

Note to Self

15th March 2015

Dear Owners and Investors,

Tonight is just a fluffy email about life as a property manager rather than a serious one. I will try to write an update in the next week as there is lot's to tell you all about. If you had of told me a life time ago that the young, innocent girl walking down St Georges Terrace as a secretary would one day become a Property Manager I would have told you that you were mad. It is the furthest thing that I would have ever thought I would one day "grow up to become".

This industry has the ability to chew you up and spit you out in a very short period of time. That young innocent girl has long been replaced by the battle hardened property manager that I have become - with a warped sense of humour.

Many investors call and tell us about horror stories with other agents - and for those of you that think that we don't have them, sorry but we do. The difference is that our policy has been that you pay us to take care of your property and if it doesn't go to plan, then we step in and fix it and generally you will be none the wiser. Of course it will go into the Note to Self so I can share the stories - really there is no way I could make up these even if I tried.

Each and every week, I just never know what is going to happen. Tenants make my life so interesting and here are just a few of the stories.

We recently put in a new shower screen into a unit. There used to be a solid glass screen and then a return with a rail and this had a nylon shower curtain. It is actually cheaper for us to replace it now with a clear glass fixed panel and then a solid glass door that pivots. There is a magnetic catch that holds the door in place when closed. After it was installed I had the tenant call me to say she couldn't now get into the shower - no seriously she couldn't work out how to open the door.

There are some tenants that push my buttons and one of them lives in a bedsit we have at City Park. They have been there for a very long time and generally they are good tenants - that is until there is a problem and then boy oh boy do they seriously press my buttons. Because they don't work they believe that everyone else has all the time in the world to do what they need.

One morning they called to say their air conditioner wasn't working properly, so I told them that I would get Bart the Wonder Handyman to come out and have a look when he can. I remember this day because they called the morning of Ramon's birthday and we were all going out to lunch, including Bart.

Like all our tenants, they have special names so that as soon as their nick names are mentioned, everyone in the office knows exactly who we are talking about. I would put this into this news letter, but I am trying to be politically correct - not sure who in this world has the same sense of humour as us, so I don't want to offend you!! For now we will call them the FF's. Over lunch I mentioned that the FF's had an issue and that I would put it on the list. I kid you not that same afternoon, they called me to say Bart hadn't come yet. They then called Bart and when he got cranky they said "don't stress, take an Oxy Contin and chill out" - you could imagine how happy I was when I heard this.

We have had a hot spell and I got a call at 8.50am one morning from a tenant to say their air conditioner has suddenly stopped working and if we could send someone out. As there was no power to the air conditioning unit, I had a feeling it could have been a power supply issue.

I got them to check the fuse box inside the unit but all the switches were on. Before we send a trades person out I put it on the list for Bart the Wonder Handyman to check out all the simple issues. Some tenants are pushier than others, and for some reason I tolerate some but others..... this happens to be one of the less tolerable ones.

I will admit that particular day was a stinking hot day, but I wasn't sitting in air conditioning and was coping fine. When the tenant called back at 4.30pm to say no one had turned up as yet it was like a red flag to a bull. I couldn't help myself and reminded her that she had called me at 8.50am that morning so it wasn't like she had been without an air conditioner for weeks. She kept pushing and the cranky Gemini twin came out - I couldn't help myself and blurted out "and where do you think that I am going to pull an air conditioning technician out of at such short notice?" Luckily the normal Gemini twin showed up and saved the cranky Gemini from finishing that sentence.

This week I got a call from a tenant to say they have bed bugs - it has been confirmed by a pest inspector they had come to the house. Of course they are going to try it on and get the owner to pay. Now that young innocent secretary on St Georges Terrace would have no idea about bed bugs but this veteran of 15 years as a property manager certainly does.

These particular tenants have been in the property for well over a year now, and the issue has only started in the past two months. Okay, you now need to start reading between the lines as I am continuing on in my politically correct writing. One of the tenants or their invited guests has brought them in via a bag which would have picked them up from another point. I am so busting to write the quote from Duncan from Pestrid that is now commonly used in the office, but I won't!

Think skunks. The little bugs have come out and into their new home and started to multiply. Basically the property was free of bugs when they moved in, it is their actions that have brought the "issue" into the property and it will be at their cost to fix the problem. Now I know about it when they do leave we will be getting it checked professionally and they will be paying for it out of their bond. If they are happy to live with them until they vacate that is fine by me - I am not going to get bitten at night by them!

We had a tenant that we have nursed along for many, many years now. In honesty I probably should have moved him on years ago but the market was rubbish so if I did move him on I would only get about the same level of tenant. The property he was in would also need upgrading and at the time there was no guarantee that the next tenant would have actually looked after it - so we persisted. Mr M was about as close to the bottom of the barrel as I could get but fortunately he had a Dad that continually bailed him out so I knew that the rent would be paid. At one stage Mr M's Dad was asking if I would move him to a smaller and cheaper unit.

I did think about this for a bit, but really I would just be moving a problem from one place to another and I am at the clearing out the rubbish stage. Instead I told him that if he is going to be funding the property, he may as well buy one and that way at least he would have something to show for it in a few years. Before you knew it he bought a place and Mr M was on the move.

Oh my goodness, it wasn't until the property was vacant that I truly appreciated what a grub he was - especially when he made absolutely no effort to even tidy up before he handed back the keys. It is times like this when you are standing there shaking your head you get disheartened.

Fortunately between Bart the Wonder Handyman and our cleaner - and Dad paying for it all, the place was brought back up to standard. We then renovated it for the owners and the rent has now gone up by \$40 per week with just the loveliest young couple in there.

This week we went to do an inspection at a property. These tenants have known for two weeks that we are coming and would be inspecting. You have to wonder at the thought process some people have. I didn't attend but I have seen the photos and I am actually speechless. There was absolutely no effort to clean up, not even doing the dishes prior to leaving and let me tell you these people live like total grubs. We have discussed it with the owner and next week they are going to get their Notice to Leave with no grounds. I could go down the arguing route about them not looking after it, and this will take months for me to move them on - let alone the aggravation that will happen along the way.

Then there is a chance they will take it to QCAT and I then have to show grounds as to why they should be moved on. As they are on a periodic agreement we have the ability to just give them two months notice with no grounds and they have to leave. Of course if they ask, I will cross my fingers and toes and tell a white lie about the owner wanting to renovate and look to sell - but they are great tenants the owner is quite upset to have to move them on, but they have no choice. It is just a white lie.

I am very protective of my tenants and for those that are good to us, we are incredibly good to them. If there is an issue we go out of our way to get it fixed as soon as possible. I always follow up to see the work is done, and try everything to keep them happy. For our special tenants, we have been known to move them from property to property - no literally move them. We packed up Ms P three times and moved her to keep her. It is so nice to hear from tenants that are leaving how much they have enjoyed living in our properties and having us manage then during their tenancy - and when we hear this it makes it all worthwhile.

As you all know the past few years have been just awful. I recently was told by one of our owners how her property was vacant for four months whilst it was with the last agent. I have to tell you that I would be in a white jacket in a lovely padded cell if this was the case under our watch. It all comes down to presentation of the property and knowing what the rental market is doing at that point in time. There are times that we will be able to achieve a higher rent - and every time that a property does come up for rent we will push for the highest possible rent in that rental market. If it isn't achievable then we have to reassess the rental amount and meet the market.

For Ramon and I as investors it is better to have the property rented at \$250 per week and bringing in income rather than it being vacant and chasing \$275 per week. The market is getting better and I think finally the ball is falling into the court of the owners. There are still patches where you just wonder why on earth one property has walked out the door and the other has had absolutely no interest.

For the past seven years at least I have taken on tenants that in normal circumstances would not even get an inspection let alone be approved for the property. When you are in the bottom of the barrel scraping in the corners looking for tenants you soon have to learn to lower your standards. Tatts, no problem, missing front teeth - character building, no job well so long as you are getting Centrelink you will do. Morally I have had to do this and put up with many tenants just to keep the income coming in for not just us as investors but our clients as well.

At the beginning of 2014 I was sure it was going to be the turning point in the rental market and that was going to be the year I could start to move them on. We all know this didn't happen and this meant another year of tolerating quite a few tenants. The time has now come and I am confident that I can move these tenants on and get better tenants and more rent for our clients.

I have been watching the Apprentice and I have been practising my best Sir Alan Sugar impression "You're fired" as I am happily typing up the Notice to Leave for those on my naughty list. I have been putting up with one particular tenant for the past five years. We are going to just call him P and I am going to leave it at that. Although my cranky Gemini twin has been in the background screaming "just get rid of him" the sane normal Gemini twin would win and I would delay it.

The property he is in is a lovely two bedroom unit which is on the ground floor of a smallish unit block. There is a large fully fenced courtyard and even better than having a private courtyard - the body corporate comes and does all the gardening. He also has a lock up garage - to give you an idea on how rare this is out of 200 units I have 4 with lock up garages. Out of all the units we manage, this is the ONLY one with a big private grassed yard. Some of the town houses do have courtyards but these are about 4 metres x 4 metres.

When I increased the rent about 18 months ago by \$20 per week he marched into my office later that week with a shopping list of all the things he wanted fixed in the unit. His thought process was that if he had to pay more rent then he wanted all these things upgraded.

I have known the rents have crept up and his rent is now \$220 where as it should be closer to \$240 - 260 in this market - especially given the extras this property has over other normal units.

This is one of those tenants that really knows how to press my buttons. He thinks it is okay to send me a text on a weekend at 8pm and here is one of the messages,

"Old toilet cistern playing up again. Is owner going to replaced bugged up doors in kitchen, wash house, bathroom and toilet? Has been over five years now! Could you please inform him."

Then he must have been sitting there for ten minutes wondering why I hadn't replied so he then texted,

"Sorry have only garage door in complex which has never worked, please also pass onto owner".

The fact is that the door is a manual door and has been since he moved in - but everyone else has a remote door and he obviously wants one. The doors are those moulded ones and the bases have swollen with the humidity and age - they are original at 20 years old! Let me tell you, I was one very happy bunny typing up his notice to leave! He on the other hand P is not happy and is going to be even more unhappy when he finds out that a similar place is going to be costing him at least \$40 per week extra. Worse than this the competition to actually get a good rental is on the rise Although there aren't a lot of good tenants, fortunately there aren't a lot of properties available either.

To finish this newsletter off, I am not going to end on a tenant story. There are some days when I am at the office working late and I have been on the go for at least 14 hours just that day, that I wonder why on earth I do all of this? Seriously, this is one of the most difficult environments as you have to balance the needs and wants of the investor, the property and the tenant and then try to make everyone happy. I have said it in the past - I am my own worst enemy.

I could be like other agents and when it hits 5 o'clock say, oh well what hasn't got done today can wait until the morning - but that isn't me. I could also just clear out my desk and that be all, but that isn't me. I continually am pushing the business, the properties and our owners.

I want to have all our properties as ready as they possibly can be for when the rental and sales market turns. That means making sure that all the work is ready for Bart to do, the owners informed, planning and even down to ordering and then unpacking the curtains. I buy them when they are on super special so that I can save you all money when I need to upgrade things in your property. Next week I have 12 huge boxes to unpack - in amongst all my other jobs.

When things do come together like they have this week on one particular property, it is a pretty good feeling. We have some loft town houses in Whitfield and when we first bought them way back the rents were \$160 per week. We have an owners unit that we actually have done very little internally. This was just vacated and we went through and upgraded little things like taps, toilet roll holders and the shower screen. Not big ticket items but wow, do they make a difference visually. We have found a lovely young lady to take it at \$230, which is a small increase on the last tenant and it was vacant for less than a week.

The rewards for us as investors is that by increasing the rents, it makes the property work better for us and in the long run it will get a better sale price. I know that the past 15 years have been really hard work, but on a personal level Ramon and I now will have the ability to do things that I would have never dreamt possible as that young, innocent secretary walking down St George's Terrace.

This time next week, I along with my fantastic staff will be in Sydney. For those of you that have been reading for a while now, you know that I just LOVE to go on cruises and I just adore Kylie. We are going to the concert in Sydney and we aren't going to be in the nose bleed sections - oh no we are going to be right down the front in the mosh pit. This time next week, when we are in Sydney shopping and being tourists I will know exactly why I work the extra long hours and push so hard - and yes it makes it all worthwhile.

All those long hours, hard work and more importantly the wise investments we have made along the way have made all this possible. If you are reading this and think that is great but I couldn't do this, I want you to know it really is possible. Neither Ramon nor myself went to University. We didn't have high paying jobs when we started investing, in fact we just had a small business making next to nothing. We didn't have a lot of cash savings behind us. We did however invest smartly and have worked incredibly hard to make this happen - so it is possible.

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

Linda Tuck