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Quote: "I believe in **hard work**. It keeps the wrinkles out of the mind and spirit."

Helena Rubinstein (1872–1965)

Polish cosmetics industrialist

Office / Local News

HI EVERYONE!

Well, it's official...Cairns unemployment has climbed to 12.5% & still climbing. The job woes are very real, particularly to our tenants, many of whom have been forced to break their lease with rented properties due to job losses.

Our team has been well trained to handle these situations. If you are one of the many Landlords experiencing a vacating tenant situation, please do not hesitate to discuss your concerns with your Property Manager. The majority of our rentals available are break leases. The good news is that our vacancy rate within the office has dropped down to a healthy 2.56% although Cairns as a whole is still sitting around 7%. The biggest challenge is trying to achieve the high rents from a year ago when a broken lease is half way through its term. Many vacating tenants are forced to pay the difference if the Landlord is not agreeable to negotiate. If you are a Cairns investor, it is most advisable to meet the market when it comes to rent returns rather than have a vacant property sitting there empty for one to two months.

Our local building companies continue to collapse & as a consequence, we are now experiencing a lack of new housing approvals & developments. This will assure a future of excellent capital gains for those who hold on to their property. We have included the latest Herron Todd White Report for Cairns in this newsletter...and it's not all bad news!

Have a great month!

Ray White On Mulgrave Property Management Team

Latest HTW Report

Due to popular demand from our weekly e-letters, we have re-run the latest "Month In Review" from Herron Todd White Valuers...considered to be the most accurate analysts of the local real estate market. Basically, the report indicates that Cairns is now at the start of recovery stage:

"From its mini-boom in 2007, the Cairns residential property market experienced a distinct reduction in sales activity during the course of 2008, initially due to the high interest rates that prevailed for much of the year, and then the global financial crisis negatively impacting on buyer (or borrower) confidence.

Volumes of property sales in the Cairns market during 2008 reduced by about 40% on those recorded at the same time of the previous year, and values decreased by an average of 5% to 10% since the market price peak in early 2008. As 2009 has progressed there has been some increase in sale numbers, mainly due to first home buyers capitalizing on government grants and stamp duty concessions, and values have steadied.

However most of the increased demand, reflective of first home buyers, has been for affordable properties up to around \$350,000. Little movement in prices has been discerned thus far during 2009, with values generally stable. In the most recent months the first home buyer impetus has faded, but has been counterbalanced by some rekindling of the investor market as well as increased activity from second and subsequent buyers. If sustained, this should extend the sales base, much more into the \$350,000 plus price category. Our prognosis for the Cairns market is for continued stability over the short term, with little change in sale numbers and/or prices."

Smart Investors Are Making More Money Than Ever!

Recently we came across an interview with "Rich Dad, Poor Dad" author Robert Kiyosaki.

He was asked how he could still recommend real estate as an investment after so many people have lost so much money. Now bear in mind, the question was about real estate in the USA, but his reply stuck us as being relevant to real estate pretty much anywhere.

Here's what he said... *"...if you live on planet earth, you are invested in real estate. The house you live in, regardless if you rent or own is a real estate investment. The grocery store you shop at is someone's real estate investment. The gas station you buy your gas from is a real estate investment. Even boat harbors and marinas are real estate investments. McDonalds is the biggest real estate company in the world. Most people are born in a hospital and most people will be buried in a cemetery. Both are real estate investments. Someone is always making money from real estate. Like it or not, we're all in the real estate business."*

Pretty interesting, eh? And he went on to say... *"Losers are losing money...but not everyone. Smart investors are making more money than ever."* Isn't that good food for thought...

Why Investors Should Straddle The "Median Strip"

MEDIAN PRICED properties in urban areas are a safe investment option because most of the population can afford to rent them, or can afford to buy them if a quick sale is needed according to property advisor, Chris Gray.

Gray, the CEO of Executive Property Portfolios, said median priced properties, in inner-suburban areas are attractive investments.

"When buying, the two most important aspects investors need to look at are potential yields & capital gains," Gray said.

If property is within a 10% to 20% of the median price for that area, 80% of the population can afford to rent it. This means the property will rarely be without a tenant and ensures consistent yields. "Higher priced properties might attract higher rents but can often remain vacant in slower markets."



Office Activity This Month

Our overall current Occupancy Rate is 97.44%

Address	Property Description	Days Vacant	Rent Change
HOUSES			
LEASED THIS MONTH			
Bungalow	3 bed, 1 bath, \$280 p/w	12	↔ Same
Westcourt	3 bed, 1 bath, \$280 p/w	0	↔ Same
Redlynch	4 bed, 2 bath, \$370 p/w	14	↔ Same
White Rock	4 bed, 2 bath, \$315 p/w	49	↓ \$15
Holloways Beach	3 bed, 1 bath, \$310 p/w	11	↔ Same
UNITS			
LEASED THIS MONTH			
Woree	3 bed, 1 bath, \$260 p/w	80	↓ \$20
Parramatta Park	3 bed, 2 bath, \$380 p/w	32	↓ \$20
Bungalow	2 bed, 1 bath, \$160 p/w	14	↔ Same
Freshwater	2 bed, 1 bath, \$230 p/w	0	↔ Same
Westcourt	1 bed, 1 bath, \$160 p/w	60	↔ Same

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- October 2009

15 October Mid Month Accounting
30 October End of Month Accounting