

Dear Owners and Investors,

The other day whilst showing a potential buyer a property, they turned to me and asked about our property management service. They said “Are you good?” to which I say “I’m one of the best”. When they ask what we charge I simply say “The best isn’t cheap, if you want cheap then we aren’t the people for you”. I will admit, I have a few flaws – one of them is that I am not a natural salesperson and at times I doubt how good we are at what we do. After saying it, I went into an immediate self doubt phase.

I have been pondering this statement for the past few weeks now and it has had time to rattle around inside. It is now time to put it down on paper.

On the surface, our fees may appear to be higher than other agents, but the reality is that most other property managers aren’t investors. They simply don’t understand what an investment property needs, what an investor needs and the consequences of their actions are on the owner and the property. I could give you hundreds of examples, but today I am going to focus on just one that I came across recently.

There are two units for sale in Whitfield. They are both one bedroom units and in the same complex. They are owned by the same investor and he bought them almost 14 years ago. Fortunately he managed to buy them cheaply before the market went up last time, and even with the lower prices he will still make a slight profit. We happen to manage similar units in the area, and we have been achieving \$200 per week for the past few years. We also manage similar ones in the Manunda area which we also achieve between \$190 – 200 per week. We do furnish our units and although there is an initial cost to do this, the extra weekly return is \$20 – 30 per week. Better than this we tend to find the quality of tenant is better by furnishing it – that is just the way it is in Cairns.

This complex is a small complex of just 12 units. You can tell that we haven’t had a hand in the property – from the high body corporate levies, to the presentation of the property externally, to the quality of tenants over all in the complex. Worst of all, both of these units that are for sale have just been signed up for 12 month leases at \$170 per week! We are getting \$185 per week for a bedsit, so why on earth would you give it away at \$170 for a bigger and nicer unit, in a better area?

We are walking through the first unit, and my eyes are lighting up with what we can do internally with very little upgrading. It is a good sized one bedroom unit and the potential is there. We walk up to the second unit and the tenant of this one is standing outside. I acknowledge him and some where in the back of my mind I know this tenant – we have crossed paths some where before but I just can’t put my finger on it. The unit is just as good as the first one. Even better the owner has just put in a new hot water system and the stove is being replaced – that on its own is worth at least \$2500.

That niggle at the back of the mind is still there, where do I know this tenant from when the words tumbles out “its the cross dresser”. This was a tenant from a few years ago – for those of you that missed the story, here it is.

You would think that would be enough excitement for the day - oh no. I am still trying to work through the mountain of papers on my desk when the mobile goes off with the tenant ring. Eyes roll back and wonder what on earth it can be at 6.30pm on a Friday night. It is some one in City Park telling me that his neighbour has 4 big islanders bashing at his front door and then going around to the back. The neighbour is in, but is pretending to not be home. Remember that barrel, well this is a tenant I found in there. He is a nice enough lad, but he is not just one or two eggs short of the dozen but about six. I have to be very clear and concise when I am taking on new tenants, and in his case I was even more thorough. They know the rules, and if they don't follow them, they are fully aware I will do what I need to do to move them on. He had only just moved in a few days before and I remember saying to Ramon this one is either going to be one that we never hear from and he is no bother or he is going to be a problem because people will take advantage of him. I called his Mum and told her what was going on, she said he was scared of them and he wouldn't call the Police but if I could. Phone call number one to the Police for the evening.

About ten minutes later I get a message from the neighbour to say the young lad has let the people in, and then a few minutes later his Mum turned up. He wouldn't let her in, and wouldn't open the door and kept yelling for her to go away. She left and a few minutes later the Police turn up to see what is going on. They knock on his door and he opens up. On the security screen door there is material so even though the wooden door is open, you can't actually see inside. He tells the Police they aren't there, and there is no problem. They have to do their job and ask that the comes outside and if they can come in and have a look for themselves. This is where even I didn't see this one coming. He comes out wearing a laced up black corset, fish net stockings, huge amounts of eye liner and red lipstick - just like something out of Rocky Horror. When I got the message from the neighbour, I couldn't stop laughing - oh my life is never dull. Luckily this quiets down but now I know I have to go there in the morning and tell him it is strike one for him. Ten years ago I couldn't do this confrontation, but now let me at them I will tell them the way it is - scary what ten years in property management can do.

Back to why we are so good. Firstly, there is no way on earth we would have let these properties rent for \$170 per week – we would have upgraded the property and had it rented at \$200 per week. Secondly, we would have got involved with the body corporate and this would not be the worst block in the street. Thirdly and this I believe is the most important one, there is no way we would have let our owner sell this property for the price our buyers got it for. Being conservative, having a poor property manager and in turn a poor sales agent has cost this owner at least \$10,000 per unit – and that is just on the sales price! It has also cost him a minimum of \$40 extra a week, every week that he has owned it. So yes, on paper we may appear to be more expensive than your franchise property management company, but those few dollars extra you pay for us really is worth it.

I do say it often, and I will say it again – I can't do what I do without my team and some days even I shake my head at what we can achieve. We had a two bedroom unit come up that was fully furnished – we had two good tenants but only one can go in. We knew that we had another one coming up similar in the next 10 days but this one was unfurnished. As soon as the tenant was out the team swung into action

Property inspected to make sure everything was fine with the vacate.

Same time the potential tenants are shown the property – unfurnished at this stage.

That afternoon we get the call to say they will take the property but they want it fully furnished.

That same afternoon we get the Ok from the owners to make it happen.

I call Bart the Wonder Handyman and his Trustee Assistant Katie and tell them that we have to fully furnish and put white goods into the property. Katie asked, when do we have to have it done by to which I reply – well the tenant is moving in at 2.30pm tomorrow. What I love is her answer **“Nothing like a bit of pressure”**.

That night the emails are sent flying out – Good Guys organised for the new fridge and washing machine, Amart for the extra furniture required, Bart the Wonder Handyman and his Trustee Assistant Katie to collect it all and even the extra furniture in the store room we have in our secret Amart stash.

The next morning Bart and Katie arrive to the unit and can smell something not right. They investigate find that the solid element cook top has been heating up so much that the sides of the cabinet are burnt – whether this has recently happened or it is something over time I don’t know but either way there is no way I am going to put a tenant in the property with the cook top like this.

As if there isn’t enough pressure on, Bart has to go and pick up a new cook top and I have to see if we can get it fitted – all by 2.30pm!

The electrician is on his way and its all going to plan by lunch time.

The furniture is all in place, the new photos are taken and it is all done in time.

The new tenants come into the office, sign the lease and pay the money.

The rent has increased by \$30 per week – happy owners, happy tenants and one very happy property manager that has a team that can get things done!

Nothing like a bit of pressure – and boy does it feel good when it all comes together in under 24 hours.

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

Linda Tuck

