

PROPERTY INVESTOR NEWSLETTER NOVEMBER – DECEMBER 2008

This newsletter has been designed to keep you updated on what is happening within the industry and our Real Estate Office

**From the desk of the
Property Managers**



**MERRY
CHRISTMAS
Season's
Greetings and
Happy Holidays!**

The Christmas period is such a special time of the year to enjoy some much needed time out with family, friends and loved ones.

We would like to take this opportunity to thank you for your valued business during 2008 and wish you a Happy, Joyous and Merry Christmas.



**END OF MONTH
PAYMENTS FOR
DECEMBER 2008
AND OFFICE CLOSURE!!!**

Please note that End of Month Landlord payments will be processed on Monday 22nd December and Tuesday 23rd December.

The office will be closed from Wednesday 24th December at 12noon and re-open at 9.00am Monday the 5th January 2009.

INTEREST RATE CUTS

With the reserve bank announcing another 1.00% interest rate cut, cutting the official cash rate to 4.25% home loans and more importantly investments are getting cheaper again. The good news to yourselves is that it reduces your output and may even get you to a positive income, after all isn't that what we won't from our investments, to make money.

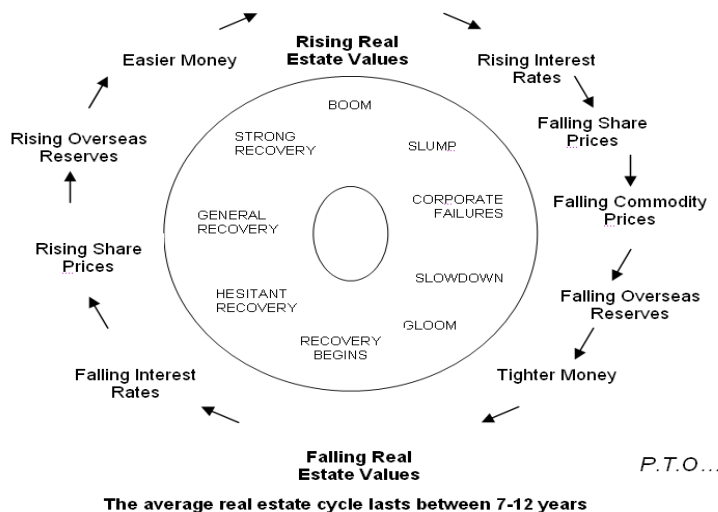
In the last 3 months we have seen interest rates reduced by 2.75% which is the equivalent to around \$450 per month on a \$200,000 investment loan or even more if the loan is larger. I am sure some of you reading this are saying to yourselves that the banks have reduced rates but your rates are still higher. There could be

reasons for this, one is you are fixed and that means your rate stays the same regardless and there are often very large fees to change this. The other reason is that when banks offer new interest rates it can often take 1 to 2 months to pass this on to existing customers.

If you are not seeing any reduction in your interest rates or your repayments then please call me to discuss and look at your options. If you could save \$450 or more per month isn't it worth it. Our service is free and we come to you.

Steve Murphy – Raine and Horne Financial Services

Refer to the below property cycle.



IMPORTANT: This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. The newsletter is issued as a helpful guide to clients and is for their private information. Every effort is made to ensure the contents are accurate at the time of publication. We take no responsibility for any subsequent action that may arise from the use of this newsletter. Published by THE PPM GROUP - www.ppmssystem.com & Raine & Horne North East

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LANDLORDS CAUGHT OUT WITH PACKAGED INSURANCE PRODUCTS

Recent feedback that is consistent among many Property Managers is the state of the economy and the subsequent impact on the rental market. It's no secret that rents have been increasing rapidly of late and these increases have created considerable strain for many tenants. As a result, many tenants are breaking their lease as they are unable to meet their lease obligations. On a number of occasions I have been told stories of tenants going to court to claim hardship and being released from their lease obligations due to their financial position.

Over the last few months we have seen a steady increase in the number of loss of rent claims being lodged and landlords' reliance on their insurance is becoming more apparent. With high inflation, the consequences of any expense can be a major setback for any landlord without adequate landlord insurance.

At a recent meeting with a Property Manager I was told of a scenario where a Landlord had suffered a loss of just over \$3,000 due to their tenant defaulting. The property manager contacted the Landlords insurer (a bank) only to find that they would be looking at a payout figure of around \$800 (loss minus the bond and minus the applicable excess). The Property Manager contacted the landlord and told them of the situation when the landlord remembered they had a policy with Terri Scheer. The Property Manager then called our office, submitted the claim and we paid the owner the full 6 week benefit (\$3000) for loss of rent minus their \$180 excess.

Needless to say, the owner has now cancelled their bank policy and will be using the Terri Scheer policy only from here on.

Many landlords have opted for the 'packaged' landlord insurance policies provided by their bank or other financial institutions, but generally, these providers combine the building and landlord insurance into one policy. Often without taking the time to compare policies, landlords opt for this option to save a few dollars or because they believe it's an easier process and provides the same coverage, but rarely are they happy when they need to make a claim. It's a good idea for your landlords to compare policies before making the decision to purchase, they might not be as lucky as this landlord!



Dehran Rendall
Business
Relationship
Manager, QLD

Solar Systems – Up to an \$8000 Rebate

The rebate for solar-panels installed in Australian homes has received such an overwhelming response that the Federal Government has handed out the equivalent of three years' funding in 16 months.

Householders have been able to claim rebates of up to \$8000 since July last year to install solar and heat pump hot water systems to replace electric storage hot water systems in existing privately owned homes. \$150M has been claimed in that time.

The rebate scheme means households are able to both save money and help fight global warming. Water heating is the largest single source of greenhouse gas emissions from the average Australian home, accounting for around 28 per cent of home energy use (excluding the family car).

Installing a climate friendly hot water system and solar electricity systems can save a family \$300 to \$700 off their electricity bill each year.

Although up-front costs can be expensive, generating your own solar electricity adds 'green value' to your property and saves you money in the long-run.

As solar panels produce most power when they are in direct sunlight, make sure they are installed in a place where they will receive optimal sun exposure, away from the shade of trees etc. Some tracking models are also available that follow the sun as it moves through the day.

There are various types of solar panels available, so check for what is most likely to suit your home. A Sustainable Energy Industry Association (SEIA) certified installer can provide advice on installation.

For further information on rebates and eligibility visit: <http://www.environment.gov.au/settlements/renewable/pv/index.html> ■

Properties recently rented

Keeping you updated on the local rental market

HOUSES

Strathearn Ave, ROSTREVOR

\$310 per week

The Driveway, HOLDEN HILL

\$285 per week

Haines Road, BANKSIA PARK

\$280 per week

Currawong Street, BURTON

\$275 per week

Tomatin Court, GREENWITH

\$310 per week

UNITS

Harrington Court, Golden Grove

\$245 per week