

# **What Happens When Your Tenants Leave Early And Break Their Lease?**

Nomiki's 2 Personal Case Studies

# Property 1. Cleveland QLD

- Purchased December 2017
- 39 Sq.m Strata retail / office in Cleveland QLD - Ground floor- non street frontage- inside internal arcade
- Cleveland House Commercial building in the heart of the Cleveland retail and business district.



# Property 1. Cleveland QLD



- Features: reception area and 2 treatment rooms/offices  
One basement carpark included  
New 3x3 year lease
- Tenant - Operating as a Beauty Therapist- Most Fittings belong to Landlord.
- New business owner- new lease commenced Early October 2017
- Her Partner and his Brother as Guarantor

# Property 1. Cleveland QLD

- Problem commenced late Feb 2018
- Late payment of rent
- Upon enquiry- Tenant emailed that she had personal problems - Divorce- Child custody etc- and was having difficulties.
- Sent Breach notice to tenant via our solicitor
- Consulted with tenant and our solicitor and decided to proceed to Terminate the lease
- Email to tenant to terminate lease - Early March 2018
- Lots of hesitation on her behalf before she vacated

# Lease Termination Email Snippet- Cleveland QLD

To terminate the lease and find a new tenant, we will need you to sign a surrender of the lease.

There are 2 options to terminating the lease.

1 . One option is a straight forward Notice of Termination, where once you sign, you hand the keys over completely and move out of the premises while we find a new tenant.

2. **Second option**, is a Notice of Termination By Agreement, where you and we both agree, that you can stay on in the premises and continue to trade as a business, while we find a new tenant. With the understanding that you are still terminating the lease and that as soon as a new tenant has been found you must vacate immediately. AND you must give complete access to the real estate agent appointed - so they can show new tenants through.

Either way we need full access to the property as of today, to allow real estate agents to show new tenants through.

# Property 1. Cleveland QLD

- Tenant Vacated late March 2018 and was making part payments of her owed rent
- Agents onto leasing property Late March 2018
- Mid July 2018- she declared bankruptcy and we had to engage our solicitors to go after the guarantors for rent and expenses.
- Arrangement agreed to where they pay a small sum each week to pay off this debt.


# Property 1. Cleveland QLD

- First agent - 2 months exclusive contract - \$2K Marketing budget to advertise - Then asked us to pass it onto a local agent
- It's now December 2018 and we've had xxx potential tenants through to view- all done with 1st agent
- 2nd agent only took 2 others through from other property enquiries.
- Now we have 3 agents on this- and will ramp up marketing in Jan 2019

# Facebook Marketing - Cleveland QLD

- My Online Advertising through Facebook to assist Agents

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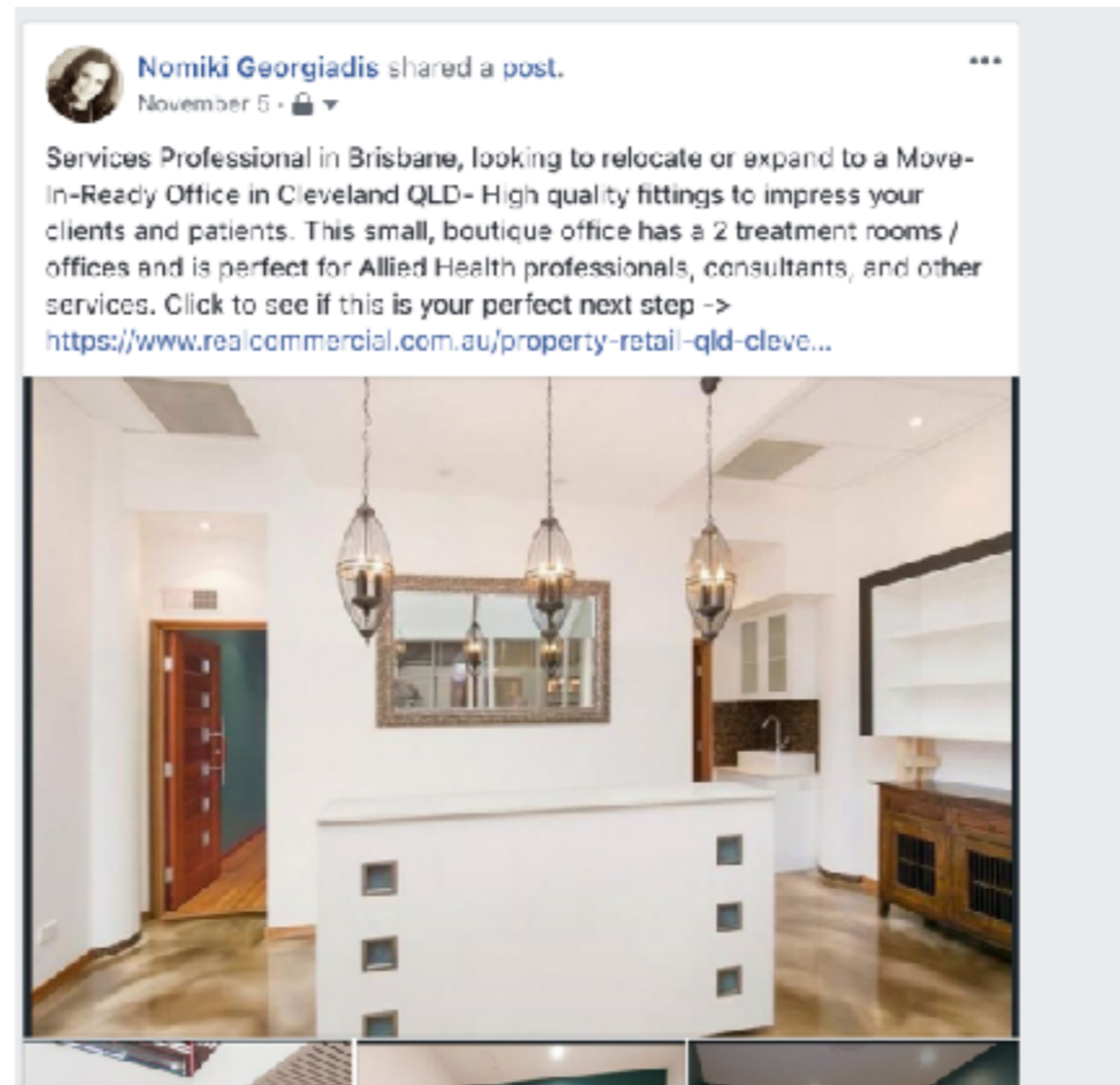
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Move In Ready - Boutique Suite For Lease- Cleveland Brisbane- Perfect for Services Professionals and Allied Health Professionals, looking to relocate or expand to a Move-In-Ready Office - High quality fittings to impress your clients and patients. This small, exquisitely presented office has a 2 treatment rooms / offices and is perfect for Allied Health professionals, consultants, and other services. Click to see if this is your perfect next step ->  
Contact Nathan Moore  
nathan.moore@raywhite.com  
M 0413 879 428  
T (07) 3245 7199



# Facebook Marketing - Cleveland QLD

- Facebook - Sharing post to local business groups in QLD



- One Person enquired through my group post and did see the property- wanted 6 months rent free- tried negotiating this over 3-4 year lease and 2 months each year- but person did not take it up.

# Property 2. Eagleby QLD

- Purchased October 2017
- 70 Sq.m Strata retail in Eagleby QLD - Own Toilet and amenities
- Operating as a Tattoo artist- Fittings belong to Landlord.
- Just back from the main road- Subway plus other shops- and next to a mall with IGA as a supermarket anchor tenant.



# Property 2. Eagleby QLD



- New business owner- new lease commenced 1st August 2017
- Lease 2 x 2 years
- Terrible tenant- not paying on time- all rent was late and I was not tough enough in sending a breach notice - accepted his excuses


# Property 2. Eagleby QLD

- Tenant finally reveals he wants to terminate lease Mid July 2018 - Family problem back in New Zealand
- We suggested he try and sell his business and that way the new tenant could take up the existing lease and he may get some money for selling the business.
- He is working business by appointment only - Flying back to New Zealand in between.
- Agent appointed to lease in August after we gave the tenant time to find a buyer for his business and new tenant.

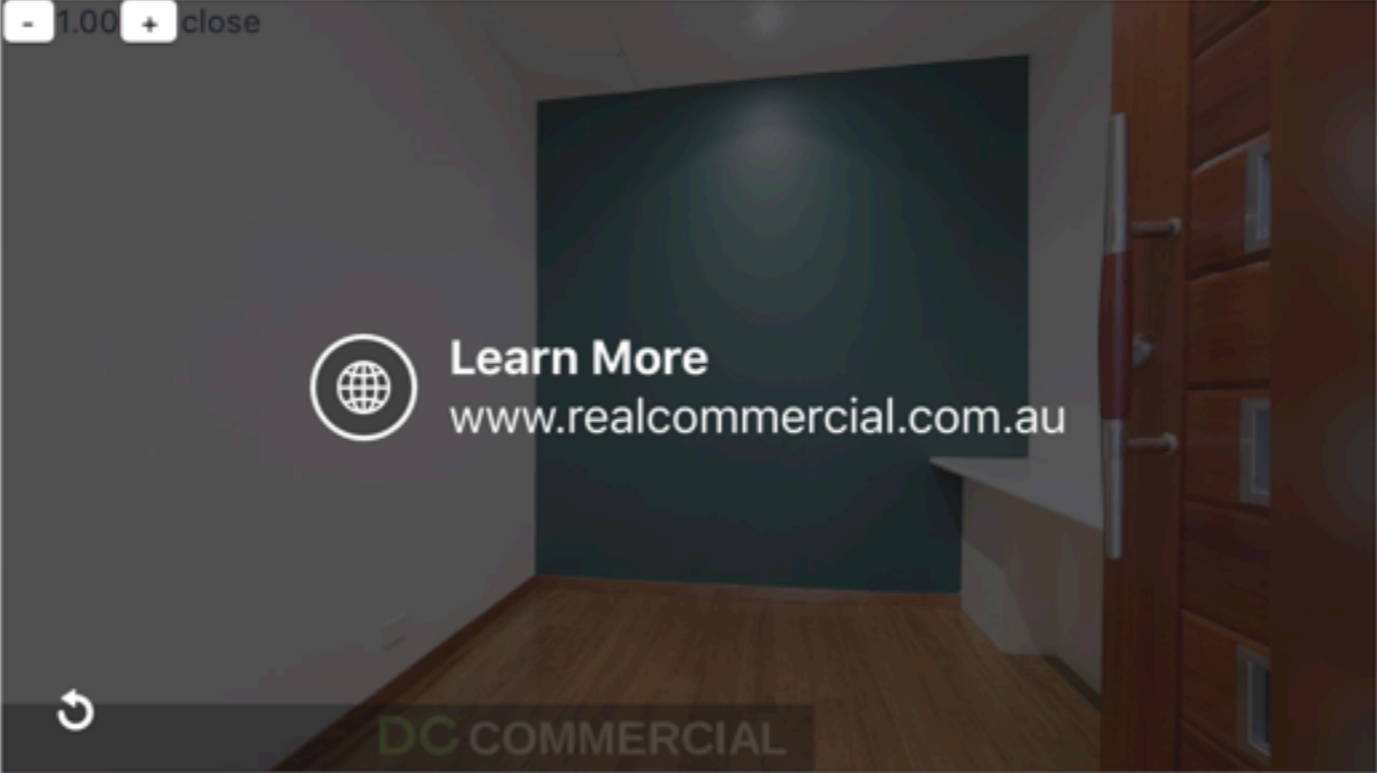
# Property 2. Eagleby QLD

- Early September 2018 - We discover that the Tenant has Fled- thanks to our Agent
- Tenant has moved back to New Zealand with family- has not given me an address or number there.
- Tenant not responding to my emails, phone calls or text messages- only occasionally responding via Facebook messaging.
- Agent is in full marketing mode for leasing this property.
- Several people through and one was close to a contract but fell through.

# Facebook Marketing Eagleby - Drew Camm

 **Nomiki Georgiadis** shared a video.  
December 4 at 7:55 PM · 🌐

- 1.00 + close



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**18 / 120 Bloomfield Street** [Learn More](#)

1,755 Views

**Drew Camm Commercial**  
December 3 at 10:42 PM · 🌐 · 🌐

Great opportunity to Lease a property in the Cleveland House Building!

Suite 18 / 120 Bloomfield Street is a 39m2 premises on the ground floor.  
Immacaculate sui...  
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# Facebook Marketing Eagleby- Facebook Marketplace

The screenshot shows the Facebook Marketplace interface. At the top, there is a search bar and user profile information for 'Nomiki'. The left sidebar contains navigation options: Marketplace, Browse, Groups, Buying, Selling (highlighted), Saved Items, + Sell Something, and Shop by Category (All Marketplace, Vehicles, Home & Garden, Housing, Entertainment). A toggle switch for 'Show items you're selling on your profile' is visible. Two listings are shown:

- Listing 1:** \$1,475 - Lease Affordable Shop in Eagleby - Perfect for a RTO, Tattoo Artist-Services Business or Retail Shop. Posted on Marketplace and Brisbane & Logan - Free Small Business Advertising. Viewed by 87 people. Actions: Mark as Sold, Mark as Pending, Manage, Renew Post.
- Enquiry 1:** Sijo Varghis (2:23 PM): You: Would you like more information? Or the contact details of the agent who could show you the property?
- Enquiry 2:** Tyler Finlay (Sat): You: Feel free to message me or Drew with any questions you have... and you can contact Drew directly Drew Comm M 0432 055 250
- Listing 2:** \$1,230 - Lease a Professional Move-In-Ready Office Suite in Cleveland - Perfect 4Services-Health Professionals. Posted on Marketplace and Brisbane & Logan - Free Small Business Advertising. Viewed by 89 people. Actions: Mark as Sold, Mark as Pending, Manage, Renew Post.

- 2 enquiries for Eagleby but no further contact.

# Lessons Learned

- Don't assume a lease is water tight- just because it's a legal document
- Tenants who are New to business and with a new lease- are riskier than long term tenants
- Tenants do go Bankrupt and it's costly to Chase after them
- Tenants do flee the country, making it difficult and costly to get any of your money back
- Make sure you have a \$\$\$ contingency for when this happens to continue paying for outgoings and your Bank loan.
- When tenants are late on rental payments- Be tough and hit them hard with notices for your solicitor- No "Nice Guy"