OzLinkProperty
Buyers Agent

# THE NEW VS ESTABLISHED PROPERTY GUIDE:

## WHAT EVERY INVESTOR SHOULD KNOW


**OZLINK PROPERTY**

kiran@ozlinkproperty.com.au

**Introduction**
- Why the choice between new and established property matters.
- How misconceptions shape investor decisions.
- Purpose of the book: to compare both options fairly and show the benefits of new builds.

**Chapter 1: Understanding the Australian Property Landscape**
- How population growth, migration, and rental demand shape the market.
- The role of government incentives and housing supply.
- Why tenant preferences increasingly favour modern, efficient dwellings.

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- Key features of new builds: warranties, energy efficiency, compliance, and modern layouts.
- Why new property is designed with investors and tenants in mind.

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# 1. INTRODUCTION: WHY THIS GUIDE MATTERS

For many Australians, property is more than bricks and mortar  it is the foundation of long-term wealth creation. Generations of investors have relied on residential real estate to build financial security, fund retirement, and create intergenerational wealth. Unlike shares or managed funds, property is tangible, familiar, and often considered less volatile. It's no surprise that Australians have one of the highest rates of property investment in the world.

Yet while the idea of investing in property is simple, the reality involves critical decisions that can shape financial outcomes for decades. Among the earliest and most significant of these decisions is choosing **between a new property and an established property**.

At first glance, the choice may appear straightforward. Established homes often sit in well-known suburbs, with the "charm" of character features and the perceived stability of older neighbourhoods. On the other hand, new properties may be dismissed by some as less proven, located further from city centres, or carrying the stigma of being "developer stock."
But when we peel back the surface and examine the financial, practical, and regulatory realities, the picture changes dramatically. New properties often present compelling advantages that are not immediately obvious, particularly when it comes to cashflow management, tax effectiveness, tenant demand, and long term risk reduction.

This guide has been designed to help investors cut through the myths and assumptions surrounding this debate. It will provide a clear, evidence-based comparison of new versus established property equipping you with the knowledge you need to make confident, informed investment decisions.

You will discover:

- How tax depreciation on new properties can transform your after-tax cashflow.
- Why modern design and compliance standards increase rental demand.
- The hidden costs of owning older properties, from maintenance to compliance upgrades.
- How government incentives and planning policies often favour new housing supply.
- Case studies of investors who have chosen new and established properties  and the different outcomes they experienced.

Our goal is not to suggest that one property type is universally "better" for every investor. Rather, this guide will give you the tools to evaluate which option aligns best with your strategy, risk appetite, and long-term financial objectives.

By the time you finish reading, you will have a clear understanding of what every investor should know before choosing between new and established property.

# 2. UNDERSTANDING THE AUSTRALIAN PROPERTY LANDSCAPE

Australia's property market is unlike any other. Shaped by strong population growth, tight supply constraints, government intervention, and cultural preference for home ownership, it consistently attracts both local and international investors. To understand the context of the new versus established debate, it is important to explore the broader market forces at play.

**Population Growth and Migration**

Population growth is one of the strongest long-term drivers of housing demand. According to the Australian Bureau of Statistics (ABS), net overseas migration surged past 500,000 people in 2023, its highest level in history. This influx has added immediate pressure to the housing market, particularly in major capitals such as Sydney, Melbourne, and Brisbane, but also in regional centres experiencing economic growth.

Each new arrival adds to the demand for housing, whether as renters or buyers. With supply struggling to keep pace, vacancy rates in many cities have fallen below 1%, creating intense competition for available rental properties. For investors, this environment highlights the importance of choosing assets that are **desirable to tenants** — and new properties often have a clear edge in this respect.

**Government Incentives and Housing Supply**

Both federal and state governments have long recognised housing as a key driver of the economy. Policy initiatives, from First Home Owner Grants to stamp duty concessions, consistently focus on stimulating **new housing supply**. The rationale is simple: new housing boosts construction jobs, supports infrastructure planning, and expands the stock of modern, compliant dwellings.
For investors, this means that purchasing new property often comes with an environment of **policy support and demand stimulus**. By contrast, established properties rarely benefit from the same level of government incentive.

**Rising Construction Standards and Compliance**

Over the past two decades, the National Construction Code (NCC) has introduced progressively higher standards for energy efficiency, safety, and sustainability. Today's new homes must comply with requirements such as minimum energy star ratings, water efficiency measures, and accessibility provisions.

While these regulations can increase the cost of construction, they also ensure that new dwellings are **future-proofed**. Tenants benefit from lower utility bills, safer living environments, and modern design features. Investors benefit from reduced compliance risk and improved tenant demand. Older homes, by contrast, often fall short of modern standards. Many were built before energy efficiency was a consideration, meaning poor insulation, outdated wiring, or inadequate smoke alarms. Addressing these issues is not only costly but also necessary to remain compliant with modern rental legislation.

**Shifting Tenant Preferences**

Demographic and lifestyle shifts are also reshaping tenant demand. Younger renters increasingly value:

- Open-plan layouts that suit entertaining and modern lifestyles.
- Home office or study spaces as flexible working arrangements become permanent.
- Energy-efficient appliances and insulation to reduce utility bills.
- Secure parking, intercom systems, and smart home features
- Locations with proximity to transport, retail, and amenities.

New properties are designed with these expectations in mind. Established properties may have “character,” but unless renovated, they often fail to deliver the features modern tenants are willing to pay a premium for.

**Key Insight:** The Australian property landscape is being reshaped by population growth, tenant preferences, and government policy. Each of these forces disproportionately favours new property, making it an increasingly attractive option for investors seeking long term performance.

# 3. WHAT DEFINES A "NEW" PROPERTY?

A "new property" is not simply one that looks fresh or has been recently painted. In the context of investment and taxation, the definition is specific. The Australian Taxation Office (ATO) and the property industry generally classify new property as any dwelling that has **never been occupied before**.

This category includes:

- Newly constructed houses, townhouses, or apartments sold directly by a builder or developer.
- Off the plan properties purchased before or during construction, then settled once complete.
- Recently completed dwellings that remain unsold by the developer and are being sold for the first time.

**Why the Definition Matters**

The distinction between "new" and "established" carries significant financial consequences. For investors, one of the most important differences is in the realm of **tax depreciation**.

- **New Property:** Investors can claim depreciation on both the building (Division 43) and plant & equipment (Division 40), including fixtures such as carpets, blinds, appliances, and lighting. These deductions can amount to thousands of dollars per year and dramatically improve after-tax cashflow.
- **Established Property:** For properties that have been lived in previously, plant & equipment deductions are no longer available. Limited building depreciation may still apply if the property was built after 1987, but the benefits are far smaller.

This single difference can create a gap of **several thousand dollars per year** in after-tax returns between a new and an established property.

**Additional Characteristics of New Property**

Beyond tax benefits, new properties bring other features that can significantly improve the investment experience:

1. **Builder Warranties:** In most states, statutory warranties cover structural issues for six years and non-structural for two years. This provides peace of mind for investors who would otherwise face large repair bills on older homes.
2. **Energy Efficiency:** With energy prices rising, tenants value the reduced utility bills that come from modern insulation, double glazing, efficient appliances, and sometimes even solar-ready provisions. This efficiency also reduces outgoings for landlords, making the property more cost-effective to own.
3. **Modern Layouts:** Today's renters expect open-plan living, integrated kitchens, built-in storage, and functional outdoor spaces. These features are standard in new builds but often missing in older homes.
4. **Compliance and Safety:** Meeting the NCC ensures the property complies with current standards, reducing legal or regulatory risks for investors.

**The Investor’s Advantage**
When viewed through an investor lens, a new property is more than just a home  it is a financial instrument. It offers a package of tax benefits, reduced risks, and tenant appeal that can make the difference between a property that is a drain on cashflow and one that supports portfolio growth.

By definition, new properties are designed to meet the expectations of today’s tenants and the regulatory requirements of tomorrow’s housing environment. For investors, this combination of cashflow, compliance, and demand makes new property a powerful option in any portfolio.

# 4. WHAT DEFINES AN "ESTABLISHED" PROPERTY?

An established property is any dwelling that has been lived in before. This could mean a 10 year old townhouse in the suburbs, a 1970s unit in an inner-city block, or a century-old weatherboard in a regional town. Regardless of its age or style, once a property has been occupied, it falls into the established category.

Many investors are drawn to established homes because they are often located in familiar neighbourhoods, close to existing infrastructure, and sometimes on larger blocks of land. They may also come with a sense of history or "character" that some buyers find appealing.
However, these perceived strengths need to be balanced against the financial and practical realities of owning older housing stock. While the purchase price of an established home may seem attractive, investors must look at the **total cost of ownership** the sum of all expenses, risks, and opportunities associated with holding the property.

**Tax Treatment of Established Properties**

The Australian Taxation Office (ATO) makes a clear distinction between new and established dwellings when it comes to depreciation. Since 2017, investors have been unable to claim deductions for second-hand fixtures and fittings in established properties. This means:

- No deductions for carpets, appliances, blinds, or other plant and equipment items.
- Limited building depreciation (Division 43) available only if the property was constructed after 16 September 1987. Even then, the deduction is capped at 2.5% of original construction cost per year.
- For properties built before this date, no building depreciation is available.

This drastically reduces the tax effectiveness of established homes compared to new properties. What appears to be a simple purchase decision can have thousands of dollars of cashflow implications each year.

**Maintenance and Renovation Costs**
Another major challenge with established homes is maintenance. Time takes its toll on every dwelling. Roofs need repairing, plumbing and electrical systems age, and structural wear can create ongoing repair costs.

Even if an older property is structurally sound, renovations are often needed to meet tenant expectations. Kitchens and bathrooms are particularly sensitive tenants expect clean, functional, modern spaces. Renovating these areas can cost tens of thousands of dollars, which directly impacts the return on investment.

**Perceived Location Advantage**

It is true that many established properties are located in older suburbs closer to CBDs or employment hubs. This location advantage is real, but it comes at a cost. Established suburbs often carry higher purchase prices and lower rental yields. Investors are left hoping for long-term capital growth to justify the initial outlay, while managing weaker cashflow in the short term.

Meanwhile, new properties are frequently positioned in growth corridors where government infrastructure spending is driving new roads, schools, and hospitals. These areas are attracting strong population growth, creating both rental demand and the conditions for future capital growth.

**Key Insight:** Established properties may offer location benefits, but they are often offset by limited tax benefits, high maintenance risk, and weaker cashflow performance.

# 5. KEY ADVANTAGES OF NEW PROPERTY

While established homes carry certain attractions, new properties bring a powerful set of advantages that directly benefit investors. Let’s explore these in detail.

**Tax Benefits and Depreciation**
Perhaps the most significant advantage of new property is its favourable tax treatment. The ATO allows full depreciation deductions on both the structure (Division 43) and plant and equipment (Division 40).

This means investors can claim deductions on:
- The cost of construction, spread over 40 years.
- Brand new fixtures and fittings such as carpets, ovens, dishwashers, and lighting.

According to industry data from BMT Tax Depreciation, first-year deductions on a new investment property can exceed $10,000. Over a five-year period, this adds up to a significant after-tax benefit that improves cashflow and reduces the financial burden of ownership.
By contrast, established properties offer little to no depreciation on fittings, leaving investors with far fewer deductions.

**Cashflow Management**

Cashflow is often the difference between an investor who expands their portfolio and one who is forced to sell early. New properties are inherently easier to hold thanks to:

- Lower maintenance and repair costs in the early years.
- Higher rental demand due to modern design and features.
- Energy-efficient construction that reduces tenant utility bills and improves rental appeal.

The combination of stronger rent, lower costs, and larger tax deductions can mean the difference between a property that drains your pocket and one that supports your next purchase.

**Tenant Demand**
Tenants are the lifeblood of an investment property. Without them, there is no income. Today’s tenants overwhelmingly prefer homes that are modern, efficient, and safe. Features such as open-plan living, secure parking, integrated technology, and low running costs are not luxuries — they are expectations.

New properties deliver these by design, while older homes often fall short. The result is shorter vacancy periods and the ability to attract quality tenants who are willing to pay a premium for convenience and comfort.

**Warranties and Compliance**

Another major advantage of new builds is risk reduction through warranties and compliance. Most states require builders to provide statutory warranties — often six years for structural issues and two years for non-structural. This reduces the likelihood of unexpected repair costs falling on the investor.

Compliance with the NCC also provides peace of mind. Investors do not need to worry about outdated electrical systems, insufficient smoke alarms, or insulation upgrades. These are already built into the property from day one.

**Government Incentives**

New housing is consistently supported by government incentives. Investors benefit indirectly from these measures, as they help stimulate demand and support property values. Examples include:

- Stamp duty concessions on off-the-plan purchases in certain states.
- Grants available to first home buyers purchasing new dwellings, which can boost demand in the resale market.
- FIRB (Foreign Investment Review Board) approvals, which are generally granted for new dwellings but restricted for established homes.

**Key Insight:** New properties provide structural advantages that improve cashflow, reduce risk, and align with government policy. These benefits compound over time, making them highly attractive for long-term portfolio growth.

# 6. PERCEIVED BENEFITS OF ESTABLISHED PROPERTY — AND THE RISKS

Despite the clear advantages of new property, established homes still attract many investors. To make an informed decision, it is important to look at the commonly cited benefits of established property and weigh them against the realities.

**Benefit 1: "Better Locations"**
Established homes are often found in older, inner-ring suburbs with close proximity to CBDs and employment centres. While this can be attractive, it usually comes with significantly higher purchase prices. High entry costs and low rental yields can strain investor cashflow, making these properties difficult to hold long term.

**Benefit 2: "Land Value"**
Some investors believe older homes are better because they sit on larger parcels of land. While land is certainly valuable, a run-down dwelling on a large block is not always a wise investment. Without redevelopment or major renovation, the rental appeal can be weak, and holding costs remain high.

**Benefit 3: "Character and Charm"**
Older properties sometimes offer architectural charm or character features. While these may appeal to owner-occupiers, tenants typically prioritise functionality, safety, and modern conveniences. Unless the property is upgraded, "character" alone rarely translates into higher rent.

**Risks of Established Property**

1. **Maintenance Costs:** Older homes are more likely to require expensive repairs, which can be unpredictable and ongoing.
2. **Limited Tax Benefits:** With reduced depreciation, the after-tax return is weaker.
3. **Vacancy Risk:** Dated properties may struggle to attract tenants, leading to longer vacancy periods.
4. **Compliance Issues:** Meeting current building codes and safety standards can involve significant cost.

**Key Insight:** The supposed advantages of established homes are often outweighed by the risks. While location and land value can be strong drawcards, investors must carefully weigh these against weaker cashflow, limited tax benefits, and higher risk of unexpected costs.

# 7. CASHFLOW COMPARISON: NEW VS ESTABLISHED

Cashflow is the engine of any investment portfolio. It determines whether an investor can comfortably hold a property long-term or whether it becomes a financial burden. Many investors make the mistake of looking only at rental income in isolation, ignoring the broader picture of tax benefits, maintenance costs, vacancy rates, and ongoing expenses.

A smarter approach is to look at the **total cost of ownership**. This includes everything  mortgage repayments, property management fees, repairs, insurance, depreciation, and even the occasional vacancy period. When viewed through this lens, the differences between new and established property become much clearer.

**The Cashflow Edge of New Property**

New properties are often positioned as “easier to hold” and for good reason. They offer:

- **Higher depreciation deductions** that reduce taxable income and improve after-tax cashflow.
- **Lower maintenance expenses** thanks to warranties and new materials.
- **Stronger tenant demand** leading to faster leasing and reduced vacancy.
- **Energy-efficient features** that tenants value, sometimes supporting slightly higher rents.

The combined effect of these factors can be dramatic. A property that appears negatively geared on a simple rent-versus-expenses calculation may actually be close to neutral  or even positive once depreciation is factored in.

**The Cashflow Trap of Established Homes**

By contrast, established homes often appear attractive on paper because they may be cheaper to purchase, or located in sought-after suburbs. But the reality can be very different once holding costs are factored in:

- **Higher repair bills** quickly add up, especially in the first five years of ownership.
- **Limited depreciation** provides little to no offset against income.
- **Greater vacancy risk** if the property is outdated or requires renovation.
-

What initially looks like a lower entry cost can become a drain on monthly finances.

**Case Example: New vs Established**

Let’s consider two investors, both buying properties in growth areas.

- **Investor A (New Townhouse in Brisbane)**
  - Purchase Price: $600,000
  - Weekly Rent: $580
  - Depreciation: $9,500 annually
  - Maintenance: Minimal
  - Cashflow Impact: After depreciation, Investor A enjoys slightly positive cashflow.

- **Investor B (Established House in Sydney's Inner West)**
  - Purchase Price: $900,000
  - Weekly Rent: $700
  - Depreciation: $1,800 annually
  - Maintenance: $7,000 in the first year alone
  - Cashflow Impact: Negative, even before factoring unexpected costs.

Despite the higher rent, Investor B's property delivers weaker cashflow due to the weight of maintenance costs and limited depreciation benefits. Investor A, meanwhile, has stronger after tax results and more financial flexibility to grow their portfolio.

**Comparative Table**

| Factor | New Property | Established Property |
|---|---|---|
| Rental Demand | Higher (modern appeal) | Variable, depends on upkeep |
| Vacancy Rates | Lower | Higher if property is dated |
| Maintenance Costs | Low in early years | High, often unpredictable |
| Depreciation | Full building + fittings claim | Limited to building only |
| Energy Efficiency | Meets NCC standards | Poor, costly to upgrade |
| Cashflow Outlook | Easier to hold | Risk of negative cashflow |

Risk of negative cashflow
**Key Insight:** Cashflow is not just about rent  it's about what you keep after expenses and tax. New properties consistently give investors a stronger cashflow position.

# 8. RISK MANAGEMENT: MAINTENANCE, REPAIRS, AND HIDDEN COSTS

Every investment carries risk. In property, these risks often take the form of unexpected costs, vacancies, or compliance issues. Managing these risks is essential to building a portfolio that grows sustainably over time.

**The Maintenance Burden of Established Homes**

Older homes come with older infrastructure. Even when a property is well maintained, wear and tear is inevitable. Common costs include:

- Roof repairs or replacements, often $10,000–$20,000.
- Plumbing and drainage issues costing $5,000+.
- Electrical rewiring or switchboard upgrades ($5,000–$15,000).
- Kitchen and bathroom renovations ($15,000–$30,000 each).
- Termite damage remediation ($5,000–$25,000).

These costs are not only expensive but also unpredictable, making it difficult for investors to budget accurately. An unexpected $15,000 repair bill can completely change the economics of an investment.

**The Warranty Shield of New Property**

New builds, on the other hand, come with warranties that provide a financial buffer against such risks. In most states:

- Structural defects are covered for six years.
- Non-structural defects are covered for two years.

This means the risk of a large, unexpected bill in the early years of ownership is substantially reduced.

**Compliance and Regulatory Risk**

Governments are increasingly tightening rental laws around safety and efficiency. For example:

- Smoke alarms must meet strict standards.
- Some states are moving toward mandatory minimum energy efficiency ratings for rental properties.
- Accessibility standards are becoming more common.

New properties already meet these requirements. Established properties may require costly upgrades to remain legally compliant.

**Vacancy Risk**

One of the most overlooked risks in property investing is vacancy. Each week a property sits empty represents lost income. For an investor receiving $600 per week, a month of vacancy equals $2,400 in lost rent not including advertising and re-letting fees.

Older properties are more likely to suffer longer vacancy periods, particularly if they lack modern appeal. Tenants comparing properties will often choose newer, more efficient options if they are available at similar rental prices.

**Key Insight:** Risk in property investing is not only about market fluctuations. Maintenance, compliance, and vacancy risks can all erode returns. New properties offer a significantly lower risk profile in these areas.

# 9. FUTURE-PROOFING YOUR PORTFOLIO

Property investment is a long-term game. Successful investors think not just about the next year, but about how their portfolio will perform in 10, 20, or 30 years. This forward looking approach is what we mean by **future proofing**.

**Infrastructure and Growth Corridors**

New developments are often located in growth corridors supported by government infrastructure projects. New train stations, expanded highways, schools, and hospitals create demand for housing. By investing in these areas early, investors can benefit from both strong rental demand and long term capital appreciation.

**Meeting Tenant Preferences of Tomorrow**

The renters of today will be the buyers of tomorrow. Their expectations are shaped by modern living:

- Energy efficiency is increasingly non-negotiable as utility costs rise.
- Flexible spaces for working from home are becoming standard.
- Connectivity (such as high-speed internet) is essential.

New properties already incorporate these features, ensuring they remain relevant for years to come. Older homes will require costly upgrades to compete.

**Regulatory and Environmental Shifts**

Australia is moving toward greater sustainability in housing. Policies to reduce carbon emissions, improve efficiency, and increase housing accessibility are already in place, with more likely to come. New properties, designed to comply with the latest standards, are better positioned to meet these evolving requirements without significant retrofitting.

**Portfolio Scalability**

Finally, cashflow from new properties supports portfolio growth. An investor who consistently buys properties with low holding costs and strong depreciation will find it easier to secure finance for future purchases. Those tied down with negatively geared, high-maintenance properties may find themselves unable to expand.

**Key Insight:** Future-proofing is about ensuring your investment continues to perform in a changing world. New properties align with infrastructure growth, tenant expectations, and regulatory trends, giving investors greater confidence in the longevity of their portfolio.

# 10. CASE STUDIES & INVESTOR SCENARIOS

Concepts are important, but numbers and stories are what make them real. The following case studies illustrate how different choices between new and established property can dramatically affect an investor's experience and outcomes.

## CASE STUDY 1: SARAH BUYS A NEW APARTMENT IN BRISBANE

Sarah is a 34-year-old professional who has decided to purchase her first investment property. She has a stable income and a moderate appetite for risk. After speaking with her mortgage broker and accountant, Sarah chooses to buy a **brand-new apartment** in a master-planned community on the outskirts of Brisbane.

**Property Details:**

- Purchase Price: $540,000
- Weekly Rent: $550
- Depreciation: $9,200 annually (building + fittings)
- Maintenance: Minimal, covered by warranties
- Vacancy: Leased within two weeks of settlement

**Year One Cashflow Breakdown:**

- Rental Income: $28,600
- Interest & Expenses: $30,000
- Depreciation Claim: $9,200
- Tax Position: Sarah reduces her taxable income by $9,200, leading to a refund of $3,500.
- Overall Cashflow: Positive $2,100 for the year after tax.

**Outcome:**

Sarah's property essentially pays for itself, leaving her with a small surplus. With the property's strong cashflow position, she is confident she can buy another investment within three years.

**Lesson:** Depreciation on new property can transform the cashflow profile of an investment.

## CASE STUDY 2: MICHAEL BUYS AN ESTABLISHED HOUSE IN SYDNEY

Michael, aged 45, buys a 25 year old house in Sydney's Inner West. He believes the location will guarantee long term capital growth, even though he expects cashflow to be tight in the short term.

**Property Details:**

- Purchase Price: $1,100,000
- Weekly Rent: $700
- Depreciation: $1,800 annually (building only)
- Maintenance: $7,500 in the first year for roof repairs and plumbing
- Vacancy: Property took six weeks to lease after settlement

**Year One Cashflow Breakdown:**

- Rental Income: $36,400
- Interest & Expenses: $55,000
- Depreciation Claim: $1,800
- Tax Position: Minimal offset; only $1,800 deduction against income.
- Overall Cashflow: Negative $17,600 after maintenance and expenses.

**Outcome:**
Michael is losing almost $1,500 a month to keep the property afloat. While he hopes long-term capital growth will compensate, his ability to buy further investments is limited because of the heavy cashflow drain.

**Lesson:** Location alone is not enough. Cashflow can make or break an investor's ability to grow their portfolio.

## CASE STUDY 3: PRIYA BUYS ONE NEW AND ONE ESTABLISHED PROPERTY

Priya, an experienced investor, decides to diversify. She purchases a new townhouse in Melbourne's western growth corridor and a 1970s unit in the Inner East.

**Results After Five Years:**

- The townhouse delivered consistent positive cashflow thanks to depreciation, low maintenance, and steady rent.
- The unit appreciated in value due to its location, but Priya spent more than $25,000 on special levies and renovations to keep it rentable.

**Outcome:**
Both properties had their merits, but Priya admits the older unit was a "cashflow headache," while the new townhouse provided stability and scalability.

**Lesson:** Diversification can work, but investors must be prepared for the financial realities of older housing stock.

# 11. INVESTOR CHECKLISTS & COMPARISON TABLES

A practical way to compare property options is to use structured checklists and tables. These tools help investors assess opportunities with clarity rather than emotion.

**New Property Checklist**

- ✅ Full depreciation benefits available.
- ✅ Lower maintenance for first 5–10 years.
- ✅ Builder warranties reduce risk.
- ✅ Strong tenant demand for modern housing.
- ✅ Often eligible for government incentives.
- ✅ Energy-efficient and NCC compliant.

**Established Property Checklist**

- ⚠️ Limited tax benefits available.
- ⚠️ Higher ongoing repair and renovation costs.
- ⚠️ Greater compliance risk with modern standards.
- ⚠️ Potential for longer vacancies if dated.
- ⚠️ Renovations often required to attract tenants.

| Factor | New Property | Established Property |
| --- | --- | --- |
| Depreciation | Full (building + fittings) | Limited (building only, if eligible) |
| Maintenance Costs | Low in first decade, under warranty | High, often unpredictable |
| Tenant Demand | Strong (modern layouts, efficient) | Variable, depends on upgrades |
| Energy Efficiency | Meets NCC standards | Poor, costly to upgrade |
| Government Incentives | Often eligible (FHOG, concessions) | Rarely eligible |
| FIRB Approval | Generally approved | Restricted |

**Key Takeaway:** This side-by-side comparison shows how new properties generally outperform established properties on the factors that most directly affect investors' bottom line.

# 12. KEY TAKEAWAYS

The decision between new and established property is one of the most important choices an investor will make. While both can play a role in a portfolio, the evidence is clear: new property often provides a structural advantage that is difficult for established homes to match.

## KEY LESSONS FROM THIS GUIDE:

1. Tax Benefits: New properties provide significant depreciation deductions that can improve after-tax cashflow by thousands each year.
2. Maintenance Costs: Established properties often carry hidden repair and renovation bills that erode returns.
3. Tenant Demand: Renters increasingly favour modern, efficient, and safe homes. New builds are designed to meet these expectations.
4. Risk Profile: Warranties and compliance reduce the risks of ownership in new properties, while older homes carry greater uncertainty.
5. Government Support: Incentives and policy measures consistently favour new housing supply, creating an environment of support for investors.
6. Portfolio Growth: Stronger cashflow from new properties makes it easier for investors to scale their portfolio, while established properties may restrict borrowing capacity.

**Final Insight**: While established homes may offer location appeal or land value, their advantages are often outweighed by weaker cashflow, higher costs, and greater risks. New properties, by contrast, provide a compelling balance of financial benefits, tenant appeal, and future-proofing that align with the needs of modern investors.

# 13. NEXT STEPS

By now, you've explored the critical differences between new and established property, seen real-world examples of how cashflow plays out, and reviewed the risks and opportunities tied to each option. The evidence shows that new property often offers distinct advantages for investors: stronger tax benefits, lower maintenance, higher tenant demand, and future-proofing against regulatory and lifestyle changes.

But information alone won't build your portfolio. The next step is to put knowledge into action.

**Clarify Your Strategy**
Every investor has different goals. Some want to generate positive cashflow to supplement their income. Others want to focus on long-term capital growth. Many aim to build a balanced portfolio that delivers both. Before you make your next purchase, take the time to clarify your strategy:

- Are you prioritising **short-term cashflow or long-term growth?**
- What level of **risk and debt exposure** are you comfortable with?
- Do you have the right **team of advisers** in place (broker, accountant, property consultant)?

Being clear about your strategy ensures that the property you buy aligns with your financial objectives.

**Work with the Right Partners**

Navigating the property market can feel overwhelming, especially with so many competing voices. Working with a team of experienced professionals helps you make informed, confident decisions. A property consultant can provide access to high-demand growth areas and exclusive new property opportunities. An accountant can structure your investments for tax effectiveness. A mortgage broker can optimise your finance strategy.

**Focus on Growth Corridors**

The strongest opportunities for investors are often in emerging growth corridors supported by infrastructure projects, new employment hubs, and population growth. These areas offer affordable entry points and strong rental demand — conditions that new properties are designed to capitalise on.

**Take Action**

Ultimately, successful investors are those who take action. The longer you wait, the harder it becomes to enter the market, particularly in Australia where demand consistently outpaces supply. By choosing wisely — and favouring properties that support your cashflow, reduce your risks, and align with government-backed growth — you position yourself for long-term success.

**Final Thought:** New properties are not just homes; they are financial instruments designed to provide investors with a combination of income, tax effectiveness, and portfolio scalability. Choosing the right one could be the key that unlocks your next level of wealth creation.

OzLinkProperty
Buyers Agent

## OZLINK PROPERTY

**Kiran@ozlinkproperty.com.au**

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# The New vs Established Property Guide