many investors worrying at night about how savagely their share portfolio would be mauled the next day.

Property investment does not suffer from the same volatility. 70% of all Australian property owners are home owners, only 30% are owned by investors. With 70% of the market base being stable, the volatility in property prices is greatly reduced compared to share trading where 100% of share owners are investors.

## CASH & RESIDENTIAL PROPERTY

CASH and residential property, Australia's two most popular investments, have proved the strongest performers in today's volatile markets, outstripping almost every other asset class and super fund.

According to an analysis of investment returns, residential property has offered the highest total returns during the past three years and cash has come in second place for the past five years.

While the global financial crisis and the economic downturn have taken their toll on sharemarkets, managed funds and commercial property, Australia's love affair with residential property and cash have paid off.

Most residential landlords are still sitting on a strong capital gain, while other assets have fallen by up to 40 per cent.

Landlords also have the added benefit of rising rental income as population demand for housing continues to increase.

Even those often-criticised risk-free cash investors are sitting pretty, enjoying some of the strongest returns for the past five years.