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news for
August 2010



"Putting Real Back into Real Estate"

TENANCY AGREEMENTS — TO FIX OR NOT TO FIX?

Security is the long standing argument for having a fixed term tenancy agreement in place but there is more at risk for owners than just the rent coming in. In this issue of Espresso we look at the three most important points to consider when setting tenancy terms.

Start and end dates

The period with the highest demand is the beginning of the calendar year before school and university starts. For an owner this can mean elevated rent and a choice in tenants.

property to become vacant as a majority of the market will be on holidays or not in a financial position to make a change. If the lease ends at this time you could be exposed to uncomfortable periods of vacancy.

The solution is to end a fixed term tenancy agreement in late January so if the tenant does vacate the property, the market is in your favour. Remember, fixed term tenancy agreements do not have to be six or twelve months, they can start >>



ECO TIP

How long has it been since you checked the light bulbs in your investment property or your own home? Energy efficient light bulbs last six times as long and are therefore six times more energy efficient than the old incandescent bulbs, helping both your pocket and the environment.

DID YOU KNOW

Ketchup was once used as a medicine in the United States. In the 1830's it was sold as Dr. Miles Compound Extract of Tomato.





Juliette Says

Come and check out our new BRANCH office at Shop 1, 139A -143 Abbott St, Cairns City. Because we get noticed, we get your property noticed. Whether you're selling or renting we're making sure that we get maximum exposure at minimal cost to you. It's all about getting your property out there.

We're getting consistent enquiry for rental properties throughout Cairns. So if you have a rental property and you want that property manager with that point of difference call Juliette today on 1300 551 113.

<< and end when it suits the owner.

Validity of insurance

You may have a landlord insurance policy, but did you know that with most policies, you will only be covered for rent default relating to a tenant absconding if the tenancy agreement is fixed? That's right. Without a fixed term agreement in place, your insurance premium is probably wasted and you are at risk. Make sure you check this point in your policy and if you find that you are not adequately protected, it's time to do something about it.

Increased rental yields

Prior to the end of the fixed term is the perfect time for an inspection of the property and to make sure you would like to keep the current tenants. It is also the time to consider a rent increase. Put the offer to the tenant in advance of the fixed period ending and seek their intentions.

Following this strategy gives an owner all the options.

The tenant might say, "we're vacating due to the increase in rent", they may agree to renew the fixed period, they may attempt to negotiate. Whatever the outcome, you have all the information to make the decisions that work best for you.

Sure you can increase the rent on a periodic lease but when will you remember to do this again? At least the fixed term keeps you to a schedule for the investment.

I know what you're thinking - a fixed term tenancy might still make it hard to increase the rent, but the opposite is true.

A smart negotiation includes a rent increase at a pre-determined date during the fixed term. The tenant still needs written notice, however the legislation does allow for an increase, as long as it is written into the terms at the commencement of the tenancy agreement.

If your property is a wealth tool yet your tenants are not currently on a fixed term lease, perhaps now is the time to ask whether a periodic tenancy is really in your best interests for growth.

What am I?

I start with the letter e. I end with the letter e.
I contain only one letter. Yet I am not the letter e!

(answer on page 3)



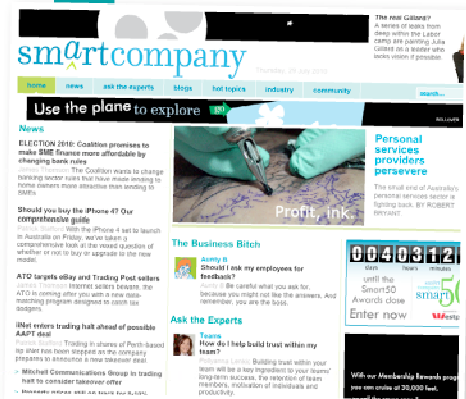
Go online for inspiration! The latest online statistics released in Australia support what many of us know already - that approximately 70% of purchase decisions are researched online first. So in celebration of this trend to better information gathering I have put together a selection of some of the best property, business and lifestyle destinations on the internet.



1



2



3

1. apimagazine.com.au

Australian Property Investor has it all, from trends and market hotspots to renovation case studies and financial articles. An essential bookmark for property investors.

2. energyrating.gov.au

Compare the energy efficiency of appliances in your home or investment property with this comprehensive government resource.

3. smartcompany.com.au

Stay on top of the latest issues that influence small to medium businesses in Australia. Smart Company is full of news, views and an incredible array of resources for successful business life.



SUE'S GOING FOR GOLD

An avid outrigger paddler, Sue recently Won a Gold & Silver medal at the Cairns Beaches Outrigger club Regatta at Ellis Beach. Sue and 5 of her team mates Took the Senior Masters Women's (Over 45) 300m Sprint and 8 km Marathon. They're off to Innisfail at the end of this Month to see if they can do it again....

(from page 2)

An envelope

Whilst every effort has been made to ensure the accuracy and completeness of the information, no guarantee is given nor responsibility taken by Cairns Front Door Realty