



SEPTEMBER 2009 | INSIDE THIS ISSUE

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Quote: *An optimist builds castles in the air. A dreamer lives there. And a realist collects the rent from both!*

Anonymous

Office / Local News

HI EVERYONE!

Things are abuzz at Ray White On Mulgrave with our full team all back on deck. There has been a lot more activity in the market place recently with the realization from Landlords that rents really must be dropped back to get properties occupied and the same goes for sales in that Sellers have been forced to lower price expectations to secure sales. We have developers in Cairns offering 4 weeks rent free to prospective tenants with 5 star, luxury resort style apartments renting from \$240 per week, just 200 metres from the beach. This is causing challenges to us as Property Managers fighting to achieve high rental yields for our Landlords.

Just a reminder to open up those weekly update emails sent out to you all by the sales team. It is always a pleasure to speak with well informed investors renting out their properties through our office who truly understand our unique market place in Cairns. Their decisions are always well informed & their properties are rarely vacant.

It may be the appropriate time to consider locking in interest rates shortly. Your lender will give you the best advice for your individual finance situation. Fixing your interest rate will give you certainty, something many of us crave during uncertain times. However, it could well be that this certainty comes at a price which results in you paying more than you would if you were to bet against rate rises. There is a lot of guessing going on!

Have a great month!

Ray White On Mulgrave Property Management Team

More Units To Rent In The Far North

The latest figures released by Herron Todd White Analyst, Rick Carr, confirm the rental vacancy situation being experienced in our office. In summary there has been:

- A rise in the rental vacancy rate for units
- A fall in the rental vacancy rate for houses
- Units have a 6.5% vacancy rate-the highest in a decade.
- Houses have a rental vacancy rate of 4.3%

Vacancy rates in the Cairns rental market are continuing to diverge, with vacancy rates falling for houses but rising for units as the result of a gross oversupply, particularly in the Northern Beaches & more specifically, Glencorp units in Clifton Beach.

Demand is still softening with some tenants leaving town to go back to family support when faced with the prospect of unemployment. The surge in First Home Buyer activity has also resulted in many people leaving the rental market. Most young people are questioning whether or not, now was the right time to sign up a new lease.



The New RTRA Act Causing Confusion

Please do not be surprised or alarmed when you are contacted by your Property Manager for re-letting instructions after what seems like a few weeks into a new 6 month tenancy agreement!

Under the new RTRA Act, a Property Manager must seek instructions from you, the Landlord, just 3 months into the new lease to confirm whether or not you are happy for the tenant to stay on or vacate. Unfortunately this also co-insides with the very first routine inspection. What investors find now is that agents now must go to the tenants 3 months prior to the end of their lease date to know what they plan to do. If the owner wants vacant possession, they need to give clear instruction early on & it can be tough for all parties. It is confusing for the tenant because if the tenant is on a 6 month lease, they have to know in advance what they want to do at the end of their lease - just 3 months into their lease! We have to ask the tenant "So are you going to stay?" And the tenants feel "Why should I have to organize my life today?"

The Owner then has to instruct us as to what they want to do when the lease expires. If the tenant does not state their intention to stay or go, then a "Notice To Leave" needs to be handed to the tenants 2 months prior to the end of lease. If it is not handed to the tenant by the right time, then the lease lapses into a periodic lease. This can create problems with Landlord Insurance because there are many policies that won't cover a periodic lease. This means there will be no rental loss or damage cover. If the time is not managed correctly & the fixed term lease rolls into a periodic lease, it will be another 2 months before the Landlord can secure possession of the property. The new Act allows the Tenant to give two weeks notice to the landlord to vacate. Where is the fairness in this? This new amendment is causing a huge amount of angst for landlords, Property Managers & Tenants!

Landlord Insurance – Are You Covered?

At Ray White On Mulgrave, we cannot stress the importance of this cover enough. Amazingly, we still find Landlords reluctant to take out this insurance.

Would you like the peace of mind knowing your investment property is covered under professional landlord insurance? The following is a brief list of items that are included in most policies:-

- Loss of Rent (terms and conditions apply)
- Absconding Tenants
- Defaulting Payments
- Loss or Damage to Building (limited cover)
- Accidental loss or damage
- Malicious damage
- Theft by tenants
- Loss or Damage Contents (conditions apply)
- Legal Liability

For a complete information pack on this essential *tax deductible* item please contact our office.

Office Activity This Month

Our overall current Occupancy Rate is 96.20%

Address	Property Description	Days Vacant	Rent Change
HOUSES	LEASED THIS MONTH		
Edmonton	3 bed, 1 bath, \$280 p/w	12	↔ Same
Edmonton	4 bed, 2 bath, \$290 p/w	49	↓ \$20
Freshwater	3 bed, 1 bath, \$370 p/w	0	↔ Same
White Rock	4 bed, 2 bath, \$370 p/w	15	New
Mooroolool	3 bed, 1 bath, \$270 p/w	0	New
UNITS	PROPERTY DESCRIPTION LEASED THIS MONTH	Days Vacant	Rent Change
Woree	Studio 1 bed, 1 bath, \$160 p/w	40	↔ Same
Cairns Esplanade	3 bed, 2 bath, \$480 p/w	8	↔ Same
Edmonton	2 bed, 1 bath, \$200 p/w	80	↓ \$40
Manoora	2 bed, 1 bath, \$180 p/w	55	↓ \$40
Cairns North	2 bed, 1 bath, \$185 p/w	17	↓ \$15

Referrals are Rewarding!

Do you have other investment properties we can manage for you? Consolidate them all under our management for consistency as well as other benefits. Perhaps you know someone with an investment Property? If so, please contact

Ray White On Mulgrave on 07 40514595 or rentals.onmulgrave.qld@raywhite.com

Don't forget our "Thank you for your Referring" bonus gifts! A \$100 Gift Voucher from Bunnings Warehouse or a \$100 Money Order will be sent to you for every management that you refer and is subsequently signed up.

Calendar of Events- September 2009

15 September Mid Month Accounting
30 September End of Month Accounting