

Special Edition

30th October 2013

Dear Owners and Investors,

I have set aside today to write this email, but I have been doing my training for the 2016 Olympics instead. I bet you didn't know this but there is going to be a new category and it is called "Mobile Phone Talking". There are others out there than think that they could be contenders, but let me tell you I am the Nadia Comaneci of this category.

Ok so she is fitter and far skinner than I am but boy oh boy can I talk on the phone. Seriously, when every one else hears that I will be entering for Australia, they just won't bother as they know it is a given I will win. It will be Gold to the lady in the high heels.

Today I have evicted someone, organised inspections for three places, sorted a broken sewer line, trying to sort out a retaining wall, arranged for not one but two fences to be installed, had an air conditioner looked, bought a unit and a whole lot more. How on earth people did things before mobile phones is unthinkable. I would have spent my entire life in phone boxes! For those of you under for I know you will be thinking Nadia who?

Now for the serious part of the email - PROPERTY. I know that last time I wrote about how things are going to change and fast. The time to do something is now or you may miss the boat. I will go even further and say that if you are 50 and over - this really could be your last chance to make a difference to your financial independence when you retire. You may think that this is a bold statement, but I will explain why I think this is so.

Let's assume that you are now 50. I think that this property cycle is just about to start and let's just assume that it will go the normal 4 - 5 year span in the up phase. By the time we get to the top of this cycle you will be 55 - and this would be a really nice time to start thinking about retiring. To do this you really need enough passive income to not only stop work - but more importantly NOT HAVE TO WORK AGAIN.

Let us assume that in 2020 we are at the end of the property cycle and it is not a smooth landing. There are many reasons why this can happen including China slowing down, mining slowing down and the global finances. The period we have just been through was rough, and it has lasted for 7 years. Suddenly you are no longer 50 but now 60.

To start in this next property cycle and actually make some money you are going to have to be in it for another few years. By the time you have made enough to actual retire - how old are you going to be?

Although I specifically write about Cairns property, it is up to you what market and what style of investment you go into. I guess all I am trying to highlight is that we are entering the start of the property cycle and this is a great time to invest - no matter where it is. I can say truthfully that there would be no way Ramon and I would be in the position we are if it wasn't for property.

I don't know about you but the sooner we can get a passive income and I can start writing to you all about our adventures aboard a cruise ship rather than tenant stories the happier I will be!

Before I start on the properties available for sale I will go over what I do as a Buyer's Agent. This service is for you to use - you get my knowledge and expertise for FREE! The way I get paid is by introducing you to the selling agent, and when the property is purchased by yourself, they share a portion of the commission they get from the seller with us.

That is the really shortened version. If you do contact the agent directly then they don't have to conjunct on the sale and I don't get paid.

Today I am going to write about Duplex Pairs. Right now these are still a great option of you have the equity to be able to buy them. I like duplex pairs for many reasons
You can buy a good pair for the same price as you can buy a good house at the moment
You get two rental income streams for the same money
If one is empty you still get income from the other
The cost is about the same as a house - but the income is higher
If you want to sell part of your house - you can't chop off the garage and sell that.
With a duplex pair you can strata title it and sell half - keeping the other half.
Buying the right pair - you could value add by enclosing the garage and turning it from a two bedroom to a three bedroom very easily.
The cost of a full duplex pair is significantly lower than buying two halves that have been strata titled - this means potential capital gain when you do strata titled them

When we first started tracking duplex pairs 18 months ago there were so many under \$350K. This story has changed alot as you will see
<http://www.realestate.com.au/property-duplex+semi+detached-qld-bentley+park-114557699>
This is the cheapest duplex pair at the moment at \$320,000 - but before you get excited one of our clients has an offer on it! I think this will be one of the last ones you will be able to buy under \$350K. It is in a good area, although it does need some work. However at this price they can afford to spend some money doing it up.

<http://www.realestate.com.au/property-duplex+semi+detached-qld-white+rock-114590011>
Asking price \$350,000 - this isn't your standard duple pair that is in a straight line. This is two stand alone duplex halves but it looks to be under the same roof. This is a far more desirable design. I don't have the address but it is in White Rock. This is going to be one of the boom suburbs in this next cycle if you ask me. It is close to the city, very affordable currently and has lost a lot of ground over the past 5 years. The Mount Sheridan Shopping Centre extension is very close by and the new high way makes it so easy and quick to get into the city. It is one that I would have on my list to view. It would have been built after 1987 so the depreciation is good - a great way to lower your tax bill.
There isn't much that has been done to it internally, and it does need a good paint, new floor coverings and eventually a new kitchen and bathroom. For now it is rentable. We just rented two duplexes in the area and achieved \$250 per week so there is room to get higher rental returns.

<http://www.realestate.com.au/property-house-qld-bentley+park-114116883>
This is still in Bentley Park but now we are starting to creep up in price. This is listed at \$360,000 and really isn't in much better condition that either of the first two. I don't like this type of duplex and the way it sits on the block. It makes it very difficult to value add as you don't have enough room really to enclose the garages and then add a carport and still be able to drive in easily.

<http://www.realestate.com.au/property-duplex+semi+detached-qld-cairns-107361945>
I think this one has been for sale for at least two years! It is listed at \$360,000 and although it is in a good area, I don't like the fact that the carports are at the end of each side. This means there is a dividing wall in the middle of the property and tenants don't like this. It will soon be a good price, but for this time of the market it wouldn't be on my list to investigate.

<http://www.realestate.com.au/property-duplex+semi+detached-qld-woree-112919551>
This one is in Woree, but I don't have the address. It is listed at \$389,000. It looks to be spacious inside, but the bathroom and kitchens are pretty close to needing to be renovated. It looks like a solid building but as I don't know the address I will reserve judgement. There are some brilliant streets in Woree - and then.....

<http://www.realestate.com.au/property-duplex+semi+detached-qld-manoora-114963123>

This one is on Perkins Street, Manoora for \$395,000. There are a couple of things to point out - this is a much older building than it looks. If I had to put an age on it I would say in the 1970's. The bottom of the windows are the tin louvres and these are a pain. We have blocked them in at other complexes on both sides and painted over them to hide them. The other odd thing is the door in the kitchen. The security door is on the inside! This means to have a breeze in the house you have to have your main wooden door open - and it is opening outwards to the weather! They have renovated it so the work has been done. It is closer to the city than the others so far, but the price is higher.

<http://www.realestate.com.au/property-duplex+semi+detached-qld-westcourt-114859735>

This one is on Mann Street and is listed at offers in the low \$400,000's. Parts of this area can be not so good, but this section is not so bad. It has been renovated, but you can still tell it is an older property particularly with the bars on the windows. It is close to the city, has been renovated and is getting good rent. It is a good property - but for this part of the cycle is it the best that you can buy for low \$400,000's?

<http://www.realestate.com.au/property-duplex+semi+detached-qld-woree-114514231>

This one is in Woree and it is listed at \$440,000. I don't like this design where the carports are at the end. If you have a look in the back yard, it is not private or fenced. Without this you don't get the best rent and tenant. I am not a big fan of this one.

<http://www.realestate.com.au/property-duplex+semi+detached-qld-edmonton-114501539>

This one is in Edmonton and listed at \$440,000. Edmonton is one of the outer southern suburbs but the Edmonton Town Centre will get up and running soon. It will be the Smithfield of the south and will be its own employment zone. This is a few years away, but it will happen just as it has happened in all the other cities as they get bigger. This is a newer build to the ones above but it isn't a big size or to a high standard.

Out of the higher priced ones so far, this would be my pick. It is newer and there for you would get more depreciation. It is two stand alone units so it will be easier to strata title off and more desirable to be sold later. It is still difficult to spend this amount of money when there are still options for \$350,000.

<http://www.realestate.com.au/property-unitblock-qld-gordonvale-108592386>

I went to see this one nearly two years ago and it is still for sale. It is in Gordonvale for \$440,000. It now is better priced - just because the market is coming up. Gordonvale is the last suburb of Cairns and for this reason many people don't like to live there. The rents are lower and the quality of tenants generally is lower. Although it says it is a three bedroom instead of two good sized bedrooms, they crammed it in and made three very small rooms.

<http://www.realestate.com.au/property-duplex+semi+detached-qld-gordonvale-106369632>

This one we viewed as well nearly two years ago. It is better presented inside, but at \$440,000 I think there are better buys. If it were closer into the city then maybe, but at this stage of the cycle I think it is overpriced for the location.

<http://www.realestate.com.au/property-house-qld-yorkeys+knob-115144771>

This is in Yorkeys Knob at offers over \$475,000. It is a three bedroom each side, but it is an older property. It is in the area where Aquis is going to be built and I would think this is part of the reason it is high in price. For this money I would look to buy the cheaper one, spend the money renovating and enclosing the garage and probably have a better finished product and money left over. I do like the gazebo, but can you imagine a tenant looking after this - or not falling over getting up or down onto it!

<http://www.realestate.com.au/property-duplex+semi+detached-qld-edmonton-115099383>

This is in Edmonton with offers over \$500,000. It is a newer build and is quite nicely finished off. There are three bedrooms on each side. The depreciation would be good on this as would be the rental returns as this suburb is really growing very fast. I never thought we would get back to having duplexes listed at \$500,000 plus but here we are!

The only negative is that you can still buy a house for \$270,000 if you look hard enough so I would probably add a bit and buy two houses rather than this one. Maybe as the market goes up this will become a better deal but for right now I would still be looking to invest in the lower end of the market and use the extra money to buy another pair, or renovate the one you just bought.

The above shows you just how fast the market is starting to change. Before there were countless ones to buy for \$350,000 and under - some even under \$300,000. My personal pick would be the White Rock one for \$350,000.

Now onto a very quick tenant story as I have to get moving! I have a lot of tenants at City Park, and I just love my dobbing network. We have had an issue with one of the tenants and she decided she would head down to the Gold Coast leaving "friends" to look after her unit. Before she even checked onto the plane I had two calls to tell me what she had done. I had a message on her phone waiting for her when she arrived at the other end. I bet she must think I have camera's up in the complex!

You know that Santa has a naughty and nice list - well bet you didn't know that I have one too. It has been an incredibly difficult 7 years in the rental market. Along the way I have collected an assortment of tenants that I would normally not even have shown the unit to - but here they are as my tenants. I have had issues with them not paying the rent, misbehaving and generally not being the best tenants in the world but I understood at the time we did need them.

Without them there is no rent, and the bank gets cranky if there is no money to pay the mortgage. If I moved them on, I would find myself in the bottom of the barrel scraping around looking for an equally awful tenant. Oh how happy I am to say times they are a changing.

We are in the lead up to the wet season and Christmas which is our traditionally slow time. This will go through until about March and then we are off and running again. If someone does leave in the mean time we still will be able to rent it, but there isn't as many people around as there is in the dry season. If we do get Aquis approved and started - it will change the rental picture again.

I have started my naughty list for tenants, and I will be moving lots of them on as soon as we can. I have already started with one particularly awful tenant - and the message is starting to filter through!! I can tell you I am smiling as I write this - no more bottom of the barrel for me!!!

Before I go, I have to tell you that it is only 42 more sleeps until we get on board the Diamond Princess - not that I am counting.

Hope you are all happy and well in your world.

Linda