

Note to Self

17th March 2012

Dear Owners and Investors,

There are a few new people to join the email list. Welcome and I hope you enjoy the emails. If at any time you wish to come off the list, just send me an email and your name will be removed.

Over the past 18 months, it has been a time of self discovery for me personally. I now can say "I am my own worst enemy". I have known this for some time deep inside but now can admit it to myself. Vaguely at the back of my mind, I remember what it was like to have a regular job. Wake up in the morning, drive in and then when you actually get into the office start to think about work. You would get a lunch break where you would go shopping, have lunch with the girls, sit and read a magazine. When that clock dings 5.30 pm the work brain would be switched off and it was then all about what I was going to do, what the weekend held in store and sitting around on doing absolutely nothing. When I have really bad tenant day, these are the days that I long to be a check out chick with absolutely no responsibility.

I could be a regular property manager, not get stressed about a property being vacant, not care about keeping the cost of repairs and maintenance down to a minimum, not worry about getting more rent for our investors, not care if the tenants are falling behind in their rent, not worry about the body corporate finances and the complex presentation - but then again if I did these things then Ramon and I probably wouldn't be where we are financially and you probably wouldn't be our clients!

We try to look after each and every one of your properties as if it were in our personally portfolio. Cairns rental market is not like any Capital City, we are far more transient here and sometimes having a long term tenant isn't always the best solution.

I recently wrote about a two bedroom house we had come up. It is a two bedroom, two bathroom house on a block with another house - it is a duplex but not really as they are two stand alone houses. The last tenant gave notice and I originally had it on at \$290 with no real interest. I dropped it down to \$280 and was swamped with applications. I had four serious contenders:

A lady with her 16 year old daughter that goes to school just around the corner. I actually know this lady and there would be no issue with the rent being paid, noise or the place being looked after. The issues were that before even applying she was asking that the property be repainted internally as it was a bit tired, oh and that vanity would definitely need to be replaced. Then she springs it on me that she does work away for a month at a time and the daughter would be here on her own. I had visions of teenage parties or the house being burnt down.

A couple with two small boys 3 & 5. They were from the Philippines and they would be the ideal tenants. They would be quiet, they would pay the rent, they wouldn't cause me a bother at all.

A couple that have great jobs, no kids and two dogs. They again would be ideal tenants.

And then we have Miss M "the cleaner". I know from the last few times she rented from us that she always pays the rent, the place is clean and she is a good tenant.

Now if I was the sort of property manager that wanted an easy life, I would take Option Two as they are stable, great tenants and will be at the property for years to come. Sadly for me, I take the hard option for us as the property managers and go with Option Four - Miss M "the cleaner".

My logic is that we are finally in a rising rental market, and although I can achieve \$15 per week extra for our owner, it will only be a matter of time before the market increases more. I know that of the four candidates that Miss M is going to be the one to stay the shortest period of time. It gets us rental income for the owner, the property being looked after and she fits in really well with the young lads next door. I had visions of the young lads crawling home in the wee hours of the morning, only to be woken up by the 3 & 5 year old a few hours later. I understand people not being morning people!

A few weeks ago I got a call from Miss M to say that the "cleaning industry" is pretty bad in Cairns and she can't make ends meet. She has heard that the "cleaning industry" is much better in Adelaide. She is really sorry but she is going to break her lease and make the move. I have seen a lot of indicators on how the Cairns economy is going and how bad it is, but I never thought it would affect the "cleaning industry".

I put the photos up onto the internet on Wednesday and last night I had three inspections. The first was a lovely young lady and her partner. The second was an Iranian lady in her 70's with her granddaughter - they will be ideal tenants. The last was a clanger - she has been liaising with me over the email and is a professional that has just finished her degree and is working in a Government Department. She turns up five minutes late with the boyfriend. They scream into the driveway with the hotted up car - parked across the driveway not actually in the bay. He has one of those baseball hats, but worn tilted sideways and attitude pouring out. I have been doing this a very long time, and the words "Hell shall have to freeze over before you get this place" are screaming through my head.

I am thinking of nice ways to not encourage them to apply or about to mention that the response has been good when he starts to talk. "Nah, don't know about this one, has it got a dishwasher or do you think that the owner will put in a dishwasher? I mean it's a lot of money for rent if there isn't a dishwasher!" No seriously, this house is beautiful, with a big yard and the owners will allow pets but he isn't going to take it because there isn't a dishwasher!

I am still receiving enquiries, and by Monday I should have an application on the property. I will work with Miss M and get her to pay the rent up until the property is relet. This means there will be no days vacant for the owner.

For those of you that have watched Red Dwarf, you will understand. It is time for me to go into "gloat mode". From when the original tenant moved out up until Miss M moves out we have achieved \$15 per week extra for the owner. When the new tenant moves in they will be paying the new increase rent of \$295 per week - which is a further \$15 per week. This owner is now getting \$30 per week extra for the same property with no upgrades. Even better we will get a great tenant that will look after the property. Some days it all just comes together and these are the days I love doing what I do.

Whilst still in gloat mode, we had to find a new tenant for a one bedroom unit at Cairns One. If you were young and didn't care about money and loved the resort lifestyle, this is the place to be in Cairns. It is a beautiful unit with fantastic surrounding but it comes with a price tag. Most basic one bedroom units in Cairns are around the \$160 - \$180 mark. We rented this unit out in the middle of last year at \$290 which was great at that time.

As we had time up our sleeves and I had rented one our recently for \$310, and the rental market seems to have picked up more - I decided to be cheeky and we listed it at \$320 per week. I did this on Sunday and yesterday showed through a prospective tenant who has now applied for it!!!

I will finish off with another tenant story. We look after a complex of 6 x 2 bedroom units for one client. One of the tenants gave notice just before Christmas and at that stage we were renting it out for \$195 per week. When it gets past the first week of December we are fighting a losing battle to get the properties rented. I had it advertised at \$200 just to be able relet it without it being vacant for weeks at a time. I really was struggling with reletting this property, it has already been vacant for two weeks with absolutely no interest at all. Along came a lovely Japanese man with his family. They only needed it for a month but wanted to move in immediately.

We agreed on \$250 per week with the whole month being paid up front - this way I could recover some of the lost income. They ended up staying longer and this took us well over the Christmas and New Year period - on to better rental times. We found a brilliant tenant who wanted to take it at \$230 per week, but wanted it unfurnished.

Our little Japanese man moved out and as soon as he said he was out, I had Bart go in and move all the furniture around. Some of the furniture in the other units was due to be replaced, so we took the old stuff out and to the charity shop and moved the nice new furniture in. I had done the final inspection for the tenant, but not met him to do the exchange for keys and bond. I had arranged to meet him the day after he left at the unit as this was the easiest place to meet. I was running late by a few minutes when I get a frantic text message from him that made no sense. I was just out the front so I didn't bother to call. As I was walking up the drive way it was quite a scene. He was there with the door to the unit open, pacing up and down with a worried look on his face "Furniture all gone". Poor thing thought that he had been burgled and they had stolen all the furniture and was terrified of what I would say and do! Very funny!!

Hope all is well in your world.

Linda