



AUGUST 2008 | INSIDE THIS ISSUE

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LOCAL AREA NEWS - A TIME FOR GREAT VALUE BUYING!

Hi Everyone!

We are all holding our breath waiting for the RBA to hopefully drop interest rates next week with high hopes that it will inject a little enthusiasm into the investor market again. With new housing in Cairns set to slow down to a trickle in early 2009, we are being faced with a potential shortage of properties in the region from the end of 2009 onwards. First Home Buyers and Investors are just starting to reappear on the market buoyed on by a continued downward spiral of purchase prices for residential real estate in Cairns. We are beginning to see some great value property in the market. One of our staff has just secured a brand new, off-the-plan, 3 bed-room, 1 bathroom house on approximately 620m² for under \$245,000 with a predicted rent of \$300 per week. We appear to be moving towards late 2005 prices now offering pretty exciting investment opportunities for cashed up investors. Of course if interest rates are dropped, buyer activity will pick up, stock will dry up and the prices will be on the move again. It all makes logical sense. So, the moral of the story? Consider buying your investment properties in the near future no matter where you live in Australia!

We have great pleasure in announcing the recent addition of Anna Farr, our new Business Development Manager, to our Property Management Team. Anna is one of the most experienced and respected Property Managers in North Queensland and her role is to oversee the smooth transition of new properties to our rent roll. Please feel free to call Anna on Mobile 0438688795 if you have any questions at all regarding the management of your new investment property.

Have a great month,

**Ray White On Mulgrave
Property Management Team**



OFFICE ACTIVITY THIS MONTH

We regularly track our Agency activities and results via monthly performance indicators. These indicators are also a great way for you to follow the rental market activity, particularly the fluctuation in activity month by month, which shows trends, seasonal supply and demands and marketing success. You may find the following information of interest!

ACTIVITY : Number of:	LAST MONTH	THIS MONTH
Prospective Tenants inspecting available Rentals	107	113
Tenancy Applications Received	25	53
Properties Rented inc. Lease Renewals	26	46
Hits / enquiries on website	7113	9676

Our overall current Occupancy Rate is 97.37%

Address HOUSES	Property Description	Days Vacant	Rent Change
7 McCann St	2 bed, 1 bath \$260	7	New
5 Old Smithfield Rd	4 bed house, \$370	14	↔ Same
27 Sunrise St	4 bed, 2 bath, \$340	0	↔ Same
4 Quest Close	4 bed, 2 ½ bath, \$500	11	↔ Same
7 Potts Close	3 bed, 2 bath, \$320	14	↔ Same
24 Hogan St	3 bed, 1 bath, \$310	0	↔ Same
Address UNITS	PROPERTY DESCRIPTION LEASED THIS MONTH	Days Vacant	Rent Change
3/346 McCoombe St	1 bed, 1 bath, \$185	28	↔ Same
30B Earl Street	2 bed, 1bath, \$175	7	↑\$5
10/8 Kidston St	2 bed, 1 bath, \$170	14	↔ Same
4/201 Aumuller St	2 bed, 2 bath, \$220	6	↔ Same
8/33 Balaclava Rd	2 bed, 2 bath, \$260	14	↔ Same
8/176 Hoare St	2 bed, 1 bath, \$230	7	↔ Same

BONDS LEAVE INVESTORS EXPOSED

Investors might believe the bonds their renters pay at the start of a tenancy protect them from financial pain if the property is damaged or tenants abscond – but they're wrong, according to Carolyn Majda from Terri Scheer Insurance Brokers.

Residential tenancy bonds offer inadequate risk management for landlords, Majda says, as in more than half of all cases of property damage or unpaid rent, the bond is insufficient to cover the investor's losses.

Figures from Terri Scheer brokers show that in 59 per cent of insurance claims paid to landlords for loss of rent as a result of damage to property and absconding tenants the landlord has no available bond left over to be able to contribute to any of the damage or rental loss.

"This means that in these instances, the landlord has been left with expenses greater than what they can recover through their tenant's bond," Majda says.

"While many landlords rely solely on the bond to cover costs if a tenant damages their property, when taken on its own this is clearly an inadequate risk management tool.

"Residential tenancy bonds are important in helping landlords to recover costs, however investors need to consider a range of other risk management tools to ensure they're not left out of pocket."

Whilst using our property management services, we recommend that the property owners obtain and maintain adequate Building Insurance, Landlord Insurance, Contents Insurance, Loss of Rent Insurance, and Legal Liability Insurance. Please speak to your personal Property Manager if you require any further information.

Source : Australian Property Investor (July 2008)

VACANT POSSESSION OR OCCUPIED?

You have decided, for whatever reason, that you need to sell your investment property. Now comes the time to decide if you should sell with vacant possession or with a tenant still in place?

We look at the advantages and disadvantages of both scenarios.

Vacant possession

This means that you put your house on the market with no one living in it, and with all furniture and removable items removed.

The advantages include:

- The property will be attractive to owner occupiers and, depending on the type of property it is and where it is, this may open up the market to more buyers.
- Any people looking will be able to more clearly visualise their own furniture in the property.
- Interested buyers know that they can move in as soon as settlement occurs without having to move an existing tenant out.
- Inspections can occur as soon as potential buyers wants them to.

The disadvantages include:

- Potential investors may think it is un-tenantable.
- You will have to have a period of time without income, which may cause financial strain to you, especially if the property subsequently sits on the market for a long time.

Occupied

This means that you either stay in the property yourself in the case of an owner-occupied property, or you place the house on the market while there is still a tenant in place.

The advantages include:

- Potential investors are often happier knowing a tenant has been secured.

- A house can feel a lot more welcoming if there are people living in it.

The disadvantages include:

- The tenant may make it difficult for inspections to take place, although only 24 hours notice needs to be given.
- A tenant may not be keeping the property tidy and it may not look as attractive.
- Owner-occupiers may be precluded, especially if there is a long lease in place.

Deciding which way to go?

Find out who is most likely to buy your property – is it more attractive to owner-occupiers or tenants? Then work out how long you can expect the property to be on the market (real estate websites provide statistical data about the length of time properties in areas stay unsold) and how much discounting is needed for them to sell.

Knowing this will help you to establish if your individual property is better made available with vacant possession, or occupied, and whether you can afford to leave it untenanted for long enough to get it sold.

NOTE : Our sales team can assist you with information to include in your decision making process. We are happy to help anytime!
Ph 07 4042 4100.

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. We are delighted to present "Thank you for your Referring" bonus gifts! A \$100 Gift Voucher from Bunnings Warehouse or Verdi's Restaurant will be sent to you for every management that you refer and is subsequently signed up.

CALENDAR OF EVENTS- SEPTEMBER 2008

15 th September	Mid Month Accounting
30 th September	End of Month Accounting

CONTACT US

We have listed our contact details below so you can update your records and for easy contact with our office.

Due to the nature of our roles in Property Management, staff are frequently with Clients and Customers, or at properties.

As it is important to us that we are available to you, if you would like to meet with a particular team member we recommend you contact our office via email or phone and arrange an appointment. We find this works well as it minimises inconvenience to you.

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