



newsletter

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I guess like a lot of people I get to the end of the year, stop and wonder where it's gone and whether much has been achieved. On reflection I think we can be pleased with our accomplishments in 2011 as far as business is concerned and we are always grateful for any success we enjoy.

I think on balance owners of investment property can also be well pleased with how the market has performed and I'd like to think that we've fulfilled our duty in leveraging that where possible. At this time last year we were preparing as best we could for the introduction of the new tenancy laws to come into effect at the end of January. There was a fair amount of consternation about their potential impact, some of it warranted I must say. We remain wary in relation to a few untested areas but in the main they were implemented relatively seamlessly and the hard work and collaboration with owners paid off. Some owners however thought they might be selling and shifting their investment to alternative "less onerous" options but fortunately this didn't eventuate to any noticeable degree. I believe there are far more significant factors that determine the choices made and perhaps the strength of the market during the year swayed investors from considering any move; at least until the first home buyers got very active near the end of the year, which enticed a few to sell and realise any gain on offer.

I would contend that the market this year has been almost unprecedented as far as demand is concerned. Certainly we've had robust conditions before but it's been the consistency throughout the year that has been most striking; apart from a minor dip at Easter, which is traditionally quiet in any case. This followed what I call the settling in period. March and April is the time when people settle after the holiday and relocation period at the start of the year. The winter months were no deterrent to

prospective tenants and properties continued to be in strong demand; this consolidated even further as the year progressed apart from a brief period in September, which I am still unable to account for. Frankly, we find ourselves on occasions exclaiming surprise as to the rents that some people have been prepared to pay, in some instances offering above the 'market' rent to simply "get a property". Now there are a couple of important qualifiers to this phenomenon; firstly it is not on all properties and generally the tenants' expectations are higher. They are demanding clean, well presented and well maintained properties across all price ranges; and increasingly they look for pristine, quality premises. In these cases features such as air-conditioning and dishwashers are seen as essentials rather than luxuries. As always for the prudent investor it comes down to the return on your investment; lower end properties can still give good yields but it may be that by injecting capital into strategic renovation and improvements, even better returns are achieved.

There doesn't appear at this stage to be any sign of demand slowing into 2012. The recent interest rate drops will have been welcomed by property investors and may just provide that impetus for further investment I was talking about in the September issue. I am pleased by the way that our suggestion at the time regarding rates seems to have panned out "We will watch as the State Government's stamp duty move for first home buyers impacts and what occurs with interest rates, which we believe may drop a half point or so by year's end." (September Newsletter)

Twelve months ago we were also getting set to relocate into temporary premises at East Maitland while new offices were being built; that's been ticked off and the crew settled into their sparkling new home in October. By December last year we had already put six months planning into our new website; it came to fruition in June this year and the fabulous feedback has made the project even more satisfying. It has been a rewarding year for these and other reasons, but again mostly because of the tremendous support and word of mouth endorsement we receive from owners and tenants alike. I say that with utmost sincerity and gratitude, and that has been the case since we took our first steps nearly eighteen years ago.

I wish you and your loved ones a happy and safe Christmas and New Year.

Regards, *Leah*

All in a day's work!

We come across all sorts of situations in our daily work and generally not too much surprises us, however we do get stopped in our tracks from time to time. Recently our Warners Bay office was visited by an exorcist seeking permission to carry out an exorcism on behalf of the tenants at a property we manage. The exorcist went on to explain to Property Manager Katie that the tenants were being unsettled by a spirit who was creating havoc with their phones and electricity and of even greater concern, was unsettling their four year old daughter.

The exorcist advised that in order for the exorcism to be successful the "mortgage holders" consent must be given. It was a somewhat awkward phone call that Katie had to make to the owners; it was after all the first time we had been approached for approval for an exorcism. In this case the owners of the property decided against the exorcism and opted instead to provide the tenants with the details of local priests and churches that might assist.

Our longest tenancy?

Many tenants have been with us for over five years and more than a few for over ten years but there's only one that's been with Leah Jay since the beginning in July 1994. And by coincidence with the same owner, who lives in southern NSW. For 17 years 6 months this three way relationship has worked excellently, with a dream tenant it has to be said. In a small Islington house that the tenant has maintained as if it were her own from day one; with children and grandchildren coming and going over the years. While it's been one person's valuable nest egg, it's been another's precious home. We just love it!

Snippets

- An important reminder - time is running out to organise the requisite water saving installation at your property. Compliance with the Water Efficiency Assessment ensures that you will still be able to charge tenants water usage. This only applies to eligible properties, that is where tenancies are separately metered; if the property is not separately metered you cannot charge the tenants water usage. If you are unsure, talk with your property manager.
- We were hardly a week in our new offices at East Maitland, when smoke was noticed billowing from the vet's premises across the road. Everyone rushed to volunteer a hand; and we knew we'd planned the space in the foyer of our new building for something... just not quite this! It provided emergency refuge for some of the little creatures in need of evacuation from the fire.



- As mentioned in our November eBulletin, Leah Jay is associated with the national 10thousandgirl campaign, which seeks to provide young women with the necessary tools and knowledge to achieve financial independence. At the Newcastle workshop held in November Leah was one of an expert panel that answered questions from the women on a wide range of topics. A few of our young property managers, Renee Ross, Rachel Gosper and Ashley Harper took the opportunity to attend. Feedback from the day was very positive.



Merry Christmas
& Happy New Year
from all of us
at Leah Jay

Insurance Update

Not surprisingly we received a number of comments from owners in response to the landlord insurance feature in our November eBulletin, in particular the need to pay careful attention to the fine print of your insurance policy. As one of our owners recounted, my tenant hadn't paid rent for approximately four months by the time the court enforced a sheriff to have her removed. I thought I would be covered for the loss of rent only to find out (by reading the fine print) that the tenant needs to be on a fixed lease for insurance to provide cover. As a result, they gave me two weeks rent, less the excess.

The removal of furniture/rubbish was not included as it was not seen as malicious damage. Landlord insurance can provide a safety net for when situations turn sour, however to be fully effective it is necessary to have as much of the unforeseen covered as possible; this means being aware of precisely what is covered and perhaps more pertinent, what isn't covered.

A few owners also sought information from the industry specific insurance providers we mentioned in the article; in most cases they elected to stay with their current provider. The important thing here is being informed and also at least having options to consider. We must stress that we put forward these companies for comparative purposes only and it is our policy not to formally recommend any one in particular. Your requirements and preferences vary so it is essential the choice is made to suit you; we want to make sure that you are conscious of the pitfalls and shortcomings; and on the other hand the extent of coverage that is actually available these days. We always welcome your feedback; let us know if you've found a provider that you feel gives exceptional cover and service.

By the way, if you do not receive our eBulletins and would like to, please email your property manager. Alternatively the November eBulletin and all other eBulletins can be viewed on our website.

Staff happenings



Keira Melhuish – Property Manager, East Maitland

Keira joined us as a property manager at our East Maitland office in September, after starting her career in western NSW over seven years ago. Keira says she got a taste for the country lifestyle and feels she's a country girl at heart. That hasn't stopped her from travelling overseas extensively and holding an ambition to see a lot more of the world. Keira looks after a portfolio, which includes properties from Branxton to Paterson and everything in between.

The new generation of PMs

This year Leah's been mentoring several promising young property managers at the Hamilton office; amongst them Sophie Herdegen, Rachel Gosper and Amy Leggett. This involves advising and guiding them through the more challenging aspects of the role to attain the level of expertise required to effectively control a portfolio of properties. Also benefitting from Leah's tutelage has been Vanessa Blow, who is an Assistant to the property managers. Sophie's been with us for a few years now, while Rachel, Amy and Vanessa joined the ranks during the year.



(l-r) Vanessa, Amy, Sophie and Rachel

And when we're not managing property...

Sophie's one of our property managers at Hamilton office. If you knew Soph, you'd understand us saying it was more than a little unexpected to hear about her recent weekend 'mud run'! Her weekend at the Glenworth Valley Stampede was full of crawling through mud, running through a herd of cows, giant swings and slides...not to mention the 5km run! Sounds exhausting – but in Soph's words, she's addicted and can't wait to tackle the 20km event next year.



Leah (c) atop Mt Kala Pattar

Earlier in the year Leah took on a gruelling 16 day trek to Mt Everest base camp and over the forbidding Cho la Pass; summiting Mt Kala Pattar along the way. It was extremely rewarding for Leah, as she has a love of the mountains and was able to take in the most spectacular views possible of Mt Everest. She's also trekked Kokoda and Mt Kilimanjaro.

Please note: As at 12/12/2011, this newsletter is intended as general news and not as advice, as each individual's situation will vary depending on specific circumstances relating to that individual. You should seek professional advice as it relates to your own circumstances.

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