

APRIL 2026

investor

INTELLIGENCE

Property Management Newsletter



Loan to Value Ratio



Loan to value ratio matters more than most investors realise.

LVR measures how much of your property's value is funded by debt. For example, if your property is worth \$800,000 and your loan is \$640,000, your LVR is 80 per cent.

From a lender's perspective, LVR is about risk. The higher your LVR is, the less equity you hold and the more exposed both you and the lender become. That is why once you move above 80 per cent, borrowing tends to become more expensive and restrictive. You may face lenders mortgage insurance, higher interest rates and fewer loan options.

High vs low LVRs

Having a higher LVR on your investment property can put pressure on cash flow, especially during vacant periods or when rates increase. It can also limit your ability to access equity for your next purchase, even if your property has grown in value.

On the other hand, lower LVRs tend to give you more flexibility to refinance, sell or expand your

portfolio when opportunities arise.

Another detail many investors overlook is that LVR is based on lender valuations, not what you believe your property is worth (or even what a real estate agent has assured you it is worth). If a valuation comes in lower than expected, your LVR can increase, which can affect approvals or require additional funds.

Very generally speaking, the less money you owe on your property, the better. This is why you should always stay up to date with your loan repayments, explore the possibility of an offset account to minimise the life of your loan and find ways to add value to the property so the gap between what you owe and what it is worth is as wide as possible.

However, you may have a short-term strategy that isn't affected by a high LVR. If that's the case and you have a clear plan in place, it's not something to worry excessively about.

Leased



BEACHDALE

4 Homedale Avenue | \$740pw

Leased



BEACHDALE HEIGHTS

48 Railway Parade | \$980pw

Leased



BEACHDALE HEIGHTS

40 Broughton Road | \$880pw

Leased



BEACHDALE

46 Ocean Street | \$840pw



Is capital growth or yield more important for investors?

When you buy an investment property, should you focus on capital growth or yield?

The short answer is that both matter. But understanding how they work together is what sets strong investment strategies apart.

Capital growth refers to how much your property increases in value over time. It is what builds long-term wealth.

Rental yield, on the other hand, is the income your property generates relative to its value. It is what helps you hold the asset along the way. If you have strong yield, more of your mortgage is covered by your tenant or renters, not your own funds.

High-yield properties don't cost much to buy but deliver good rental income. They are often found in mining towns, holiday havens or regional areas, and can deliver strong rental returns in the short term. The problem is these markets can be volatile. When demand drops, capital growth can stall and property values may even go backwards.

On the other hand, chasing capital growth in premium markets can look appealing, especially during periods of low interest rates. But if borrowing costs rise, holding those properties can become difficult, particularly if rental income does not keep pace. You also have to factor in tax when you sell, and whether or not the next owner will be happy with the yield if it has not grown alongside the value of the home.

Seasoned investors look at both growth potential and income. They consider factors such as vacancy

rates, local supply, infrastructure plans and long-term demand drivers. This helps reduce risk and supports more consistent performance over time.

Your personal situation also plays a role. For example, investors earlier in their journey often prioritise capital growth to build equity and expand their portfolio. Those closer to retirement may focus more on yield to support cash flow and reduce reliance on borrowing. An investor with a diverse portfolio may have a unit that is rapidly growing in value in a city area, and a place in an industrial town where workers will pay a premium for quality accommodation.

What matters is your own timelines and preferred outcomes. If you need help to break them down, your financial planner, accountant and property manager can be good ports of call.



WHAT MATTERS IS YOUR OWN TIMELINES AND PREFERRED OUTCOMES

How to claim depreciation on a rental property

Many property investors miss out on thousands of dollars in tax deductions simply because they do not know how to claim depreciation. Fortunately, the process is relatively straightforward and cost-effective.

Here's how to make sure you're prepared to maximise your tax deductions:

- **Confirm your property is eligible**
Most residential investment properties qualify for depreciation. If the property was built after 15 September 1987, you can typically claim on the building structure.
- **Understand what you can claim**
Depreciation falls into two categories:
 - Capital works:** the building structure and fixed elements such as walls, roofs and cabinetry
 - Plant and equipment:** removable assets such as carpets, blinds, air conditioning and appliances
- **Engage a specialist provider**
- **Use the schedule at tax time**
Once your tax depreciation certificate is prepared, it is provided to your accountant. They will use it to include deductions in your annual tax return.
- **Update your claim when circumstances change**
- **Maximise ongoing benefits**
Over time, depreciation can improve after-tax cash flow and help you manage the costs of owning your investment. The good news is you can generally pay for a single certificate and use it for several years.

