

Special Edition

12th May 2015

Dear Owners and Investors,

Many of you have been on the journey with us for the past decade – so you know I explain things in weird ways. Right now the market is a bit like trying to cross the road in Ho Chi Minh City. For those of you that have been there and experienced it, you will get this. For those of you that haven't here is a video I found

<https://www.youtube.com/watch?v=EiyelHpMbP0>

There we are standing on the side of the road – or in the case of Cairns in the tunnel that is very dark and we are trying to get to the light. There are all these things coming at us, but instead of motorbikes it is insurance increases, GFC, lower rents, higher vacancies, dropping values and no end in sight. You are seeing a gap in the stream, so you take two steps forward – great progress. You are about to take another step toward the other side, but then a bus comes out of nowhere and you stop in your tracks. Looking, looking, looking you are waiting for the next gap to move forward and take it – but it is only another few steps. That is pretty much what it is like right now both in the sales and the rental market. You think WOW we have passed the worst and here we go, when buses, cars, motor bikes and even bicycles start coming at you to block your path.

There are some glimmers of good news on the horizon. This is the latest Herron Todd White report for April. These are the industry specialists in predicting the market and they have moved the clock forward and taken us Start of Recovery to the Rising Market stage.

<http://www.cairnswatch.com.au/uploads/uploads/201504fullreport.pdf>

Aquis continues to be in the news not only in Cairns but in all Australian papers. This letter is an open letter from Tony Fung showing he is still committed to the project and Cairns in general.

<http://us7.campaign-archive2.com/?u=ae3aed9c243c62b50c08337ec&id=037eef111e&e=beae6446cb>

The Federal Government has given the Environment Approval for the Aquis project with special conditions.

<http://www.cairnspost.com.au/business/aquis-gets-federal-environmental-approval-as-cairns-casino-licence-approval-edges-closer/story-fnjpusdv-1227330918771>

<http://www.cairnspost.com.au/business/environment-minister-will-decide-how-aquis-will-look-and-what-colours-to-be-used/story-fnjpusdv-1227333805340>

The Nova8 project on Spence Street should be starting any day now. This project will initially see the completion of one tower, but the project has 7 towers with 1500 units, commercial and office space. This is not a fly by night developer, they are the same developers that are building the tallest residential tower in Melbourne.

<http://www.cairnsnow.com.au/Young-star-on-the-rise-in-TV-campaign.58.0.html>

They are shooting a commercial which I believe will be aimed at foreign investors, particularly in Singapore. They say it will time with the start of flights directly into Cairns by Silk Air.

Now this is a project that I don't believe I have mentioned before, as I really didn't have a lot of information. This site is still in the City Centre and is another three towers with 795 units and commercial space as well. It is called C3.

<http://www.c3cairns.com.au/potential.php>

You should watch the video on this site, which is also about C3 – even I am impressed.

<http://www.gasparin.com.au/work-in-progress/c3.php>

I have been contacted by a few of you asking if it is right time to sell – sorry but it just isn't the right time to sell. The harsh reality is that we are still generally below the values that were achievable in 2008 pre GFC. This is more so for the units than the other sectors of the market. I believe that we are so close to being able to see increases in the prices – but those motorbikes, buses and cars are still coming at us.

The rental market is just as patchy – and it is driving me crazy. We had a house that I thought was great value, given it is upper end and really big. Not a person to look at it for almost three weeks and blow me down I have three inspections one after the other lined up for Tuesday afternoon. Two will be good, the other well..... The rents are starting to go up, for the fourth time we have managed to rent out a bedsit for \$180 per week. Let me tell you there was some dancing in the office when that happened. That said, we still struggle to rent good properties other times – there simply is no consistency in the rental market right now.

Back to the sales market – today I am going to write about some properties that I would look at buying. You may ask if they are so good, why don't Ramon and I buy them. Simple answer is we have enough now and are just biding our time to be able to sell up and have a passive income that will allow us to write to you all from the deck chair of a cruise ship – did I happen to mention we just love to cruise? There are units that are cheap – but let me tell you that not everything that is cheap is worth buying.

<http://www.realestate.com.au/property-unit-qld-manunda-119398255>

This is a one bedroom unit at Viewmont that is listed at \$112,000. Located on the top floor at the end, it is a nice unit. The complex as many of you know has a fantastic Chairperson and it is well run. Probably not in the bargain box, but a good long term investment at a good price. These went up to \$165,000 at the peak of the market.

<http://www.realestate.com.au/property-unit-qld-manunda-117570347>

This one is interesting as it is a two bedroom unit for \$139,000. I am not involved with this body corporate but as it is still available I will guess the levies are on the high side. This is fixable in some circumstances, so you would need to investigate this before buying.

<http://www.realestate.com.au/property-unit-qld-manunda-119269751>

Although this one is under contract there will be a unit similar to this being listed this week at City Park – 85 Birch Street. This unit is renovated and in great condition. It is going to be listed higher than this, but one I would definitely be looking at if we were in the market. The fact they sold as high as \$240,000 at the peak of the market says there is some good capital gain to be made without having to outlay thousands to renovate it.

If you would like any information on these properties or another you have spotted just let me know.

To finish off it isn't going to be tenant stories. I have a heap of them and have Note to Self coming out later this week for you. Many of you know that each year Ramon and I head down to Brisbane for the Anzac Day Dawn Service. This is our 8th year, and this one was just as special as each of the previous ones.

We attend the service at Greenslopes Hospital and they put on a beautiful service that sees me blubbing for most of it. I have attached a photo for you – on the left is Lloyd who was in the Air Force – once a year we meet him and his daughter at the service. Then there is Bob, Keith and then Nina. Gwen couldn't make it this year, but was waiting for us back home to watch the parade on TV.

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

Linda