

Note to Self

19th July 2013

Dear Owners and Investors,

Today is about fishing - I know you will be thinking what on earth can fishing have to do with property management. In a different life time, which is a distant memory now, Ramon and I sailed from Perth to Mission Beach on our catamaran. We lead a very simple life where our form of communication was a short wave radio, and life revolved around making sure we had enough food and water. You would take the dinghy out to be a hunter gatherer - or it was rice for dinner. In that little dinghy you would sit there dangling the rod over the side, waiting for a fish to come along - after all you only need one.

Well, property management is pretty much like that these days. We recently had two properties that have just come onto our books. With both of them, we did the research and to be honest there really isn't a lot out there at the moment to choose from - particularly when it comes to houses. We set the bar pretty high on both of them - and waited. I am very conscious of having a property actually vacant, but when I have lead up time then I will always try to get you the best possible rent. If I can achieve an extra \$20 per week then this will help toward the extra costs of holding the property.

With the house at the Beaches, we did get an application from a couple but as soon as I met them I knew they wouldn't be my pick. Let's just say that she know Ms M the Cleaner. I got a call from a couple on Saturday morning about the property and after they went to see it from the outside they asked if they could see inside. I could just tell this couple were going to be THE people for this property. They both work, so showing them in normal hours was going to be difficult. I arranged to meet them there on Sunday afternoon and they loved the place. By Monday we had an application and they are due to move in soon. Not only did we get a great rent but even better we have fantastic tenants that will look after the property inside and out.

With the other property it is a lovely three bedroom unit in the City. I will admit I think I pushed this one to the limit and with the owner about to move out soon, I was about to start looking to drop the price to get it rented - but for some reason I held my ground. Actually truth be known I had been meaning to redo the advert but just hadn't found the time. On Sunday we had a couple go through and then on Wednesday we had a company go through for their manager. It went from thinking I would have to drop the price to having two applications to choose from!!

Many people think it is great to have a long term tenant in a property. To a certain degree it is, but in this market I don't think it is. We have a house we look after in Edge Hill. The original couple were renting it at \$480 per week - which to be honest I thought was a complete jag to get this figure. They left six months ago and we decided to try our luck - and rented it for \$575 per week. Even I was super surprised when we achieved this. This couple have been good, but they have decided to move as their children are going to a different school and it is in a different suburb. Last night I loaded up the advert - I am talking stupid o'clock when it went on. I looked around and there are very few houses in Edge Hill available. Seeing as they aren't actually leaving until the 31st July, I thought I have nothing to lose so I loaded it up at \$600 per week.

I was about to sit back and relax, and let the fishing line dangle when I got a call this morning at 9.15am asking to arrange an inspection!!!! A professional couple transferred here by the Bank.

If we had the original couple paying \$480 still in, we could have increased the rent on them - but could we have increased it up to \$600 - probably not. This is why some times it isn't such a bad thing when tenants leave. I will be honest, this is not to say it will come off at \$600 or that all rentals across the board are increasing at these levels. It can be hit and miss particularly with units. I can say that if I can get you even \$5 per week extra I will.

There certainly is something happening here in Cairns, but it isn't a big head line item that you can point to and say this is the reason why. We were recently out near the old Skinny Dips, which was a gay only resort in Cairns North. This was sold recently and out the front now were three buses full of Chinese tourists. I spoke to two of our tenants that work each at a 5 star resort and both said that they are still at capacity. The tradies car park on Sheridan Street which supplied the parking for working on the Cairns Base Hospital is full every time we drive past. The high way along the Southern Corridor is going along and there is always work happening on this. I also spoke to a solicitor that does property settlements and he said the number of files coming through is close to pre GFC - this means things are starting to sell.

One big news event is the possible Casino at Yorkeys Knob. This would be a \$3 BILLION project and that could be the starting point for the turn in Cairns if it gets the go ahead.
http://www.cairns.com.au/article/2013/06/10/243649_local-business-news.html

I don't know the details of it yet, but I think it would be a good thing for Cairns. No one is going to put that sort of money into a project for it to fail. We are now seeing Chinese tourists on a regular basis, and these numbers will only continue to increase. We have had no real hotels built since pre GFC, and people are starting to travel again. They may not actually spend the same as they did, and they may travel differently but people are travelling again. We are starting to get people that come up from the southern states for a week to enjoy our warm winter - this is becoming more common. When Jetstar has a sale like they are at the moment and you can get a flight from Brisbane for \$79 - why wouldn't you.

http://www.jetstar.com/au/en/special-offers?utm_source=jetmail&utm_medium=email&utm_content=fff_btn_link&utm_campaign=20130719_fff_au#/?from=&to=&date=&sale=domestic&price=

I would love to finish this off with a tenant story, but I have to go and pack. I am off to Brisbane to spend a girlie weekend with my two favourite Dinosaurs, and my fake niece. We are going to the Pink Concert followed by shopping! My Barbie Shoe collection needs to be added to and with all these Sales on right now - it could be interesting!

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

Linda