

MEDIA RELEASE

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Western Sydney leads on Granny Flats

Analysis of data collected by BMT, Australia's leading tax depreciation specialist, indicates that construction of granny flats in Western Sydney has increased by 24.1 per cent over the past two financial years, compared to just 2.8 per cent across greater New South Wales and 9.3 per cent across Australia over the same period.

BMT believes that this increase has been driven by a range of factors, including falling rental yields across the state and the NSW Government's decision to loosen restrictions on who these properties can be rented to.

"The Australian property market has recently experienced a period of strong capital growth, however this has been offset for many investors by a fall in the indicative yield of their portfolio," said managing director of BMT, Brad Beer.

"This has led many investors to consider creative means to boost their portfolio's yield, such as the addition of a granny flat which can be constructed for around \$121,000 and rented at a rate achieving around a 15 per cent yield annually.

"This is far higher than the rental yield typically achievable on a house or unit in Australia, making granny flats an interesting investment proposition."

The *Affordable Rental Housing – State Environmental Planning Policy* came into force in NSW in 2009, allowing property owners to rent their secondary dwelling to those other than friends or family members and unlocking its potential for investors.

In this policy, granny flats are defined as fully self-contained dwellings built on the same plot of land as a principal dwelling, and are required to comply with a range of zoning, council and design restrictions.



“These versatile additions can range in size from studios to two bedroom apartments, and require a significantly shortened Development Approval period of only 10 days for complying structures,” said Brad Beer.

BMT also encourages investors not to overlook the additional cash flow which might be obtained by claiming tax depreciation on the granny flat as well as the primary dwelling.

“There are significant depreciation deductions available on these types of properties, which investors might not be aware of. “The average first year depreciation deduction on a granny flat is \$5,288, while over five years these deductions can add up to around \$23,713.

“For many investors, this could be the difference between their properties being positively or negatively geared,” concluded Brad Beer.

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About BMT Tax Depreciation

BMT Tax Depreciation (BMT) is a Quantity Surveying company specialising in the provision of tax depreciation schedules for residential and commercial investment properties. Commencing business in 1997, demand from property investors nationally has seen business expand Australia-wide with offices now located in Sydney, Parramatta, Melbourne, Brisbane, Newcastle, Adelaide, Perth, Gold Coast, Cairns, Canberra, Hobart and Darwin.

