

# Home

June 2011



## Australia's Top Earning Suburbs Revealed

Beachfront villages and traditional high-wealth suburbs have dominated a list of Australia's top-earning postcodes, released by the Australian Taxation Office as part of its annual statistical report.

The statistics, which cover the 2008-09 tax year when the GFC was perhaps

at its peak in Australia, show incomes falling in a number of ritzy postcodes in Melbourne and Sydney, although incomes surged in the Victorian seaside enclave of Portsea (where the mean income jumped 24% to \$198,987) and the New South Wales millionaire's hideaway of Palm Beach (where incomes increased a whopping 36% to \$153,605).

The top 10 suburbs by 2008-09 income:

Postcode	State	Suburb	Income (\$)
3944	VIC	Portsea	197,987
2027	NSW	Point Piper	176,396
2088	NSW	Mosman	155,549
2023	NSW	Bellevue Hill	154,005
2108	NSW	Palm Beach	153,605
3142	VIC	Toorak	147,578
2030	NSW	Vaucluse	144,271
6012	WA	Mosman Park	144,046
2110	NSW	Hunters Hill	141,567
2063	NSW	Northbridge	136,570

Source: ATO

The message from this data is, the closer you are to the sea, the better off you are likely to be.



## Shelves Well Stacked For Property Buyers

As far as market places go, property is currently rated a buyer's market.

Property experts are saying that if the Australian property market was a supermarket, it would be one with well stocked shelves by all accounts.

Buying well is about satisfaction that the price you pay initially and the return in lifestyle, rent, capital gain or otherwise you can expect will meet your goals.

## Home Is Where The Hearth Is

Intense heat may be a bit lacking in Australia's property market at present but is not the only place that could do with warming up.

Many households are feeling winter's chill already.



Even the 'Sunshine State' is feeling it, where the Bureau of Meteorology predicted 60 to 70 per cent cooler than normal days in southeast Queensland for autumn.

If you are still preparing for the cold, depending on where your home is located decide on whether your need is to spend more effort heating the individual person, a room or two or the whole house. Once you have your priorities, look for the right type of heating and the best fuel source to meet your needs.

Heating options include gas, electric, electric 'flame-effect' and reverse cycle air conditioning, for example. The web site, [www.choice.com.au](http://www.choice.com.au), is a good information source.

Environmental sustainability is a very important factor and good insulation is a priority, and even if your house is well insulated and draught proof, adequate ventilation is important otherwise pollutants may accumulate and condensation may cause mould and mildew to grow.

# More 'Play Money' For Grey Nomads

While there could be a number of reasons to turn a home into an investment property - such as relocating for work, extended overseas travel or for financial gains - for Australia's growing number of grey nomads such a move could provide the funding for the trip of a lifetime.

As baby boomers reach retirement age, many are taking off for their long dreamed of trip around Australia. It was estimated that of the 17,000 caravans sold in 2008, 80 percent were purchased by those over 50.

Setting off without a care in the world doesn't come for free, and renting out a primary place of residence could help to fund the long awaited tour.

Turning a principal place of residence (PPR) into an income-producing property creates a different scenario for the owner's tax situation; expenses in holding the property like interest

costs, rates and management fees will become tax deductible making owning the property more affordable. The rent also becomes assessable income.

It is for this reason that carrying out a Tax Depreciation Report before taking off will help ensure any potential claims are carried out.

Brad Beer, Director of BMT Tax Depreciation says, "Another tax deduction available for the owner while the property is income-producing is depreciation on the fixtures and fittings, and the capital allowance on the structure of the property if it was built within qualifying dates".

A Tax Depreciation Report determines the exact number of days a property was rented in the first financial year as an investment property. This gives the accountant an exact total deduction available for the partial year. The report will also include any capital improvements that were made, even if they were completed while the property was a PPR. There are still potential claims for these items when the property becomes an investment.

Implications for capital gain include that while a PPR is exempt from CG tax, if a home is changed to an investment property some CGT may be triggered if the property is eventually sold.



# Changing The Menu For Gen Y

If the Baby Boomers began the movement to bigger houses, **Generation X** perpetuated it because of the numbers of them playing with large salaries and an economy that was on fire.

Many **Gen Xs** were able to buy the 'house of their dreams' at a very young age and at a time when property values seemed to be only ever spiraling upwards. Current research suggests that we may look back on **Generation Y** as a demographic group that effected a change.

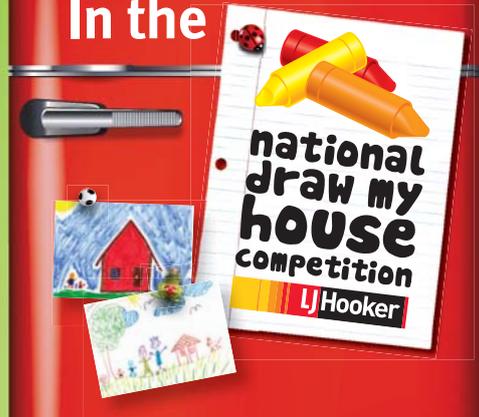
It seems they may shape more compact urban developments, this generation driven more by location, design and style, environmental

sustainability and diversity in use rather than a focus on size.

With somewhere around 5.5 million **Gen Ys** - 200,000 more than Baby Boomers and 700,000 more than **Gen Xs** - that may be food for thought!



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