



newsletter

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A short offering from me this time with plenty of other information to pass onto you. The market remains robust; that said there are always variances depending on location and condition of property and rarely can the sensational newspaper headline such as 'rent crisis' be taken at face value. Our current vacancy rate (across Newcastle, Lake Macquarie and Maitland areas) hovers around 1.5%, which I would contend is close to equilibrium. Some might argue that the tighter the better for rents but that is an unrealistic proposition from a social perspective. It creates inordinate pressures which eventually indirectly impact us all. On the other hand there are those in the industry who continually claim the situation is way too tight and we need more housing stock and development, without mentioning their own vested interest in the matter. They also fail to reveal what oversupply can do to the returns for their current clients holding investment

property. To have development and stock regularly turning over is great for revenue but it may impact on yields for existing investors. No great problem for the vocal agents though because their interests are served either way.

We've highlighted the new tenancy laws in recent issues but there's no regulations at this point. In-house training has been conducted and we've attended industry seminars to prepare as much as possible. However it's worth reiterating that it is only when the regulations are released and dates for implementation set that we will be clearer on detail and even then as with previous laws, such as the smoke alarm legislation, it'll take time in practice to see how they work...and quite possibly a few Tribunal interpretations. Of course we will keep you posted.

Regards,

Leah

STOP PRESS New Regulations Released

As we go to print the Government has released the regulations which prescribe how its new tenancy laws are to be applied in practice. No date has been set for their introduction though it is expected to be November/December.

Comments and submissions on the regulations can be made to the Government by 15th October. See www.leahjay.com.au for more details and a copy of the new regulations.

Water Usage

The topic of charging water usage to tenants is regularly raised by owners and there still appears to be some confusion and misconceptions; so we thought it might be time again to clarify a few of the key points.

- You can only claim water usage from the tenant if the premises is separately metered; it does not have to be a Hunter Water meter but it must be an approved device.
- The owner is responsible for paying the account in full and then reimbursement is sought from the tenant.
- In some cases the amount charged for usage on the account may vary from what the tenant will pay, often due to timing differences with the tenancy. In these instances we are required to go to the property and read the meter.
- The water usage and sewer usage are now combined into one amount on the account (except for commercial premises).
- In some cases, particularly older blocks of units, Hunter Water will read the main meter only and then charge owners on the basis of the unit entitlement for their premises, which is determined at the time the strata scheme is created. In one instance we have a block of 10 units where 4 units are charged 9% of the account each, two others 10% each and the remaining four 11% each. So this creates the extra anomaly where we read the meters for all units/tenants and charge accordingly but they never equal the amounts apportioned by Hunter Water. Any wonder the owner was confused.
- If you pay your water account and then send the notice to us so that we can claim reimbursement for usage from the tenants, please be sure to send a copy of both front and back. And it is good practice to send it as soon as you pay, remembering that we can only back date claims from tenants to a maximum of two periods.
- The new laws have added an extra parameter, stating that a tenant must pay water usage if the premises are separately metered and...“the premises contain water efficiency measures prescribed by the regulations for the purposes of this section”. The regulations have not been released yet so we don't know what they will prescribe as “water efficiency measures”. We wait with great interest!

Why we want your email address

- It's a very efficient means of written communication; in many instances we need written approval and we can always scan and attach documents.
- We email your financial statements and invoices to you as soon as monthly processing occurs, which you can then save to file and/or print.
- It's an effective means of providing regular information updates, including links to relevant sites such as we did with the new tenancy laws. With very short notice given by the Government last December, we were still able to invite feedback from owners with email before making our final submission.
- It is also a very practical way to solicit comments and feedback on matters or changes we may be considering, just as we did in relation to monthly statements.
- While newsletters are produced quarterly, from 2011 we plan to provide you brief monthly alerts on key happenings; email makes this viable.

So if you have email facility and haven't already done so can you please provide your address to owners@leahjay.com.au; if you still wish to receive your monthly statements by regular mail that's no problem, just let us know in your email.

Hot 100 areas

Branxton and Newcastle have again made it into Australian Property Investor magazine's (September) 'Hot 100' areas set to boom, with similar rationale as that given for their inclusion in 2009. As we stated last year, it's no surprise given the fundamental strengths of the region. API has in its wisdom chosen to add a third from the Hunter into the 2010 list; tagging it as the fastest growing council area in NSW...Maitland. This reflects Leah Jay's confidence in the area with plans about to go to Maitland council for the redevelopment of our East Maitland site.

Urgent repair?

It might be a case of 'in the eye of the beholder' but we're still not sure this could ever be described as urgent. In May, a tenant in quite a frantic state, called our Hamilton office to report the 'urgent repair'. She had attempted to fix the matter herself but now needed us to attend to it immediately; despite purchasing an adaptor for her television, there was still no reception and as she had two young children, it had to be fixed as a matter of urgency.

All for a good cause

Eyes were raised around the offices late August when Leah was seen walking quite gingerly for a few days, obviously in some discomfort. She had taken on the 'Big Beach Challenge', a 32 kilometre run/walk from Birubi to Stockton, thinking it was a great idea that they were raising money for 'Harry's House', a retreat for families with children living with cancer. We're not sure whether Leah will front up again next year, seems she was pipped at the post by about 190 of the 200 (mostly serious) runners. We think she should.

FAQs – On selling

If I want to sell my property without the tenant in it, how much notice do I have to give them to vacate?

Provided the lease has expired, you must give notice of 60 days plus 4 working days for postage. It's worth mentioning that you're not always guaranteed immediate success if the tenant chooses to take the matter before Tribunal. During the 60 days the tenant can vacate by giving 21 days notice.

If I am selling my property tenanted, how much notice do I have to give if the new owner wants it vacant?

Assuming the lease has expired, you are required to give 30 days from the date of exchange plus 4 working days for postage. We emphasise it is from the date of exchange of contracts; we have some owners misled at times into thinking that once the deposit is paid they can give notice. The Tribunal is unforgiving on this, so getting it wrong can lead to great frustration and added costs.

Why don't you just hand deliver the notice to terminate?

This can be an effective way of getting a notice to terminate tenancy into the hands of the tenant BUT the key is...into the hands. At present it is a requirement to hand the notice to a person in the household who is 16 years or over. If they are not home or don't answer the door, you can lose valuable time. We advise best practice is to get the notice into the mail immediately, always considering individual circumstances of course. The new laws may partly address this issue as it appears delivery of notice to the letterbox or work/business address will be permitted. They are not in place yet.

Doesn't a quick call from the sales agent get things moving?

It's certainly better than finding out the day of exchange, which unfortunately does happen. However it is far wiser for the owner to make early contact with us, so that we can work with the sales agent and tenant to ensure the process goes as smoothly as possible. The Property Manager invariably has established a relationship with the tenant and that can be a distinct advantage during what can be unsettling times.

Any further tips?

Think carefully before signing a long lease with a tenant if you have any thoughts of selling. We have plenty of tales about owners who wanted long leases (in one case 3 years) then decided to sell; owners' circumstances can change...and tenants say they will leave to accommodate the sale...and then don't. It must be realised that leases are legally binding and the tenant has right to the property until the end, even if the property is sold. It makes sense to keep us informed of what you have in mind; our job is to work for you, to assist you in achieving your aims. Should they change due to altered circumstances or priorities, talk to your Property Manager; the earlier we know the more options we may be able to provide. In one case the Property Manager did get the owner out of the lease by arguing financial hardship before the Tribunal but you cannot rely on that.

Each Office Provides a Finalist in 2010 REI Awards

We are particularly pleased to have representation from all three offices in this year's REI NSW 'Awards for Excellence', illustrating the depth of professionalism and expertise across Leah Jay.



Karen Tresidder is one of our Senior Property Managers at Hamilton and is now recognised as a leader in our profession by being selected as a finalist in the major property management category at this year's awards. If successful, Karen will become the third from Leah Jay to receive this prestigious award; including Leah herself back in 1998 and Michelle Barnett in 2003.



Based at East Maitland, Commercial Property Manager **Cassandra Fenwick** has a diverse role. Aside from managing a portfolio of industrial and commercial properties, Cassie is also involved in corporate marketing and project management. Cassie is looking to follow in the footsteps of Rachael O'Donnell from Leah Jay, who received the 'Award for Excellence' in 'Corporate Support' in 2005.



Brooke Purvis has been part of our team at Warners Bay for two years and is in the running for 'Young Property Manager' of the year. Brooke commenced as Receptionist/Property Officer with Leah Jay and has quickly developed to the point where she now has responsibility for a portfolio of properties. The REI awards will be presented at a gala night in Sydney in October.

Doggone

Last newsletter, along with a photo of the two cute pups, Admin Assistant at Hamilton, Nicole Roach, was in the running for the grand final prize of \$250,000 on 'Australia's Funniest Home Videos.' Unfortunately Nic missed out but the pups are still in favour after bringing in the earlier prize money of \$10,000... and they're still trying to escape.

In coming issues...

We'll revisit the subject of landlord insurance with the aim of raising a few concerns and clearing some common misconceptions plus we'll provide insight into the Tribunal, how it works and the things that cause frustration to owners. We're also hoping to profile some of you and perhaps share tips for owning investment property.



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MULTIPLE WINNER - REI AWARD FOR EXCELLENCE