

Note to Self

27th July 2014

Dear Owners and Investors,

I have said it before, and it takes a lot to admit it - I AM MY OWN WORST ENEMY! Seriously, I should be sitting on the couch and watching Coronation Street and East Enders but no I think it is a much better idea to set up a new system for our clients.

I recently discovered Dropbox and we are now in the process of changing the way we do things. This was compounded by the fact that a very good friend of ours gave me his SLR camera - he wanted a new one and justified buying it by giving me his old one. I would love to say I am a good photographer - but to be honest I have just managed to master taking photos of the units and that is about all. I am actually getting very good at taking photos of the inside of the properties - and now there has been a new level set for the internet adverts. When I look at some of the adverts other agents put on, I cringe - no wonder their properties aren't renting.

We also now are taking lots of entry photos which we give a copy to the tenants, and then upload ours to Dropbox. This gives us an easy reference point on many levels. Not only can we see exactly what the property was like when they moved in, if something goes wrong we can look at the photos without the need to go to the property. The other day a tenant called to say their stove had a broken element and a simmerstat that needed replacing. These two things plus the visit from the electrician will cost about 20% of the cost of a new stove. We may have fixed the stove but if we have repaired a stove that is 20 years old and looking shabby - then have we spent the money wisely?

They say a photo says a thousand words, and at the end of the day it isn't our money that we are spending, it is yours. If I say that the stove is old and crappy that is one thing, but if I say it and then send you the link for the photos - you have all the information you need to make the right decision for your property and your finances.

Over the next few weeks, I am not going to sit in front of the TV - although I will have to watch my Corrie and East Enders each day, I will load up all the photos we have on file. Boy is there a lot to load up. Once I have done this, I will send each of you a link to your particular file. I know many of you have never been to Cairns, let alone see your property. It is important that when I tell you the condition of the property, you can see it and make the right decision for your investment and your situation.

Once this project is done, I have another one up my sleeve. I have a huge history on many of the units and I am going to set up a new Dropbox account which you will all be able to access.

On this account you will be able to see lots of before, during and after photos of units we have done for ourselves and clients. I will also do up a blog on each of them to tell you what we have done, the cost and how it has affected our rents. Yes, it is an ambitious plan, but after the success of my first ever You Tube video I have to start lifting the bar higher. Refer to the first paragraph - I am my own worst enemy.

Cairns is right on the cusp of a period of time that we may not ever experience again. The Aquis project is progressing along but we have had no further word. It still has many hurdles to jump but I have all my fingers and toes crossed.

There was some other great news in yesterdays Cairns Post.

<http://www.cairnspost.com.au/business/approval-sought-for-200m-seventower-project-on-spence-st-cairns/story-fnjpusdv-1227002150674>

Some months ago I wrote that a big parcel of land on Spence Street had been bought by a Singapore group. They have now lodged an application with Council for a \$200 million development over several stages. It will have 7 towers, with a combination of Commercial and 1500 residential units. This isn't a no name group, it is Aspial Corporation and they are a major builder in Australia. They have plans for a 319 metre residential tower in Melbourne - ah music to my ears.

Some people ask how do I know that the corner has turned. There are many different indicators, one of them is when tenants start to buy their own place and leave us. In the past few months we have had four tenants leave because they had finally bought their own property. I think it is fantastic that they finally get out there and buy a place of their own - and the time is right.

Another factor in the rental market tightening up is the fact that owner occupiers are buying up properties that are currently rentals. This leaves less rental stock in the overall pool, and has a knock affect on the vacancy rate and the achievable rent. This is more so in the housing market, it hasn't flowed through to the unit market as yet. When the price of houses goes up to a certain level, and the units are still well priced - I believe we will see the owners look at the affordable option of units. This will be sped up if we finally do get a resolution on the insurance issue - nothing as yet but I am still out there beating the drum.

We recently had a house in Trinity Beach that became vacant. A year ago we had this up for rent at \$450 and we had two applicants - a lap dancer and although she earned a lot of money she wasn't my first choice, and we had a gay couple that had just sold their house. There wasn't a huge demand for the house although we achieved what I thought was a really good rental amount.

This couple gave notice and I put the house up again for rent at the same price - as the research I did showed the prices were the same. This time it was a different story and I was overrun with really good applicants. We will have a unit for rent at Trinity Beach very soon and it will be interesting to see what the response and achievable rent will be for this property.

Now onto the fun stuff - tenant stories. We have a close working relationship with many of the charities and Government organisations. I am being picky about the people that we put in, as now I can be but I still help them out where possible. This week I have a family group moving into a unit at Scotsdale. They are Nepalese and they will be fantastic tenants. They don't party, they don't drink and do drugs, they don't fight and carry on, they look after the property beautifully and the rent is always paid - who am I to say no to them!

Even better I got the owner \$25 per week extra! We are seeing two other family groups on Monday for units we have coming up soon - fingers crossed we will have these properties rented to them. I can almost hear the music starting - hopefully the Dance of No Vacancies will begin very soon.

We have our unit that Mr A left recently. It is a really nice town house and I am going to be fussy about who we put in. I have had calls from lots of people, but there have been very few that I would look to put in. We were in the city yesterday afternoon and showed through two different ladies through. The first one wanted us to put in a TV, crockery and kitchen items and then only wanted a three month lease as she is buying.

Ramon was busy under the stair case looking at the fuse board - and trying not to interact with her in any way, he left that to me. As soon as she left, we both looked at each other and without saying a word we knew there was no way she would get the property - amazing what can be communicated by the rolling of the eyes.

The second lady came and she was good, not the person I would have if I had a better choice but she will be great. Now we just have to wait for her application to come in.

We have a two bedroom unit at City Park that a tenant has just left. This unit was bought way back in 2000 and to be honest we have done absolutely nothing inside. Sure we have put in curtains and new furniture over the years, but really nothing much has been done since the owners bought it. The unit is now 25 years old with much of it original. We had a plan with the owners, but like all good plans there are changes. We originally were going to repaint, retile and redo the unit excluding the bathroom and kitchen.

Bart our Wonder Handyman and his Trusty assistant Katie were all lined up to do this one and another unit for a client - but popping tiles and another unit that vacated at the same time that was worse than expected came along to mess up the plan. Out of the four units, this one is the one that with a bit of visual upgrading will get us over the line. We have bought new taps to replace the 20 year old plastic ones, new curtains, some new furniture, nice handles in the kitchen and a really good sugar soaping of the walls is all lined up for this week.

In the current format there is no way I can put up photos of the unit onto the internet, fortunately most of the units at City Park are all identical internally. I have put up another unit that is pretty much identical onto the internet and have let the fishing begin. We only need one good fish and then this will be rented.

Last newsletter I mentioned that we are currently having a huge influx of Indian brides coming over to be with their Husbands that have been in Cairns for the past few years. I have a pretty good relationship with most of my existing Indian tenants, and they continually give out my number to "my friend" who is looking for a place. Yesterday I got the call from one of these tenants and arranged to meet his friend at this unit at 4.30pm - yes I have nothing better to do on a Saturday afternoon than drag Ramon around to the units.

Before I let him in, I warned him that it wasn't clean and ready for some one. The day before I had been busy at Bunnings and bought all the taps, towel rail, toilet holder and kitchen handles - yes I was the one wandering around in my new girlie girl dress with 6 inch heels and pushing a massive trolley full of tap ware. At the moment I am in the swing dress stage and if I could get away with wearing one of those big poofy petticoats every day I would!

Back to the story - so there I am showing him the unit and pointing to all the new shiny taps that will be going in and explaining we have new curtains and sofas coming. His wife couldn't be there as she was at work. I asked what sort of work he does - and I really did look surprised when he said he drove a Taxi. They have a small girl and he asked what the area was like as he was concerned about the area. It was like clockwork - right at that moment I hear the door from the unit next door open and then close and see my other Indian Taxi driver leave. I grabbed him and asked him to come in. They chatted in their own language, I was in a cheeky mood and interrupted to ask if he was telling him how I was the best Property Manager in Cairns.

After this he spent a lot of time wandering around the unit and said he would call me Monday. If I manage to pull this one off I will be pretty happy. The owner doesn't have to pay to get the unit repainted, or retiled and they will get an extra \$35 per week.

Ramon was rolling his eyes - yes there was a lot of eye rolling happening, it was Saturday after all and we were working - he knows how messy some of our Indian tenants can be - but I pointed at the unit and said "what can they do? we still have to repaint it when they leave".

There are times when Ramon and I walk into a property and question why we do what we do, particularly when it is one of our own properties. We went to see a property a tenant left, and it happened to be one of ours. She told me to get a cleaner in and take it out of her bond - that sounds fine but it takes me time to organise this and in the meantime it is too messy to show any one. We have been doing this a long time and this is the first one that has actually broken the toilet pan. There is a huge chunk out of the inside lip - they had to have dropped something pretty heavy onto it to crack it this way. If she thinks she is getting any of her bond back, she will have to think again.

I will finish off with two stories about "Loyalty". When I was growing up my Grandparents had a duplex pair. When they came to Australia they built this, as it was the smart thing to do. Live in one side and rent out the other bringing you in income. It was my Grandmother's dream to have her big dream home, and eventually they strata titled off the side they lived in and sold it to pay for the dream house. They kept the other side, and continued to rent it out. My Grandmother got her dream home, but sadly wasn't there very long to enjoy it. The Big C came and took her away.

The years went by and the same tenant was in the property they had kept. It was owned outright and it was extra pocket money for my Grand Dad. Being wogs, you did the maintenance if it needed it but you never really improved the place whilst someone was in the property and at \$90 per week why would this old couple move out? I have probably told this story before, but here it is again. Ramon and I got dragged in to repaint the gutters and barge boards. There was a hole in one of the gutters and we asked if we should get this replaced.

You will love this particularly if you come from a wog background like me. My Grand Dad was a big man at well over 6 foot, but he was not a scrawny guy, he was big. He looked straight at us and his arm swung up from his hip up to the sky in a big arc motion, and at the same time looked upwards and said "Man in airplane no see, paint it. Doesn't matter."

This week we have listed a duplex pair for a local family. The parents owned the duplex and the same tenant has been in Unit 2 for a very long time - probably since they bought the place. The Mum passed away and the Dad is now in a home and the time has come to sell it. We rent out Unit 1 and with a big of pretty stuff like repainting and new curtains we have had this rented for some time at \$250 per week. I never got involved with Unit 2 as they rented this directly to him - I never asked and they never told me the rent they were getting from this single, older guy. Can you imagine the thoughts that went through my head when they told me the rent was only \$170 per week - that is what it started at and they had never increased the rent since.

I had the job of telling him that the property was now up for sale, and that depending on who bought it they may wish to put the rent up, or they may want him to move out. I did explain the legislation and the notice period that they would have to give him. He turned around and said he has just retired and got a payout and wanted get a bigger place anyway. I didn't think anything of it until a week later he called to say he had left and would return the keys.

I have to tell you that the guy just left the key in the door and left - yes any one walking past that came close enough would see the key in the lock. Inside he hadn't bothered to clean, it isn't feral but it certainly isn't clean. You can see where his desk used to be - and where he would burn incense. I have attached a photo just in case you think I am exaggerating.

What is upsetting to me is that over the past years, this unit should have been rented for much more. The family for whatever reason felt some loyalty to him and didn't increase the rent. Let's assume that it should have been rented for \$230 on average for just the past five years alone - that is \$60 a week that they "gave him". Multiply this out over just five years and they didn't charge him \$15600 in extra rent. I would hate to think just how much extra rent they could have collected if they rented it at market value.

The second story is about loyalty from a client. This particular person bought two properties at the peak of the market. If Ramon and I had our crystal ball plugged in and working, and we knew it was the top of the market, the GFC was around the corner followed by the crippling insurance issue - oh and throw in a cyclone of two just for fun - then we would have sold up at the peak and you would be getting updates on the cruising industry from our deck chair.

Did I ever mention that we just love to cruise? I knew things were tight for this person and when the hot water system went, I liaise with our contract and arrange to pay it off in instalments that they could afford. When the long standing tenant left and furniture needed to be upgraded - we arranged to not only get some second hand furniture that was affordable, but allowed them to pay it off in instalments.

I know it has been a difficult 7 years, and we really have shielded many of you from a lot of things. We figure that if we can resolve the issue and not have you worry, then we will do this. This particular client wanted to sell up and although I gave the facts on what the market was doing, either they didn't believe us or managed to be convinced by another agent they could magically get a higher price.

I received a phone call a few months ago from the other agent to tell me that they would be listing these two properties. The client hadn't even bothered to inform us directly, this was the first time we knew about it. This is going to sound just awful, but I really don't have a lot of time these days and instead of seeing lots of colours I simply see things black and white now. It is an instant thing and for me it is what it is - so you can imagine how offended I was. I could have jumped up and down and cursed (OK so I did in the background) but instead I explained to this client that we hope she has been happy with the way we have managed her properties to date, but unfortunately we could no longer manage the properties. It would be best that she hand the file over to the selling agent or an agent of her choosing.

The two properties have been on the market for some months now, and the price has been dropped. I went to an auction for another client recently and it happened to be the same agency. One of the big bosses was there and we were talking about the properties our clients have bought from their company. I mentioned these two properties and the conversation goes something like this

"Yes I know the ones, they are small units in really big blocks. Do you manage them still?"

"No, your company does."

"Really?"

"Yes, you see if I am not good enough to sell them, then I am not good enough to manage them."

"Tell you what, when we do sell them I will send them back to you because we really don't want to manage something like that."

There you have it in a nutshell - they are happy to sell the properties for a loss of \$60,000 then take their commission but they really don't want to look after something like those units.

I really do believe in Karma and the Big Man in the Sky - in every action we take we really do try to do the best for everyone, but in some cases I have had to learn that some people don't deserve our "loyalty".

I know that was supposed to be the end of the newsletter, but when I get on a roll it is difficult to stop. This actually has absolutely nothing to do with property management. I know that we are different to anyone else, and we work incredibly long and ridiculous hours. We go out of our way for our clients and it is not unusual for us to be wandering around at Bunnings after 7pm buying things for our clients or organising things so the work gets done but as cheaply as possible.

In the past 15 years we have personally achieved a lot financially, which is a very long way from the days when we were poor. Life is short, and we have had enough signals to realise that we need to do what we want when we can. At the beginning of the year - in amongst Coronation Street and East Enders, they showed the adverts for Fox Sport for the coming AFL season. I grew up in Perth and AFL is huge - whereas here in Queensland it is all about Rugby which I just don't understand at all.

In a past life, the girl walking down St Georges Terrace used to be married to a footballer. He was in the Inaugural West Coast Eagles squad. Yes, I spent many a cold Saturday afternoon sitting in the stands of various football ovals. After watching the adverts I really wanted to go to a game, but going on your own is just not the same. Fortunately one of our clients has a son that is a Sydney Swan nut. I had to scan through the fixtures so that it was a game in Sydney and played on a Saturday afternoon - Toby my escort is under 10 so we can't be out too late!

I asked if Ramon wanted to come to Sydney to join us, he has agreed but is only going if he can wear St Kilda colours. Flights to Sydney are now booked, now I have to go out and buy a beanie and scarf for the Swans and St Kilda. Yes, it is a bit extravagant flying all the way down to Sydney just to go and watch an AFL game - but things like this help to keep me motivated.

I have managed to get an extra day in Sydney which has been set aside just to go shopping, I need more Barbie shoes and a girl can never have enough clothes or bling.

I hope you have enjoyed the latest Note to Self. Thank you to those of you that do take the time to write and tell me what you think - it really is appreciated.

I hope you are happy and well in your world.

Linda