

# Leveraging a Granny Flat for Airbnb

A complete guide for investors.

## At a glance

Airbnb, founded in 2008, has grown to become a global phenomenon, connecting travelers with short-term accommodation options all over the world. Over 2 million bookings are made daily via the Airbnb platform. The online marketplace enables property owners to rent out their spare rooms, entire homes, and self-contained granny flats safely and securely.

## Key metrics

Canberra presents an amazing opportunity for Airbnb hosts, with average occupancy rates nudging 70%, and relatively low competition compared to neighboring Sydney and Melbourne.



**\$155p/n**

Average nightly stay



**\$40K p.a**

Average returns @ 70% occupancy

## Opportunity

Canberra residents and investors can capitalise on this growing market in 2023 and beyond, with consistently solid short-term occupancy rates and huge upside for residents considering leveraging their existing properties.

## Returns

Expect \$40-50K annually at the average occupancy rate of 70%, with gross yields worth up to and above 20% pa. Our high-quality secondary residences offer an opportunity for consistent annual returns.



Professional Service



Fixed-Price Designs



Consistent ROI

## Benefits

### One

Earn regular income and add value to your property, whilst sharing your passion for your home and the region.

2

### Two

Streamlined booking support, property management & strict guest screening with Airbnb

3

### Three

Showcase your flair for hospitality, interior design and create meaningful long-lasting connections with guests.

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# Visitation to the Canberra Region



**99%**

Domestic visitation return compared to pre-covid levels.

**\$1.6B**

Over 6 million tourists to the region annually spending \$1.6 billion locally.

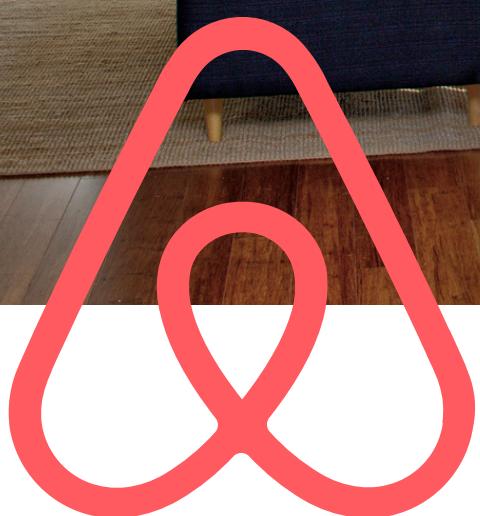
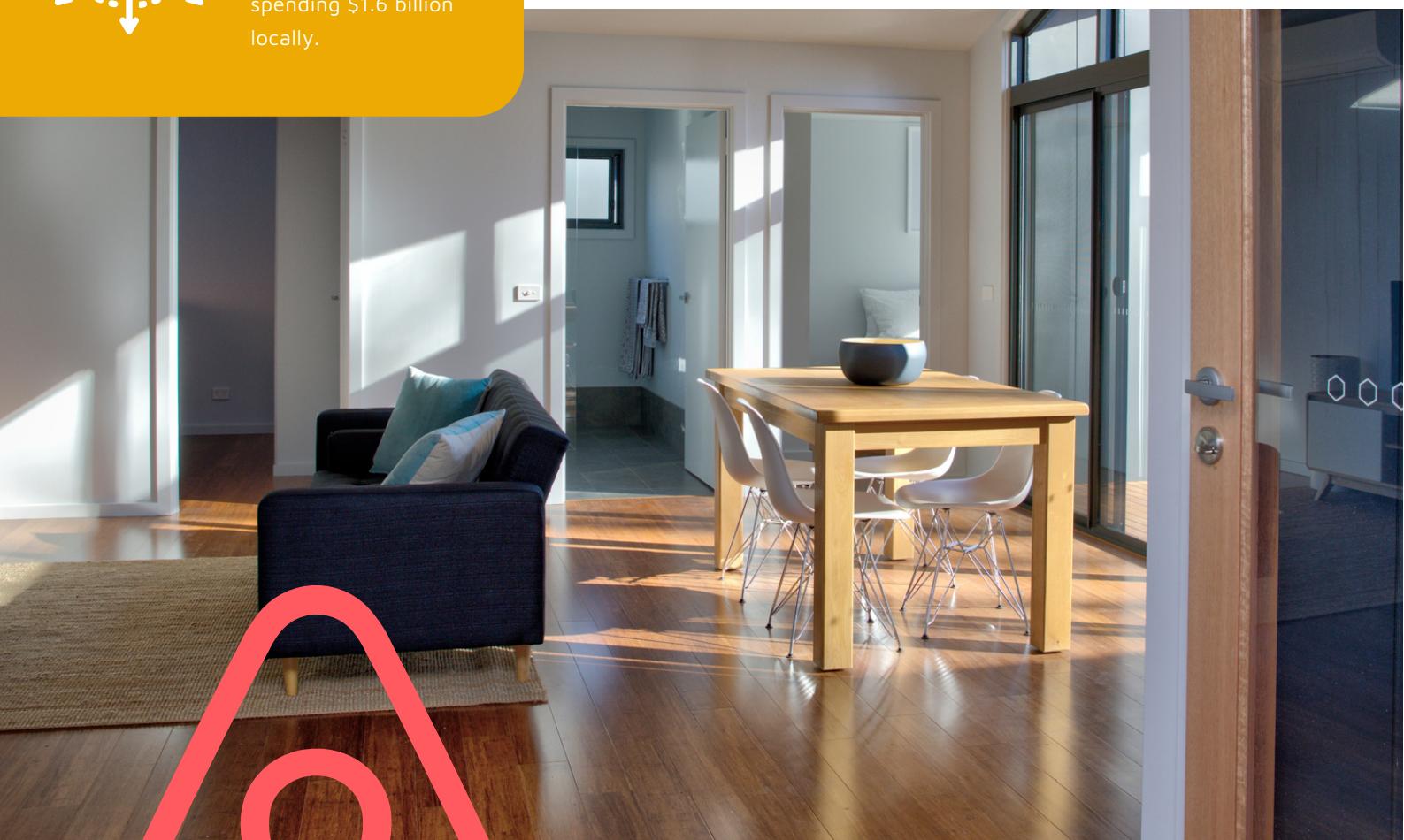


## Tourism



Combining stunning coastline, the rugged Snowy Mountains, our Nation's political history, and a growing food & wine scene, the Canberra region boasts a \$1.6 billion tourism economy attracting over 6 million visitors annually.

Domestic tourism to the region has now returned to 99% of pre-covid levels, led strongly by overnight visitation from close-by Sydney and regional NSW, supported considerably by Victorian and Queensland visitors across the borders.



## Partner with Airbnb



The Airbnb platform handles all logistics, offering a user-friendly marketplace for listing your property, setting availability and managing reservations. Hosts can customise their listings with photos and descriptions that capture the essence of their space, attracting a certain type of traveler and ensuring a mutually beneficial stay.

The secure payment system and reviews from both hosts and guests creates an exceptional level of trust and transparency within the community.

# Case Study- Design 156



## Metrics

### Total Value of Build

\$214,621.67 in MAR 2023 (inc GST)

### Gross Annual Rental Return

\$64,064 on second dwelling

### Gross Return on Investment

29.85%

## Live Now on Airbnb

'Superhost' Daniel rents his 1 bedroom granny flat for singles or couples on Airbnb.

Guests enjoy a modern, brand new fit out & design, whilst Airbnb handle Daniel's listing and bookings 24/7.



**\$175p/n**

Average nightly stay



**29.85%**

Gross annual return

## Opportunity

Located on a 780m<sup>2</sup> property in Ainslie ACT, Design 165 features one bedroom and one bathroom, and is fully self contained with kitchen and washing machine available for guests.

With the build complete, the owner now enjoys regular Airbnb income and attractive gross returns.

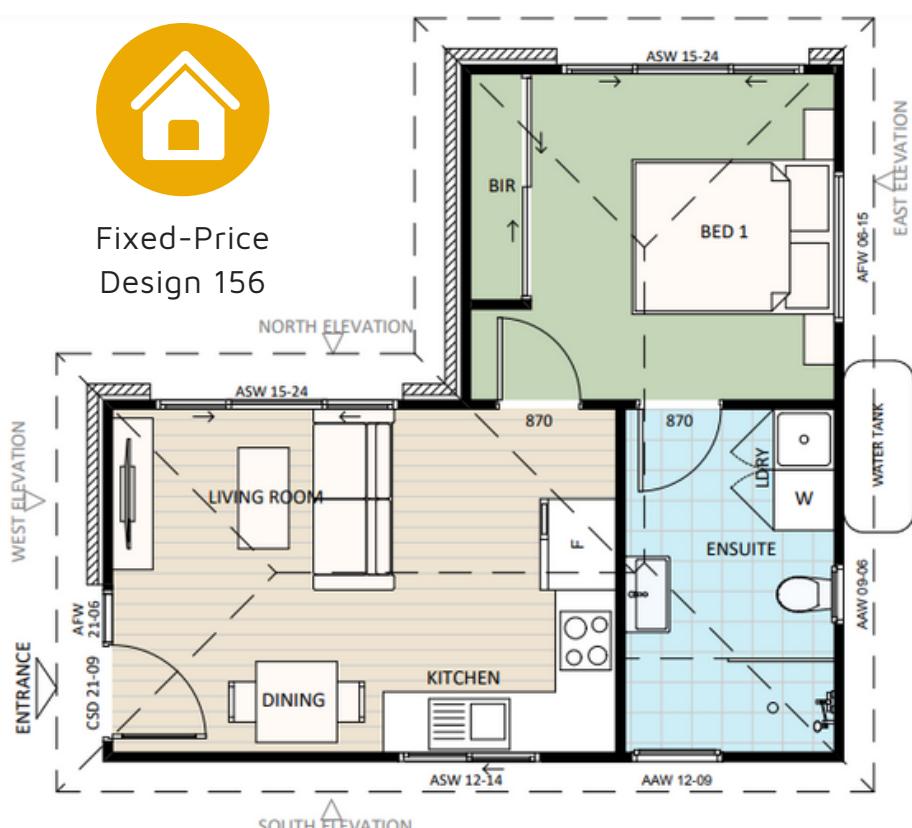
## Build Value Breakdown

The values of the three components to build Design 156 are listed below:

- Build value – \$180,840.00 inclusive of GST
- Planning fees and charges – \$21,589.03 inclusive of GST (approx 10% of the value of the total project)
- Utility connections – \$12,192.64 inclusive of GST (approx 5%)



Fixed-Price  
Design 156



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# Tax Benefits & Deductions

## What Can I Claim?



Rental income from your Airbnb will be assessed and taxed by the ATO, however there are a number of deductions you may be eligible to claim to minimise extra tax, and realise a positive income from your granny flat.

- Construction Costs, typically claimed over a period of time through depreciation.
- Interest Expenses on loans used for construction.
- Operation Costs, such as cleaning, repairs, maintenance, utilities and insurance.
- Property Management and platform service/listing fees.
- Food provisions & guest amenities.

As long as the dwelling is genuinely available for rent deductions apply, even if empty. Speak with us or your tax professional for detailed information about tax deductions and depreciation claims.

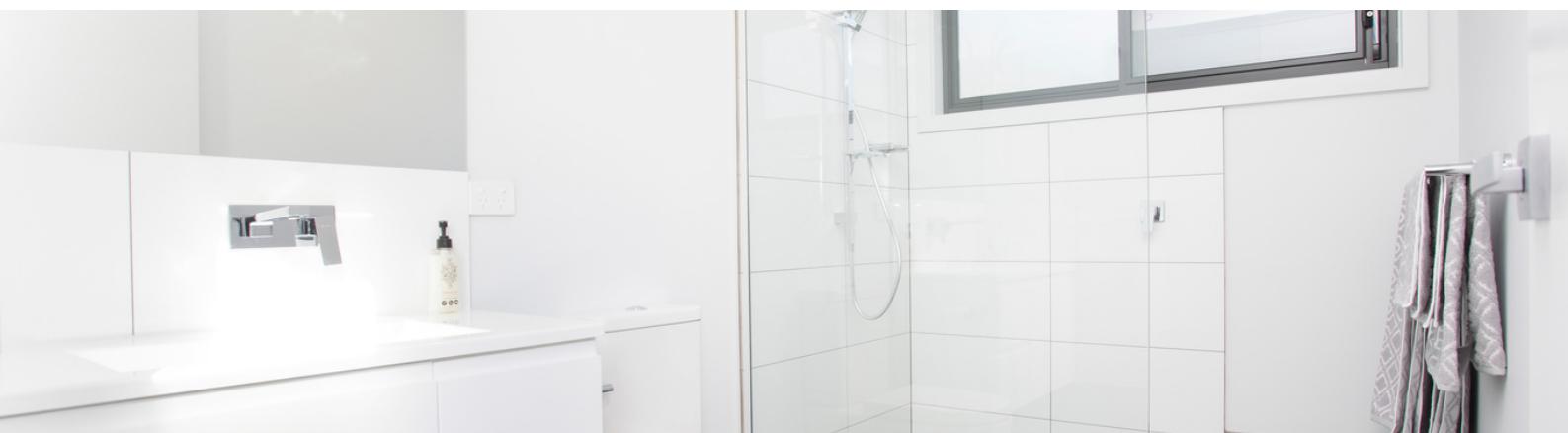
## Capital Gains Tax (CGT)



Compared to a stand-alone investment property, granny flats are relatively cheap to build and will only take up a small portion of your land. When you sell an investment property in Australia, the profit made will be taxed as a capital gain.

**The good news for granny flat owners** using their primary residence is that this tax will only apply to the percentage of land the dwelling occupies- even more beneficial for larger blocks where the total space may only be 5-10%.

After 12 months, the CGT liability is reduced by 50% for Australians, further minimising any potential tax implications. Given the potential value a granny flat adds to your property, and the rental income, the risk vs reward of the Airbnb strategy becomes clearly more positive.

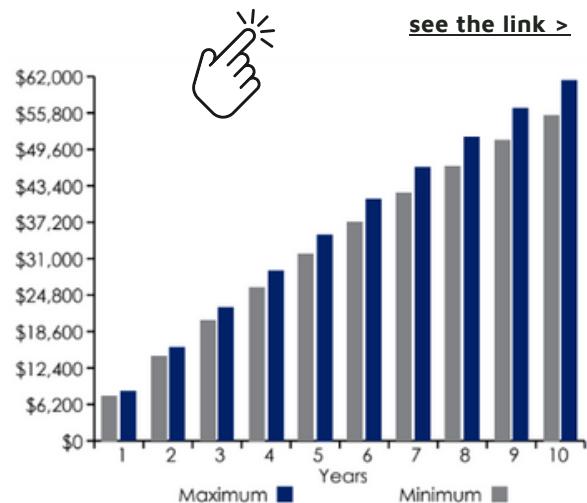


## Depreciation

Depreciation is a property tax deduction that can be claimed over time and offset against your Airbnb income. This is claimed as a **Capital Works deduction** of 2.5% over 40 years; up to \$5000pa depending on the cost and size of granny flat.

**New Plant & Equipment** can also be claimed resulting in another significant offset, in particular over the first 5 years.

**Below is an example of combined Capital Works and Equipment depreciation claimable over the dwelling's first 10 years, based on a 2 bedroom granny flat. For more examples & details, see the link >**



# Airbnb Listing Management

## Services to Manage Your Bookings

Using a Property Management service to handle your Airbnb listing may attract you more bookings, offer a 'hands-off' approach for hosts, and provide your guests a more professional overall stay.

### A management service will:

- Optimise your listing and photos
- Communicate with guests
- Encourage positive reviews
- Handle property cleaning and maintenance

Sample Fees	Full Service	Fixed Income	Remote Management
Canbnb	20% (+GST)	10%	16.5%
Mr Guru	POA		
Hotel Your Home	18% (+GST)		12%

\*Sample Property Management fees from local providers as at SEPT 2023.

## Airbnb Booking Fees and Payouts

**\$824.00 AUD total** ★ 4.78 • 18 reviews

CHECK-IN 09/10/2023	CHECKOUT 14/10/2023
GUESTS 2 guests	

**Reserve**

You won't be charged yet  
Price shown is the total trip price, including additional fees and taxes.

<u>\$148.40 AUD x 5 nights</u>	\$742.00 AUD
<u>Cleaning fee</u>	\$82.00 AUD
<b>Total</b>	<b>\$824.00 AUD</b>

Using this sample booking created from Airbnb.com, we're able to see what the guest pays to reserve or book the stay. Depending on the commission, guests may also see an 'Airbnb Service Fee' which they pay directly.

Depending on your provider, extra costs such as shampoo, pantry staples and cleaning products may be included in the property management fee.

**Gross Sale: \$824.00**

Accommodation: \$742.00

Cleaning Fee (to cleaning contractor): -\$82.00

Airbnb Listing Fee (3%): -\$24.72

Management Service Provider (16.5% +GST): -\$118.35

**Net Payout to Owner: \$598.93 (\$119.78 p/night)**



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## Contact a Provider

Before proceeding with your listing, we suggest contacting one of the service providers listed, or speaking with the provider of your choice regarding their exact fee structures.

The numbers and samples used here are a guide only.

# Case Study- Design 215



## Metrics

### Total Value of Build

\$352,383.11 in MAR 2023 (inc GST)

### Gross Annual Rental Return

\$65,260 on second dwelling

### Gross Return on Investment

18.52%

## Opportunity

Located on a 763m<sup>2</sup> property in Isabella Plains ACT, Design 215 features two bedrooms with ensuites, and is fully self contained with kitchen and attractive dedicated workspace available for guests.

This particular owner utilises the power of Airbnb's platform to enforce a 2-night minimum stay with self-checkin, plus extra cleaning costs.

## Build Value Breakdown

**The values of the three components to build Design 215 are listed below:**

- Build value - \$305,656.59 inclusive of GST
- Planning fees and charges - \$28,286.99 inclusive of GST (approximately 8% of the value of the total project)
- Utility connections - \$18,439.53 inclusive of GST (approx 5%)



## Live Now on Airbnb

Monika rents her 2 bedroom, 2 bathroom 'cottage' for up to 4 guests at a 2-night minimum on Airbnb.



**\$178p/n**

Average net nightly stay



**18.52%**

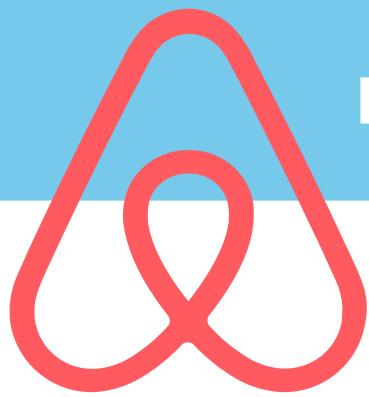
Gross annual return

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Fixed-Price  
Design 215



# Becoming an Airbnb Host



## 3% Fee

Airbnb take an average 3% fee on confirmed bookings. Listings are free.



## Support

Fees cover 24/7 Airbnb customer support and host protections.

## Set Up & Optimise Your Account



Becoming a host on Airbnb is very simple as easy to navigate. After creating your account, you can list your property details including:

- property description & amenities
- high quality photos
- house rules and policies for guests
- minimum/maximum length stays & blocked nights

Once your identify and payment details are verified, Airbnb send booking payments within 24hrs of guest check in. A 3% booking fee is deducted.

[<Further Reading: Airbnb- Becoming a Host>](#)



Unleash your interior design flair and use high-resolution photos throughout your listing.

## FAQ: Is Airbnb in Canberra Legal?



Yes. Airbnb is legal in Canberra- there are no restrictions from the ACT government on Airbnb properties or granny flats. There are no restrictions on the number of listings or property types.

In the 12 months to March 2023, Canberra experienced the greatest increase in short-stay accommodation, up by 66% on the previous year.

# Case Study- Design 144



## Metrics



### Total Value of Build

\$243,042.39 in MAR 2023 (inc GST)

### Gross Annual Rental Return

\$62,400 on second dwelling

### Gross Return on Investment

25.67%

## Opportunity



Located on a 1026m<sup>2</sup> property in Page ACT, Design 144 features one bedroom and one bathroom; in this case configured to sleep up to 4 guests as a studio format.

This particular owner uses Airbnb to enforce a 3-night minimum stay with self-checkin, plus extra cleaning costs, ensuring consistency in bookings and attracting lucrative longer-term stays.

## Build Value Breakdown



**The values of the three components to build Design 144 are listed below:**

- Build value - \$243,042.39 inclusive of GST
- Planning fees and charges - \$21,485.18 inclusive of GST (approximately 9% of the value of the total project)
- Utility connections - \$12,574.71 inclusive of GST (approx 5%)

## Live Now on Airbnb

Monika rents her 1 bedroom, 1 bathroom Studio for up to 4 guests at a 3-night minium stay on Airbnb.



**\$170p/n**

Average net nightly stay



**25.67%**

Gross annual return



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Fixed-Price Design 144



# How Do I Proceed?

## Getting Started- Next Steps



We are pleased to present this invitation to leverage your property with Airbnb. A secondary dwelling presents a unique and lucrative opportunity to create a solid rental income and high-yield returns, whilst adding value to your property and minimising potential financial risks.

**We invite you to speak with our sales professionals who can assist with your questions about our high-quality granny flat designs to best maximise your property's space, and potential Airbnb returns.**



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