

Note to Self

23rd October 2015

Dear Owners and Investors,

There are many of you on this list now, if at any time you wish to be taken off just send me an email and I will remove you from the list.

This is only going to be a quick one tonight as I have to finish packing. I am off to Sydney in the morning for a few days and then in FIVE more sleeps Ramon and I are boarding the Golden Princess. For those of you that have been with us for a while now, you know my strange sense of humour. I have nicknamed this the White Jacket Tour – why you ask?

Although you all know by now that we just love to cruise, I have purposely held back from taking any this year. It is now 15 years since Ramon and I started this journey and the reality is that none of us really know how much longer it will be before the good times return. Believe it or not it is 8 years since the GFC and the massive impact it has had on Cairns. I will say it again – If I had a crystal ball, we would have sold up at the very peak of the market and would be sitting there on the deck chair writing a cruise blog that you could all follow.

I, like every one that has investment properties, particularly in Cairns had absolutely no idea of what was coming, nor the length of time it would take to pass.

There are many of you that have been with us on the journey, and morally it is only right that I see this thing through to the end for all of us. I could sit back and just let things run their course – but that just isn't me. I wake up in the middle of the night with ideas, and although they mean a lot more work for me (and Bart the Wonder Handyman and his trusty assistant Katie) – it takes all of our investments to the next level

The small little portfolio has grown, and I still like to consider each investment like one of our own – that means worrying when things don't go right, worrying when they don't rent and pushing to make them the best possible investments for as little as possible. There is only so much that even I can take – I used to think I was Wonder Woman in high heels, but even I realise that you can only go for so long at full pelt before the wheels start to fall off.

As we left the Sapphire Princess just after New Year 2015 – I wanted to put processes in place that would mean that your investments, as well as ours would be just as well looked after – even if I wasn't there running the show every minute of every day. Now almost nine months later, I think I have it working well enough for me to be able to step back. I have an incredible network of people that work alongside Ramon and I. As soon as I realised this, it was time to book the next cruise. The choice was a cruise which meant sleep, winding down and doing absolutely nothing – or a white jacket that has lots of zips that comes with a room with padded walls! Easy choice if you ask me.

This year has been very strange in Cairns. At the beginning of the year we all were very optimistic about what was in store for Cairns in 2015. As the year went on, it has gone in waves in both the selling and rental markets and you can never understand what is happening or why.

Right now we are in a very quiet phase in the rentals. The enquiry rate is very low, and the quality of callers is even lower. Over the weekend my phone almost doesn't ring, which on one hand is great as it gives me a break, but on the other it is frustrating when properties take longer to rent. We are still managing to rent out the properties, but it is almost like I am crawling back into the bottom of the barrel again.

We put a young man into a bedsit recently. His application said that it was him and on the alternative weekend he would have his little girl. He seems very nice and he checked out – although there was a tiny doubt way back in my head. Given we had no one else to take it we decided to give him a chance. He had been there only a week when we had to go to do a valuation. I organised 4 days in advance for the time to go to the property and explained I would be there, so that if he couldn't be home we would have keys and enter the property. He said, no problems just let yourself in.

I walked up to the door and noticed that the wooden door was open, but the screen door was closed – meaning I could see into the unit. I could see two females so I had to do a double take and look at the unit number to be sure I was about to go into the right property. Sure enough it was the right property. In the back ground I could hear the shower running and one of the females calls out to Mr I that I was there, he in return calls out just let them in.

We enter the property and the cool calm Gemini twin takes over – keeping it together until I walked the valuer out. Not only are there two adult females but there are also two toddlers! To make it even worse, neither of the toddler was actually Ms I child. Mr I thought he had got away with it, but oh no. That Gemini Twin that you never want to meet came out and OH MY GOODNESS it wasn't pretty.

It was over with the pleasantries and straight into it. I asked if he thought I was stupid because I have blonde hair and Barbie high heels? With toys strewn everywhere, nappies (fortunately clean) and stuff everywhere – and a lot of stuff at that, it was obvious that these people weren't just visiting. I can't believe how dumb some people are – you know that your property manager is coming at a specific time so if you don't her to know you are running a boarding house from your small unit wouldn't you pack everything up, hiding it all in the cupboards and then go out so the place is vacant? I can assure you, this tenant isn't going to be hanging around for long!

I have past tenants that call me for another property when they need a new place. I had a call from Ms E who was by no means a model tenant. She was young at the time and quite out of control, I ended up having to ask her to leave. She did owe money at the time of leaving, and to her credit she has paid it all back. This was quite a few years ago now and I got a call from her last week.

She was very distressed as she had just left her partner. She tells me it was an abusive relationship, but I didn't ask any questions. She now has a baby and she said all the right things. She admitted that she was out of control when she was with us last time but since having a baby she has grown up and doesn't associate with that crowd any more. I may be a cranky cow, but I have this part of me that just melts when people say the right thing – and boy did she know the right things to say.

Ms E knew she had to now live within her budget and this was \$250 per week and that is at a real push. She also has no real furniture except for the baby furniture so she needs furniture. She also wants two bedrooms so the baby has its own room – all fair and logical.

Now this is where it gets complicated. If you set this criteria, then you simply are not going to get the Penthouse apartment at Harbour Lights – you are going to get a unit in Manunda, Manoora or possibly Edge Hill. It isn't going to be flash, it is going to be in a high density environment and it is not going to be in the middle of the City. The units we have for \$250 are clean, nicely presented but the reality is they are still budget accommodation. I could live there if I had no choice. It is what you will make of it – a visit down to the local charity shop to find bits to brighten it up can make a world of difference.

We went out of our way this week to organise for Ms E to have one of our units – all the while I am thinking she won't bite me, she has changed. She was mortified when she saw the unit – not because it was a bad unit, but because the reality of her situation and what she can actually afford came crashing down on her.

I spoke to her this morning and told her that we don't have anything else, and won't have anything for her – she needs to find a property elsewhere. Right now she could be in her nice, two bedroom unit with her baby sound asleep in its own room – sure it isn't the Penthouse at Harbour Lights but it would be her own place. Instead she is sofa surfing with baby in tow. I can't help everyone and this has been a big lesson for me.

To finish it off I will tell you about Ms K. She was at a house for many years and sadly she was raped and beaten really badly in the house. It was someone she knew and trusted and obviously she couldn't stay where she was. It was an awful time in her life and she was not in a sane and rational place. She did work with us to hand back the property, but at the end of the day she did leave owing money. The owner was paid the rent, I paid the contractors what I had out of the bond. As I had engaged them, the balance I paid. That was December last year.

There are some debts that you don't chase down and this was one of them. I knew the Big Man in the Sky was watching and it does come back around. Out of the blue last week I got an email from Ms K asking how much she still owed and if I could send her the bank account details. When tenants do owe money I get this request lots, but the follow through on payment isn't always there. I sent the balance owing and the next day there it was plus a bit in our bank account. It is times like this that your faith in humans gets restored.

I hope that you are all happy and well in your world. Will have a cocktail or two whilst on the cruise for you all!

Linda Tuck