



## FEBRUARY 2010 | INSIDE THIS ISSUE

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**Quote:** "Take your **heart to work**, and ask the most and best of everybody else too."

### **Meryl Streep (1949 – )**

American actress  
Academy Award winner

### Office / Local News

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Hi Everyone!

The month has flown by in what has to be one of the most frustrating months we have ever experienced in the Cairns rental market. This was largely due to inaccurate media reports that were wildly misrepresentative of our local situation. We are eagerly waiting for the winds of change to sweep from the south...and they will come, they always do!

Vaishali has just returned bright eyed & bushy tailed from a well deserved break in New Zealand and we have welcomed Sue Oliver to the team as our new front line receptionist.

New international flights are due to start arriving into Cairns in April and local tourism operators are feeling very optimistic about future growth in the second half of 2010. As you will all know, we are heavily reliant on tourism and the importance of job creation flowing from the industry is paramount to the well being of the local economy. As always, we will report to you the true facts about Cairns without fluffing around. We see this as critically important to you as Landlords making important decisions on your investments in our area. Feel free to call us any time for an unbiased update. We will tell it how it is!

Have a great month!

**Ray White On Mulgrave Property Management Team**

### Cairns - What's Really Going On?

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Whilst it is great to hear that the real estate market is on the go throughout Australia, you still have to question why the official interest rates were not raised last month. It is rather alarming, but not unexpected, to see a massive jump in the number of Mortgagee In Possession sales in Cairns in the past 4 weeks & speaking to the Receivers, Cairns is not alone. They report that First Home Buyers all over the country are failing to meet their commitments with the Governments First Home Owners Grant being the catalyst in a new breed of young bankrupts. There is not too much in the media about this is there?

The local newspapers report that the value of Cairns property is rising. Rents are set to make giant leaps upwards throughout 2010. In the same week they announce that the Cairns unemployment rate has again jumped up with over 8000 local people losing their jobs in the month of January alone.

From a sales point of view, there is absolutely no evidence whatsoever that value's are rising, quite the contrary. The last quarter of 2009 saw us bouncing along on the bottom of the graph, fairly stable and looking poised to rise. The start to the year has indeed been extremely busy with buyer interest, and admittedly, the highest number of sales in the past two years. But the actual sale prices have fallen again with our average medium price falling some \$150,000 this year. This appears to be due to the banks tightening up their purse strings again in the area...and who can blame them. It must scare the living daylight out of bank managers seeing Mortgagee in Possession sales being splashed throughout the papers. Unemployment is rife with a reported 30% of commercial premises vacant throughout the town. What great opportunities for buyers!

## Our Challenges in Property Management

People often ask us what it is like to run a rental agency in a tough market. We love what we do & fortunately the good usually outweighs the bad. The 10 biggest challenges we are faced with are as follows:

- Rising vacancy rates in Cairns – Approximately 1200 vacant units, 700 vacant houses this week
- The increasing poor quality of tenancy applications
- Sales agents from other companies telling lots of very tall stories to secure a property for sale as they have no other means to get listings due to lack of previous referral business. These are usually the “bottom feeder” sales agents causing great stress for your tenants & causing unnecessary break leases due to bullying & loss of income for the Owner.
- Some Landlords still insisting on increases of rent causing empty properties & no income
- Landlords not able to afford basic maintenance. There are so many properties for tenants to choose from, they simply dismiss the property from their list.
- Break leases- a huge increase of people absconding. Our property managers must have their eyes & ears open constantly.
- The Courts supporting tenants over Landlords. "Hardship" is the buzz word for absconding tenants. We are becoming unpaid solicitors.
- The paperwork & administration required by various governing bodies. We are using more trees than ever in our high technology "paperless" office!
- Cost blow outs from Landlords who simply refuse to pay their bills to us.
- Tenants expecting fully air-conditioned properties as a minimal acceptable standard

If your property is vacant, listen to our well advised Property Managers. They are trying their very best to achieve the highest rental income available to you.

## Rain + Sunshine = Green Grass!

We are looking forward to a break in the monsoon rains in March having had a whopping 40 inches of rain already in 2010! Lawn maintenance has become a big issue for the majority of properties with long bursts of sunshine creating perfect growing weather for lush, green lawns which constantly require mowing. If your property (house in this case) is vacant, please allow room in your budget to keep the maintenance up in order for us to present the property in its very best light to attract tenants.



## The Bottom Line

Property is more than just an investment – it is a fundamental human requirement. Everyone needs a roof over their head, whether they rent or own their own home. As a basic necessity, housing will always be in demand – it will always have value because we simply can't live without it.

The long term future is assured for those who invest in property. At some stages in the economic cycle property values will rise strongly and at other times they will languish. At those times when people can't afford to buy property (the times when price growth slows because of decreased demand) people end up renting, so investors win by getting better returns.

## Office Activity This Month

Our overall current Occupancy Rate is 96.48%

Address HOUSES	Property Description LEASED THIS MONTH	Days Vacant	Rent Change
Bungalow	4 bed, 1 bath, \$360 p/w	17	↓ \$40
Redlynch	3 bed, 1 bath, \$390 p/w	nil	↔ Same
Gordonvale	4bed, 2 bath, \$340 p/w	37	↓ \$35
BentleyPark	4 bed, 2 bath, \$380 p/w	1	↓ \$10
Brinsmead	3 bed, 2 bath, \$360 p/w	New	N/a
Address Units	PROPERTY DESCRIPTION LEASED THIS MONTH	Days Vacant	Rent Change
Cairns North	3 bed, 1 bath, \$325 p/w	43	↓ \$50
Whitfield	2 bed, 1 bath, \$200 p/w	43	↔ Same
Edge Hill	2 bed, 1 bath, \$250 p/w	77	↓ \$40
Yorkeys Knob	2 bed, 1 bath, \$310 p/w	10	↔ Same
Cairns	2bed, 1 bath, \$350 p/w	New	N/a

## Referrals are Rewarding!

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. Phone **Ray White On Mulgrave 07 40514595**

## Calendar of Events- March 2010

15 March  
31 March

Mid Month Accounting  
End of Month Accounting