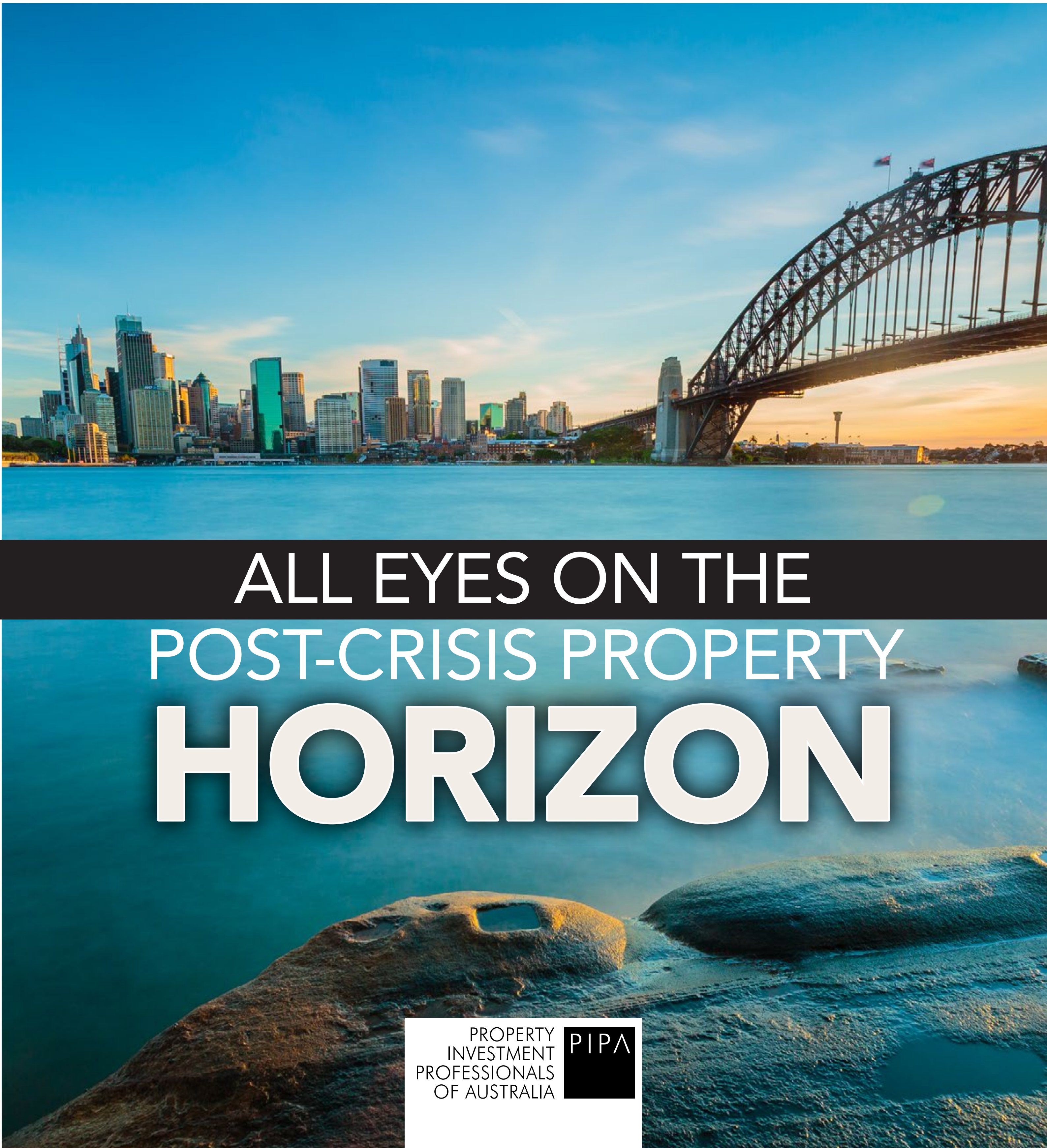
PIPA ADVISER

ISSUE #19

For members of the Property Investment Professionals of Australia



ALL EYES ON THE POST-CRISIS PROPERTY HORIZON

PROPERTY INVESTMENT PROFESSIONALS OF AUSTRALIA

PIPA

PIPA (Property Investment Professionals of Australia) has been formed by industry practitioners with the objective of representing and raising the professional standards of all operators involved in property investment.

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PROPERTY INVESTMENT PROFESSIONALS OF AUSTRALIA PIPA

PIPA chairman

Tentative return to a new way of life

Welcome to the 19th edition of the PIPA Adviser – your industry magazine. Well, what a few months it has been for us all personally and professionally!

When I review my column from the previous edition in late February, my words seem like from a lifetime ago.

Markets across the nation were firming back then and we were on track for one of the best years for members in most locations.

Since then, we've been lock downed in differing degrees of severity as our nation collectively fought against a virus pandemic that none of us had experienced before.

Now, with the lifting of restrictions starting to take effect, we are looking forward to some semblance of normality returning to all of our lives.

The willingness of our entire nation to adhere to government directions to save the lives of our fellow citizens is something that will never be forgotten by any of us.

Now, of course, is the hard task of getting the economy moving again with the property sector being a vital cog in that wheel.

At this stage, markets have held their ground, as they have done throughout historical economic shocks, and there is no reason that won't happen again – especially with historically low interest rates likely to stay around for the foreseeable future.

In late May, we are seeing listings start to return as well as buyer activity and sentiment.

During the lockdown, PIPA remained active on behalf of our members, including surveying investors along with our sister association PICA.

We also encouraged would-be property investment professionals to become qualified during the downtime, which dozens of them did.

One of the main activities over the past three months, though, was ensuring that the media had access to authoritative market analysis and research so they did not continue to peddle doomsday scenarios about our sector.

I'm very pleased to report that this proactive strategy was well received by the media with PIPA featuring in an astonishing 334 media stories, that reached an audience of 2.7 million people, in the past three months.

As society starts to return to normal, so will your association with tentative plans to hold our annual breakfast seminars at the tail-end of this year.

I always look forward to seeing members at these events and this year, of course, our get togethers will be even more special for us all.

Please keep an eye out for more information about these in coming months.

Until then, stay safe and well. ■

PETER KOULIZOS
PIPA CHAIRMAN

PIPA in the news

PIPA is a regular commentator and expert source in property-related stories across the nation. Below are a selection of articles from recent months.
For more articles [visit the PIPA website.](#)

The Urban Developer

Australian property market to recover in 5 years: PIPA

Although the full impact of COVID-19 is yet to hit the Australian property market, researchers predict the downturn won't last long.

Read the article

mortgagebusiness

PIPA brushes off property market 'panic'

The association has dismissed talks of "impending property doom", pointing to periods of strong home value growth following past recessions.

Read the article

your investment property

Low rates poised to buoy prices

The low interest-rate environment will be crucial in helping cushion the negative impact of the coronavirus outbreak on house prices, according to the Property Investment Professionals of Australia (PIPA).

Read the article

SMART PROPERTY INVESTMENT

Wage subsidy to 'relieve financial pressure' for tenants and landlords

Follow the property market long enough and you'll hear all sorts of pitches designed to entice investor clients, but few are as persistent as the catch cry, 'low risk, high return'.

Read the article

new

***PIPA** welcomes our newest members...*

PROPERTY INVESTMENT PROFESSIONALS OF AUSTRALIA PIPA

INDIVIDUAL MEMBERS

- GILES HILL, *Equidity*

CORPORATE MEMBERS

- HENRY SINGLE, *Pivot Property*
- NICHOLAS GRIFFITH, *On-Point Property Investment*
- JAY ANDERSON, *Jay Anderson Property*

QPIAS

- RAJ SARIN, *InSynergy Property Wealth Advisory*

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What next for the economy and property market?

ELIZA OWENS
Head of Residential Research,
CoreLogic

There are some reasons to be optimistic about Australian property in 2020, but there are also key vulnerabilities in the economy as a whole, as well as variations across Australian dwelling markets to be considered.

Historic negative economic shocks have seen dwelling values relatively insulated.However, transaction activity has been more impacted.

The same phenomenon is currently playing out, as the combined capital cities markets have only just begun showing mild value falls of less than half a percent in the past month, while

> *CoreLogic estimates suggest the number of sold properties declined around 40% over April*

THE ECONOMIC OUTLOOK FOR THE AUSTRALIAN ECONOMY PRIOR TO COVID-19 WAS MODESTLY POSITIVE

Growth in housing market values was expected to extend over 2020, though it was anticipated that growth momentum would slow in the wake of affordability constraints, and higher levels of listings.

Amid the onset of COVID-19, and the resultant economic shutdown, the operating environment for the housing market has completely changed. On aggregate, the Australian housing market is now on the cusp of another downturn.

The most impactful restrictions on Australian real estate commenced between 20and 25March. These included the closure of Australian borders, a shut-down of non-essential services, a ban on open real estate inspections and onsite auctionsand limiting public gatherings to two people.

By mid-May, onsite auctions were reinstated in most states and territories, and property inspections are gradually opening up.

But new housing demand is likely to see a continued decline, as borders remain closed to overseas migration, and unemployment rises.

THE ECONOMIC FALLOUT FROM COVID-19

An important consideration for the Australian economy is its labour force and private sector structure. The majority of Australian businesses (97.4%) in Australia are made up of less than 20 people.

> *Negative economic shocks do not necessarily lead to severe declines in property prices;*

Such a large proportion of workers employed within small to medium enterprises arguably makes Australia's workforce particularly susceptible to job losses, because small firms do not tend to have large capital reserves in the case of a downturn.

This is why much of the government stimulus has been targeted at small-to-medium sized businesses.

An ABS survey of workforce conditions noted that between 11April and 18April, 7.2% of paying jobs had been lost.The highest portion of job losses were in food and accommodation services (-33.4%), and arts and recreation services(-27.0%).

More recently, the ABS unemployment figures released in May showed that almost 600,000 Australians had lost their jobs in April, as the unemployment rate increased from 5.2% to 6.2%.

The underemployment rate reached a record high inApril, jumping from 4.9% to 13.7% in the month. It suggests those underemployed may be working lessbut have maintained their employment relationship due to the JobKeeper scheme.

WHAT IS HAPPENING TO RESIDENTIAL REAL ESTATE AMID COVID-19?

On 17 March, CoreLogic circulated an article, exploring property value performance against such events.

The findings were:

- Negative economic shocks do not necessarily lead to severe declines in property prices;
- Property does not see the same declines as shares during a downturn, because it is used to live in and therefore not as speculated upon as shares. Additionally, it cannot be bought and sold as quickly as shares, meaning price movements are not asvolatile;
- Due to the temporal nature of the COVID-19 downturn, vendors may hold high expectations for their property value and simply hold off selling until the economy returns to full-scal eproduction;
- · The current high level of household debt amplifies the risk of an adverse change in household circumstances such as loss of income, unemployment or illness on housing market conditions;and,
- The number of property transactions have seen more drastic declines in response to economic shocksand could be even more affected amid the COVID-19 downturn.
- To date, housing values have only shown a mild slowdown. By early May, capital city housing values fall by less than half a percent over a month, led by Melbourne, where values are down about half a percent.

SALES VOLUMES FALL 40% OVER APRIL

CoreLogic modelled sales volumes suggest that across Australia, residential property sales declined about 40% over April.

The magnitude of decline was fairly uniform across different parts of the countryand was driven by adecline in consumer confidence.

CoreLogic listing data shows the amount of stock available for

industrynews

sale is about 25% lower than it was around this time last year.

The low level of listings signals a tough period for those developing and selling residential real estate.

But it also signals a lack of distressed sales flooding the market. In other words

HOUSING FINANCE

Prior to the onset of COVID-19, housing finance conditions were becoming more accommodative for potential buyers.

> ***Not many people are selling, because not many people have to sell.***

It is likely that reprieves on mortgage repayments has protected people from distressed sales, at a time of rising unemployment, falling wages and falling numbers of hours worked.

Another pain-point in the real estate market is rents. CoreLogic recorded a -0.4% decline in rent prices nationally across Australia over April, led by Hobart, where rents declined -1.1%.

Rental markets have been particularly dampened by falls in employment.

This is because jobs have fallen by about a third across accommodation and food services, and arts and recreation services. These are industries where workers are generally young, on less income, and are more likely to be renters.

This was enabled through:

- The repeal of temporary macro-prudentialmeasures;
- The halving of the cash rate between June and October 2019; and,
- Declines in the typical mortgage serviceability assessment rate from 7.3% in March 2019, to 6.3% at December 2019.

Cash rate declines are also reflected in the indicator lending rates to March. Monetary policy and financial regulation have sharply shifted in response to COVID-19. Policies now focus around deferring the implementation of a more conservative lending environment, ensuring high levels of liquidity among lenders, and ensuring low-cost debt to encourage spending.

The RBA have adopted a record-low cash rate of 0.25%, which has previously been referenced at the "effective lower bound". This means that further reductions in the rate would not see any added benefit to the economy.

with a 1% reduction in the cash rate increasing property prices by about 8% over two years.

However, due to extraordinarily low levels of consumer confidence, that is less likely.

APRA IS ADOPTING MEASURES TO COMPLIMENT EASIER LENDING CONDITIONS AMID COVID-19

According to the Australian Prudential Regulation Authority (APRA), banks were already in a strong capital position before the onset of COVID-19.

The indicator APRA uses to illustrate this is the CET1 ratio, which refers to the required portion of capital banks must hold against the risk component of assets.

APRA acknowledged that in the current environment, it would be acceptable for these capital ratios to sink below the additional, high capital requirements set in 2017, provided banks can still meet minimum capital requirements. This will give banks more room to lend in the coming months.

> ***Reductions in the cash rate typically have an inflationary effect on house prices***

Other accommodations made by APRA include:

- New reporting methods for loans where repayment pauses have been offered for sixmonths;
- Postponed implementation of supervisory and policy initiatives to2021;
- Postponed implementation of Basel III reforms until 2023; and,
- Suspended issuing of new banking licenses for six months
- If reductions in income mean this debt cannot be serviced, there may be increased incidences of distressed sales, which would bring broader housing market values down further.

It is worth noting that no such signs of distress are yet visible in the housing market. This is supported by a very low level of for sale listings. ◪

[The CoreLogic Quarterly Economic Review is available here]

All eyes on the post-crisis property horizon

KIERAN CLAIR
Editor, PIPA Adviser

> ***This result highlights the popularity of countercyclical buying among savvy participants***

The first half of 2020 has delivered a hard lesson - investors should hope for the best but prepare for the worst.

Our national wrap from January had an upbeat vibe. Many experts were predicting capital city markets would see price gains over the year.

Here we sit, not five months later, and the global fallout of this medical crisis has seeped into the fabric of our economy and the Australian residential property sector.

A look around the grounds saw the statistics tighten in April.

CoreLogic's March Quarter Economic Review revealed a fuzzy picture of the nation's market that was a blend of softer April metrics, concerning economic outlook but improvingmarket sentiment among stakeholders.

According to the data provider, transaction numbers dropped 40 per cent in April, but it wasn't a one-sided outcome with both vendors and purchasers moving cautiously.

As such, values were holding because buyers were presented with limited listings.

So far, combined capital city housing values have only dropped around 0.5 per cent based on CoreLogic's rolling 28-day average.

And while the report's author, Eliza Owen, was keen to point out the historic resilience of property values during the downturn, there is no doubt the expectation is a sustained softer market across most centres.

Of course, how far and deep the decline runs will be entirely dependent on the nation's path through the crisis and the post-COVID economic recovery.

Ms Owen also noted the likelihood that long-term border closures – particularly international restrictions keeping offshore investors and overseas students at bay – will see continued decline in the new-build market.

Interestingly, investors on the whole are feeling increasingly optimistic according to our joint PIPA/PICA survey.

The results showed that across the 1877 responses, more than 70 per cent of investors believe now is a good time to buy residential property. In fact, 38 per cent indicated they'd like to purchase property over the next six months.

This result highlights the popularity of countercyclical buying among savvy participants.Of course, access to finances may stymie some of this enthusiasm, but certainly for those who can rustle up a loan, there's a will to be active.

On-the-ground commentary remains mixed. The May edition of Herron Todd White's Month In Review market report highlighted a diverse reaction across Australia's broad geography with impacts highly dependent on economic drivers.

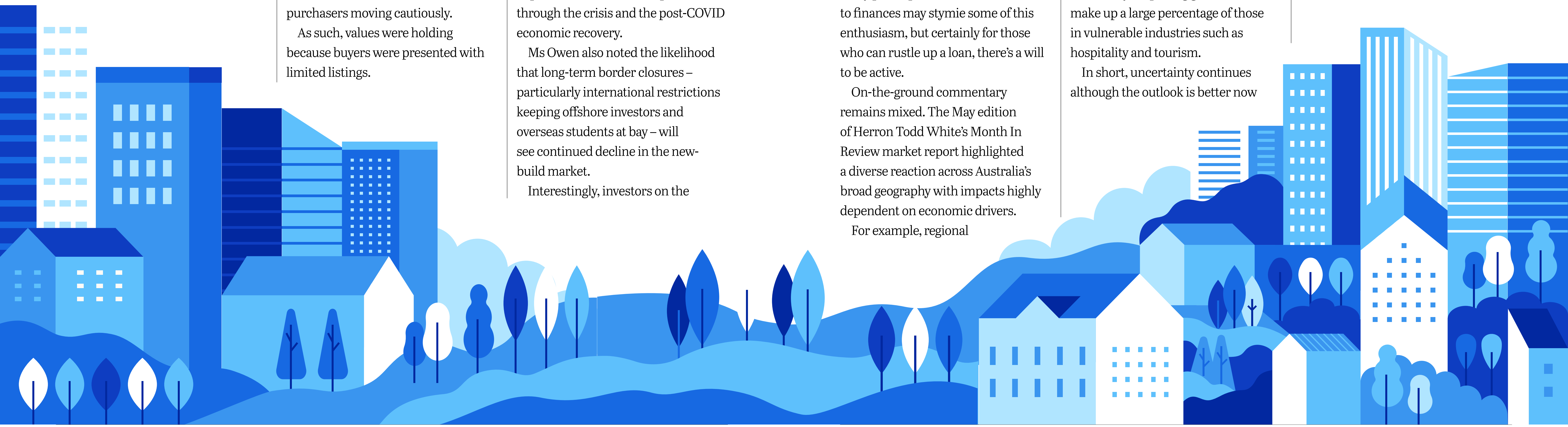
For example, regional localities that have seen few cases of infection and are not as reliant on tourism have felt little downturn in local activity.

In capital cities, the most immediate fallout came in the rental market, according to Herron Todd White, with a notable rise in vacancies and falls in asking rents. This was mirrored by CoreLogic's data which revealed a 0.4 per cent decline in rent prices nationally during April. This was hardly surprising given renters make up a large percentage of those in vulnerable industries such as hospitality and tourism.

In short, uncertainty continues although the outlook is better now than perhaps four to six weeks ago.

Lockdown easing has brought a sunnier disposition to the population on the whole.

If this can be coupled with an imminent turnaround in the economy where pay cheques begin flowing once more, the fiscal pains will be less chronic and we can look forward to a bounce back in our sector sooner than may have been expected.



marketupdate

New South Wales

The fast start to Sydney's property market in 2020 slowed dramatically due to COVID-19 with both buyers and sellers going into lockdown during April. Listing volumes dropped 50 per cent and prices came off five to 10 per cent in some areas while auction clearance rates plunged to 30 per cent as properties were withdrawn. However, with restrictions easing,

We are starting to see some more positivity return,

With auctions and open home resuming, and auction clearance rates hitting 70 per cent even with the low volume of events.

Active buyers are still out there looking, and we've even seen some above reserve results. Data is showing that buyer activity remains strong, which is keeping prices stable amidst the coronavirus crisis. Median prices have not fallen as far or as fast as many expected and low sales volumes and government support packages are softening the unemployment impact. It's an ideal time to be a buyer if you have a stable income and are seeking to capitalise on a softer market.

Rich Harvey

Founder & CEO, Propertybuyer

Victoria

What **an enormous jolt we've all** experienced in every facet of the property market, (and in our day to day lives, too.) Back in January, nobody saw COVID-19 impacting our market, let alone our daily lives.

Re-surfacing from 2019 after what was already a tough downturn followed by a sharp, Federal Election-initiated bounce-back, investors, selling agents and property managers alike have all experienced a challenging time.

While we have navigated the eye of the lockdown storm, (so it seems), we are yet to see the full impact of COVID-19 and our following months will likely be plagued by stock shortage, reluctant vendors and lending constraints.

Our city and regions are suffering a supply and demand balance which seems to be holding prices up for now, but post-JobKeeper is a date in the diary that many buyers and sellers are keeping a firm eye on.

What has been impressive, however is the sheer adaptability that our property community have managed through this period.

Cate Bakos

Buyers advocate,

Cate Bakos Property

"New South Wales auction clearance rates hit 70 per cent even with the low volume of events.

market update

Queensland

COVIDCOVIDCOVID. I read a headline today that said,"Property has caught the COVID virus". Seriously, try to be a little creative. Brisbane was on a strong upward trajectory January through March after a modest 2019. New listings were a little tight which meant that buyers were competing for limited stock and there was upward pressure on prices.

On the 29th March, the handbrake was pulled, and activity slowed. Buyers took a deep breath and waited to see if their jobs were secure. Sellers pulled their listing authorities and waited to see if there were any buyers left.In the meantime, agents had a long list of upcoming listings that they shared with buyers on their databases and transactions still took place.

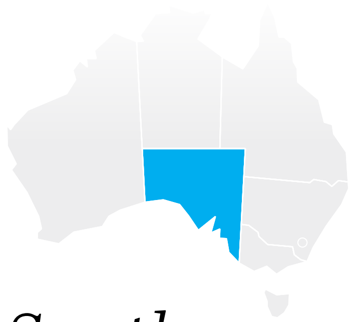
First home buyers have been the ones who have taken greatest advantage

of the market conditions in Queensland and whilst banks have been a little slower processing applications and approvals, we haven't heard of many sales falling over on finance.

The current listing levels on the advertising portals are still very low, but there are good properties out there to be purchased. As the economy restarts, we expect to see good numbers return to open house inspections and cautious optimism.

Meighan Wells Hetherington

Director & principal, Property Pursuit



South Australia

The South Australian market, like all property markets around Australia, has been negatively affected by COVID-19.

This hasn't been reflected in price drops but the number of transactions has decreased significantly in the last two months. With less numbers at open inspections and people more concerned about their health and keeping their jobs than looking at property, demand for property has decreased sharply.

However, the supply of property for sale is also very low, which is one of the reasons we have not witnessed falls in property prices.

In more recent times, CoreLogic data shows that Adelaide, Hobart and Canberra were the only major capital cities where house values did not drop in value for the month of May. A month is not a long time in property but this is a reflection of generally what happens with Adelaide property prices. Adelaide rarely hit the headlines because it is the best performing capital city but, conversely, Adelaide rarely hits the headlines because it is the worst performing capital city. The new government initiative to assist home owners is going to have a hugely positive effect on the economy and the property market.

In particular, it will be a great boost to the South Australian property market as your property dollar goes a lot further in Adelaide compared to Sydney and Melbourne.

Peter Koulizos

PIPA chair (Lecturer in Property School of Commerce | UniSA Business School)

Western Australia

Perth's property market has shown strong resiliency despite an initial slowdown in buyer activity following the COVID-19 outbreak, with the market recording price growth in April.

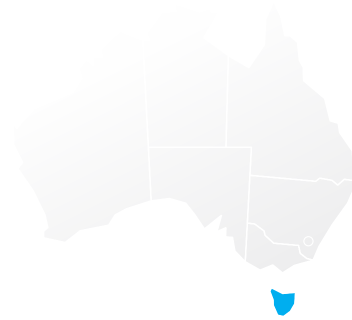
As market activity has increased off the back of easing restrictions, stock on market has continued its downward trajectory,

with listings for sale and listings for rent both reaching a six-year low in May.

This tightening of stock, combined with low days on market (currently averaging 39), is placing the market in good stead to maintain price stability in the near term and return to growth towards the end of 2020.

Damian Collins

Managing director, Momentum Wealth



Tasmania

According to CommSec's State-of-the-State's April report, Tasmania entered COVID-19 ranked Australia's strongest economy.

The temporary suspension of international students and tourism was reflected in March to April vacancy rate increases in Hobart (0.8 to 1.4 percent) and Launceston (1.8 to 2.7 percent), while Burnie's 0.8 percent vacancy was the lowest in Australia.

Activity in manufacturing, agriculture, science and health plus the state government's declaration to embark on the biggest construction program in the state's history will shield property markets through COVID-19.

Simon Pressley

Head of Research, Propertyology

pipa profile

▸ Interested in being a PIPA Member Profile in the PIPA Adviser?

▸ Email us...
nicola@bricksandmortarmedia.com.au

*inSynergy's **Raj Sarin** has a long history of helping people secure finance and recently became a QPIA to further enhance his property education and expertise.*

CAN YOU PLEASE TELL US MORE ABOUT YOUR BUSINESS?

Founded in 2005, inSynergy is a full-service property investment advisory offering premium property investment advice and education to Australian property investors.

Our team is focussed on helping everyday Australians safely build a successful property portfolio and achieve their financial goals without sacrificing their lifestyle.

HOW LONG HAVE YOU BEEN A PROPERTY INVESTMENT PROFESSIONAL AND WHAT WAS YOUR PATHWAY INTO THE PROFESSION (INCL. OTHER CAREERS)?

I have been in the finance and property industry for 16 years.

Straight after completing a bachelor's in business, majoring in finance and marketing, I joined National Bank of New Zealand (ANZ).

I spent around six years with ANZ and then around seven years with Westpac in Australia helping clients purchase and fund residential and commercial property and leading business units.

Then taking on a State Manger role with a national mortgage broking business before joining inSynergy two and a half years ago.

A big believer in constant incremental self-improvement I completed the QPIA requirements earlier this year.So, you could say this is all I've ever done!

HOW DID YOU FIND OUT ABOUT PIPA WHEN YOU FIRST JOINED?

We know a few of the leading members of PIPA and we finally made the decision to become corporate and individual members in mid-2019.

WHAT ARE SOME OF THE REASONS WHY YOU JOINED PIPA?

I believe that having some regulation is a good thing for everyone.

PIPA is working to achieve this by eliminating some of the frowned upon practices in the industry.

Further to this, the course is interesting and reinforces the fundamentals I live and breathe every day, and, so, it was nice to be professionally recognised and be part of a body looking to create a better property investment advice industry.

WHAT WERE SOME OF THE MAIN REASONS FOR BECOMING A QPIA?

People that look to us for advice deserve a minimum standard of professional education from their adviser, not dissimilar to any other industry.

> **People that look to us for advice deserve a minimum standard of professional education from their adviser**

The QPIA qualification is another well-regarded qualification and, hence, as a business we decided that all our advisers and, indeed, our business would become full members and maintain the necessary ongoing educational requirements each year.

HOW DO YOU BELIEVE BEING A QPIA WILL SUPPORT YOUR CAREER?

It was not so much a career move than it was something I felt was right.

Still, I think it will help clients connect with me knowing that I am part of a forward-thinking professional body that is looking to lift the bar across the industry.

HOW WOULD YOU LIKE PIPA TO SUPPORT YOUR BUSINESS AND ITS GROWTH?

Continue to represent us by providing the media with factual fundamental information on the hundreds of markets across the country instead of treating the entire market as one as they (the media) often do.This helps create awareness and benefits us all.

I also like the newsletters and these profiles so you can learn more about other members.

A way to connect with other professionals once every six months for drinks, nibbles and networking would be brilliant, too.

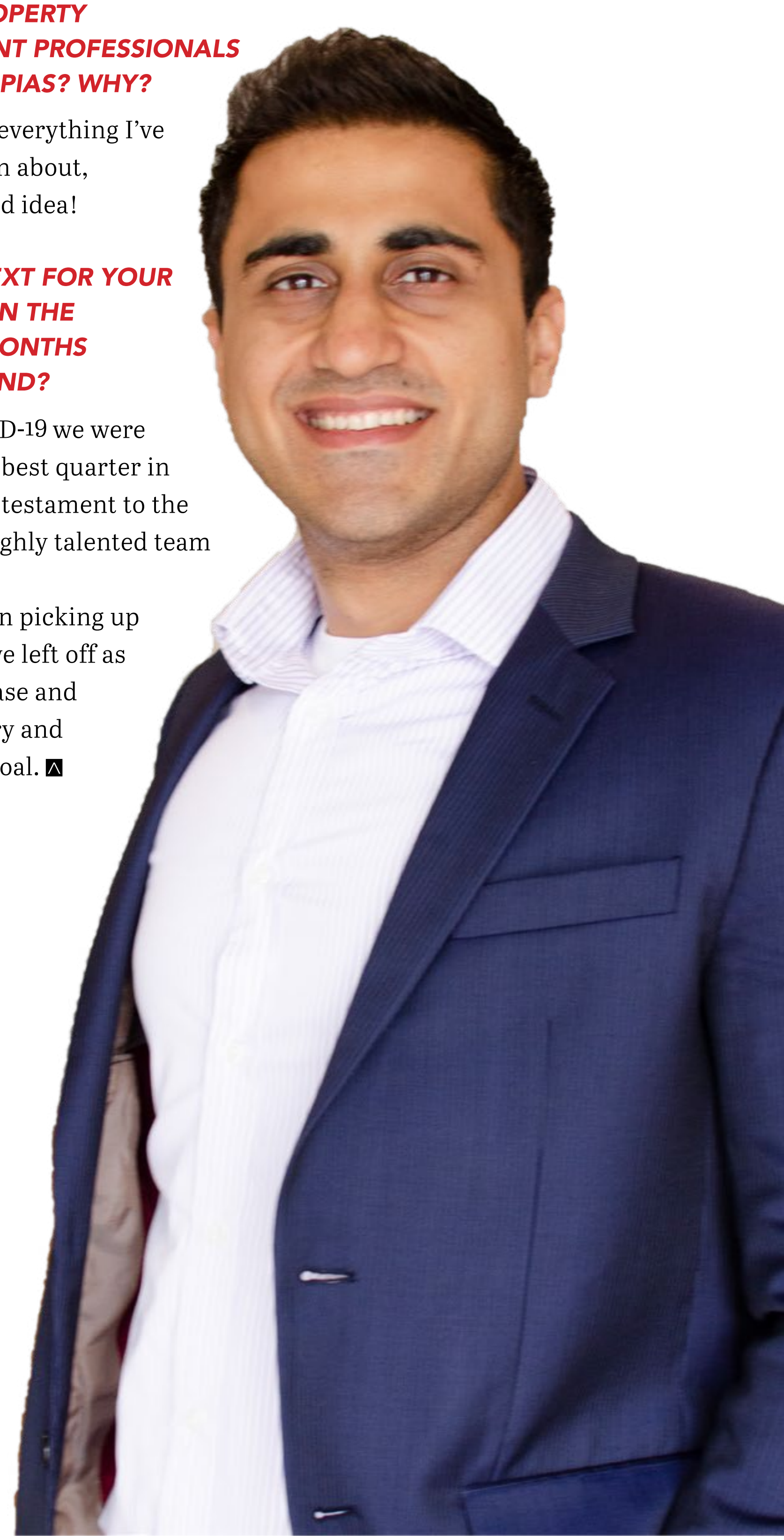
WOULD YOU RECOMMEND OTHER PROPERTY INVESTMENT PROFESSIONALS BECOME QPIAS? WHY?

If you value everything I've already spoken about, it is a very good idea!

WHAT'S NEXT FOR YOUR BUSINESS IN THE NEXT 12 MONTHS AND BEYOND?

Before COVID-19 we were posed for the best quarter in 20 odd years, testament to the diverse and highly talented team we have built.

We intend on picking up right where we left off as restrictions ease and continue to try and achieve this goal.



This article was originally published on THE CONVERSATION Read the original article

The pieces of Australia post-coronavirus are falling into place

TIM HARCOURT
J.W. Nevile Fellow in Economics and host of The Airport Economist, UNSW

Australia won't be the same post-coronavirus, but parts of the picture are falling into place. One concerns our approach to trade. It'll be a reset, not a rejection.

We will continue to forge strong ties in the Asian Century with members of the Association of Southeast Asian Nations including Indonesia, Malaysia, Thailand and Vietnam as well as Japan, South Korea, China, India and the emerging economies of the region and beyond.

But our approach to China will be different.

China needs food and energy and infrastructure as it moves from being a nation of shippers to a nation of shoppers and its young people want a quality education.

Gough Whitlam's groundbreaking trip to China, 1971. National Archives of Australia

Ever since Gough Whitlam's groundbreaking trip to Communist China in 1971 (one year before US President Nixon's historic trip) and his decision to recognise China on his election in 1972, Australia has been a strong partner of China and a reliable supplier.

Foreign Minister Marise Payne's call for an international inquiry into how the COVID-19 took hold has been backed by much of the rest of the world, and ultimately by China and is unlikely to get in the way of the relationship.

We will re-think foreign direct investment. It will still be welcome, but from now on any application with geo-political security concerns or state involvement will be considered carefully.

WE WILL NEED MANUFACTURING CAPACITY ONSHORE

We will also need to rethink global supply chains. No nation wants to be caught short of medical technology and equipment in a pandemic. Some production will probably be brought onshore, and more diversified across the region.

We have seen companies such as the mining equipment supplier Gekkos Systems and food packaging manufacturer Detmold switch to making ventilators and masks, but their nimbleness has also served to put the spotlight on what we can't do, especially in medicine.

There will be more room for innovative companies along the lines of Resmed, CSL and Cochlear.

The "tyranny of social distance" means we will need to alter our approach to service industries, at least in the short term. In the case of tourism, provided domestic restrictions are relaxed soon, the fall in international visitors could be partly compensated by an increase in domestic visitors.

Many Australians haven't yet seen the Olgas, Uluru and Kakadu. Australia doesn't need to rely on repeat visitors like Broadway does in New York, it can do very well out of once in a lifetime vists. (I was amazed to learn at a recent Tourism Australia conference that Kylie Minogue hadn't been to Uluru until she fronted an advertising campaign last year.)

Education will also need to change as the labour market changes and different skills are required. Many of the new courses will be online, and the lines between vocational, technical and professional education will become increasingly blurred.

WE'LL TRUST GOVERNMENT MORE

For many in the workforce, the coronavirus has accelerated working from home as an option (with huge numbers of workers now equipped with the right technology).

This will continue to reduce congestion and provide more family-friendly working environments.

And it has changed our attitude to our government. During the crisis we looked to our own government rather than the United Nations, the United States, the European Union or the World Health Organisation. We put the usual sniping behind us.

If it wants to, our government will be able put the green back in the green and gold. The pause in activity due to COVID-19 and the bushfires will allow rebuilding along green lines, trialling technologies that can be exported longer term.

We've had some success with stand-alone power grids, pre-fab rebuilds in regional areas and electric and hydrogen transport infrastructure.

For some time, we won't be able to rely on the traditional holy trinity of increased immigration, ever-increasing house prices and rising commodity prices to boost the economy (allowing investors to simply put their money in blue chips and red bricks, big stocks and property).

But we will have the opportunity in invest in our existing workforce and take advantage of the changes in work patterns and lifestyles the crisis has given us.

As we did in the global financial crisis, so far we have done relatively well on both the public health and economic fronts. We can set ourselves up to respond even better to the other crises that will come this way this century, be they trade wars, geopolitics, an environment catastrophe or even (god forbid) another pandemic. ■

It's more important than ever to claim depreciation

BRADLEY BEER
CEO, BMT Tax Depreciation

The COVID-19 pandemic is placing financial strain on many property investors across the country. It's more important than ever that investors do all they can to maximise their cash flow in these unprecedented times.

Property depreciation can help all investors unlock hidden cash flow from their investment properties.

Depreciation is a non-cash deduction, meaning that investors don't need to spend money to be eligible to claim it.

If you have not yet claimed depreciation on your investment property, here is what you need to know.

WHAT IS PROPERTY DEPRECIATION?

Depreciation is the natural wear and tear of a building and its assets over time. The Australian Taxation Office (ATO) allows owners of income-producing properties to claim this depreciation as a tax deduction.

Depreciation can be claimed under two categories – capital works and plant and equipment.

WHAT ARE CAPITAL WORKS DEDUCTIONS?

Capital works deductions relate to claims for the wear and tear that occurs to the structure of a building and any fixed items like the walls, doors and driveways.

Owners of residential investment properties that commenced construction after 15 September 1987 can claim capital works deductions at a rate of 2.5 per cent for 40 years.

If your investment property was constructed before this date, you should still enquire to see what depreciation deductions are available as often these buildings have undergone some form of renovation which can result in capital works deductions.

WHAT ARE PLANT AND EQUIPMENT DEDUCTIONS?

Plant and equipment assets refer to a property's easily removable fixtures and fittings like carpet, blinds and hot water systems.

Depreciation deductions for these assets are calculated based on their individual effective life set by the ATO.

Depreciation for plant and equipment assets was affected by 2017 legislation amendments.

Under the current legislation, owners of second-hand residential properties who exchanged contracts after 7:30pm on 9 May 2017 cannot claim deductions for previously used plant and equipment assets.

Owners of second-hand properties can still claim depreciation for any brand-new assets installed in the property once it's income producing.

> ***Depreciation can help all investors unlock hidden cash flow***

CAN I CLAIM DEPRECIATION FROM PREVIOUS YEARS?

Research shows that an average of 80 per cent of investors fail to claim full depreciation deductions.

If you have owned an investment property for a number of years and haven't claimed depreciation, you could be missing out on thousands of dollars.

A BMT Tax Depreciation Schedule allows you to adjust previous tax returns to ensure that you claim every dollar you're entitled to.

WHAT HAPPENS IF I RENOVATE MY INVESTMENT PROPERTY?

If you renovate your investment property, it's important to organise a tax depreciation schedule.

When you renovate, you can claim any undeducted deductions for eligible assets in the year of removal through a process called scrapping.

It's important to note that if you live in the property while renovating, any newly installed plant and equipment assets will be classed as second-hand and cannot be claimed.

> ***You can claim any undeducted deductions for eligible assets in the year of removal.***

Blinkists are the new futurists – where will our rush, impatience and need for speed all lead?

MARK CARTER,
Real Estate Trainer and Author

Amidst the early public response of COVID-19 we saw both the best and worst of humanity.

It was the latter stealing the majority of the headlines though.

Egoists concerned with self-interest, or alarmists driven by fear and panic, raced to empty supermarket shelves of dry goods, sanitisers and toilet rolls.

With such a short-term reaction I'm sure a few of them are "blinkists".

It's curious that historically we've had an evolution of many "ist" tribes: "ist" being a follower of a distinctive practice, system, ideology, or philosophy.

We've had Royalists opposing Papists. We've seen an evolution of humanists through creative, health or lifestyle tribes such as artists, therapists, and adventurists.

Well, perhaps the next subset of futurists is the generation known as blinkists.

This label has come to symbolize impatience and a quasi-belief system or way of life, and not just the name for a popular disruptive book app.

If you haven't heard of Blinkist, the app that is, it's a forum to abbreviate books into short 15-minute reads.

As an author I am a little torn. I agree that Blinkist has a place.

The challenging thing I find is the reinforcement of a broader trend *where people rush to accelerate every experience.*

Then, somehow, believing the shortened version carries the same merit or substance as the full, take your time, sensory-submersed experience.

Writing a book, a full book I mean, is no simple process.

The finished product has gone from idea, through draft manuscripts, then a process of rewrites, ultimately then cut, slashed, and edited to a complete product. The author has likely already lost a few precious gems along the way.

Abbreviated notes for learning are good but when "blinkist" thinking becomes the equivalent of a gold standard (which seems to be the case) it poses a question worthy of reflection.

We're seeing the same trend infiltrate sport driven by media and TV rights, 20/20 cricket for example, but what if the trend played out in all other social arenas, such as movies?

The money men who fund silver screen blockbusters would likely be delighted because funding short stories or a handful of scenes is surely far less risky in their minds.

What about music? Abbreviated songs or radio stations will sound like television channels constantly, annoyingly, being scanned.

Try telling a musical artist you'll edit their track to a 1/10th the original and guarantee keeping the integrity of the music.

You'll likely end up with a guitar neck wrapped around your own, or your head poking through the skin of the nearest drum!

If the blinkist approach to abbreviating life continues, the soundtracks of our lives will become two-line choruses; skip the anthems, full verses, or melodies.

Even travel, a sacred bastion for full sensory submersion and experience, is being infiltrated.

Many underground blinkists hide in plain sight.

Backpacking blinkists rush in an out of prime attractions and secluded spots with their smart phones at the ready.

EXPERTISE CANNOT BE ABBREVIATED

Many underground blinkists hide in plain sight with social media or e-commerce platforms their playgrounds.

The heightened dopamine rushes, avoiding FOMO, scrolling visual appeal or buy now buttons prove irresistible!

They give away their cover though when their patience breaks.

This approach has infiltrated mainstream education, too.

People rush in droves to binge on an orgy of un-curated content, comprising millions of one-minute videos or they undertake short courses, frequently from other (unqualified) fellow blinkists, for every subject fathomable.

They then claim the qualification and self-profess themselves as "experts".

Blinkists in business get away with it because so many other blinkists living amongst us no longer have time or patience for basic due diligence.

Checking qualifications or reference checks? Surely there is a swift app to conduct such a mundane task.

Well, either that or they're singing from the same short hymn sheet, buying into the same abbreviated BS.

I've coached a couple of blinkists who, by their own admittance, built expedited career paths on this kind of artificiality.

Any warnings it might catch up with them were ignored by the ego for better titles, greater pay packets or larger followings and popularity.

Yet, they have then come to the rung on the ladder where they feel out of their depth and at risk of being caught out.

I've always thought it was amazing how much information blinkists share, or entrust, in the hands of automation without reading the fine print.

As long as it works out in one's favour, people continue to embrace this path, contentedly speeding through life, mostly oblivious or uncaring towards privacy issues or breaches.

Dating amongst ranks of blinkists means human connections are usually fickle.

They follow, unfollow, block, and ghost on a whim without explanation.

Trivial things like meaningful conversation or communication wastes precious time.

THE VALUE OF EXPERIENCE

So, when we look at all the evidence, perhaps this minimalist, impatient approach to life means blinkists are already now an established tribe.

On that note, if you are a secret member aligned with this speedy philosophy can you at least do one thing for the rest of us, the ones who don't quite get it?

Can you, at a bare minimum, figure out a way to abbreviate the hell out of politics and religion?

The one thing I fully concede is so much vitriol and opinion pieces require a reduction in airtime and a serious blinkist touch!

If we do that, we'd likely limit the continuation or growth of some other less desirable 'ist' tribes – you know racists, sexists, misogynists, extreme activists, and lobbyists.

As for business, professional services and industries, including real estate or finance, here is one final thought.

You may find yourself on a cusp, tempted to the dopamine-spiking, dark side of abbreviation.

A word of caution, though – pause before you skip or leap.

A common thread we've established is there are some things in life that cannot be shortcut without seriously sacrificing quality or, to be frank, humanity.

Legacies and expertise are built over a lifetime –not fifteen minutes or even five minutes of so-called fame – and this something that will never change. ◪

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