

Note to Self

16<sup>th</sup> March 2013

Dear Owners and Investors,

If you asked me when I was at school what I would be when I grew up, there was no way in the world I would have said I just can't wait to be a Property Manager. If I am to be really honest with you all, we have fallen into this roll by default and if you told us we were going to make our fortune and retire by being property managers, or even having a real estate company - I would think you are have a laugh at my expense. Seriously, it has to be one of the most difficult jobs in the entire world - you have to balance the needs and wants of the owner against the needs and wants of the tenant. Let me tell you these are polar opposites.

The actual money that is made from the property management side of the business is not that much when you take into account the hours and stress that happen each and every single day. I am not sure if the goal posts got changed along the way, but for all the aggravation we get each and every day, compared to the amount we make - I really would be far better off financially getting a job driving a really big truck around a mine site. Why we do it is simple - if we have to look after all of our tenants, then we may as well look after all of yours as well. Plus, really without all these different tenants how would I get the tenant stories you all love?

Yesterday I had inspections booked for a lovely house we are renting in Redlynch. The owner has just moved out, so unlike a besser block one bedroom unit in a large complex, I have to take into account that this is some ones home and it has a sentimental attachment, rather than a straight investment.

Unlike a few years ago where you would find me in the bottom of the barrel looking for tenants of any description, the tide has well and truly turned and it now in the owners court. This is more so for houses at this stage in the rental cycle than units - but that is changing as well. Because there are so few houses available for rent, I decided to take a punt and advertise it at \$550 per week. I knew that I was aiming high, but the place really wasn't ready to be rented any way so I figured I had nothing to lose.

I can normally tell if I have missed the mark by the amount of calls and emails I get. There were a few, but no one that I thought would be ideal tenants. As the work was done and the place was actually ready to rent, I dropped the price down to \$500 per week. Even at this figure I really thought that it was still a bit high. It is a massive house, but most people in this bracket are looking for a pool as well. They are prepared to pay a bit more for the pool - but I thought I won't know unless I try. If you look in the rear vision mirror, twelve months ago I would have been lucky to achieve \$425 given it has no pool.

We had lots of calls about it, and there I was driving up with three groups to see it. On the way there one of them cancelled and to be honest I wasn't that fussed on these people so it was a blessing. Now that I am not in the bottom of that barrel, when they start to tell me the configuration of people I am sitting there shaking my head. There was the parents, then it was a single mother with three children, and just to make it even more interesting a single adult brother. That is seven people in the house without any friends visiting or unexpected boyfriends and girlfriends in the mix.

The first couple arrived and immediately I like them. I have been doing this for far too long and I have learned when my gut instinct says this is going to bite me - it is going to bite me at some point down the line. They are a couple that have immigrated out from England with their three children.

For those of you that aren't aware - I have absolutely no Mummy gene in my DNA. I only have the Auntie gene and that only just deals with children. I have to tell you normally I am watching the children at inspections - this is an indication of what their parents are like.

These three children amused themselves without running and screaming all over the house. Actually to be honest after five minutes I didn't even notice they were there. The couple has been looking for a month and were so thankful I was showing them after hours as this is not the norm. They loved the house, loved the location and were wanting to move in as soon as possible. He told me that he is pretty handy and that if there were any small jobs that needed to be done, he would tackle them and only tell us about the things that were too big for him.

We need to get the boundary fence put in with the neighbour and this will get done but not straight away. The first couple weren't phased by this at all. At this point in time the second couple arrived. I don't like for potential tenants to be in the house at the same time - I wouldn't like it so I won't do it to them. I try to space it out at 15 minute intervals but when you like the potential tenants and they like the property it can run over. I asked the second group to wait out the front for just a few minutes so I could finish up. At this point unless Kirk Russell walked in with this group (oh yes, I do have a crush on Kirk Russell, he may be old and crinkly now but he can still park his slippers under my bed any day) my mind was already made up.

The changeover was made in the house, and in walked the second group. Without even saying a word, my mind had huge neon lighting up "Hell shall freeze over". The configuration was a couple - obviously on the second marriage with her being the new wife. The new family - an 18 month old, with another well on the way. Then there was the Mother in Law who was going to live with them. Then to top it off was the two children from the first marriage, one of them being 17 years old. I could see the conflict in the house - teenagers with their mates and girlfriends, new born babies, the terrible twos armed with crayons writing on the walls, and then the poor Mother in Law living in the house as well. I know I shouldn't judge but I could just see the issues that could and probably would occur. I didn't say anything but I did smile nicely and encouraged them to look around the property.

We met back at the kitchen - where they promptly put the 18 month onto the bench top and let him crawl around. He found his way to the kitchen sink and sat in it - all thinking it was really cute but me. They then measured out the lounge wall as they have a really big couch and it needs to go against the wall. Now this is a really big lounge so I couldn't understand why. The 18 month old has started to think it is great fun to climb on the top of the sofa so it has to be against the wall so he doesn't fall off - I can see hand marks all over the wall as they are saying this. They then say they wouldn't be applying unless I have it in writing the date the new fence would be going in. They then ask if it has been cleaned - which it had. Then there was the start date, they wouldn't want to be moving in for at least three week. Seriously, can you get two groups that are so opposite? The market has changed so much in the past 12 - 18 months and I have a feeling it is going to change even more over the next year. It is such a good feeling to not be in the bottom of the barrel any more.

This afternoon I met the first couple at the house again, the deal was done and they move in as of Monday. I have really happy tenants that I know will look after the place, I have a very happy owner who never thought it was possible to get a rental return like this - and I have another tenant story. I know this is really dumb but apart from liking them, he looks just like our doctor who is a really nice Irishman - what better reason to base a decision on than that!

You all know that I collect old people, I am a softie and I am my own worst enemy - put all of these together and it finds us doing things that we shouldn't be. Ms M my 74 year old Grandmother called me today to say that there are a lot of light bulbs that have blown in the house. Now it is technically their job to go and change light globes but guess what I will be dragging Ramon to do on Monday?

She hasn't bought the replacement ones, so not only do we have to go over to change them but we have to bring enough of every different sort of globe to be sure we will have enough to change them all over for her. I know we don't have to do this, but it is these reasons that we have tenants stay with us for so long.

Although we are in a much better space in the rentals than we were a few years ago, I am still struggling at times with a few of the properties. There were three last week - but I managed to rent out two of them. The one I was struggling with was a beautiful apartment at Cairns One. It is in a resort and everything you would want if you were young and had no ties. It has resort pools, gyms and even has a tennis court. You can't fault the presentation of the complex or the unit inside. I tried everything possible - new photos, dropped the price, even advertised it in the Cairns Post which is something I haven't had to resort to in at least 6 weeks.

Normally the first people to see it would take it - we showed through at least six groups through over the past few weeks and nothing. This afternoon I was showing another city property and it was obvious that this wasn't what they were looking for. I did suggest that we go over and have a look at this property at Cairns One. They are have been living in Japan for the past few years, she is Japanese and he is Brazilian - and they have a small child. I never usually like small children in unit complexes, but with the Japanese I make exceptions.

As soon as they walked through the door I knew they loved it and were going to take it. They asked if they applied how long it would be before they could move in. My mind was ticking over - the property manager in me was thinking it is Friday and if I want to not come in on Saturday I am going to have to make this happen today. The investor in me was thinking it is vacant and for every day it is vacant the owner is missing out on \$42.85 income. They came back to the office and completed the forms, all the checks were done and they went off to get the 6 weeks in cash. We signed up the paperwork and they move in officially as of Saturday. I know they will probably want a bigger place in six months time, so they will be part of the tenant shuffle.

I will be happy for them to stay only for 6 months as this will take me to the peak season and I should be able to get at least \$20 per week extra for this owner as the property will be in demand again. I know that most other property managers don't stress about vacancies and to them it is really just another thing on their to do list. I know that every day it is vacant is money the owners have to take out of their pockets to cover. I will be taking this one down off the internet and doing a little dance to celebrate.

I have been saying that Cairns is on the edge of a change for some time. There isn't a single thing that has happened, but it a combination of many different factors that is having an effect on Cairns. In the past few weeks I have had to go to the airport a few times. Even I am surprised at just how many Chinese are flying from Cairns airport. They are taking domestic flights all over Australia.

This is having an impact on our tourism - and that means jobs!! I wasn't here when the Japanese came, but many of the locals are saying the signs are just the same. The signs are in both Japanese and Chinese everywhere you look, there is a buzz in the city that hasn't been felt for some time. I thought I would share this photo with you. It was on the back of the ladies toilets in the domestic airport and I have to tell you it brought the biggest smile to my face. It was at that moment that I realised just how big an impact they Chinese tourist explosion is having on our tourism market! I have a feeling that 2013 is going to be the start of the good times for Cairns.

I hope you are all happy and well in your world.

Linda