

This month...are those “free” depreciation estimates from your developer up to scratch?

When I first started in the property industry 20 odd years ago, the benefits of property depreciation weren't widely known.



Oh Yes! IT'S FREE

I used to drive from building site to building site with the aim of educating developers about the merits of property depreciation.

I'd offer developers a “free estimate” of the likely depreciation to include in their sales material to potential investors interested in purchasing one of their units or townhouses off the plans.

We are still providing this service to developers for free!

These days most developers make a “Marketing Depreciation Estimate” available to an investor when the project is first launched.

But once the project is complete – how accurate are these reports?

Generally I would say they are very accurate. Whilst based upon preliminary building costs...it's rare for building projects to come under budget.

The only time I have seen a dramatic change from the estimate to the final report is when the Tax Law has changed halfway through the development.

So it may be worthwhile contacting the QS who prepared the report to check that the estimates are still accurate, especially if construction was drawn out and the initial estimates were prepared many years prior.



Tyron Hyde is a director of quantity surveying firm Washington Brown. For more QS Corner tips and information on property depreciation including a FREE online tax depreciation calculator, visit www.washingtonbrown.com.au



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