

MEDIA RELEASE

For immediate release

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Millions of reasons to invest in childcare centres

The growing demand for childcare centres is no longer just from parents jostling to get their kids on waiting lists, but increasingly from investors looking to get a slice of this burgeoning real estate market and take advantage of the huge tax deductions available.

BMT Tax Depreciation's Chief Executive Officer Bradley Beer, said there are a number of reasons why childcare centres are becoming more attractive to investors.

"In addition to the growing demand for this service, long term leases of ten or more years and yields of around 6 per cent, investors are becoming aware of the depreciation they can claim from such properties – often in the hundreds of thousands of dollars over the life of the property, and even into the millions for larger centres."

Mr Beer said in the last two years BMT has seen a notable increase in the number of childcare centres they have provided a tax depreciation schedule for.

"In the last financial year we saw a 67 per cent increase in depreciation schedules for childcare centres and a further 37 per cent increase in the year prior. This is in line with the growing demand for this type of property as an investment," said Mr Beer.

This increase is supported by findings from Collier International's recent whitepaper on childcare in Australia, which noted a 4.6 per cent annual growth rate for this industry.

According to Mr Beer, childcare centre operators are realising the value of claiming depreciation to improve cash flow and remain competitive in what is becoming a sought-after market.

"Many of the childcare centres we've prepared schedules for have been able to claim hundreds of thousands to millions of dollars in deductions over the life of the property. A large centre recently was able to claim close to \$2 million in total deductions and \$127,000 in first year deductions alone."

Common items located in childcare centres, such as artificial grass, sandpits and play equipment, are unexpected yet valuable sources of additional income.

"Recently, one of our clients was surprised to learn they could claim \$8,950 in first year deductions for artificial grass and \$15,000 in first year deductions for play equipment," said Mr Beer.

Other childcare centre items that can be claimed include food processors, bathroom accessories, refrigerators, ceiling fans, computer equipment, washing machines, partitioning, dishwashers and vinyl.

BMT Tax Depreciation

QUANTITY SURVEYORS

Unlike a residential investment property, both owners and tenants of childcare centres can claim depreciation deductions, as well as those running child care services from their homes. Owners can

claim capital work deductions while tenants can claim depreciation for plant and equipment assets, such as those listed above.

Mr Beer recommends that independent operators or those running childcare services from home could also take advantage of these deductions.

“For operators who might be struggling with cash flow, depreciation deductions can provide additional income to help with day to day expenses and business operations,” said Mr Beer.

BMT Tax Depreciation is Australia’s leading provider of tax depreciation schedules.

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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.

Maximising the cash return
from your investment property