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## **THE BLOCK 2024: TAX DEDUCTIONS SURPASS ASKING PRICES**

As The Block celebrates its 20<sup>th</sup> season, the transformation of a neglected resort in Cowes, Phillip Island, has created not just luxury homes but unparalleled investment opportunities. Investors are already eyeing these properties, not just for their prime location and design, but for the remarkable tax deductions that will surpass their asking prices.

BMT Tax Depreciation has revealed that the estimated total depreciation deductions claimable for these properties range from \$4.4 million to \$5.2 million per house – figures that dwarf the price guides provided by agents, starting under \$2 million each. These deductions could be a decisive factor at auction, making the properties even more attractive to savvy investors.

Bradley Beer, CEO of BMT Tax Depreciation, stated that "Tax depreciation can significantly enhance the investment value of a property. For The Block properties, these potential tax deductions will outweigh the purchase price, offering an exceptional investment opportunity."

The Australian Taxation Office allows owners of income-producing properties to claim deductions for the wear and tear on their properties over time. The substantially renovated properties on *The Block* have been meticulously assessed by BMT to uncover these hidden values.

While all properties hold substantial depreciation benefits, Kristian and Mimi's property holds the highest total estimated deductions. The BMT assessment shows

that their house ranges between \$4,878,000 - \$5,391,000, followed by Kylie and Brad's house coming in at between \$4,834,000 - \$5,342,000 and Ricky and Haydn's house ranging between \$4,842,000 - \$5,352,000.

The BMT assessment showed that Maddy and Charlotte had the property with the lowest estimated amount of total tax deductions ranging between \$4,240,000 - \$4,685,000 followed by Courtney and Grant, \$4,260,000 - \$4,708,000.

Kylie and Brad's property stands out with the largest average first-year claim of \$176,000 compared to an average of \$166,000 across all properties.

It is important to note that these depreciation deductions are not an indication of the house values but are based on the construction costs. In the case of this gated community, the construction costs will also include a proportion of renovations and upgrades of the shared facilities like the communal pool and tennis courts attributed to each house.

Bradley Beer emphasises: "The new owners will also be able to depreciate their part of the communal areas."

"Cash flow is always a key consideration for investors, and tax depreciation plays a significant role," said Mr. Beer. "Understanding these values can help buyers make informed decisions that will maximise their returns."

BMT Tax Depreciation has worked with *The Block* for nearly 20 years, ensuring that investors purchasing these coveted properties can maximise their depreciation deductions if they choose to rent them out. If you would like to know more about property depreciation, call us on 1300 728 726 or request a quote.

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**BMT Tax Depreciation is Australia's leading supplier of residential and commercial tax depreciation schedules.**

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