

In Touch

Summer Edition 2008 - 2009

Property In Focus

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Building Maintenance

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Tips and benefits on renovating your unit



Welcome to the Summer edition of In Touch.

With summer fast approaching, we thought it prudent to remind you that just as we enjoy the warmer weather, so do the pests and vermin that invade our homes. Check out our article on Page 3 to discover how you should stop the invading hordes.

Not that summer is all about the insects, mind you. Imagine if you could spend your summer afternoons, sitting on your balcony, overlooking Mosman Bay. Sounds pretty good, yes? Turn to Page 4 and check out an amazing new water front development – Watermarque. You'll find some fairly unbelievable photos from the site.

Have you ever wondered whether the amenities in your building are being correctly maintained? Our Building & Facilities Management article explains the difference and benefits of having planned and unplanned maintenance. Turn to Page 5 to find out more about sinking fund analysis reports and the importance of having one carried out for your building.

Finally, our Real Estate Leasing article goes into detail about the advantages of carrying out renovations to your property. With Sydney vacancy rates remaining at a steady 1.2% on average, now is a great time to consider investing your higher rental returns back into your property.

I trust you will enjoy our summer edition of In Touch.

Daniel Linders

General Manager and Licensee-In-Charge
Linders Property Group



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Win The Battle Against Pests

The warmer months usually encourage an invasion of various pests into our homes, cockroaches being the hardiest of them all. The main concern with cockroaches and other vermin in our homes is that they collect germs and bacteria, which they then pass on to us by crawling across our food, kitchen utensils and bench-tops. If we cannot eliminate these pests by self-treatment, it's usually necessary to obtain the services of a professional pest treatment company to get the job done.

Many people have mixed views when it comes to using pesticide treatment in or around the home. Therefore, changes were made to the Pesticides Regulation, which became applicable from 1 February 2007.

These changes made it compulsory for owners, strata managers and property managers to notify residents when pest management technicians apply pesticides to common areas of multiple occupancy residential complexes. Multiple occupancy residential complexes include units, flats, townhouses and villas with three or more residences. Common areas include pathways, gardens, lawns, foyers, hallways, share laundries, car parks, roof cavities and sub-floor areas. The aim of this notification is to allow residents the option of reducing their exposure to pesticides if they wish. However, it does not mean that they can prevent the use of pesticides in the area.

Know what you're up against

Cockroaches

The cockroach varies little between the 400 and more species in Australia and over 4000 worldwide. The best known cockroaches are the ones that inhabit houses, hospitality outlets and sewers. They can range from a couple of millimetres to over 70 millimetres in length.



The cockroach can live for several years and traditionally feeds on wood, but the domestic variations can feed on almost anything. They live in both wet and dry environments but prefer the warmer, darker crevices – such as under the fridge or the back of cupboards.

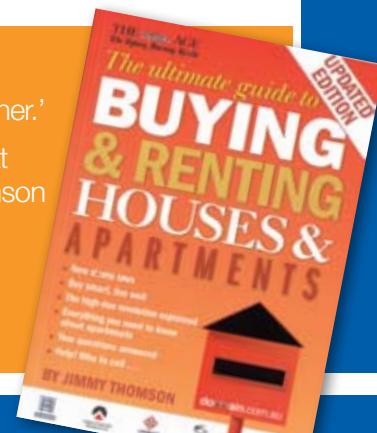
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“Laws come and go, so do developers, neighbours, owners and tenants,”

says author and “accidental strata guru” Jimmy Thomson.

“But the one thing that remains in strata living is the need for everybody just to try to get on with each other.”

Best known in the strata field for his weekly Flat Chat column in the Sydney Morning Herald, Jimmy Thomson recently released a second, updated edition of his modestly titled book “Ultimate Guide to Buying and Renting Houses and Apartments”, available from newsagents and www.smhshop.com.au.



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Termites

Termites, often know as 'white ants', are social insects and live in colonies consisting of a queen, sterile workers and soldiers, and winged reproductive males and females known as alates. These colonies can consist of over a million individuals.

They are small to medium sized insects ranging from 3-20 millimetres in body length. Though not often seen, evidence of their presence is visible in the large mounds they construct or damage they do to wood products and structures. Termites can be found in all states in Australia but only build mound nests in the northern and south-west areas.

Ants, Bees and Wasps

Ants, bees and wasps belong to the Hymenoptera species, which include a large and diverse group of insects. These insects share a number of characteristics, including two pairs of wings, chewing mouthparts and compound eyes. With approximately 14,800 Hymenoptera species in Australia, it is estimated that 4,000 of these are ant species.

Hymenopterans are found in nearly all habitats throughout Australia and may occur in soil, leaf litter and a range of vegetation types, especially flowers. Some species are often observed drinking at the edges of water or gathering mud that is then used to construct nests, often in man-made environments.

Scott Martin
Group Manager – Strata & Community
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Linders Property Group

Watermarque – Living At Its Finest

It's not often that developers see an opportunity to replace a block of eleven units on the waters edge with four house sized apartments. However, this is exactly the opportunity that the joint venture of two boutique residential development firms jumped on in this perfectly positioned water fronted property at 2e Mosman Street, Mosman.

Hugo van Kretschmar and Rodney Hills, directors of boutique development firms Property Partnerships Pacific and Property Development Corporation, have spared no expense in the design qualities in Watermarque. They appointed architects Allen Jack + Cottier, known as one of Australia's most awarded architects, to make these house-sized apartments something special.

Nestled on the hillside with an uninterrupted northerly aspect of Mosman Bay, each apartment capitalises on the property's inherent qualities to create one of the most prestigious residential developments in Sydney.

Watermarque, constructed by Zaarour Sleiman, raises the bar with this highly environmentally friendly apartment development. It includes solar hot water, solar power cells to reduce power consumption from the grid, high performance acoustic glazing, rainwater tanks and energy efficient CBUS lighting systems.

Linders have been appointed to provide strata consultancy for the establishment and future management of Watermarque, and to provide advice on the complex arrangements between the strata scheme and NSW Maritime for the property's wharf and boatshed.

Watermarque apartments are being sold from \$5M. Further information can be obtained from Geoff Smith of L J Hooker Mosman on 0418 643 923.



Is Your Building Maintained Correctly?

Every day our business deals with buildings of varying ages and requirements. While some of these buildings appear to have similar problems, each is still very unique, making it difficult to predict what maintenance requirements will be necessary in the future.

Maintenance of the strata scheme's common property is the responsibility of the owners corporation. However, many complex or larger schemes choose to use the services of a building manager to assist them with the coordination and scheduling of maintenance for their building.

There are two types of maintenance carried out in a strata scheme:

- Planned Maintenance – an administration fund expense
- Unplanned Maintenance – a sinking fund expense

But what is the difference between the two? Here's an example: when a car park entry door has its regular maintenance to ensure it is functioning correctly, this would be an administrative fund expense. But when the car park entry door has reached the end of its serviceable life and needs to be replaced, this would be a sinking fund expense. The life of the car park door should have been estimated and budgeted for to ensure the sinking fund was ready for this expense. Experts in this field can provide such an estimate.

Also keep in mind that planned maintenance schedules are not the same for all buildings. For example, a heavily used inner city car park entry door may be serviced monthly but a smaller strata scheme in the suburbs may only require a six monthly or annual service. This same theory applies to mechanical services, floor coverings, gymnasium equipment and so on.

Good planning: the key to a well maintained building with reduced risk of special levies

As of July 2009, sinking fund analysis reports will be mandatory for all buildings, although most strata schemes are already required to have one.

However, these reports by themselves do not provide a true picture of what the building will require going forward for the next 10 years. While they are a great starting point, building managers and executive committees need to treat them as live documents and review them regularly.

As events start to occur such as shower membrane failure, burst pipes or blockages, their value and frequency of occurrence should



be assessed and inserted into the report to keep it up to date. We have seen both 10 and 30 year old buildings requiring complete shower membrane replacements. When these reports are put together by a quantity surveyor, an assumption for life expectancy for these items is made, but the original construction quality of the building may greatly affect the estimates.

A building's sinking fund analysis report is also an essential tool for assisting the owners corporation in putting together their budget for the next financial year.

Another crucial way of ensuring your building is correctly maintained to minimise your risk, while at the same time keeping your common areas safe and compliant, is to get an occupational health, safety and risk management audit carried out on an annual basis. These audits are mandatory in all strata schemes where contractors carry out work on common property, which is essentially every strata scheme.

Regular audits can also identify parts of common property that are nearing the end of their life so they can be repaired or replaced before they cause a risk to residents or contractors.

Proactive management of your strata scheme is crucial. Your building will demand different levels of care throughout its life; how you meet these demands can greatly affect your fellow owners as well as future owners at your building.

Geoff Linders
General Manager - Building & Facilities Management
Linders Property Group

Add Value To Your Property

With summer in full swing and the rental market showing better returns than previous years, now is the time to consider making improvements to your property.

In preparation for lean times in the future, it is a good idea to invest your higher rental returns back into your property now. Adding an air conditioner, painting or re-carpeting your property can add considerable value, which in turn will help you keep good tenants in your property for longer, and help you attract new quality tenants when it becomes vacant.

Also, if your property is located in an older building or it's the same as the others in the block, you can give it an edge with a bit of well thought out TLC. Doing this will encourage tenants to select your property over newer buildings, helping you to increase your rental revenue through shorter vacancy periods.

Renovating doesn't have to be expensive

Painting and carpeting a two bedroom unit may cost as little as \$5,000, depending on the quality of the carpet and to what extent you paint. Your accountant can also provide you with information on the taxation advantages of improving your investment property.

If you are thinking about renovating it is important to always speak with your strata manager and the local council first. Permission may be required to undertake certain improvements to your property. For instance, if you plan to install an air-conditioner then permission may be required from the owners corporation in a strata property and possibly by the local council. However, if you are only planning on painting and carpeting and there is no structural work required, permission may not be necessary.

And finally always remember; if your property is within a strata scheme, speak with your strata manager first as they will be able to guide you through the strata approval process.

3 quick renovation tips

Have a budget:

Renovation costs can quickly escalate. Have a budget, include a buffer for unforeseen expenses and stick to the final amount. Keep in mind: whatever you think it will cost to renovate, it may cost considerably more.

Paint with care:

The colour sample you see in a brochure can look very different when applied to an entire wall. Take the time to get pots of sample paint and apply them to the wall.

Nice floors make a big difference

New carpet dramatically increases the appeal of an older-style apartment at a relatively low cost. Choose a durable carpet and avoid light colours that show up stains. And if you have scratched floorboards, consider sanding them back for a clean new finish.

Richard Pickton

General Manager – Real Estate Leasing Services
Linders Property Group



We would like to clarify a statement made in the article titled "The Changing Face of Sydney Housing" in our Spring 2008 edition. The statement "... cities such as Adelaide and Darwin, where the population is around 20% less than Sydney". should have read as follows "These levels are lower than the production of cities like Adelaide and Darwin with populations of less than 20% of that of Sydney."

Vacancy Rates show a slight increase

The latest Vacancy Rate Survey results show that Sydney has a vacancy rate of 1.2% on average, a figure that has stayed the same for the past three months. That means the rental market is steady but still well under 2% which means that vacancies are not meeting the demand.

	September 2008	August 2008	July 2008	June 2008	May 2008	April 2008
Inner (0-10km from CBD)	1.5	1.4	1.2	1.4	0.9	1.2
Middle (10-25km)	1.1	1.2	1.3	1.1	0.8	0.9
Outer (>25km)	1.1	1.1	1.0	0.9	0.8	1.0
Total	1.2%	1.2%	1.2%	1.1%	0.9%	1.0%

The vacancy rate data is supplied by the Real Estate Institute of New South Wales.

Do you have an investment property?

Call **Richard Pickton** for your free appraisal.

Linders Real Estate Leasing 8424 9777



