

Annual property inspections:-

Over the last few weeks I have been doing annual property inspections with the owners.

There is a real benefit to this from both the property owners' point of view as well as mine.

From the property owners' point of view it helps to keep an eye on the property. For example; what is going to need to be replaced in the short term and the long term.

Many properties are 40 years old and considering the turn over of tenancies during these years many of the properties are still in reasonably good condition. Many have had paint, carpet and blinds replaced but there comes a time when kitchens need to be looked at.

Going back say 25-30 years, a large number of kitchens had elevated stoves and ovens.

Today to replace an elevated stove and oven the cost is enormous and this is where a kitchen replacement becomes a consideration.

My suggestion is that our property investors should inspect their property every 2 or 3 years.

From my point of view it lets me see who is actually living in the property and how many people are living there.

It also means I can check on any maintenance problems (are there any dripping taps?) you would be surprised at the number of tenants who don't report dripping taps.

Changes to Strata Laws:-

November 30 is the day on which new legislation, affecting Strata, will be introduced.

Some key changes include:
increased demand on accountability of strata managers;
modern technology will be allowed in the conduct of meetings;
owners may review by-laws;
a process for the collective sale and renewal of a strata scheme;
a simpler process for dealing with disputes;

tenant involvement at meetings;
a simpler renovation process, which will waive some approval for cosmetic reno work.

Of those changes, one that might concern some is the meaning of 'collective sale and renewal'.

Presently to sell or develop a scheme requires a unanimous decision.

Under the new reform, a majority of owners (75%) would have to agree to sell or develop a scheme.

Owners would have 60 days to consider a proposal that must outline the plan for re-development and it must include practical considerations such as moving arrangements.

There will be support and advice available to the elderly owner-occupiers.

There are other issues to be explored over the coming months. However, I thought that the 'collective sale' issue seemed relevant, given the present and on going

situation with the Macquarie Park precinct.

So let me present a theoretical scenario.

75% of owners have agreed to sell their respective 2 bedroom units for \$1.1M which is not bad, considering some of them paid \$18,000 40 years ago.

Now the other 25% have held out in the expectation of gaining more. They believe they have the developer over the proverbial barrel.

So are they paid more than the \$1.1 or just the same as the others? Or does the developer offer less, because of the obvious inconvenience he has experienced???

It is possible that some litigation could follow as the 20% owners fight for more money.

But in the end, I suspect they would be the losers; why?

The 75% of owners...

- * have their money
- * have re-invested;
- * have been free of anxiety;
- * their lives are back to normal.

Not so the 25% people.

There are other aspects of the legislation that we will explore in the coming months...just one issue to digest at a time, I think is more than enough.

**Have you changed your email?
Have you received your End Of
Year summary?
Then we don't have your new
email**

Sales News:-

June was an interesting month and profitable too, for Lyn and Denis.

One of our owners decided to sell his 2 townhouses...on either side of the financial year.

The first one sold, without the purchasers looking inside. At that time another couple showed interest and Lyn mentioned the second one would be on the market within a short period of time.

It too was sold and without a sign.

Still in Taranto Road, Denis opened a townhouse for inspection. On the second open house, an offer was made of \$710,000 (just \$10K below the asking price). Our owner wanted to think about it over the weekend, during which he had been counselled by some friends. They told him that they had rejected their first offer and waited another 3 months before they sold their home.

Often the first offer is the best offer.

July will be well occupied too.

We were invited to make a marketing submission to the Trustee & Guardian to sell a vacant block of land in Eastwood.

Seven months later the contracts arrived with instructions to auction the land.

Denis advertised it on the web in the last week of June and within 2 weeks he had received 26 emails, 7 phone calls & 6 contracts have been issued.

One prospect has offered \$1M+. So the 23rd July could be quite an exciting morning.

We will have 2 other properties on the market in July: a 2 bedroom unit that has a new kitchen in Blaxland Road near Top Ryde. It has views to Olympic Park.

A 3 bedroom townhouse will also be on the market. Although it has been tenanted for over 10 years, the housekeeping is impeccable.

This will be a good buy for someone who wants to renovate and who would like to live in Baulkham Hills.

Email is a major means of communication now.

If there is a repair issue between you and your Strata Manager - Stephanie finds it easier to email you a copy the strata report just to keep you in the loop. Again if she is organising quotes for a particular repair for you - email is the fastest means of communication.

If you have a new mobile please let us know.



Landlord Insurance:-

I want to finish last month's story.

Our owner, you may recall, is living in London but she had not renewed her insurance. She will need to replace the carpet and do a repaint at her expense.

However, the unit had become uninhabitable, so the tenant was forced to seek other accommodation...in a hotel and at the expense of the property owner.

And the tenant? Well he thought his damaged property would be covered by someone's insurance, since he did not have contents insurance...a sad lesson for the tenant.

Rental News:-

The rental market is always slower in winter. But this year it is slower than usual. With all the new developments in our immediate vicinity there is an over supply of rental property and to just name a few (mainly units) Eastwood 25 Macquarie Park 30 Marsfield 18 Epping 30 and Lane Cove 50.

We had a fully renovated 3 bed unit in Epping with an asking rental of \$550 - 5 weeks later it was let at \$510 pw.

With so much to choose from the determining factor is the best property for the lowest rent.

Bearing in mind the moving out factor at Christmas - we are currently running Tenancy Agreements with an expiry date in February 2017 and tenants are happy to know that they don't have to worry about moving until well into the New Year if they choose to.

We have adopted this procedure for many years and it works well.

Our Office building 38 Rowe Street

Apart from it taking Otis 4 weeks to have our lift working after the storm damage, we now have road works down Rowe Street.

To gain entry to our car park we have to access the office via First Avenue, Blaxland Road and then Rowe Street. That means you can only turn left into our building, a right turn is not possible. So should you decide to come to our office allow plenty of time and plan to park in the council car park in Rowe Street - just up from Eastwood Hotel.