

Special Edition

30th April 2016

Dear Owners and Investors,

No Ramon and I haven't run away to live on a cruise ship - although I bet many of you thought we had. It has been a long time between editions, but today is the day! I have written a few editions and I promise they will be coming out to you over the next few weeks!

It has been an interesting time in Cairns and like much of Australia and even the world, things are not going anywhere economically. We are still better off than we were back at the beginning of the GFC, but each time we take a step forward it seems like we take half a step back.

<http://cairns.digitalpublish.com.au/invest/>

This is a great publication that tells you lots about what Cairns has to offer, what projects are coming up and the potential that Cairns has. It is all there, approved and waiting to go ahead – it just hasn't started yet!

The reality is that the prices for properties – units in particular are still well below what they were at the peak of the GFC. The two bedroom units went for as low as \$110,000 and now are hovering around \$150,000. Given they were selling at \$220,000 – \$240,000 there is still a lot of catching up to do. There is a lot of negativity around body corporate properties but here are my thoughts

Instead of buying one house – you can buy two to three units for the same money.
Instead of having one rental income – you can have two to three incomes for the same money
Yes you have body corporate fees – but you don't have to allow extra for external maintenance
With a house you still have to make allowances to get the maintenance work completed.
With interest rates as low as they are now – at these prices it is close to neutrally geared.
If you can't afford to buy a house – but you can afford to buy just one unit at least you are in the property market!

Each investor has their own way to invest in. Ramon and I have chosen the unit path as we can get more properties, more income and then more options when we want to sell down and retire. For us, this approach has worked. We also have invested just in Cairns. This newsletter although it is about investing, talks mainly about properties in Cairns – because that is what we know. Today I will highlight some of the properties I think are worth looking at. If you like any of them and would like more information, please just let me know.

<http://www.realestate.com.au/property-unit-qld-manunda-121692954>

This is at 171 Hoare Street, Manunda and it is \$100,000. It is a one bedroom unit and it looks like a new kitchen has been put in, it presents nicely. These rent for \$200 per week. We have a few investors in this building already and we are involved with the body corporate. What this means is that the financials of the building are well run, the exterior of the building is well presented and it is an easy investment! These went up to around \$150,000 at the peak of the market so it represents good potential capital gain at this price.

<http://www.realestate.com.au/property-apartment-qld-bungalow-122126474>

This one is interesting as it is on Spence Street, Bungalow. It is close to the City and you could walk in easily. It has offers over \$110,000 so it would really depend on the final price. The other fact that would make or break this one would be the current body corporate fees plus what they have in the sinking fund. It is a nicer and bigger unit than the one above – so it will come down to price and fees.

<http://www.realestate.com.au/property-unit-qld-manunda-122142202>

This is at 59 McCormack Street and is a two bedroom unit with offers over \$150,000. I know if you look at what is for sale there are lots of others that are cheaper in price – but believe me cheaper isn't always better. The body corporate is well presented externally with nice gardens and grounds. Although I am not directly involved in the day to day running of the property, I do have a hand in it via the committee. Nice unit that will just tick over as an investment.

<http://www.realestate.com.au/property-unit-qld-manunda-121419822>

This one is located at 55 McCormack Street, Manunda in Palm Tree Apartments. Ramon and I own 4 in this building and there are a total of 44 apartments in the building. This is a really big unit in size and is on the first floor. The body corporate has close to \$100,000 in the sinking fund and everything is done maintenance wise externally. The price is offers over \$150,000. Great unit that is a good long term investment at this price. The current tenants rent it unfurnished but if you relet it at fully furnished it would be pretty close to being neutrally geared!

Each of these four units I can be sure that you will get good, long term tenants that are going to not only pay the rent but look after the property. The market rent for a one bedroom, well presented and fully furnished unit is \$200 per week. For a two bedroom, well presented and fully furnished unit it is \$250 per week. Obviously the better presented it is internally the better chance I have of getting a great tenant and a higher rent.

Today is not going to be a long one. Normally people in Queensland are thinking – WOW long weekend what shall we do. I am the sad little Muppet saying “Wow, long weekend, I can get into the office and do three days work and really get stuff done because the phone won't ring!”

I am not going to finish off with my traditional Tenant Stories, instead I am going to tell you about my ANZAC Day this year. It started out as a simple line on the Bucket List – to go to a Dawn Service. It grew from a small little gathering to a absolutely incredible day. Each year Ramon and I fly down to Brisbane to be able to go to the Dawn Service. We go to the Greenslopes Hospital as they do a fantastic service in the grounds just outside the Chapel. We now have Bob, Nina wearing her husband Bruce's medals, Keith and Lloyd who we have been meeting there each year and now is part of the tradition. After the service the hospital lays on a fully catered for Gunfire Breakfast. I am not sure who drank more rum this year – Bob or Lloyd? I am incredibly lucky that we have the capacity to be able to do this each year and it truly makes you very proud to be Australian.

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

Linda Tuck