

Journal

FEB2008
VOL 59/01



future vision

Steve Martin shares
his plans for the Institute

Outlook for 2008

Expert predictions for
the property market

Material fact

How REINSW is
addressing the issue

- 
- Free agent training
 - Performance Reports
 - Monthly newsletter
 - Free vendor flyers
 - Tools to drive more enquiry
 - Free landlord flyers
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 - 3.9 Million property seekers
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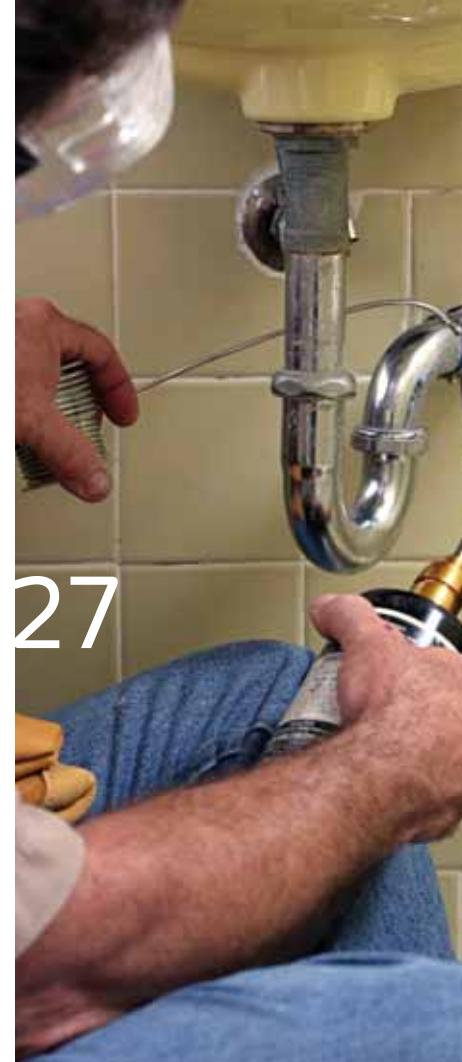
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Discounted training for members. Courses available at locations across NSW, online or even in your office. For CPD, Certificate of Registration, Licensing and skills workshops.

Industry representation

REINSW meet regularly with key industry stakeholders and politicians to lobby for changes that will benefit the real estate industry.

Communications

Members receive the monthly *Real Estate Journal* magazine as well as regular email communications and access to member-only sections on the REINSW website.

Advice

Practice Support hotline

Free, immediate advice for members on all aspects of real estate practice.

Compliance Reviews

A friendly REINSW representative can audit our office to make sure you're meeting all legal requirements.

Compliance Guide

Easy access to legislation relating to real estate practice, available through the REINSW website!

Events

Stay up to date by attending REINSW events and forums. An opportunity to ask questions and listen to the experts.

Awards for Excellence

Recognition for professionalism in the real estate industry.

Products

Forms

Members receive discounts on REINSW printed forms, including agency agreements and sales contracts. Forms also available electronically with eForms.

Real estate products

Sold stickers, Auction A-frames, gavels, key cabinets, property investment books. Everything you need for a real estate business!

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Discounts of approximately 15% to 20% less than retail price when purchasing office supplies such as stationery, blank paper, printer toners and bathroom products. Free delivery anywhere in NSW. Call Paul Gordon on (02) 9335 0956 or 0407 471 100 or email paulg@ce.com.au

Holiday rentals

REINSW members receive a 10% discount off all advertised rates on holiday rentals until 10 October 2008, subject to availability, terms and conditions. Please contact one of the following three providers:

- Kingscliff Sales and Rentals on phone (02) 6674 5888, email info@salesandrentals.com.au or visit www.salesandrentals.com.au;
- Park Beachside, Coogee on phone (02) 9315 7777, email rent@parkbeachside.com.au or visit www.parkbeachside.com.au;
- Tea Gardens Real Estate on phone (02) 4997 1300, email rick@teagardensrealestate.com.au or visit www.teagardensrealestate.com.au.

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The usual service fee will be waived for REINSW members. Private Fleet are able to obtain fleet discounts on all new vehicles. Call 1300 303 181.

Bob Jane T-Mart

REINSW members receive the national fleet price on all major tyre brands include Bridgestone, Dunlop, Goodyear, Michelin, Pirelli, Yokohama and Bob Jane All Rounder. Call REINSW Membership on (02) 9264 2343 for a letter to take to T-Mart staff.

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Christian Payne

Vice President:
Wayne Stewart

REIA representative:
Chris Fitzpatrick

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Miles Felstead, Malcolm Gunning,
Kim Hamilton, Brett Hunter, Kate Lumby,
Charles Mellino

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Articles from the *Journal* are also accessible for members at www.reinsw.com.au

Whether it is in the newspapers, on the television, online or on the radio, REINSW is regularly in the news. The story generally starts in two ways – it appears because we've sent out a press release or we are asked to comment on an issue that is in the news. President Steve Martin is our main spokesperson, representing our views in the public arena.

So where has our name popped up in the past couple of months and what were the issues covered?

A release we sent out about the new Holiday and Short Term Rentals Chapter was picked up by the international media, appearing on a UK property investment site, www.fly-2let.co.uk.

News about the new Chapter also excited local interest, notably in the *Sun-Herald* newspaper which ran a story on moves by the hotel industry to proscribe holiday letting – a move REINSW believes could negatively affect people's ability to do what they've always be able to do: rent a house by the sea. (For more on this topic, see p29.)

Meanwhile, Aussie online site www.propertymash.com ran a story on Steve Martin's appointment as President, noting his plans to concentrate on the needs of Generations X and Y.

All REINSW media releases are available at www.reinsw.com.au in the Knowledge Centre.

PRESIDENT'S MESSAGE



A brand new year

The Institute's updated branding couldn't be more timely. A new year is underway and REINSW has a new logo. Unveiled at last year's annual dinner, the branding is a national initiative that will be carried out by most real estate institutes around Australia. Here in NSW, its launch is a happy fit with the 'new' institute spirit being embraced.

I think you'll agree with me that the new logo with its reference to the Southern Cross and simpler, cleaner styling looks fantastic.

Adopting new branding is a big task. Any item that carries the REINSW logo has to have the new brand and that encompasses lapel pins to financial documents, member certificates to banners, to name a few – and of course you can see that the *Real Estate Journal* has also been re-designed to reflect the new brand!

All member firms should by now have received a decal for their office window that carries the new logo. As the old labels come down and the new ones go up, the public will be able to see evidence that our image is evolving – a good message to send out into the community from a profession that must stay ahead of the game.

Members wanting to use the new logo on their website or in their own printed material can now download it from our website as well as a Style Guide, outlining details of its use. (For more information, see p47).

In addition to a new brand, there are other initiatives that I would like to see carried out during my time as President of REINSW. To find out more, read the article on p8.

REINSW has kicked off 2008 in style, now watch us follow through!

Steve Martin

NEW MEMBERS

Burke & Smyth Real Estate Pty Ltd
263 Peel Street
TAMWORTH NSW 2340

Century 21 Prime Property Dural
1/500 Old Northern Road
Round Corner
DURAL NSW 2158

Coast and Country Real Estate Pty Ltd
17 East Combined Street
WINGHAM NSW 2429

Dean Kalos Real Estate
2 Gale Street
CONCORD NSW 2137

Delroy Park Real Estate
Lot 626 Minore Road
DUBBO NSW 2830

Di Jones Real Estate (Bondi Junction)
Suite 2402, Level 24
Westfield Tower 1
520 Oxford Street
BONDI JUNCTION
NSW 2022

Gateway Apartments
99/323 Forest Road
HURSTVILLE NSW 2220

Harcourts Port Stephens
6 Yacaaba Street
NELSON BAY NSW 2315

Lionel Busquets Prestige Property
Shop 2
563 Sydney Road
SEAFORTH NSW 2092

L.J. Hooker Commercial Sutherland Shire
551 Kingsway
MIRANDA NSW 2228

McMahons Point Real Estate
Ground Floor,
Blues Point Tower
14 Blues Point Road
MCMAHONS POINT
NSW 2060

Peter McLeod Realty
6/12 Wiston Gardens
DOUBLE BAY NSW 2028

PRDnationwide Tumarumba
20 The Parade
TUMBARUMBA NSW 2653

Professionals Lithgow
159 Main Street
LITHGOW NSW 2790

Professionals Tamworth
411 Peel Street
TAMWORTH NSW 2340

Raine & Horne Frenchs Forest
32 Bantry Bay Road
FRENCHS FOREST
NSW 2086

Ray Murray Real Estate Summerland Point
Shop 1
60 Cams Boulevard
SUMMERLAND POINT
NSW 2259

Ray White North Ryde
1/132 Coxs Road
NORTH RYDE NSW 2113

Ray White Wagga Wagga
83 Morgan Street
WAGGA WAGGA NSW 2650

Resident Manager Pty Ltd
130 Carillon Avenue
NEWTOWN NSW 2042

RMS Commercial Realty Pty Ltd
Suite 103, Level 1
22 Market Street
SYDNEY NSW 2000

Tweed Valley Real Estate
Shop 14 Terranora Village
S/Complex
TERRANORA NSW 2486

Webster Nolan Real Estate
Carrington House
596 Crown Street
SURRY HILLS NSW 2010

White Home Group Pty Ltd
80 Main Street
BLACKTOWN NSW 2148

YPS Real Estate
8/8 Treelands Drive
YAMBA NSW 2464

Introducing the new REINSW Board



Steve Martin

Position: President (non-metropolitan)

Agency: Colliers International Albury Wodonga

Steve has been a member of the REINSW Board since 1999 and an Executive Member since 2001.

He has previously been Chairman of the Albury Division for four years and has participated in committees including Disputes, Political Action, Membership and Agency Services.

He has operated his own real estate business since 1988 in regional Albury/Wodonga, specialising in residential and commercial property transactions.

What is the best thing about being a member of REINSW?

Being part of a group that can lobby for effective changes for the industry.

What do you hope to bring to the 2007-2009 Board?

Passion, engagement and a preparedness for change.

Christian Payne

Position: Deputy President (Sydney metropolitan)

Agency: Payne Pacific Real Estate, Cronulla

Christian has been a Director of REINSW since May 2002. He has been on the St George/Sutherland Shire Divisional Committee since 1995 and has been Chairman since 2000.

Christian is also passionate about political lobbying. He has been part of the Institute's Political Action Advisory Committee since 2003, and was on the Sales Strategic Review Committee in 2005 and the Divisional Review Committee in 2004.

He has also been on the Management Committee of the Real Estate Employers Federation (REEF) since 2001.

What is the best thing about being a member of REINSW?

Being an industry leader.

What do you hope to bring to the 2007-2009 Board?

The experience of being a Generation X real estate agent in a second generation family business, with a cross-section of sales, leasing and valuation skills.

Wayne Stewart

Position: Vice President (non-metropolitan)

Agency: Century 21 Five Star Properties, Newcastle

Wayne has been on the REINSW Board for two years. He has also been Chairman of the Newcastle and Hunter Division for four years.

He began his career with training and experience in the fields of architecture and building, and joined the real estate industry in the late 1970's working in residential sales.

In July 2000, Wayne bought out his employer of some 20 years and remains the Principal of his Newcastle CBD business.

What is the best thing about being a member of REINSW?

In a world that is changing rapidly by the minute, I am kept abreast of changes by being part of a strong member-based fraternity.

What do you hope to bring to the REINSW Board?

Thirty years of regional property experience, a strong regional voice from my members to Government via the Board, a passion and dedication to see member-based services implemented.

Christine Clarke

Position: Director (non-metropolitan)

Agency: Raine and Horne, Coffs Harbour

Christine has been an active member of REINSW since 1990. She has been Chairperson of the Coffs Harbour Division for eight years and has also been part of the Political Action Advisory Committee.

Christine began her career in real estate in 1988 and specialises in residential sales.

Having observed the REINSW State Conference and the work of the Board over many years, she now looks forward to witnessing first hand the input and resultant effect the Institute has on government policy in relation to the real estate industry.

What is the best thing about being a member of REINSW?

Being a member of the Institute offers the chance to associate with colleagues who share a passion for professionalism and high ethical standards in the conduct of their business. In my early years in business it was good to know that a mentor or helping hand was only a phone call away.

What do you hope to bring to the 2007-2009 Board?

I see my role as bringing a regional perspective to issues affecting the property industry, as the country marketplace and some of its issues and challenges can vary greatly to what is being experienced in the city.

John Cunningham

Position: Director (Sydney metropolitan)

Agency: Cunningham Real Estate, Seaforth

John has enjoyed a 30 year career in real estate starting out as a valuation student and then moving onto the more challenging world of property management and then residential sales.

He runs a highly visible and successful business on Sydney's lower Northern Beaches of Balgowlah with a team of 20.

He has served six years as chairman of the Northern Beaches Division and was elected to the board in 2005. His main role has been as chairman of the Board's Marketing Committee which he is looking forward to continuing over the next two years.

What is the best thing about being a member of REINSW?

Operating a business that adheres to ethics, cares about its clients and staff is critical and the Institute provides its members with all the support, training, information and standards to achieve this.

What do you hope to bring to the 2007-2009 Board?

My main focus over the next two years is to bring the new strategies for the future of the institute into reality. As Chairman of the Marketing Committee I hope to see the introduction of a new membership model and to generally increase the awareness and value of membership.

Miles Felstead

Position: Director (Residential Real Estate Practice)

Agency: Miles Felstead Realty Pty Ltd, Mosman

Miles has conducted a specialist property management business in Mosman since 1976. He is also a registered valuer and a Fellow of the Australian Property Institute.

Miles has been a member of REINSW since 1977 and is a Fellow of the Institute and a recipient of the REINSW Service Award in 1997.

He has served on the Property Management Chapter Committee for 25 years and held the position of Chairman from 1989 to 1991.

What is the best thing about being a member of REINSW?

The benefit of over 80 years of industry support in the form of sound specialist advice, education, provision of formal documentation and stationery. The REI has for many years provided a catalyst for bringing agents together for the benefit of the industry and good fellowship.

What do you hope to bring to the 2007-2009 Board?

The support of residential real estate practice through strong liaison between the Chapters and the Board, and the promotion of regular inexpensive specialist Chapter open forum meetings.



Chris Fitzpatrick

Position: Director (REIA Representative)

Agency: Fitzpatrick's Real Estate, Wagga Wagga

Chris was President of REINSW from 2001 to 2003, when he also became a founding Director of the newly-established professional indemnity insurer RealCover.

Previously he has been part of numerous REINSW committees and in 2006 became a Life Fellow of the Institute.

Chris has been elected as Deputy President of the Real Estate Institute of Australia for 2008 and will remain on the REINSW Board as the state's REIA representative.

What is the best thing about being a member of REINSW?

REINSW creates a sense of belonging, a place for all agents to belong. REINSW has the ability to represent our members for practice and market support and a united voice to Government.

What do you hope to bring to the 2007-2009 Board?

I hope to bring a national focus to licensing and education, to participate in the creation of the National Property Data Collection Service and to contribute to the REIA's program relating to the future of the real estate in Australia.



Malcolm Gunning

Position: Director (City of Sydney)

Agency: Gunning Commercial, Hurstville

Malcolm specialises in commercial property and is also a qualified valuer. He is actively involved in the Sydney CBD business community and is the Chairman of the Kings Cross Partnership, a business association that addresses business development in the area. He has previously been a Deputy Chairman of the Hurstville Chamber of Commerce and is a member of the Community Committee for the Medically Supervised Injection Centre at Kings Cross.

He is the Principal of his own family business, where his wife and two of their four children currently work.

What is the best thing about being a member of REINSW?

The best thing about being a member of REINSW is the people – being able to mix and be involved with the best in the property agency business, and to assist in the control and governance of our industry.

What do you hope to bring to the 2007-2009 Board?

I bring to the REINSW Board 35 years of experience in all aspects of agency practice, including the development of franchise networks, commercial industrial retail sales leasing and management along with property valuation.



Kim Hamilton

Position: Director (non-metropolitan)

Agency: Raine & Horne, Dubbo

Kim was on the REINSW Board from 2003 to 2005. She has also been a Chairperson of the REINSW Orana Division.

She has been in the real estate industry for 16 years and her office has won Raine & Horne awards for sales, auction and gross settled commission.

What is the best thing about being a member of REINSW?

Belonging to a nationally-recognised professional association that offers an outstanding service and ethical standards to the property consumer. REINSW's practice support service is especially beneficial to regional offices.

What do you hope to bring to the 2007-2009 Board?

I would like to be a voice for the challenges and concerns of non-metropolitan members. A key priority will be addressing the length of time it takes to have a new staff member registered.



Brett Hunter

Position: Director (Sydney metropolitan)

Agency: Raine & Horne Terrigal - Avoca Beach

Before joining the real estate industry, Brett Hunter enjoyed a wide-ranging career in several different countries, including South Korea and Thailand, working for corporations including Korea Post, Viewlocity, PriceWaterhouseCoopers and BHP Building Products.

He has been a member of REINSW since 2004.

Brett is also closely involved with the Avoca Beach Surf Life Saving Club, where he has been Director of Administration since 2004. He is a Justice of the Peace and has a Bachelor of Civil Engineering and an MBA.

What is the best thing about being a member of REINSW?

The knowledge base available to all members through regular print and email communications, combined with immediate phone support.

What do you hope to bring to the 2007-2009 Board?

It is my intention to ensure REINSW continues to be relevant to its members in technology, compliance and an increased focus on service so that the Institute can lead the way for the industry.



Kate Lumby

Position: Director (Sydney metropolitan)

Agency: Dynamic Property Group Sydney

Kate is a licensed real estate agent, accredited auctioneer and has been an accredited industry trainer for 11 years. She has been on the REINSW Auctioneers Chapter Committee for four years.

She began her career in 1991 in an independent family business operating for 40 years in the Hills District.

Kate strives to serve members by bringing a fresh, energetic and innovative approach to raising the profile of REINSW members.

What is the best thing about being a member of REINSW?

The credibility of being backed by an industry body and the comfort of knowing you have solid support with updates on all the latest compliance issues. Membership also gives the opportunity for a referral network for your business.

What do you hope to bring to the 2007-2009 Board?

I am committed to strengthening the advantages of membership and the consumer confidence in the REINSW brand that gives member agents a competitive edge.



Charlie Mellino

Position: Director (business/commercial real estate practice)

Agency: APF Group

Charlie is a former professional soccer player who has been in the real estate industry since he left school.

He joined APF in 1998 where he specialises in residential and commercial development for the private sector. His role at APF centres on the strategic overview/planning of all commercial property accounts, as well as liaising with the property management, facilities management and sales/leasing teams.

What is the best thing about being a member of REINSW?

To be part of the industry body that represents our organisation is an honour and definitely a privilege.

What do you hope to bring to the 2007-2009 Board?

As one of the younger members of the Board I hope to raise the profile of REINSW with fresh and innovative ideas.



Prestige price

The record for the highest sale price for a residential property in Australia seems to be broken nearly every month, such is the demand for prestige waterfront houses at the moment.

The latest record was set by McGrath agent Hamish Robertson with the sale of 'Tahiti', a harbourside residence in Sydney's Vaucluse, for what is believed to be more than \$29 million.

Despite reports that the buyers intended to knock the place down, Hamish said they merely were looking to 'upgrade' the property with renovations.

He said about 60% of interested buyers for 'Tahiti' came from Australia, but interest was also expressed from buyers in the United States, United Kingdom, Asia and even the Middle East.

"The high end of the market is particularly healthy," Hamish said. "There was a very strong interest level (in the property)."

Vacancy rates

The vacancy rate in Sydney was just 1.1% in November, edging up from the 0.9% figure in October. In other regions of NSW, the situation is nearly as tight, at just 1.5% in the Hunter and 2.3% in the Illawarra.

However with January and February the busiest time of year for tenancies (especially as students prepare for university), it's likely that upcoming figures will show that renters are having an even harder time finding a place to live.

REINSW is lobbying the NSW Government to lessen the tax burden on property investors and provide more incentives for investors to buy property – otherwise the rental situation will just become worse.

The REINSW Vacancy Rate Survey provides the most comprehensive data available on the rental vacancy situation across the state. We need your help to obtain the figures – so please assist by filling in the electronic survey when it arrives every month. That way you'll also be the first to know the results.

If you would like to be included on the survey list, please email survey@reinsw.com.au.



Earth hour goes global

After the success of the world's first Earth Hour in Sydney this year – when Sydneysiders and major office buildings switched off electricity for an hour – the movement is now going global.

Earth Hour will take place at 8pm on Saturday, 29 March with the following cities taking part:

Sydney, Australia
Melbourne, Australia
Brisbane, Australia
Canberra, Australia
Chicago, USA
Toronto, Canada
Tel Aviv, Israel
Copenhagen, Denmark
Manila, Philippines
Suva, Fiji
Aarhus, Denmark
Aalborg, Denmark
Odense, Denmark

To find out more or to sign up, visit www.earthhour.org.



Read all about it

The *Sun-Herald* newspaper is looking for properties to feature in its 'Sold Exchange' column in the Domain section. They can be anything from a shoebox to a mansion, as long as they are in NSW and both the vendors and purchasers are happy to be interviewed about their experiences and feelings related to the transaction. Importantly, the agent's name and agency are mentioned!

For more information, please contact column writer Carolyn Boyd at carolyn.boyd@mazcatt.com.au

Getting tanked

Rainwater tanks are becoming increasingly common, according to new figures from the Australian Bureau of Statistics.

In capital cities around Australia, 11% of households sourced water from a rainwater tank in 2007, compared to 34% of households outside capital cities.

Other water-saving initiatives are also popular – 81% of households had at least one dual flush toilet and 55% had water-efficient shower heads.

Now and then

If you've ever wondered what your town or suburb looked like decades ago, you'll be interested in a new website from the NSW Department of Lands.

The department has been taking aerial photographs of the state for more than 60 years and now they're available on the internet as part of the Spatial Information Exchange (SIX), located at www.six.nsw.gov.au.

The website has enhanced 'eye in the sky' technology that can zoom in to view locations anywhere in NSW.





City vision

Demolish the Cahill Expressway, enlarge Town Hall Square and remove most of the traffic from George Street – these are just some of the proposals by Danish architect Jan Gehl to improve the Sydney CBD.

Professor Gehl's vision is for Sydney to have reduced traffic and better public transport – including more light rail – to enable more pedestrians and cyclists to share the city.

He also recommended creating three large squares that would be linked across the city – at Circular Quay, Town Hall and Railway Square.



Superb water views

If you're ever dreamed of living in a castle, this might be the next best thing ... Knight Frank in the UK has been appointed to sell a redundant sea fort in the Solent, near Portsmouth.

No Man's Land Fort is a massive concrete structure with full armour plating, measuring 61m in diameter. Currently the only access is via helicopter, but planning permission has been obtained to build a floating harbour that could accommodate 40 berths.

Knight Frank suggests the fort could be converted into a hotel or restaurant – or perhaps a unique private home with "unrivalled seclusion and spectacular views".



Renting Guide and Tenancy Handbook

The Office of Fair Trading will no longer automatically send out updated copies of the Renting Guide and Tenancy Handbook.

Instead, agents can now order copies directly online via the Fair Trading website at www.fairtrading.nsw.gov.au.

Both publications are reviewed every six months to make sure the information remains current, so make sure you stay up to date by checking the website and ordering the latest editions.

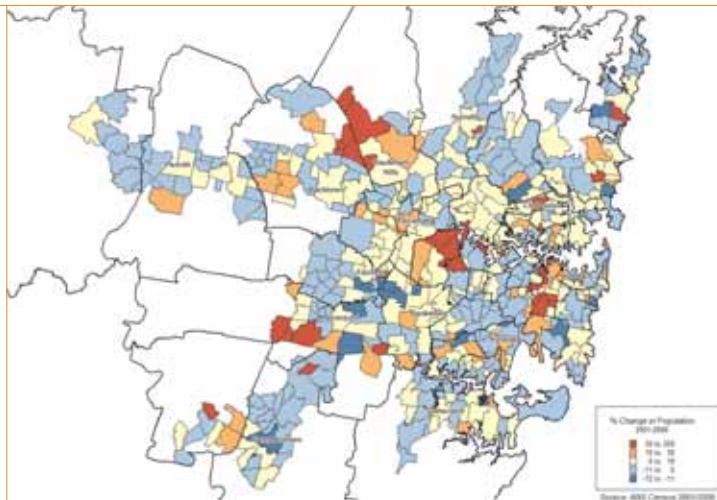


Moving house

The construction of a new platform at Hornsby Railway Station, in Sydney's north, faced a challenge: the 1920s signal box building was in the way, but due to its heritage value, could not be knocked down.

The solution: relocate the building.

Using special hydraulic jacks and trolleys, a company called Mammoth Movers transported the two storey building – weighing as much as two 747 aircraft – approximately 150 metres from the station so that its heritage value could be preserved.



Going or growing?

Sydney's overall population increased by 4.3% to 4.12 million people between 2001 and 2006. But where are the biggest growth areas?

A report based on figures from the latest Census data from the Australian Bureau of Statistics shows three growth zones:

- 1) The urban fringe – suburbs like Kellyville, Hoxton Park, Glenmore Park and Camden, where new housing is being built.
- 2) The inner city – including the City of Sydney, which increased its population by more than 21% between 2001 and 2006.
- 3) Older middle suburban areas including Bankstown, Parramatta and Holroyd, where lower income families are still able to afford housing within a reasonable distance to the city.

Other areas of Sydney have experienced population losses.

"Campbelltown, Penrith and parts of Fairfield, Liverpool and Blacktown stand out here," said the report, *Our changing city* by the City Futures Research Centre at the University of New South Wales. "There is the demographic time bomb lurking in these areas where a population who were young in the 1970s are now aging and declining in economic clout."

International award

REINSW member Leonarder Collins Luxury Homes has won the "Best International Real Estate Agency" award at the CNBC International Property Awards 2007 gala dinner held in Las Vegas.

The competition attracted entrants from 56 countries and was judged by 32 industry experts.

Jennine Leonarder-Collins, who founded the speciality luxury homes agency in 2005, said she was thrilled about the win. She said it recognised the agency's commitment to innovative marketing strategies, which include a complimentary concierge service and an in-house property styling service.

"We also maintain a discreet stance to protect our well-known clientele," Jennine said.

STEVE MARTIN
PLANS TO
COMBINE THE
INSTITUTE'S
TRADITIONAL
STRENGTHS
WITH FRESH,
NEW WAYS
OF THINKING
DURING HIS
TWO-YEAR
TERM AS REINSW
PRESIDENT.

By Dael Climo

The next chapter



**Steve is Licensee in Charge
of Colliers International
(Albury Wodonga).**

- 1988 - became an REINSW member
- 1993 - became Divisional Secretary Albury
- 1995 - became Divisional Chairperson, Albury
- 1999 - appointed to REINSW Board
- 2001 - appointed to REINSW Executive
- 2007 - elected REINSW President

How many people would spend precious spare time climbing hills to encourage a workmate? It is something Steve Martin and his real estate team has done, joining a colleague who was training to tackle Papua New Guinea's gruelling Kokoda Trail.

This kind of inclusive, participatory activity is part of the culture at Colliers International in Albury where Steve is director and one that goes a long way to making the office both a fun place to work and a vibrant, positive environment.

It is the kind of atmosphere he wants to inspire during his time as President, re-energising the Institute. "I want to see a situation whereby any real estate agent working in New South Wales has to be a member, because not to be would be such a disadvantage," he said.

Plans to make this happen include ensuring the Chapters and the Divisions are activated as drivers that feed ideas and wishes through to the Board. "We have to reignite the importance and relevance of all Chapters and Divisions," Steve said. "If they feel strongly about an issue, then they should channel that through in confidence that the Board will action their concerns."

An example of Institute responsiveness to the needs of members is the decision to establish the new Holiday and Short Term Rentals Chapter, set up late last year in response to an expressed need from agents working in this sector.

"This is an active Chapter that is very much in its infancy and is passionate about getting its message through," Steve said. "There is a real preparedness at Board level to back up suggestions coming from Chapters and communicating them to the Commissioner or Ministers, or both."

There are also plans to establish a Chapter for Young Agents, modelling it along the lines of the Law Society of New South Wales' extremely successful Young Lawyers group. Other Chapters may be formed if the need arises.

"I WANT TO SEE A SITUATION WHEREBY ANY REAL ESTATE AGENT WORKING IN NEW SOUTH WALES HAS TO BE A MEMBER, BECAUSE NOT TO BE WOULD BE SUCH A DISADVANTAGE."

"What we want to do is combine our traditional principles as an Institute together with new age thinking, meaning we will be ready to respond to whatever is required," said Steve. "And while we can make assumptions as to what members want, we can get it really wrong – which is why we need to get feedback from the Chapters and Divisions."

Steve said that a renewed focus by the Institute on members' needs is a natural step given the changing aspirations and ways of doing business of Generations X and Y.

"Players in the real estate profession today come from these generations and we need to listen to their needs," he said. "IT-wise, for example, they do things differently and we have to understand this to more effectively reach our members."

The new Board is more reflective of the general REINSW membership than has previously been the case with more women, a wider age range and a diversity of skills and experience. "I am really pleased with the make-up of the Board – it is a fantastic mix," Steve said.

While keen to see some change, Steve believes there are things the Institute has done well, but which it has not been generally recognised for. "Traditionally we've been modest about promoting the things we are good at, such as our behind the scenes political lobbying. One example members probably aren't aware of, is that if REINSW hadn't lobbied effectively when the current PSBA Act was being formulated a few years ago, it would have been a far more burdensome piece of legislation than the current Act.

"This was achieved through regular meetings with the NSW Government, something we do on a continuing basis. We should better promote our successes at this."

Of course, no President can, 'save the world' in two years, which makes succession planning and consensus critical. "We might agree that a President is on the right track but there will need to be someone to take the baton and run with it," Steve said. "It is imperative that any changes we want to embrace today are seen not just as a two-year strategy but a long term plan.

"IT IS IMPERATIVE THAT ANY CHANGES WE WANT TO EMBRACE TODAY ARE SEEN NOT JUST AS A TWO-YEAR STRATEGY BUT A LONG TERM PLAN."

"Succession planning is crucial and everyone – the Board, Executive and management – all need to be in agreement so that strategies can be carried through. Therefore it's critical a very clear plan is communicated to all."

Asked why he put his hand up to be President, Steve said that he believes the passion and commitment shown by the Board means that a lot can be achieved at this level. "I want to a part of that group of enthusiastic people," he said.

No single thing, but '100 small things' will combine to make REINSW an organisation that is slick, vibrant and professional, Steve said. "We want people, both our members and the public at large, to know that we are the best at whatever we do. We want to aim having the best training, the best sales department, the best consultancy – in fact, be the best at whatever we put our name to."

And if it takes climbing mountains to get there, Steve is willing to do it! ♦

Clash of the Codes

CRAIG MORGAN SOUGHT AN ANSWER TO THE AGE-OLD QUESTION OF WHICH IS THE BETTER GAME – RUGBY LEAGUE OR RUGBY UNION? – AT A RECENT CHARITY EVENT.

The Clash of the Codes event, held on Saturday 17 November, raised \$6,000 for cancer research.

“I have lost a grandmother to breast cancer and my father has prostate cancer,” said Craig from Supa Realty at Tuggerah. “I wanted to raise some money for both causes.”

Craig spent nine months organising the event. “It was all done of an evening. I would go home from work and start work for Clash of the Codes.”

The event began at 9am at Morrie Breen Oval with a carnival that included rides, showbags, bands for entertainment – and even a reptile display with crocodiles.

The football match featured two teams, one made up of rugby league players (for the McGrath Foundation) and the other of rugby union players (for the Prostate Cancer Foundation of Australia).

The game was played under rugby league rules for the first half, which the league team dominated, and the second half was played under rugby union rules. The union team won the match 46-42.

“I HAVE LOST A GRANDMOTHER TO BREAST CANCER AND MY FATHER HAS PROSTATE CANCER. I WANTED TO RAISE SOME MONEY FOR BOTH CAUSES.”

The day was capped off by a dinner at Wyong Leagues Club, which included a charity auction. Overall, about \$3,000 was raised for each of the two charities.

Despite the event’s success, Craig had been hoping to raise more money. “I had high expectations and didn’t reach those. We’re definitely going to look to do it again. We have learned how to make it a better event next time.”◆



Players participating were former high profile Wallabies, Kangaroos, Waratahs, NRL and International players including:

Rugby union

- Bob Egerton
- Mark Giacheri (Italian International)
- Scott Gourley
- James Grant
- Peter Jorgensen
- Ewen McKenzie
- Ray Price
- Uli Schmidt (South African International)
- Warwick Waugh

Rugby league

- Darren Brown
- Michael Buettner
- Jamie Goddard
- Mark Horo
- Greg Florimo
- Willie Leyshon
- Cliff Lyons
- Wes Patten
- Geordi Peats
- Paul Stringer
- Josh Stuart
- Josh White

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Skye 'blue' Vermeesch and Kirsten Brown established blueandbrown over five years ago after meeting in the local neighbourhood with their young children.

Kirsten was a landscape architect who had also achieved a Masters in Real Estate (UNSW), studying land economics, valuation, property law and taxation.

Skye is a graphic designer, who had previously run her own graphic design business.

“We’re quite complementary - like the colours blue and brown,” Kirsten said. “Skye is the creative director and I manage the business, marketing, sales and admin.”

Their first job was providing canvas artwork for a local café. It was so successful that they expanded both the designs and the finishes used in their product range to include Laminex tables, fabrics and wallpapers. The designs are contemporary, elegant and handsome.

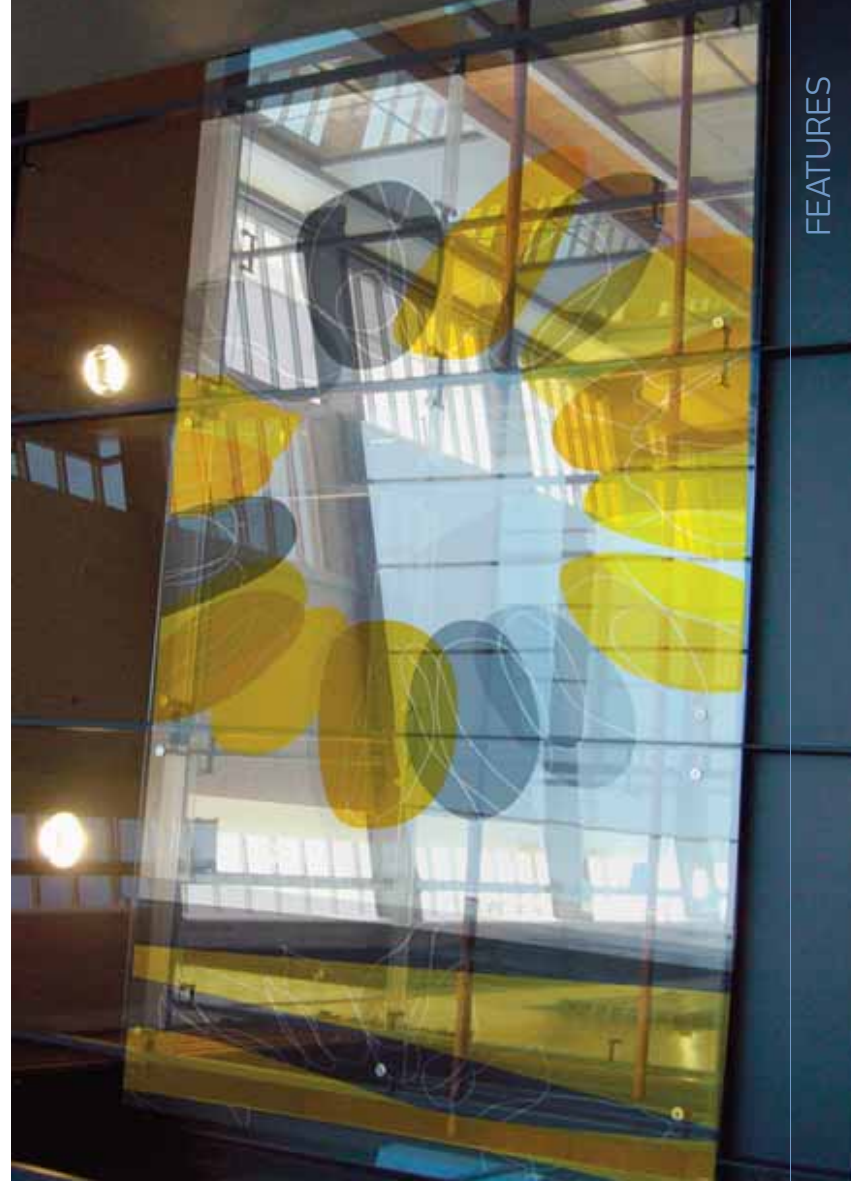
“We’re moving away from the traditional canvases and more into graphic feature walls, using new finishes,” Skye said. “We’re creating more integrated concepts, that include designs for kitchens and bathrooms.”



blueandbrown now works closely in the commercial property sector to help design fitouts for cafes, offices and hospitality spaces.

“Predominantly our clients are architects and interior designers,” Kirsten said.

Homeowners are also interested in purchasing artwork to brighten their homes.



“We sell quality products that fit their budget,” Kirsten said. “The canvases are made to order and can be customised. The most expensive is under \$4,000, and that’s over three metres in size. The average price would be about \$1,000.”

For more information, visit www.blueandbrown.com.au, email info@blueandbrown.com.au or call (02) 9380 6544. ♦

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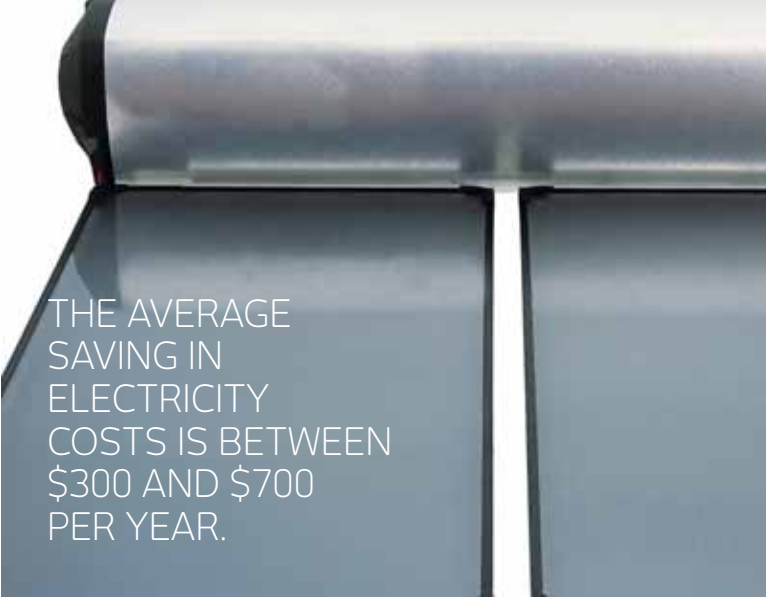
The Australian Greenhouse Office is offering households a \$1,000 rebate to reduce the cost of a solar hot water system, on the following conditions:

1. they are changing from an electric storage hot water system; and
2. their combined family taxable income is less than \$100,000 a year.

The rebate applies to an existing principal place of residence and is available to both homeowners and renters.

The average saving in electricity costs is between \$300 and \$700 per year, depending on the climate and the number of people in the household.

The average solar hot water system lasts for 13 years (some even last for 20 years).



THE AVERAGE SAVING IN ELECTRICITY COSTS IS BETWEEN \$300 AND \$700 PER YEAR.

Even though electric hot water systems have a lower upfront cost, the long term benefits of a solar system will outweigh the initial outlay. A household may have to replace two electric systems over the life of one solar system and there are lower yearly electricity costs with a solar system.

As well as the \$1,000 rebate from the Australian Greenhouse Office, there are further incentives to install a solar hot water system when an electric storage system is ready to be replaced.

Nearly all solar systems on the market come with a certain number of Renewable Energy Certificates (RECs). RECs are assigned by the Office of the Renewable Energy Regulator as part of the Mandatory Renewable Energy Target. The certificates are tradeable and can

be used to provide a discount on the upfront cost of a solar hot water system.

The number of RECs that come with a solar hot water system depend on its size and where in Australia it is installed. Each solar system sold in Australia usually comes with 20 to 40 RECs – that equates to an extra discount of \$600 to \$1,200 on top of the \$1,000 rebate.

Most state and territory governments also have incentives to encourage households to install a solar hot water system. In NSW, for example, switching to solar hot water attracts a rebate in the order of \$600 to \$800 depending on the type of system chosen.

For more information, visit www.greenhouse.gov.au/rebates or call 1800 808 571. ♦

Why switch?

Here's an example of the financial incentives available for people who replace an existing electric storage hot water system (the figures will vary slightly depending on the geographical area where the household is located):

Cost

- retail cost of a new solar hot water system: 250 litre tank (suitable for a three to four person household): \$3,928
- installation cost: \$1,400

Total: \$5,328

Offsets/rebates

- Australian Greenhouse Office rebate: \$1,000
- NSW Government rebate: \$600
- Value of RECs attached to the system (bought back by the retailer in the form of an upfront discount): \$728

Net cost: \$3,000

Electricity savings

Electricity saved over the life of the system: \$400 a year for 13 years = \$5,200

Net benefit to owner is \$2,200 over the lifetime of the system.

Any future increases in the cost of electricity will only increase the benefits.

(Note: based on an average household in Sydney.)

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growing networks in Australia - something acknowledged by our recent nomination 'Most Revitalised Brand' - Australian Marketing Institute - and our award winning television advertisements.

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RESIDENTIAL PROPERTY PRICES ARE FORECAST TO RISE BETWEEN 5 AND 10% ACROSS NSW IN 2008 WITH DEMAND TO LIVE NEAR THE SYDNEY CBD AND ALONG THE COAST OUTSTRIPPING SUPPLY.

BUT THERE ARE DARK CLOUDS ON THE HORIZON IN THE FORM OF INTEREST RATE RISES AND THE INCREASING CHALLENGES OF HOUSING AFFORDABILITY.



BY ROSLYN ALDERTON

A weather forecaster might describe the outlook for the housing market in NSW in 2008 as 'fine with scattered showers'. Economist Craig James from CommSec puts it this way:

"Across NSW generally, [I expect] something in the order of an 8 to 10% increase (in residential property prices), but it's going to vary very much from suburb to suburb, country town to country town," he told the *Real Estate Journal*.



Weather?

Strong demand

The main reason for the expected increase in prices is that demand to live in NSW is outstripping supply. While some locals continue to migrate north to sunny Queensland, this is being more than offset by an influx of foreign immigrants. NSW lost a net 27,000 people to other states in the year to June 2007, while international migration brought 55,000 people into the state. All these people need accommodation – whether buying or renting – and that's kept demand for property strong.

Supply, on the other hand, has not been keeping pace. Home building approvals in NSW have slumped to their lowest level on record, while rental vacancies have fallen to as low as 0.9% in Sydney. Real estate agents have also been reporting difficulties in obtaining enough listings to keep up with the demand from buyers.

L.J. Hooker Managing Director Warren McCarthy said this is likely to push both prices and rents higher in 2008.

"This demand push upon the limited stock will keep the market quite alive," he said, predicting an across-the-board increase of 5% in residential property prices in 2008. "It might surprise me and be 8%. That's not bad."

Interest rates

A gloomy forecast for interest rates might spoil the party for the residential market – and it's not just the Reserve Bank delivering the bad news.

"IT'S WISE FOR PEOPLE TO FACTOR IN ONE INTEREST RATE RISE, POSSIBLY TWO BECAUSE THE ECONOMY IS PERFORMING WELL."

“THOSE LOOKING TO LIVE SOMEWHERE ARE LIKELY TO RESORT TO THEIR SECOND OR THIRD CHOICE.”

What the market did last year

Sydney median house price:
up 3.4% to \$538,000

NSW median house price:
up 2.8% to \$379,000

Sydney median unit price:
steady at \$361,000

NSW median unit price:
up 0.8% to \$315,000

Source: Australian Property
Monitors, September Quarter 2007

Median weekly rents - Sydney

One bedroom dwellings:
up 13.6% to \$250

Two bedroom dwellings:
up 11.7% to \$335

Three bedroom dwellings:
up 10% to \$330

Source: NSW Department of Housing
Rent and Sales Report, September
Quarter 2007

In an unusual move, National Australia Bank lifted its home loan rates in the first week of the new year, independent of any decision by the Reserve Bank.

“I can’t remember any instance (of this happening before),” said Craig James. “This is the first time that a bank has moved without the Reserve Bank moving.”

Other banks soon followed in an attempt to recoup some of their own costs of funding, which have sharply increased as a result of the US housing crisis. Over-zealous

lenders in the US had supplied too many risky borrowers with home loans. The lenders’ financial backers responded by raising the cost of credit and the flow-on effects have impacted banks and mortgage lenders around the globe.

Non-bank lenders in Australia, such as RAMS, have suffered the most while sharemarket-listed property groups including Centro have also felt the crunch.

Now with banks lifting their home loan rates, consumers are being forced to tighten their belts as

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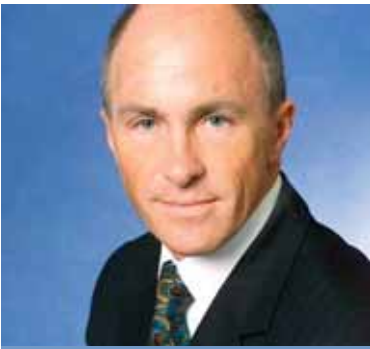
“As Professionals we have access to a range of world class trainers, and fantastic training courses that have helped us to grow our business. With all of these options for training and development, services and support from head office it is very clear that the value for money we get from our member fees is truly exceptional! We are part of an international, highly respected group, with a great brand and a great name! I love being a Professional!”

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CRAIG JAMES

“ACROSS NSW GENERALLY, I EXPECT SOMETHING IN THE ORDER OF AN 8 TO 10% INCREASE IN RESIDENTIAL PROPERTY PRICES, BUT IT’S GOING TO VARY VERY MUCH FROM SUBURB TO SUBURB, COUNTRY TOWN TO COUNTRY TOWN.”

well – something the Reserve Bank is no doubt taking into account as it weighs up whether to make another interest rate hike.

Economists have differing views on how many hikes there are likely to be in 2008, but the consensus is for the direction to be up.

“In our view, it’s wise for people to factor in one interest rate hike, possibly two because the economy is performing well,” Mr James said.

Consumers are preparing accordingly, with a Mortgage Choice survey showing demand for fixed rate loans among NSW borrowers at an historically high level of 37% of all loan approvals.

Just how much interest rates are likely to dampen demand remains to be seen.

“Any interest rate hike is going to further worsen housing affordability,” Mr James said.

But he added that an increasing population will still need somewhere to live. “Those looking to live somewhere are likely to have to

resort to their second or third choice. It’s a case that people are going to have to revise their views of where they are going to live.”

City and country

Rate hikes will have a greater impact on some parts of the residential property market than others. Both in Sydney and across regional NSW, the market is fragmented.

In Sydney, the more expensive northern and eastern suburbs have flourished. In these areas, home owners are less likely to have mortgages, therefore reducing the impact of interest rates, and have been buoyed by the strength of their investments in the share market over recent years.

Suburbs close to the city have also been in strong demand. However many of the western and outer suburbs have struggled as home owners face financial difficulties.

Stuart Watts, NSW Southern Manager for The Professionals, said this ‘mortgage belt’ was the hardest hit after the end of the property boom in 2003.

“Our St Mary’s office was getting four or five mortgagee sales per month,” he said. “Same with our Bankstown office.”

It’s been a similar story in country NSW, which has been split between regions devastated by drought and towns bolstered by strong local economies and former city-dwellers seeking a lifestyle change.

“The areas (that have done well) have diverse economies – by that I mean the likes of Wagga Wagga, Armidale, Dubbo, Orange and Bathurst, which are not reliant on agriculture as much,” Mr Watts said.

He noted that farmers who were leaving the land due to drought were going to those regional centres, which were enjoying the addition of young families seeking affordable housing.

Regions with mines such as the Hunter Valley and New England are also doing well, encouraging The Professionals to open four new franchise offices in those areas. “The mines are a major factor in terms of driving [property] values,” Mr Watts said.

Meanwhile the NSW North Coast continues to grow due to baby boomers seeking a seachange.



Out in the cold

Cats and dogs have been silent victims of the housing affordability challenges in Sydney, with many pet owners, grappling with financial stress, forced to abandon their furry friends as they move from houses to units.

A recent report in the *Sydney Morning Herald* said the number of cats and dogs surrendered to the RSPCA has escalated rapidly over the past few months. The RSPCA said the most common reason was due to pet owners moving from houses to units.

Unfortunately not all of the animals are able to be adopted by new owners, with many abandoned cats and dogs having to be put down.

“If you look at coastal NSW, right up to Ballina, Byron Bay, down to the mid-north Coast ... every one of those markets is looking for more stock,” Mr Watts said. “The baby boomers are cashing themselves up from (selling) the family home in Sydney and moving to those areas. Interest rates don’t affect those markets as much.”

Overall, he is optimistic about the property market in country NSW this year. “Stock will be a little tight but what [agents] get they can sell,” he said.

Housing affordability

Rising house prices might be good for those wishing to sell, but it’s a discouraging forecast for renters looking to buy their first home, particularly in Sydney where the median house price is at \$538,000.

Across NSW, the average home loan is nearly \$268,000, requiring 26.1% of household income to meet monthly repayments on an average mortgage, the latest REIA/Deposit Power Home Loan Affordability Report shows.

Economists expect housing affordability to worsen in the coming years.



REIA PRESIDENT NOEL DYETT

“FIRST HOME BUYERS CAN EXPECT MORE OF THE SAME – CHALLENGES TO SECURE A DEPOSIT TO BUY A HOME AND CHALLENGES IN MEETING MONTHLY LOAN REPAYMENTS.”

"New housing supply is now falling well short of underlying housing demand and looks likely to do so for a number of years," ANZ economists wrote in their *Australian Property Outlook*.

"Our projections suggest a critical and rapidly expanding shortage of housing in Sydney will provide significant support to house prices and rents and foreshadow a further deterioration in housing affordability in the medium term ...

"By 2010 we project a record housing shortage of nearly 200,000 homes, which risks becoming an intractable imbalance as renters and first home buyers become collateral

damage in the Reserve Bank's ongoing war on inflation."

The situation is made more difficult because first home buyers are usually renters. With rents on the rise and competition increasing for fewer available properties, it's getting harder to save for the initial deposit.

"Tightened conditions have already seen rents accelerate with growth of 4.9% over the year to September in established rents (ABS), but a far more dramatic 24% jump in advertised rentals (Residex)," the ANZ economists said.

"With vacancies set to push even further below record low levels in

the year ahead, ongoing rapid rental growth appears inevitable."

The difficulties have not gone unnoticed, with both REINSW and its national representative REIA lobbying for state and federal government policies to address the challenges. The new Rudd Government made a number of promises in the lead-up to the election that should help to address some of the concerns (see opposite page).

"The Federal Government's proposed policy solutions may offer some relief in the medium to long term, but in 2008, first home buyers can expect more of the same – challenges to secure a deposit to buy a home and

"RENTERS AND FIRST HOME BUYERS [RISK BECOMING] COLLATERAL DAMAGE IN THE RESERVE BANK'S ONGOING WAR ON INFLATION."

challenges in meeting monthly loan repayments," said REIA President Noel Dyett.

Commercial

The commercial markets of office, retail and industrial have been strong over the past few years and that strength is expected to continue, at least in the short to medium-term.

A recent investor sentiment survey by Jones Lang LaSalle found that 55% of respondents expected total

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Sydney office market outlook

CBD

Delays in the development of some new office projects means that the Sydney CBD office market will remain tight in 2008, according to Cameron Williams, National Director of Office Leasing at Colliers International.

"No significant new supply is due until 2010 and even that will be pretty limited," Mr Williams said. "There will be some refurbishment opportunities in smaller floor plate buildings in 2008/09. For larger space occupiers, there really is little choice. They will be forced to re-sign on current space and will find they are in for some significant price rises."

Sydney metro

Mr Williams said the Sydney metropolitan office market as a whole is likely to benefit from the increased tightening of leasing in the Sydney CBD.

"The outlook is very positive in 2008 with sound rental growth expected across most metropolitan markets," he said.

The North Shore is expected to benefit the most.

"Tenants who can't find the size and quality they are looking for in the CBD will certainly look to the North Shore as one of the first options," Mr Williams said. "This in turn will put pressure on rents, with rental growth of 5-10% expected over the course of 2008

The city fringe of Pyrmont, Ultimo, Broadway and Surry Hills also continues to grow, and Sydney South is also expected to benefit from the tightening of the CBD, with a number of reasonable-sized tenants already looking to move out of Surry Hills and into Waterloo.

In Parramatta, development activity in the office market is set to pick up, according to John McCann, Colliers State Director of Investment Sales.

"After a period of inactivity and two years of rental growth, the development community appears prepared to construct speculative stock due to a lack of quality supply," Mr McCann said.

returns to remain unchanged over the next six to 12 months, while 36% expected improvement and the remaining 9% anticipated deterioration.

"Given the strength of conditions over the past few years, these results indicate a still strong short-term outlook," the report said.

The survey found the office sector has the strongest sentiment both in the short and medium-term.

(For more on the Sydney office market, see pull-out box)

Good opportunities

The current market conditions present some great opportunities to savvy buyers and property investors, with bargains still available, such as in some western Sydney areas.

Apartments prices are also being supported as buyers consider higher density living as a more affordable alternative to expensive housing, particularly in suburbs close to the Sydney CBD.

For investors, the rising rents are improving rental yields, and the recent slump in the share market might be the trigger for renewed interest in property investment (for more on this topic, keep an eye out for the March edition of the *Journal*), although it may not yet be enough of a total return to entice investors that are more interested in the strong recent returns from the share market.

Listings are harder to come by, however this also gives the more professional real estate agents a chance to stand out.

Warren McCarthy said it was a return to more normal market conditions following the boom years at the start of the decade and the decline that followed them.

"[The market] is not moving ahead in leaps and bounds like it used to. [Buyers] don't get as euphoric about wanting to get into the market at any cost. They have to be more astute," he said.



WARREN MCCARTHY

"ON THE WHOLE I THINK THINGS ARE GOING TO BE PRETTY GOOD IN TERMS OF MARKET ACTIVITY AND PRICES."

"On the whole I think things are going to be pretty good in terms of market activity and prices."

The message is to prepare for good weather in the property market this year ... but pack your umbrella.

Ask the experts – come along to the REINSW Property Outlook luncheon at the Westin, Sydney, on 27 February.

Craig James from CommSec and Warren McCarthy from L.J. Hooker will be joined by Kathryn Matthews from Jones Lang LaSalle and Graham Wolfe from the Housing Industry Association to discuss the outlook for 2008 and answer questions from attendees.

For more information, see the booking form on p21 or call REINSW Events Manager Karen Einati on (02) 9264 2343. ♦

Labor's housing affordability promises

Help to save for a first home deposit

The Labor Government has promised to establish First Home Saver Accounts – superannuation-style accounts providing tax incentives to help young people save up for a home deposit. Anyone aged over 18 will be eligible to open an account so long as they comply with the eligibility criteria for the First Home Owners Grant.

Contributions are capped at \$10,000 a year and savings must be left in the account for a minimum of four years.

Low cost renting

The National Rental Affordability Scheme aims to assist 50,000 low and middle income families over the next five years by providing low-cost rental accommodation.

It will work by providing a Rental Tax Incentive to institutional investors on the condition that they build new homes or units and rent them to low

and middle income households at 20% below the market rate of equivalent properties in the area.

The tax incentive will only be allocated through States that agree to provide direct or in-kind financial support worth at least \$2,000 per dwelling per year for 10 years.

Grants for local councils

The Housing Affordability Fund aims to cover some of the cost of new housing infrastructure, which should ultimately result in lower costs for first home buyers.

The Labor Government promised to initially invest \$500 million into the fund. Local governments will apply through a competitive process to receive grants, which will be used to develop new infrastructure such as water, sewerage, transport and parklands, as well as to help cover the holding costs associated with planning and approval delays.

Are you worried about interest rate rises in 2008?



**Lisa Keppie, Property Officer
Century 21 Carlingford**

Yes, I am worried. I think if we have more than one (interest rate rise), it will impact sales. I think also the impact of interest rate rises depends on which area you are in. It won't affect us as much as western Sydney. Property management is going up here. People are still purchasing investment properties in Carlingford and Epping.



**Fred La Cava, Sales Team Leader
Time Realty Five Dock**

I think with the interest rates going up, it's not going to help, added on to the price of petrol and added on to everything else. A lot of our clients, they are just borrowing to their maximum. They really can't afford (interest rate rises).

It's going to have an impact on rentals. Investors are going to find it harder to buy. They are not going to buy residential properties when they can get more by leaving their money in the bank.

It does have an impact on sales. You can't predict it. We're waiting to see what happens this year, and the next few months are going to be a testing time.

We have been in business for a long time. We will be able to cope with (interest rate rises) but it will be harder for first home buyers and people who have got families and mortgages.



**Peter Russell, Licensee-in-charge
Integrity Real Estate Nowra**

I'm very concerned about interest rate rises, the sub-prime drama that the US is having and also that it will have a major effect on the economy. I have real concerns that the Reserve Bank are not only going to increase interest rates but also potentially stall the whole Australian economy, particularly NSW, which is a state that hasn't seen the gangbusting profits that south-east Queensland and WA have seen in recent times.

Rural communities are really starting to struggle with interest rate rises. It's now time to batten down the hatches and galvanise yourself against these sorts of things. It's very important to have a very strong rent roll and also to watch costs and the spending that real estate agents are notorious for doing.



**Jackie Phillips, Sales Support
PRDnationwide Tumut**

I am concerned about interest rate rises and how it will affect both the business and our personal lives.

Certainly I do think it will affect sales for a little bit until it settles down, but not as much in our area. In Tumut we are preparing for an influx of contractors due to the expansion of the local Visy pulp and paper mill and are hopeful that this project along with local upgrades to the Hume Highway will continue to support our strong market.

We do not foresee a drastic increase in business running costs due to interest rate rises.



**Jenny Dyer, Prestige Property
Consulting.com.au
(Buyer's agency) Rouse Hill**

I'm not particularly concerned about interest rate rises because you have to factor that in when buying a property anyway. As long as you factor that in the first place, it shouldn't be an issue for you.

If you are a buyer, [interest rate rises] can be a good thing because there are more opportunities for better deals out there.



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PROPERTY OUTLOOK 2008

Join us as REINSW hosts its kick-off event for 2008! Bring clients and colleagues to this once a year event to learn the latest about the economic and property market activities for the year.



KEYNOTE ADDRESS

Craig James
Chief Equities Economist, CommSec

Hear an update on the Australian and global economies with a focus on the implications for the housing market, inflation and interest rates.

PANEL DISCUSSION

The new REINSW President, Steve Martin, will moderate a prestigious panel through the ins/outs of property in 2008.



Kathryn Matthews
Regional Director – Australasia,
Research & Consulting, Jones Lang LaSalle



Warren McCarthy
Managing Director, L.J. Hooker



Graham Wolfe
Regional Executive Director, NSW, HIA

Don't miss this session for all your property updates - the only time this year you can get the analysis.

BOOKING INFORMATION

VENUE Westin Hotel - Heritage Ballroom
1 Martin Place, Sydney

DATE Wednesday, 27 February 2008

TIME 12noon - 2.30pm

COST	Individual	Table of 10
<i>(incl GST)</i> REINSW Member	\$110	\$990
Non member	\$130	\$1,170

PARKING Available at Secure Parking

RSVP By Thursday, 21 February 2008.
Bookings can be made by completing the form below and return by fax to **(02) 9264 5102**.

For further information, please phone REINSW Events on **(02) 8267 0551**.

Continuing Professional Development (CPD): At the completion of this REINSW session, attendees will have received ½ elective CPD point in Learning Category 1 with no assessment required and applicable to all licence categories.

REGISTRATION

Name/s _____
Company name _____
Street address _____
Suburb _____ Postcode _____
Phone _____ Email _____

Number attending: REINSW Member _____ individuals @ \$110/person (GST incl) or \$990/table of 10 (GST incl)
Non member _____ individuals @ \$130/person (GST incl) or \$1,170/table of 10 (GST incl)

PAYMENT METHOD

Enrolment is accepted only with full payment, Cheque or Credit Card. Places are limited. Please choose a payment method:

Cheque* AMEX MasterCard VISA Bankcard Diners

Card Number _____
Card Holder's Name _____
Expiry Date _____ Amount \$ _____
Signature _____ Date _____

*Mail cheques to REINSW, PO Box A624, Sydney South NSW 1235.

No refunds available for cancelled bookings within 7 days of event.

NOMINATION FORM

2008 Awards for Excellence

AWARD CATEGORIES

Please tick (✓) the appropriate box. If you wish to nominate more than one person, please fill out a separate form for each nominee (photocopy this page).

Auctioneers	For senior auctioneers practicing in NSW
Auction Marketing	For residential sales people to showcase their campaign of an auction property
Business Agent*	For those working in the field of business broking
Buyers' Agent*	Recognises the expanding area of buyers' agency
Small Commercial Agency*	For a small to medium sized firm showing outstanding achievement via business plan, professional development, sales, and service to clients
Large Commercial Agency*	For multinational firm showing outstanding achievement via business plan, professional development, sales, and service to clients
Commercial Property Management	For commercial property managers working in single or multi office firms
Commercial Sales/Leasing*	For commercial sales/leasing agents working in single or multi office firms
Copywriting	Open to all areas of copywriting including print and electronic media
Corporate Support	For support staff working in administration, office management, reception, customer service and personal/executive assistants
Holiday & Short Term Rentals	Recognises firms excelling in this specialist area of residential rentals
Innovation*	For firms showing innovation in the industry that has improved business efficiency
John Greig OAM Community Svc*	For an individual who has made an outstanding contribution to their local community
Project Marketing	Awarded for overall success of a marketing campaign
Small Residential Agency*	For a firm (employing 10 people or less) showing outstanding achievement via business plan, professional development, sales, and service to clients
Large Residential Agency*	For a firm (employing more than 10 people) showing outstanding achievement via business plan, professional development, sales, and service to clients
Residential Property Management*	For individual property managers who can outline strategies that promote their service as a property manager
Residential Property Management Achievement*	For an individual with no more than 2 years experience in the real estate industry showing customer service, initiative, and professional standards
Residential Sales*	Open to all individual residential salespeople
Residential Sales Achievement*	For an individual with no more than 2 years experience in the real estate industry showing customer service, initiative, and professional standards
Rural Marketing	For rural sales people and property managers
Valuation	Recognises the specialist skills of valuers
Website - Corporate*	Website representing a corporate identity (such as franchise head office) or group / chain of more than one office
Website - Independent*	Website representing a single office

* Award winners may have the opportunity to advance to the 2008 REIA National Awards.

NOMINEE DETAILS

First name _____ Surname _____
 Firm _____
 Street address _____
 Suburb _____ Postcode _____
 Phone _____ Email _____

NOMINATOR DETAILS

First name _____ Surname _____
 Email _____
 Signature _____ Date _____

Please fax this form back to REINSW on (02) 9267 9190 by Friday, 28 March 2008.

Entries open!

WINNING AN REINSW AWARD FOR EXCELLENCE IS MORE THAN JUST A RECOGNITION OF YOUR ACHIEVEMENTS – IT'S ALSO A FANTASTIC PROMOTIONAL TOOL FOR YOUR BUSINESS.

Nominations are now open. You can nominate yourself or someone else, however entries are only open to REINSW individual members at member firms. Once nominated, an entry kit will be sent out, explaining all the relevant information needed to help prepare an awards submission.

There are 24 categories. This year we have split the Residential Agency and Commercial Agency categories to reflect the size of the agencies, and have added a new Holiday and Short Term Rentals category.

Unlike many franchise awards, the REINSW awards are not based on the number of sales or listings. Judges are looking for demonstrations of innovation, excellence and professionalism. So whether you are from Bondi or Broken Hill, you're in with a chance.

The awards program is also a way for managers to reward their staff by encouraging their talented and successful agents, property managers and administration staff – including newcomers to the industry – to enter.

Even if you don't win the category, you might be a finalist – and finalists also receive recognition.

Finalists receive \$200 worth of REINSW training, a framed certificate and a promotional pack including award logos that can be used on their website and in their agency's advertising material.

In addition to the promotional pack, winners receive \$500 worth of REINSW training and are presented with a trophy at the real estate industry event of the year: the REINSW Annual Dinner.

You have to be in it to win it, so fill out a nomination form today!

To find out more, call REINSW on (02) 9264 2343. ♦

UNLIKE MANY FRANCHISE AWARDS, THE REINSW AWARDS ARE NOT BASED ON THE NUMBER OF SALES OR LISTINGS. JUDGES ARE LOOKING FOR DEMONSTRATIONS OF INNOVATION, EXCELLENCE AND PROFESSIONALISM.



How do I enter?

Enter online by Friday, 28 March 2008 at www.reinsw.com.au/2008-Nomination-Form OR complete the following steps:

Step 1

- Find the Nomination Form on the opposite page
- Tick the award/s for which you would like to nominate yourself, a colleague or staff member and fill out the details at the bottom of the page.
- If you wish to nominate more than one person, please fill out a separate form for each nominee (simply photocopy the form provided).

Step 2

Fax the Nomination Form back to the Institute on (02) 9267 9190 by Friday, 28 March 2008.

Step 3

Nominees will then be sent an Awards for Excellence Entry Kit. They must complete and return their submissions by 5.00pm on Friday, 16 May 2008.

You can keep up to date with the Awards for Excellence 2008 on the Institute's website, www.reinsw.com.au.

Dates for your diary

February 27:
Property Outlook lunch

March 28-30:
Property Expo

September 10:
Commercial Property Forum

October 18:
REINSW Annual Dinner

1+ 2 GRIFFITH REAL ESTATE CELEBRATES BEING A FINALIST IN THE INNOVATION CATEGORY LAST YEAR

Chapter news

CHAPTER CHAIRPEOPLE

Auctioneers: Kate Lumby
Business Agents: Position Vacant
Buyers Agents: Lisa Bradley
Commercial: Joshua Charles
Holiday and Short Term Rentals:
Justin Butterworth
Strata Management: Gary Adamson
Valuers: Colin Rooke
Property Management: Lyn Kimball
Residential Sales: Kathryn Hall
Rural: Phil Rourke

DIVISIONAL CHAIRPEOPLE

Albury: Wayne Matsinos
Central Coast: Position Vacant
Central West: Chris Gryllis
City of Sydney: Position vacant
Coffs Harbour: Christine Clarke
East: Craig Sewell
Illawarra: Leigh Stewart
Inner West: Edward Tancred
Mid North Coast: Steven Newman
Murrumbidgee: Kevin Purtell
Nepean, Hawkesbury,
Blue Mountains: Greg Taylor
Newcastle and Hunter:
Wayne Stewart
New England: Graeme Mills
North: Position vacant
Northern Beaches: Ardi Melikian
North West: Position vacant
Northern Rivers: Carl Petersen
Orana: Rod Crowfoot
Parramatta & Hills: Lisa Surian
Riverina & South West Slopes:
Simon Freemantle
South Coast: John Haslem
(Acting Chairman)
South East: Position Vacant
South West: Kay Cole
St George Sutherland Shire:
Christian Payne



KATHRYN HALL

Residential Sales Chapter update

Kathryn Hall from Andrew Blake Real Estate in Avalon has been elected as Chairperson, with Richard Jobson from Ray White Allambie Heights as Deputy. Kathryn said that with the Chapter at the coal face of the industry, it has an ideal opportunity to identify the challenges and issues facing sales agents and bring these to the attention of the REINSW Board.

Younger agents will be a focus of the Residential Sales Chapter in 2008, with committee members planning to bring along young colleagues to future meetings as guests to help bring new ideas and enthusiasm.

The committee also discussed their concerns about the ease in which agents can get a licence at some training organisations, with members supporting REINSW's lobbying efforts about this issue.

The Chapter is also considering fundraising for country needs, in an initiative named Coast to Country Connection.

For more information about the REINSW Chapters, please call (02) 9264 2343.

Residential Tenancies Act submission

The Residential Tenancies Act is currently up for review, presenting a unique opportunity for property managers to seek changes to aspects of rental property laws that they have found frustrating or inappropriate.

It's an opportunity that REINSW didn't want to miss! The REINSW Property Management Chapter committee has been working extremely hard on behalf of members to make sure their voices are heard.

After gathering feedback from members, a sub-committee took two full days to formulate a submission on the Government's proposed changes to the Act. They also met with NSW Fair Trading Minister Linda Burney to discuss their views.

WHILE THE CHAPTER SUPPORTS SOME OF THE PROPOSED CHANGES TO THE LEGISLATION, IT STRONGLY DISAGREES WITH SOME OTHERS,

A 20-page submission has now been put to the NSW Government review panel. While the Chapter supports a number of proposed changes to the legislation, it strongly disagrees with some others, including:

- a proposal to extend the 60 days 'no grounds' notice to 90 days;
- a proposal that tenants should be permitted to make cosmetic improvements to the property or add fixtures at their own expense provided they obtain the landlord's prior consent, which cannot be unreasonably withheld; and
- a proposal that in Tribunal cases where it is alleged that a former tenant has damaged the premises, any amount of money they have spent on improvements or fixtures left behind should be offset against the claim being made, unless the tenant has already been fairly compensated.

A draft of the new legislation is expected in the first quarter of 2008, with the new laws set to be enacted by the end of the year.

Thanks to everyone on the Property Management Chapter Committee for their hard work and dedication.

In other news for the Property Management Chapter, Lyn Kimball from Fitzpatrick's Real Estate in Wagga Wagga has now become the new Chapter Chairperson. She takes over the role from Sandra McGee of Starr Partners Merrylands, who was recently awarded REINSW's John Hill Award for her dedication to the Chapter, which she had chaired for three years.

Young Agents

Newcomers to the industry will soon have their own Chapter at REINSW. The Board recently approved the formation of a Young Agents Chapter, which will provide support and networking opportunities to newcomers across all sectors of the real estate industry.

If you would like to contribute ideas or suggestions about what a Young Agents Chapter could do, please email Tracey Lucas, REINSW Assistant Manager for Agency Services, at tlucas@reinsw.com.au. If you would like to be on the new Chapter, please send a brief biography explaining why you would like to be involved.

Upcoming forums

20 February –
Rural Forum, Tamworth

5 March –
Property Management, Orange

For more details, visit www.reinsw.com.au or call Tracey Lucas on (02) 9264 2343.

A Landmark appointment



PHIL ROURKE

"It will also be a good opportunity to promote the Institute to non-member agents," Phil said.

As always, the Rural Chapter will also be closely involved with the organisation of Rural CPD Days, following the successful events held in Dubbo, Tamworth, Wagga Wagga and Young over recent years.

Phil Rourke, NSW Real Estate Manager for Landmark, has been elected as the new chairman of the REINW Rural Chapter.

Phil already has plenty of work to do.

The Chapter is planning to organise two charity auction nights in country areas this year to raise money for local charities.

Phil also intends to continue the Chapter's lobbying efforts to provide greater consumer protections for water licences. Currently, people are able to trade water licences with very little regulation, despite water sometimes being worth more than land.

The Chapter intends to conduct three of its meetings this year in

country regions (Tamworth, Orange and Wagga Wagga) and will invite local members to come along and discuss issues relevant to them.

Deputy Chairman of the committee is Grant Woods from Grant Woods Rural Services.

Phil thanked former Chairman Nigel Boyce from Porters for Property in Gunnedah for his sterling effort at the helm of the Chapter over the past six years. During that time, Nigel assisted country agents in many ways, including revising the Rural Sales Inspection Report and Selling Agency Agreement.

"Nigel has constantly strived to give rural agents a profile within REINSW," Phil said. "His efforts to give country agents a voice have been greatly appreciated."

Nigel will remain on the Chapter Committee, alongside other committee members Tim Lyne of Ray White Rural, Moree; Robert Nevins from PRDnationwide Orange; and Malcolm White from Landmark Dubbo.

Proposed dates for Rural Chapter meetings in 2008

- 20 February in Tamworth
- 16 April in Sydney
- 18 June in Orange
- 20 August in Sydney
- 15 October in Wagga Wagga
- 3 December in Sydney

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I've got the power

BUYERS' AGENTS SOMETIMES USE A POWER OF ATTORNEY TO BID ON A CLIENT'S BEHALF AT AN AUCTION.

THE REINSW BUYERS' AGENTS CHAPTER HAS REPORTED THAT OCCASIONALLY THIS CAUSES DIFFICULTIES AT AUCTIONS DUE TO CONFUSION ABOUT WHAT A POWER OF ATTORNEY ENTITLES THEM TO DO. HERE'S A GUIDE TO HELP SORT OUT THE ISSUES.

What is a power of attorney?

A power of attorney is a formal legal document by which one person gives another person the power to represent them and act in their place.

This means that a person with a power of attorney has the ability to make decisions on the other person's behalf – usually in a specific situation.

For example, a client may give their buyer's agent a power of attorney to bid on their behalf at an auction and then to sign the contract if the buyer's agent is the highest bidder.

Who might want to use a power of attorney?

A buyer who cannot be physically present at the auction (due, for example, to them being overseas or in hospital) might wish to give a power of attorney to someone who can actually be there.

Alternatively, the buyer might choose not to be physically present at an auction to avoid being recognised. Here are some examples:

- the buyer might be a celebrity or well-known identity;
- the buyer might have previously negotiated to buy the property but the deal fell through – so the vendor knows how high the buyer was previously prepared to pay;
- the buyer might be a developer who had already bought five houses in a row and wishes to buy the sixth – and their presence might encourage the vendor to lift the reserve in the hope of a higher price;
- the property might be one half of a duplex and the buyer owns the other half;

- the buyer might have a personal conflict with the vendor – perhaps the buyer is an ex-husband or ex-wife, or is involved in a family dispute.

In the above examples, the buyer might choose to give a buyer's agent a power of attorney to attend the auction on their behalf and make bids for the property.

IF THE BUYER'S AGENT HAS A POWER OF ATTORNEY, THEY DON'T HAVE TO SAY WHO THEY ARE REPRESENTING WHEN THEY SIGN IN

Signing in

The most common aspect of confusion for buyers' agents using a power of attorney is at the time they go to sign the register.

Sometimes a buyer's agent will turn up at an auction and be totally unrecognised. More commonly, a buyer's agent is known in a particular area, so therefore the auctioneer, selling agent and vendor are likely to know that the buyer's agent is there on behalf of a client. They're all curious: who is the buyer's agent representing?

If the buyer's agent has a power of attorney, they don't have to say who they are representing when they sign in. They don't even have to reveal that they are a buyer's agent if they don't want to.

Note that this only applies if the buyer's agent has a power of attorney and not just a letter of authority – and there is a difference.

At first glance a power of attorney and a letter of authority can appear to be similar concepts. Like a power of attorney, a letter of authority enables someone to bid on another's behalf. For example, a buyer might give their father/brother/friend a letter

of authority to bid on their behalf because they lack confidence at auctions – perhaps they're afraid they won't be able to keep their cool and will accidentally bid past what they can afford – and so wish for their relative or friend to make the bids instead.

A letter of authority must include the prospective buyer's name, address and identifying number of their proof of identity. This letter of authority must be given to the auctioneer prior to the commencement of the auction. (In the case of a buyer's agent, the agency agreement can be used instead of a letter of authority.)

Unlike a letter of authority, if a person is acting under a power of attorney they have – in a legal sense – become the other person when it comes to making decisions in that particular situation.

The *Property, Stock and Business Agents Act* and Regulations don't actually spell out what someone with a power of attorney needs to do when signing the bidder's register, because it's not necessary to spell that out in those laws: in a legal sense, the person with the power of attorney is the person they are representing.

So when a buyer's agent acting under a power of attorney turns up at an auction, they only have to record their own name in the bidder's register. They do not, at this stage, have to provide details of their client.

Signing the contract

The anonymity is lost, however, if the buyer's agent is the highest bidder. By law they must immediately inform the auctioneer that he or she is acting on behalf of a client and provide the name of that client (see section 83 of the PSBA Act).

A buyer's agent acting under a power of attorney can usually also sign the contract on their client's behalf.

This may cause some difficulty if it turns out that the client was someone the vendor did not like. Yet legally if the property is knocked down to the

THE MOST COMMON ASPECT OF CONFUSION FOR BUYERS' AGENTS USING A POWER OF ATTORNEY IS AT THE TIME THEY GO TO SIGN THE REGISTER.

highest bidder, the auctioneer does not have the authority to override the power of attorney simply because the vendor doesn't like the buyer.

An exception would be if the buyer's agent did not have their paperwork in order, for example, by having a fault with the legal documents such as the agency agreement or power of attorney.

Agency agreements

There have been cases where selling agents and auctioneers have insisted that they sight the written agreement between the buyer's agent and the client – and have even insisted that they keep a copy.

If the buyer's agent has a power of attorney, they do not have a legal obligation to show the agency agreement or the power of attorney document to the auctioneer or selling agent. It's the buyer's agent's own choice if they wish to show these documents or not.

If the buyer's agent does not have a power of attorney, then they will have already provided a copy of a letter of authority to bid from their client to the auctioneer before the auction commenced. (If, however, the letter of authority did not contain the required details, then the auctioneer may request to see the agency agreement as well.)

The buyer's agent does not have any legal obligation to hand over a copy for the other parties to keep.

For more information, call the REINSW Practice Support Line on (02) 9264 2343. ♦

Repairs and maintenance



BY SUZIE REID

REPAIRS AND MAINTENANCE ARE OFTEN SEEN AS THE 'SLOG' OF PROPERTY MANAGEMENT, BUT THEY CAN ALSO BE CRUCIAL TO BUILDING A GOOD RELATIONSHIP WITH YOUR LANDLORD AND YOUR TENANTS.

Know your landlord's needs.

The question is do you call about every tap washer, or only if you are undertaking major repairs? Some landlords will be upset about being bothered with small issues and others will want to authorise almost everything. I suggest that you contact the 'small repairs owners' even though you may have the authority in your management agency agreement to go ahead without speaking to them. Repair calls are often the major contact we have with our landlords and it is personal contact that builds a good relationship. Be efficient, call them back with feedback on bigger jobs – your landlords will feel that you care about them and their property. Remember that landlords sometimes struggle to meet mortgage repayments when the cost of repairs are deducted from their statements and it helps them to be able to plan.

Understand the work that you are asking your landlords to authorise

When you speak to landlords, they will usually be able to tell if you don't fully understand what work needs to be done. Don't be hard on yourself – property managers are not builders, waterproofers, roofers or plumbers etc. Ask tradesmen to explain until you properly understand.

REPAIR CALLS ARE OFTEN THE MAJOR CONTACT WE HAVE WITH OUR LANDLORDS AND IT IS PERSONAL CONTACT THAT BUILDS A GOOD RELATIONSHIP.

Don't be embarrassed when you don't know what a technical term means: ask. When you then speak to the landlord it will be immediately obvious that you have a proper grasp of the work required and they are far more likely to do what you are requesting. The newer you are to property management, the more often you will need to ask for explanations, but this is the way to learn. Use the collective wisdom of your colleagues who have been in the industry longer and ask for their help too when you need it.

Prepare your landlords for future expenditure

In order to keep properties maintained there are larger items of expenditure that will need to be planned for. You will find it much easier – in the absence of a full projected maintenance schedule – to advise your landlords after a visit to the property that they should, as an example, plan financially to have the funds available to repaint the exterior of the house in the next 12-18



months. The dishwasher may have been repaired but due to its age you might advise the owner that when it next requires attention it may have to be replaced.

When a property is vacated and re-let but the general presentation is beginning to show some age, advise the owner that when the new tenant is to vacate they might like to plan for repainting/replacing the tired items in order to maintain the quality of the tenant and the property and keep the rental return as high as possible. It is helpful for landlords to see this sort of expenditure ahead of time so that they can plan for it. You will meet much less resistance than if a

pre-vacating inspection results in a call to the owner requesting major expenditure they hadn't envisaged right at that time (when their income is already reduced by the vacancy between tenancies and the letting fee). You should also point out to them the future need for work following a periodic inspection.

Landlords who will not properly maintain their properties

If a landlord will not properly fulfill their legal requirements to maintain and repair, you should not manage their property for them – it is that simple.

Tenants have a right to live safely and to have routine repairs attended

IF A LANDLORD WILL NOT PROPERLY FULFILL THEIR LEGAL REQUIREMENTS TO MAINTAIN AND REPAIR, YOU SHOULD NOT MANAGE THEIR PROPERTY FOR THEM – IT IS THAT SIMPLE

to. You also have an obligation to operate professionally and fulfill the legal requirements of a managing agent. If you find yourself not doing this work because the landlord will not authorise it, you are leaving yourself open to legal action, especially if someone is injured. You are also giving your agency a bad name.

If your more cost-conscious owners do not want to approve repairs, show them some empathy, tell them you understand how they feel regarding the difficulties of paying for what feels like an endless succession of repairs. If they are still unwilling, you will need to explain to them their legal responsibilities and the role of the Office of Fair Trading and the Consumer, Trader and Tenancy Tribunal (CTTT) in these matters. You have an obligation under the *Property, Stock and Business Agents Act* to send them a letter telling them that they are in breach by failing to carry out the repair, and if this is not successful, you should discontinue managing their property due to the inherent risk.

Smoke alarms

Property owners are now responsible for installing smoke alarms in rented premises. Correct implementation of these requirements is a subject big enough to warrant a full article on its own but it is extremely important that all staff working in property

management understand the rules regarding smoke alarms and their maintenance.

Quite apart from the potential for litigation in the event of a fire in a property not fitted with an effective alarm, it should not be forgotten that these rules are in place as a result of several deaths as a result of fires in properties without alarms.

Tenants who want to do work themselves

There are exceptions to every rule but generally tenant works are to be discouraged. No matter what requirements you may place on them with regard to the work being done in a proper and tradesman-like manner, it is almost always impossible to control. Every experienced property manager has tales of paint on carpet, acrylic paint being used over gloss enamel, holes being drilled into tiles and paving. The landlord is then faced with rectification and often little chance of recovering the costs from the tenant.

Remember that repairs and maintenance are one of the major reasons we communicate with our landlords. Use the opportunity to show yourselves and your agency to be knowledgeable and professional. You will build a strong and lasting relationship in the process of keeping their properties maintained and also remember that a well maintained property increases the sale value of the property

Suzie Reid is a Principal at Laing+Simmons Double Bay Property Management and is also a member of the REINSW Property Management Chapter Committee.

If you have any questions about repairs and maintenance, you can call the REINSW Practice Support line on (02) 9264 2343. Fact sheets – including information on smoke alarms – are available for download at www.reinsw.com.au under the 'Law & Practice' section. ♦

Don't sell your professionalism short ... make sure it's protected

If someone questions your professionalism or claims injury or property damage, the cost of successfully defending your good name, not to mention your business and personal assets, can be crippling.

Are you prepared?

Professional indemnity: covers you for defending allegations of:

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AON

Public support for holiday rentals

A RECENT STUDY UNDERTAKEN BY COLMAR BRUNTON SOCIAL RESEARCH, ONE OF AUSTRALIA'S LARGEST MARKET RESEARCH FIRMS, INVESTIGATED THE PUBLIC'S PERCEPTION OF AND REACTION TO PROPOSED PLANNING CHANGES TO HOLIDAY HOME RENTALS.

Under the proposed changes, owners of holiday homes would be prevented from renting their property to holiday makers on short-term leases. This would create a precedent in the planning system where owners are allowed to use a property as a holiday home but tenants are not – even though the property would be used for the same purpose regardless of whether the occupant is an owner or a tenant.

Colmar Brunton surveyed 294 respondents aged between 18-65 years old online and over the phone with a series of questions about the proposed changes. The report shows that there is overwhelming support for the continued provision of holiday rental homes and that rules should be the same for both owners and tenants.

86% of respondents agreed or strongly agreed with the statement: 'Owners should be allowed to continue renting out their holiday homes.'

71% of respondents agreed or agreed strongly with the statement: 'If an owner can use a holiday home then a tenant should be able to use a holiday home too.'

When asked about the impact on holiday home owners, most respondents felt that the proposed change was unfair on the grounds that owners would lose the right to control the usage of their own properties and gave responses such as: "It places restrictions on their freedom and a loss of control over their own property."

Importantly, the study by Colmar Brunton showed that consumers and local economies could be adversely impacted, with respondents expressing concerns:

THE REPORT SHOWS THAT THERE IS OVERWHELMING SUPPORT FOR THE PROVISION OF HOLIDAY RENTAL HOMES.

"It restricts where I can go ... if I can't rent, then I can't go there anymore."

"A lot of them will go out of business ... Why would the NSW Government want to do this?"

Colmar Brunton Social Research found that even those who initially supported the proposed policy change changed their mind once learning more about the issue.

The most frequently mentioned words used about the proposed policy change were "ridiculous", "unfair" and "unreasonable".

One statement which summed up real fears for our state's property industry was:



Profile of a typical Holiday Rental visitor

Renting a holiday house at the beach has been a family tradition in NSW since the mid-nineteenth century and remains popular today.

Warren and Jenny Sevill recently stayed at Coogee Beach with their two children. The Sevill family were participating in golf events as Warren is the General Manager of Australian Ladies Professional Golf and Jenny is a former Golf Digest Australian Woman Golfer of the Year.

"My family likes holiday rentals as they give us the space and comfort of home," Warren said. "Holiday rentals are the best option for my family. Much more convenient than hotels, we can continue our family life in a home away from home."

Families like the Sevill's would be impacted by the NSW Government's proposed planning changes, which would prevent properties from being rented out as holiday homes on short-term leases.

"My goodness. I think it's absolutely disgusting because it's going to stop people from buying investment properties in NSW. It will eventually force people to go to Victoria or Queensland or South Australia."

Justin Butterworth, Chairman of the REINSW Holiday and Short Term Rentals Chapter, said the survey showed that public opinion supports

holiday rentals. "The government should listen to people's support for this great tradition," he said. "The public recognises the implications of the proposed planning change."

The report can be viewed and downloaded from <http://www.reinsw.com.au/Holiday-and-short-term-rentals/default.aspx> ♦

Four Myths about Holiday Rentals

MYTH 1: Holiday rental tenants cause more disturbance

Fact: A Freedom of Information search with 30 Local Councils in New South Wales shows the level of complaints over a 22-month period averaged less than one complaint per month! In Byron Bay over the peak season the number of complaints about long term rental and owner-occupied properties was equivalent to short term rentals. There is no evidence to suggest holiday rental tenants create more disturbance.

MYTH 2: Holiday rental properties are a greater fire risk

Fact: Smoke detectors are now mandatory in all residential properties, including holiday rental properties. There is no evidence to suggest holiday rental properties are a greater risk. To the contrary, the insurance market assesses the risk as being the same as long term rental and owner-occupied properties by offering the same insurance coverage at the same cost i.e. regardless of duration of occupancy.

MYTH 3: Holiday rentals properties damage our tourism reputation

Fact: Consumers have voted with their feet and short term rental properties have become hugely popular with both domestic and international visitors. The internet provides consumers with images, reviews, competitive pricing and an easier transaction and communication medium, all of which drive up the standards of presentation and performance. Holiday rentals have and continue to make a significant contribution to tourism and accommodation in Sydney and NSW regional areas.

MYTH 4: Holiday rental properties do not compete on a level playing field

Fact: Holiday rental properties pay residential local government rates despite these properties being unoccupied for typically 40% of the time. Holiday rental properties provide their owners with non-monetary benefits and therefore are not always operated for commercial profit.



JIM SWAN
DIRECT CONNECT



Achieving the impossible dream

By Roslyn Alderton

RAISING MONEY FOR SICK KIDS MIGHT SEEM LIKE A TOUGH CHALLENGE, BUT NOW THAT JIM SWAN HAS REACHED THE SEEMINGLY UNREACHABLE GOAL OF FINISHING THE GRUELLING ROLEX SYDNEY TO HOBART YACHT RACE, HE KNOWS THAT ANYTHING IS POSSIBLE.

Jim Swan had often watched the yachts sailing through Sydney Harbour on Boxing Day and wondered what it would be like to take part in the iconic Rolex Sydney to Hobart race.

Now having completed the event in a time of two days, 21 hours and 42 minutes, he has a real sense of accomplishment in having achieved a seemingly impossible dream.

"It was a fantastic experience," said Jim, from utilities connection service Direct Connect, which works closely with real estate agents to help tenants and home owners connect their gas, electricity, phones and internet.

"It was just one of those things you think about as a kid ... You never think you would get an opportunity to do it."

How it all started

The idea for entering the event came over a quiet beer with an old friend.

Jim was in Queensland for the state launch of Direct Connect. While there,

he had lunch with a rugby coach, David Witt – who also happens to be an experienced yachtsman who had already participated in 10 Sydney to Hobart's.

During the conversation, Jim started to think about the possibility of joining the crew for the next race ... and the idea grew from there.

He spoke to Paul Docherty, the Australian CEO of Direct Connect, who went to school with Jim. Another of their old school buddies, former Wallabies Captain George Gregan, was also keen on the idea.

Over the next few months The George Gregan Foundation pitched its support behind entering the race as a way to raise the charity's profile and help raise more funds for sick kids, dubbing the race 'The Impossible Dream Project'.

A sponsor was found in VCARD, a new way to shop online without using a credit card. Nine Network television presenter Peter Overton and former Wallabies player Bill Young also agreed to join the crew.

Preparation

Finally a crew was assembled. Under skipper David Witt would be four other experienced sailors and 11 inexperienced crewmen on their first

"There was an emotionally special bond between the crew. It took me a long time to recover, emotionally and physically."



Rolex Sydney to Hobart, including Direct Connect's Jim Swan and Paul Docherty.

They did a couple of practice races together, including the two-day Gosford to Lord Howe Island run, and prepared the 64ft maxi yacht under team name The George Gregan Foundation VCARD yacht.

The race

Conditions for the race were near perfect, with stunning weather as they raced through Sydney Harbour at the beginning.

"The start was fantastic," Jim said. "I made sure I had a good look around."

But over the next couple of days, Jim had less time to enjoy the scenery and lots more hard work on the grinder, one of the toughest jobs on the yacht.

"I probably had seven or eight hours sleep in total," he said. "We had a few incidents on board. We almost lost our rig at one stage. We also had a kerosene fire in the galley and it went up the guy's arm and it was on the ceiling. The guys were sailing upstairs

JIM SWAN
PRACTISES ON
THE GRINDER
BEFORE THE
BIG RACE



The crew

Skipper: David Witt
James Cameron
Donald Cheesman
Tony Cross
Peter Davis
Paul Docherty
Peter Goldsworthy
David Mann
Adrian Mills
Peter Overton
David Sudano
Jim Swan
Cornell Van Der Heyden
Roger Wilson
Bill Young

The sponsors

Direct Connect

A connection service for electricity, gas and telecommunications. Direct Connect features an online reward system with over 5,000 products. Direct Connect employs highly trained customer service staff and provides agents with their own dedicated local relationship manager available to support them seven days a week.

VCARD

Launched last November, VCARD is a new way to shop online without using a credit card. It is a prepaid, disposable Visa number issued by Heritage Building Society and does not require a credit check prior to purchase. VCARD provides an immediate and safe way to shop online or over the phone for consumers who don't want to use their credit card for purchasing online.

The George Gregan Foundation

The foundation raises funds to deliver all-access outdoor playgrounds for children's hospitals throughout Australia and to fund important research in the area of Paediatric Neurology. The foundation was established by George and Erica Gregan in 2005 when their son was diagnosed with epilepsy and they experienced first-hand the needs of sick children and their families.



but they didn't get too concerned, thinking 'no worries, someone will get to it'."

Fortunately no one was seriously hurt in either incident as their sailing practice paid dividends, with the crew working like clockwork to get the jobs done. They also remained in good health – only one crew member suffered sea sickness.

In past years, the most treacherous part of the race has been crossing the Bass Strait, but this time the weather remained fine. "We had a very smooth run," Jim said. "Luckily Bass Strait decided to open its arms and allow us through."

He said the best and worst experience of the race were the same: a lengthy period during the night racing over the open water at full speed.

"On the last night, we had quite a bit of wind behind us, full spinnaker up, doing 28 or 29 knots," Jim said. "Just hanging on, it was an amazing thing. On the grinder for seven or eight hours – afterwards we were exhausted. We had nothing left."

In the end, they were 15th across the line as they arrived at Constitution Dock in Hobart.

"There was an emotionally special bond between the crew," Jim said. "It took me a long time to recover, emotionally and physically – a good four or five days."

Another impossible dream

Jim is keen to enter the race again this year. "I could easily do another one. The best thing was that we did have a pretty good run. We were expecting it to be worse – it could easily have been. But part of the challenge is just turning up in the first place."

The next challenge for 'The Impossible Dream Project' is to raise more funds to help sick children through *The George Gregan Foundation*.

Having fulfilled one 'impossible dream', the crew are now confident that anything is possible.

To make donations to *The George Gregan Foundation*, visit www.georgegreganfoundation.com.au or call 1300 306 608. ♦



DARREN MUSGRAVE
CHAMBERS FLEMING
PROFESSIONALS,
PADSTOW

The trials of youth

Darren Musgrave has a tip for door-to-door salesmen: shake the front gate before entering a property – that way you'll know if there's a savage guard dog lurking in the yard!

Darren, a 33-year-old sales agent from Chambers Fleming Professionals at Padstow in Sydney's south, learned a lot about selling in the three years he spent door-knocking for a building company before he joined the real estate industry.

"I always wanted to get into real estate, but at 18 or 19 I thought I was probably too young," Darren said. "I thought it would be a good opportunity to try some cold calling sales."

His manager would literally drive him to random residential areas all across Sydney, give him a photocopied street directory map highlighted with the area he was to work, and drop him off. He would average about 250 homes a day.

"It was a tough job, especially during the winter time or on rainy days," Darren said.

However it also provided him with some valuable skills. "It was an outstanding chance to develop confidence dealing with complete strangers, learn techniques to overcome objections and appreciate the different forms of residential architecture," he said.

His real passion was for real estate and he started at Elders at Padstow as a young sales agent. On his first day he sold a home that had been on the market for four months, but soon found that not every day would be as successful.

Initially he struggled to obtain listings. "It was frustrating and I didn't have a lot of confidence," he said. "I lost count of the amount of times I heard potential vendors say they really liked my presentation and marketing ideas and would really like to list with me, but they felt because I was only in my early 20's that I was a too young to be handling the sale of their most valuable asset."

Darren said he appreciates how young agents often find it difficult to survive a career in real estate.

"In the local area where I work, there have been a lot of young people coming into sales," he said. "Many are gone within six or 12 months. It burns young people out really quickly. I would say that below 50% survive as a salesperson under the age of 25."

For Darren, he coped by seeking the support and advice of mentors within the industry. It started with the principle of Elders Padstow, Tony Oates.

"He continually encouraged me to hang in there when I was depressed and said 'time will be on your side if you persist'," Darren said.

Darren also sought mentors from other offices, although he found it easier to develop friendships with agents who were outside of his immediate area and were therefore not in direct competition with him.

"I would especially like to thank McGrath Estate Agent James Grice, Ray White's Peter Matthews, auctioneer Damien Cooley, Shannan Whitney from Bresic Whitney Estate Agents, former REINSW President Rowen Kelly and

Andrew Searle from Epping First National for all their time, shared knowledge and assistance," Darren said.

He's enthusiastic about the REINSW initiative to form a Young Agents Chapter and hopes that it can provide some much-needed support to newcomers to the industry.

"Any new real estate employee should join REINSW," said Darren, who is on the Institute's Residential Sales Chapter Committee. "It's the backbone of our industry: a great source of support, information and on-going training, and a wonderful way to network with other agents."

"They felt because I was only in my early 20's that I was a too young to be handling the sale of their most valuable asset."

Tips for young agents

Darren said that enthusiasm and dedication could win listings for young agents, despite their lack of experience compared to older agents.

When attending market appraisals, he would ask vendors how other agents looked after them and what he could do to provide them with better service. "Just the dedication that I would be showing helped me get the job," he said.

"You cannot cut corners if you want to be successful in this industry. Listen and listen carefully to your clients, give immediate feedback to vendors after all inspections – even if it's not positive – and in the periods when you haven't shown the home for a

few days, still call them to let them know you are not giving up and are looking for a buyer."

Even if you do lose a listing, Darren suggested politely asking why you missed out. "Learn from it, that way you won't make the mistake or forget an important piece of your presentation again."

Over time, the strategy has paid off for Darren, who was the number one selling agent and number one listing agent for the Professionals in NSW in 2006.

About 35% of all his listings now come from past clients or their family and friends.

"Numerous buyers I have previously dealt with either by selling them a home or who purchased through another agency have come back to me when wanting to sell, because I continually kept in contact with them when they were looking to buy."

Darren also cautioned young agents to achieve a good work/life balance – something he has struggled to do himself, to some regret.

"It's very challenging," he said. "If you are going to make it (in real estate) you have to be available. There were many times I cancelled personal appointments and parties for the job."

He also encouraged agents not to take rejection personally. "As agents we must accept that you cannot win every single listing," he said.

On the other hand, agents can take a lot of personal satisfaction from the successes.

Getting out and about, meeting new people, making friendships and seeing something new every day makes this the greatest job in the world! ♦

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It's no secret that the key to lasting sales success is listing saleable properties. In this workshop you will be given proven techniques to get your potential vendor to say 'yes'. You will increase your 'to list' ratios, get the business without having to drop your fee and learn how to get the listing during the initial appraisal.

This workshop is a must for anyone wanting to take their sales career to the next level.

CPD Points: 12
Learning Category: 3
REINSW Member: \$199
Non-Member: \$245



Getting to yes – building your rent roll

Building a solid, profitable rent roll is a must for any office that wishes to stand the test of time.

This essential workshop will equip you with the tools to allow you to secure the listing without dropping your fee, set a reasonable repairs and maintenance limit, and enhance your negotiation skills to handle those difficult tenants.

CPD Points: 12
Learning Category: 2
REINSW Member: \$199
Non-Member: \$245



Best Practice for the Professional Property Manager

Do you want to learn how to improve your property management department?

In this workshop, you will learn why having quality control systems are important, how to set Key Performance Indicators (KPIs) for your department, strategies to monitor performance and how to create useful reports to analyse the performance of your property management department.

CPD Points: 12
Learning Category: 3
REINSW Member: \$199
Non-Member: \$245

Getting your licence

Online

eLearning has been a popular choice of study for those that are time poor or unable to travel to Sydney.

The Real Estate Licensing Course now offers Stock and Station licences and Business Agents licences online as well.

Experienced agents

If you've been in the industry for some time, you may not need to complete the full licensing course.

The Experienced Agents Licensing Program has been specifically designed to recognise an agent's past experience and knowledge to minimise the time and cost of obtaining a NSW licence.

You will need to provide evidence of your experiences and knowledge and attend a one day Recognition of Prior Learning session.

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Resilience



"I WAS GOING TO BUY A COPY OF THE *POWER OF POSITIVE THINKING* AND THEN I THOUGHT: WHAT THE HELL GOOD WOULD THAT DO?"

So said American comedian Ronnie Shakes ... and it's probably a sentiment we've all thought at some point. It's very annoying when someone suggests 'just think positive' when everything has gone wrong!

Most people would also agree that having an optimistic outlook will help you in the long run. But how do you apply positive thinking to real life situations?

A new course at REINSW explores how real estate agents can remain resilient to the stresses and challenges of their everyday working life.

"Resilience is the skill and capacity to be robust under conditions of enormous stress and change," said trainer Aredy Maoudis from InHouse Consulting, who runs the course through REINSW Education & Training.

"Resilient employees achieve healthy self-esteem and retain optimism levels even in environments where rejection is part of the job."

Sales agents and property managers face stressful situations almost every day, such as houses that just can't seem to attract buyers, deals that fall through, and abusive tenants or landlords.

"People can sometimes react to these situations by feeling as though they have failed, or feel rejected, or suffer stress," Aredy said.

"How you feel about a situation is largely determined by your thoughts

and beliefs. If you change the way you think, you can change your reaction to challenging situations."

Aredy teaches agents and property managers to understand how their minds filter information and how to avoid common thinking blocks.

"Resilient people recognise how their personal thoughts can be inaccurate in stressful or challenging situations, which can cloud judgements and derail appropriate actions," Aredy said. "They acquire solid problem-solving and decision-making skills that will enable them to cope with a 'bad day' at work."

Newcomers to the industry can find it hardest of all and Aredy said the REINSW course would be best suited to them.

"Survival training is required by every individual embarking on a career in real estate," she said.

"The road to real estate is not a smooth one: there are holes, bumps and even roundabouts. Armed with the right training in resilience, you will overcome every obstacle you encounter to reach a rewarding and successful career, and will learn to thrive on the competitive nature of selling. We will teach you the supportive tools necessary to 'build your mental toughness', to be able to analyse situations from an objective point of view, without getting off the road."

To find out more about the course, 'Resilience for survival in real estate', call (02) 9211 8707 or email training@reinsw.com.au. ♦

Case study one

Joe from Bloggs Real Estate has just joined as a sales rep after receiving his Certificate of Registration.

At his first open for inspection, 30 people show up and there are eight requests from buyers wanting to make offers before the auction date. Joe feels pumped, confident and enthusiastic. He relays the information to the vendor who is immediately excited. Joe suggests that they wait and not make a rash decision – after all, it's only the first 'open home'.

He keeps in contact with the buyers. The next two 'opens' are a bit slower, but it's that time of year, there's been an interest rate rise, the competitors have houses just around the corner. Still, Joe keeps informing his vendors that it's still early days.

By the end of the time frame, out of the eight potential contracts, two have changed their mind, two bought other properties and the other four are still deciding.

Joe has to remain strong and keep on track. He feels bad that it's taking so long and starts to blame himself. He has to remember that this is the nature of the business.

Resilience teaches people to remain on track and make the right decisions and not to take rejection personally. He needs to remain enthusiastic – his enthusiasm can influence the decisions he makes and how he behaves towards his clients.

Case study two

Shelley is in charge of rental inspections for prospective tenants. She arrives early for an inspection and the place is filthy. The cleaning contractors were supposed to have cleaned the carpets, but when she calls them, she discovers they had no idea they were supposed to have been there.

It's Friday afternoon, the carpets need cleaning and every contractor she phones is busy. The client is on the phone asking for the keys and abusing her. She feels overwhelmed and helpless.

Shelley is a good worker, organised and diligent. She feels that everyone is taking advantage of her and making her appear to be the disorganised one.

How should she react to this situation? Resilience looks at people's thinking styles and how they behave, which will determine how well Shelley will cope on a day like this one.

Case study three

Peter has recently moved to a rural town with his wife and young child, taking a job at a small real estate office. He has been working there for four months and believes that he is doing well – he has listed two properties worth a million dollars each just in the last month.

But a month later, his boss calls him in and tells him he no longer has a job. Sales are slow and he can't keep him on.

Peter is devastated. He has spent all his money on training and getting his Certificate of Registration, and thought he had been doing a good job.

He feels panic, devastation and fear, yet now is the time he needs to be resilient to develop the stamina to pick himself up and keep going.



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Material fact – advice for members

THE PURPOSE OF THIS ADVICE TO MEMBERS IS TO PROVIDE SOME BACKGROUND TO THE ISSUE OF MATERIAL FACT, EXPLAIN THE INTERIM STEPS BEING TAKEN BY REINSW TO ADDRESS THE ISSUE, AND OUTLINE THE WAY FORWARD.

The extent of an agent's obligations regarding the disclosure of material facts to potential purchasers and lessees has been a matter of particular concern for some time. The concern centres on the fundamental anomaly between the respective disclosure obligations of Agents and Principals (i.e. vendors/lessors).

A Principal has no legal obligation to disclose material facts. At present, a Principal's disclosure obligations in relation to the sale of property only extend to the matters set out in the *Conveyancing Act 1919* and the *Conveyancing (Sale of Land) Regulation 2005*. The obligation to disclose material facts falls to the Agent. The anomaly raises issues of fairness, highlighting the lack of consistency between the obligations imposed upon Agents and Principals.

What is a 'material fact'?

Under section 52 of the *Property, Stock and Business Agents Act 2002*, the obligation to disclose a 'material fact' lies with the Agent. Section 52 provides:

Misrepresentation by licensee or registered person

(1) A person who, while exercising or performing any function as a licensee or registered person, by any statement, representation or promise that is false, misleading or deceptive (whether to the knowledge of the person or not) or by any concealment of a material fact (whether intended or not), induces any other person to enter into any contract or arrangement is guilty of an offence against this Act.

Maximum penalty: 200 penalty units

Defining what amounts to a 'material fact' for the purposes of section 52 is difficult. REINSW has been actively seeking clarification from the Office of Fair Trading as to the definition

of a 'material fact'. OFT is compiling guidelines to assist Agents, however at the time of writing this advice those guidelines were not available.

The decision of *Hinton & Ors v Commissioner of Fair Trading (GD)* [2007] NSWADTAP 17 provides some guidance. Paragraph 37 sets out that:

[An] act may become 'material' within the meaning of s.52 in two ways – it can become 'material' because in the particular circumstances it is known by the agent to be 'material' to the particular consumer, even though the agents and consumers may not typically regard the matter as 'material'. The other way in which it may become 'material' is by the application of an objective standard which has regard to what a reasonably informed consumer with a fair minded understanding of the real estate market, including the role of the real estate agent, would regard as 'material'.

The decision in *Hinton* involved the sale of a property that had been the scene of a triple murder; the agent failed to disclose this to the purchaser. The decision, to some extent, clarifies the Agent's obligation to disclose a 'material fact' to potential purchasers by effectively removing the subjective element and establishing an objective test.

Material Fact clause

In order to address the issue of 'material fact', a new clause has been inserted into REINSW agency agreements both in hard copy and in eForms. Principals are a rich source of information and accordingly the Material Fact clause operates to contractually obligate the Principal to disclose material facts to the Agent.

There are three versions of the Material Fact clause, one each for Sales Agreements, Property Management Agreements and Buyers' Agency Agreements (see pull-out boxes).

To add the clause to existing stocks of REINSW agency agreements, an annexure is available for download at www.reinsw.com.au/default.aspx?ArticleID=2735.

Explaining 'material fact' to Principals

There may be circumstances where a Principal asks what a material fact actually is. There is no clear definition of 'material fact' and this is problematic for agents. In the absence of a clear definition, Agents should advise to the effect that:

A material fact is a fact that is of sufficient significance or relevance to influence the decision of a reasonable purchaser or lessee to acquire an interest in the property.

The clear difficulty is that the facts that may be sufficiently significant or relevant will be peculiar to each particular case. Agents must therefore discuss with Principals any matters that are likely to be the subject of statements or representations by the Agent in the course of marketing the property. During this process it is important for the Agent to gather information on material facts that will assist them in accurately representing the property. Some of these matters could include:

- Potential psychological stigma attached to the property. For example, where the property has been the scene of a serious crime – while this may not represent a physical barrier to the use of the property, it may significantly affect the extent to which a purchaser is able to enjoy the property.
- Current DA approvals for properties in the immediate area. For example, a neighbour may have approval for extensions to their house that will block views from the property being marketed by the agent.
- Activities of neighbours. For example, the owner/occupier of an adjoining unit may play extremely loud music late into the night on a regular basis. Another example may be that the owners of the property across the road periodically use their front yard as a dumping ground for old car bodies. The activities of neighbours that may amount to material facts requiring disclosure are myriad, and what



one potential purchaser/lessee considers material may be of no consequence to another. Therefore, Agents need to find out as much as they can from the Principal.

Please note that this list is in no way exhaustive.

Agents must advise Principals from the outset that they will be voluntarily disclosing these matters to potential purchasers/lessees showing an interest in the property.

Next steps

As mentioned above, a vendor's disclosure obligations only extend to the disclosure of matters set out in the *Conveyancing Act 1919* and the *Conveyancing (Sale of Land) Regulation 2005*. REINSW is of the view that an obligation to disclose material facts should be included in



this list as a disclosure item imposed upon the vendor. This will have the effect of realigning the obligations of the Principal and the Agent, and redressing the current imbalance. On this basis, REINSW is lobbying Government for amendments to the current legislative framework.

It must also be borne in mind that the current lack of any obligation on the part of the Principal to disclose material facts leaves consumers in a vulnerable position. Amendment to the current framework will also address the risk consumers are exposed to when they deal directly with a vendor or landlord.

The issue of material fact is complex. If members have questions, or would like further information, please contact the REINSW Practice Support Hotline on (02) 9264 2343. ♦

Buyers' Agency Agreement

The wording of the Material Fact clause in the Buyers' Agency Agreement (SA00050) is as follows:

Material Fact

- i) The Principal warrants that the Principal has supplied the Agent in writing with all material facts in respect of the Principal's proposed property acquisition.
- (ii) In this clause 'material fact' has the same meaning as it has in Section 52 of the *Property, Stock and Business Agents Act 2002*.

Property Management Agreements

The wording of the Material Fact clause in Property Management Agreements is as follows:

Material Fact

- (i) The Principal warrants that the Principal has supplied the Agent in writing with all relevant details and information pertaining to all of the material facts in respect of the Premises.
- (ii) The Principal acknowledges that the *Property, Stock and Business Agents Act 2002* requires the Agent to disclose all material facts to prospective tenants.
- (iii) The Principal directs the Agent to disclose all of the material facts provided in writing by the Principal to the Agent to all prospective tenants of the Premises.
- (iv) In this clause 'material fact' has the same meaning as it has in Section 52 of the *Property, Stock and Business Agents Act 2002*.

The following Property Management Agreements are affected:

- FM00015 Holiday Premises Management Agency Agreement
- FM00100 Management Agency Agreement – long version
- FM00150 Management Agency Agreement – short version
- FM00200 Exclusive Leasing Agency Agreement
- FM00250 Open Leasing Agency Agreement
- FM00600 Management Agency Agreement – Commercial/Industrial
- FM00800 Open Leasing Agency Agreement – Commercial/Industrial
- FM00810 Exclusive Leasing Agency Agreement – Commercial/Industrial

Sales Agreements

The wording of the Material Fact clause in Sales Agreements is as follows:

Material Fact

- (i) The Principal warrants that the Principal has supplied the Agent in writing with all relevant details and information pertaining to all of the material facts in respect of the Property.
- (ii) The Principal acknowledges that the *Property, Stock and Business Agents Act 2002* requires the Agent to disclose all material facts to prospective and actual purchasers.
- (iii) The Principal directs the Agent to disclose all of the material facts provided in writing by the Principal to the Agent to all prospective and actual purchasers of the Property.
- (iv) In this clause 'material fact' has the same meaning as it has in Section 52 of the *Property, Stock and Business Agents Act 2002*.

The following Sales Agreements are affected:

- SA00100 Residential – Open Selling Agency Agreement
- SA00200 Residential – Exclusive Selling Agency Agreement
- SA00300 Residential – Auction Agency Agreement
- SA00410 Business – Open Sales Agency Agreement
- SA00420 Business – Exclusive Sales Agency Agreement
- SA00600 Residential – Sole Agency Agreement
- SA00710 Rural – Open Sales Agency Agreement
- SA00720 Rural – Exclusive/Auction Sales Agency Agreement
- SA00810 Commercial/Industrial – Open Selling Agency Agreement
- SA00820 Commercial/Industrial – Exclusive Selling Agency Agreement
- SA00830 Commercial/Industrial – Auction Agency Agreement

Insolvency



BY SUSANNA KHOURI

GOING BUST, CLOSING DOWN, OUT OF BUSINESS ... NOT USUALLY WORDS A COMMERCIAL PROPERTY OWNER WANTS TO HEAR ABOUT A LESSEE. HOWEVER THERE ARE, IN FACT, A NUMBER OF OPTIONS AVAILABLE TO COMPANIES FACING INSOLVENCY – ALL OF WHICH HAVE IMPLICATIONS FOR COMMERCIAL PROPERTY OWNERS.

HERE'S A BRIEF GUIDE TO THE RIGHTS, OBLIGATIONS AND RISKS WHICH MAY ARISE – FROM AN OWNER'S PERSPECTIVE – WHEN A LESSEE BECOMES INSOLVENT.

Financial Stress

Usually the first signs of financial stress will be a failure by the lessee to properly comply with its rent obligations. Sometimes a lessee may approach the owner to seek a payment plan for arrears of rent, variations to a lease or a reduction in rent.

Owners need to exercise extreme care when considering requests of this nature and must be careful about learning too much of the lessee's true financial position. If the owner gains a good picture of the lessee's financial position (which may well be terminal) and accepts payments of arrears of rent, those payments could well be at risk of being claimed by a liquidator as an unfair preference. The owner's knowledge of the lessee's financial position may make it difficult for the

owner to rely on defences available to claims of this type.

Sometimes, ignorance can be bliss.

Insolvency


Usually an owner will learn of the appointment of an external administrator to a lessee from the office of the insolvency practitioner appointed or from management or directors of the lessee.

It is important to understand the nature of the insolvency appointment as there are a number of different types. Is the lessee subject to a voluntary administration? Is the lessee in liquidation? Has a receiver or a controller been appointed to certain of the lessee's assets?

Voluntary administration

The most common form of appointment is the appointment of a voluntary administrator. A voluntary administrator is usually appointed by resolution of the company's directors and can take place quickly and usually without prior notice to the company's creditors.

The purpose of a voluntary administration is to enable the business, property and affairs of an insolvent company to be administered in a way that maximises the chances of the company, or as much as



IT IS IMPORTANT TO UNDERSTAND THE NATURE OF THE INSOLVENCY APPOINTMENT AS THERE ARE A NUMBER OF DIFFERENT TYPES. IS THE LESSEE SUBJECT TO A VOLUNTARY ADMINISTRATION? IS THE LESSEE IN LIQUIDATION?

possible of its business, continuing in existence, or if that is not possible, results in a better return for the company's creditors as would result from an immediate winding up of the company.

The issues which arise for a property owner on the appointment of a voluntary administrator to a lessee are:

- Who has control of the leased premises?
- Who is obliged to pay rent if the company remains in use and occupation of the premises?
- How does the owner make a claim for unpaid arrears of rent?
- Is the owner entitled to claim for damages and losses flowing from the early termination of the lease?

The effect of the appointment of the administrator on an owner of property occupied by the lessee company is as follows:

- The owner cannot take possession of the leased property during the administration of the company without the consent of the administrator or the leave of the Court.

- The administrator has seven days to determine his position in relation to the lease. If the administrator occupies the premises and trades the company's business, he is required to pay rent to the owner for the time he is in occupation in accordance with the terms of the existing lease (less the seven day grace period).

- The administrator is personally liable to pay rent incurred after the date of his appointment if the company continues to use, occupy or be in possession of the premises.

The administrator is required to send formal notification to the owner of his intentions in relation to the leased property.

Unpaid rent

Unpaid rent should be calculated to the date of the appointment of the administrator and notified as a debt due to the owner. In the event that the owner makes claim under a bank guarantee or appropriates a security deposit, all such credits should be accounted for by the owner.

Loss and damage arising from the early termination of the lease

The appointment of a voluntary administrator is usually a breach of the lease which would entitle



the owner to terminate and/or is a repudiation of the lease by the lessee which would entitle the owner to terminate the lease or hold the lessee to the lease.

In circumstances of insolvency, it is usually not worthwhile to hold the lessee to the lease and the owner will usually wish to make a claim in damages (subject to its duty to reasonably mitigate its damages). This claim in damages should be quantified and notified to the administrator.

A voluntary administrator will not normally adjudicate on creditor claims other than for voting purposes. The adjudication of creditor claims is usually a matter for:

- an administrator under a deed of company arrangement (DOCA) (if creditors resolve to approve a DOCA); or
- a liquidator of the company (if there is no DOCA and/or creditors resolve the company be wound up).

A DOCA is an agreement between the company and its administrator which is approved by the company's creditors. A DOCA can take many forms but is usually an agreement which provides that in return for

the payment of certain creditor claims in certain percentages, the company is released from those claims and can continue in existence free of the debts incurred up to the date of the appointment of the voluntary administrators.

Directors' guarantees

Many leases granted to companies are supported by personal guarantees provided by the company's directors.

During the course of an administration, an owner is not able to enforce the terms of any personal guarantees that it may hold from the directors of the insolvent company. However, as soon as the administration ceases the owner is able to pursue the guarantors for claims it may have under their guarantees, subject to the terms of any DOCA which the company may have entered into. Again, credit must be allowed for any amounts received under a DOCA or from a liquidation.

Deeds of Company Arrangement - some words of warning

Owners need to exercise care in relation to proposals for a DOCA. Usually, once a DOCA has been entered into an owner is entitled to take back possession of the leased property.

Sometimes a lessee may propose a DOCA which envisages a new lease or the continued occupation of the company in the leased premises. Owners should ensure they have a clear understanding of the DOCA proposal and their role in that proposal.

Usually, owners cannot be bound to a DOCA unless they vote in favour of the DOCA and the DOCA prevents repossession of the leased property. It is possible, through inadvertence, that an owner may become bound by a DOCA. Owners should seek legal advice in relation to any DOCA proposal which relates to the company's continued occupation of the leased premises and be clear on the legal and commercial effects of the proposal.

Liquidation

A liquidation is usually terminal. The purpose of a liquidation is to realise the company's assets, identify its liabilities and to distribute the proceeds of any realisations to the known creditors in proportion to the amount of their admitted claims.

Sometimes companies are wound up in error and the directors may apply to the Court to stay or terminate the winding up. Absent any application of this type, there is usually nothing to prevent an owner from terminating a lease and taking possession of the leased property. Claims for arrears of rent and/or damages for early termination of the lease should be notified to the liquidator.

Receivers and controllers

Receivers and controllers are appointed to take control of specific classes of company assets. Often these are the assets of value and the administration or liquidation of the company can follow.

A receiver is usually appointed under a mortgage or charge over the company and acts as agent of the company. Similarly to administrators, receivers have seven days to decide

whether they wish to use or occupy or be in possession of leased premises and must give notice of an intention to exercise rights to the owner of leased property.

If they give notice that they intend to use or occupy or be in possession of the leased premises, they are liable to pay rent to the owner for the period they remain in occupation (less the seven day grace period) on the terms of the existing lease. This right is important to an owner if the company subsequently goes into liquidation.

On the appointment of a receiver or controller, an owner may be faced with a choice – to terminate the lease if the appointment of the receiver is an event of default or allow the lease to continue with the receiver responsible for the payment of rent.

As with all insolvency appointments, owners should ensure that they have a good understanding of the termination provisions under the lease and the provisions in the lease which relate to the consequences of insolvency of the lessee. If in doubt, seek legal advice.

In conclusion, owners need to be clear on the nature of any insolvency administration which may affect a lessee and the consequences which may flow under a lease. A sound understanding of the different types of insolvency administrations and of the consequences under the relevant lease will assist owners in efficiently managing and quickly resolving the issues which will commonly arise.

Susanna Khouri is a Partner in the Insurance & Commercial Dispute Resolution team at DLA Phillips Fox. For more information on lessee insolvencies, call Susanna on (02) 9286 8219. ♦

Disclaimer

This article contains advice of a general nature only and should not be relied upon as advice relating to any specific circumstances or matters.

Protecting your business



BY JOHN HILL

IF YOU DON'T HAVE PROFESSIONAL INDEMNITY INSURANCE YOU ARE GAMBLING WITH YOUR BUSINESS.

EVEN THE BEST AGENCIES CAN MAKE MISTAKES, YET A SURPRISING NUMBER OF REAL ESTATE AGENTS STILL DON'T TAKE OUT PROFESSIONAL INDEMNITY INSURANCE TO PROTECT THEMSELVES.

RealCover Chairman John Hill said it was like playing Russian roulette with their business.

"They're taking a gamble that it won't happen to them," John said. "You can be open for very large claims. You could make a mistake in your business with a lease or a sale that could leave you open for a claim for many hundreds of thousands of dollars. Or if a small child is seriously injured on one of your managed properties, the claim could well be in the millions.

"The business asset you have built over a long period could be destroyed by just one case."

Even if you haven't done anything wrong, your agency could still be up for thousands of dollars in lost time and legal costs if a vindictive person wants to take you to court – regardless of who ultimately wins the case.

"You may not be liable at law, but you still have to pay the legal costs, which could be well over \$10,000 a day," John said.

Choosing a policy

It's tempting to choose a policy based on the cheapest price, however it's worthwhile questioning whether it really represents value for money.

Agents sometimes assume that they will not be sued if they have the correct systems and have been diligent.

"Someone could be injured and the lawyers for the injured party will sue everyone – the property owner, the agent, the architect or anyone else they can think of," John said.

"In many cases, there's no evidence of any negligence by the agent. If your professional indemnity insurer acts quickly, you can be dropped from the claim at an early stage, leaving you to get on with your business."

Not all insurers act quickly. "In some instances, claims have dragged on for two or three years, with agents continually having to go back over old diaries, fill out affidavits and answer questions, or try to involve staff no longer in their employ, all of which causes disruption to the business."

Also check whether the policy covers for all aspects of real estate agency practice. Not all policies fully cover for personal injury, while others do not cover for claims against property managers who forget to send a landlord a renewal notice for their insurance.

An industry insurer

RealCover was launched in March 2004 in response to the vacuum left behind by the collapse of HIH Insurance, to help prevent skyrocketing premiums for real estate agents and to assist agents by providing better claims handling processes.



IF YOUR PROFESSIONAL INDEMNITY INSURER ACTS QUICKLY, YOU CAN BE DROPPED FROM THE CLAIM AT AN EARLY STAGE, LEAVING YOU TO GET ON WITH YOUR BUSINESS.

RealCover is 100% owned by REINSW and is managed by Australia's leading insurance advisory group, Aon. It is also supported by some of the largest reinsurance companies in the world who shoulder the rare very large exposures.

"RealCover is an industry success story," John Hill said. "It is profitable – but its profits are not going to some overseas shareholder. They are staying within the industry, which ultimately provides more benefits to agents."

Agents covered by RealCover have immediate access to free initial legal advice if they face a claim.

RealCover also keeps track of the claims trends and passes this information to REINSW's training and legal departments.

"If we know that there is an emerging trend of a particular issue that people are getting sued for, the Institute can steer its training towards better educating agents to help avoid the problem," John said.

"Legal cases are also published in the *Real Estate Journal* (without naming the agents involved) to provide advice and education to agents.

"The Institute now knows what's going on at the time that the claims are being made, whereas the broader insurance industry might only disclose results two to three years from the time of the claim."

RealCover also provides immediate legal advice to agents, with lawyer Torquil Murray available to discuss an issue as soon as it arises.

John said agents could trust RealCover to stick around for the long term.

"RealCover's interest is in providing professional indemnity insurance for real estate agents for the long term,"

Testimonials

"Through months and months of drama we had an excellent outcome through Torquill's persistence and expertise in sorting through the three different lawyers the other party threw at us. I would urge anyone considering their Professional Indemnity Insurance provider to not underestimate the importance of a local insurer and the best legal representation available. It certainly is a significant point of difference."

John Cunningham, Cunningham Real Estate Balgowlah

"As a RealCover client it is reassuring to know that a hotline service for legal advice direct to Torq Murray is available to us. In today's changing market with so many new laws and regulations to abide by, I can honestly say we have made use of this service on several occasions. It's peace of mind you can't afford to be without."

Peter Malouf, PRDnationwide Double Bay

he said. Pursuant to new insurance industry guidelines, RealCover is also currently working with the regulator, APRA, to become an Australian authorised insurer.

"Even the most careful agents with the best systems can still make mistakes," John said. "When that happens, RealCover will be here to help."

For more information about professional indemnity insurance, call the RealCover Service Hotline on 1800 803 636, or visit www.realcover.com.au. ♦

Disclaimer

Professional Indemnity insurance products are issued by Aon Risk Services Australia Limited ABN 17000434720 as agents for RealCover Insurances Limited ARBN 103975355.

RealCover is a wholly owned subsidiary of the Real Estate Institute of NSW and was created solely for real estate agents to put control and management of professional indemnity insurance back into the hands of the real estate industry.

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The information in this article is also of a general nature and individuals should always consider their own circumstances and read the relevant Product Disclosure Statement before making any decision regarding any RealCover or Aon product.

A slippery issue



BY PETER LYNCH

Are you covered for slip and fall injuries?

Professional indemnity policies generally cover breaches of professional duty, however for an agency's full protection, consideration must be given to public liability insurance.

Any business that operates in today's day and age without public liability insurance is taking on an enormous risk.

Just imagine these scenarios:

- A young family walks into your office. It has been raining outside and the little girl slips on the welcome mat as she enters the door, injuring herself.
- You visit a house to get a contract signed and leave your briefcase on the floor open whilst you rustle around for papers. Someone trips over it and injures their neck.
- You are conducting an open house. It is a wet day and you have neglected to ensure that those lovely wooden stairs are dry and safe for people to negotiate as they move around viewing the property. Someone slips over and falls down the stairs, breaking their leg.

The likelihood of these scenarios occurring could be considered low, yet insurers see claims of this nature every day.



The limit of indemnity

When setting an indemnity limit, do not think of how much something would be worth in court today. Think at least five, 10 or even 15 years away.

Unlike professional indemnity policies – which require you to have a policy the date that you are notified of the loss – a liability policy operates on what is called an 'occurrence basis'. This means the policy that will cover the loss is the one that is in place at the time the incident occurs. Because it can take many years for a claim to end up in the courts, what may seem a relatively small loss today could be a substantial loss by the time an award is given.

BECAUSE IT CAN TAKE MANY YEARS FOR A CLAIM TO END UP IN THE COURTS, WHAT MAY SEEM A RELATIVELY SMALL LOSS TODAY COULD BE A SUBSTANTIAL LOSS BY THE TIME AN AWARD IS GIVEN.

Ten years ago, \$200,000 was the average liability insurance policy, today it is \$10 million – and those who can afford it and are prudent enough are even purchasing more. A \$1 million limit of indemnity on a major personal injury claim will barely cover the legal costs.

Who is covered under the policy?

More often than not, agents take out a liability policy in the name of the business and believe that they are protected. The nature of the real estate industry these days is that contractors are often employed to represent an agency. Are they covered under your policy? Do they have their own policies in place? Regardless of whether you are at fault or not, you can be joined in an action.

When selecting an insurance provider you need to ask yourself these key questions:

1. Do they really understand my business? Do they understand that agents can work from home sometimes, have clients visiting an office and agents conducting open houses?
2. Do they understand the agency's employees? Do they cover for an agency's contractors?

Peter Lynch is Aon's real estate insurance expert.

For more information, contact Aon's real estate agent hotline on 1300 734 274. ♦

Disclaimer

The information in this article is of a general nature only and individuals should consider their own circumstances before proceeding in reliance on such information. Whilst care has been taken in preparing this article, and the information contained in it has been obtained from sources that the Aon Group of Companies (Aon) believe to be reliable, Aon does not warrant, represent or guarantee the accuracy, completeness or fitness for purpose of that information. Aon accordingly accepts no liability for any loss resulting from the use of the information in this article.

Is your super leaking?

"THE PAYMENT OF SALES COMMISSIONS TO FINANCIAL ADVISERS OUT OF COMPULSORY CONTRIBUTIONS SEEMS MORALLY WRONG AND DETRIMENTAL TO RETIREMENT SAVINGS OF MANY AUSTRALIANS."

YOU MAY NOT REALISE IT, BUT PART OF YOUR SUPER MIGHT BE LEAKING AWAY IN THE FORM OF SALES COMMISSIONS TO FINANCIAL PLANNERS.

Recent research showed that over the past three years, Australians paid more than \$2 billion in sales commissions to financial advisers working for super funds.

The sales commissions come from various sources. Sometimes it's due to employers who seek advice from a financial adviser about what super fund to set up as the default fund at their workplace, and there may be commissions attached to that, which the employees would pay.

Or the super fund may not have commissions but when an employee changes job, he or she is automatically transferred into a commission-paying product at the fund.

"The payment of sales commissions to financial advisers out of compulsory contributions seems morally wrong and detrimental to retirement savings

of many Australians," said David Whiteley, spokesman for the Industry Super Network.

"Commissions are often seen as rewards for enticing sales that might not otherwise have occurred. But under the law employers are required to contribute 9% of their employees' salary to the superannuation funds of those employees.

"In effect, many employees are paying a sales commission on wages that they are required to put aside for their retirement."

Research conducted for Industry Super Network by independent research agency Rainmaker estimated that sales commissions on compulsory Superannuation Guarantee payments amounted to

\$742 million in 2005, \$815 million in 2006 and \$765 million in 2007.

Industry super funds do not pay sales commissions. In the case of Rei Super, staff are salaried so they have no incentive to 'push' certain investment decisions, and all profits return to the membership. Rei Super is the only super fund owned by real estate workers and with more

Shopping around for Super?
Try your industry fund.

Rei Super. So Smart. So Simple.

Contact us for details on 1300 13 44 33 or visit www.reisuper.com.au

RSE License No. of the Trustee: L3000514 RSE License No. of the Fund: R1000412



Rei
SUPER



The Property Industry Fund

LENDING A HAND:

What is the real cost of your mortgage?



BY ROBERT PROJESKI
MANAGING DIRECTOR OF
AUSTRALIAN MORTGAGE OPTIONS

-With the competitiveness of the Australian mortgage market – is it actually getting any easier for consumers to assess the actual cost of their home loan?

The real cost of a home loan is not necessarily based simply on the interest rate we are charged or whether it is fixed or variable.

There are many fees that lenders can charge, that might make an apparently low-interest loan more expensive. From deferred establishment fees, early redemption and administration charges to sealing fees, deed release fees, claw-back charges and discharge fees – the hidden costs can often be hard to identify.

Although, consumers are getting smarter and are better informed,

some fees still need to be spelled out. A good broker will negotiate fees with the lender and it's surprising how receptive they can be.

When looking at your next home loan, ask the right questions, read the fine print and if something is not obvious – ask until you are clear on all the fees and charges.

For more information, visit www.amo.com.au ♦

WISE INVESTMENT:

Holiday rentals



BY CHRIS GRAY

Converting your property investment into a holiday rental could be a good way to increase the rental return. Short-term rentals generally attract more rent per week than a standard six to 12 month lease.

Not all properties can convert into holiday rentals as they may not have the physical attributes that most renters are after. Holiday renters are often looking for easy access to leisure activities, no more than one flight of stairs (as people have suitcases), parking and a self-contained, well-maintained unit and apartment block.

While the rents are often a lot higher, they can also be more sporadic, especially if the property's attractiveness is based on summer beaches or winter

snow. There are also extra costs in managing them, furnishing them, weekly cleaners, and more input from the property managers.

If you're a real estate agent selling a property that could be used as a holiday rental, it's worth marketing to investors who may not have considered short-term leasing. You may well increase the demand for the property and attract a higher sales price for your vendor.

Here are some ideas for encouraging buyers to think about purchasing an investment property for use as a holiday rental:

- Give potential buyers a fact sheet identifying the major pros (higher rents, opportunity for the owners to use it themselves) and cons (lumpy rents, higher costs, volatility in the market). Even if you risk losing a buyer by mentioning the cons, being up front will build more trust with them.
- Get them a rental appraisal, estimating the typical rents that can be achieved. It's crucial that agents have this knowledge, particularly in an investment area.

- Offer them the contact details of any of your clients that have holiday rentals and who are willing to share a testimonial.
- Give them the details of a property manager that can manage holiday rentals together with examples of existing properties that are renting.
- Attach newspaper or Real Estate Journal articles about holiday rentals for credibility about their benefits.
- Consider investing in them yourself. You'll be able to tell clients the rental returns you've achieved, giving them confidence to do it for themselves.

Chris Gray is the Property Expert on Channel 9's MyHome TV, and author of Go For Your Life: How to Turn Your Weekdays into Weekends Through Property Investing. Chris builds property portfolios for property investors – finding, negotiating and renovating properties on their behalf. For more information and for Chapters 1-3 of his book for free, visit www.goforyourlife.com ♦

than 31,000 members – nearly half the industry – it is also the most representative of real estate workers.

As the trustees work in real estate, they can also ensure that the fund matches the needs of real estate workers.

If you're currently with a fund paying sales commissions and are looking for an industry alternative, Rei Super can provide you with a free comparison to your existing fund to bring you peace of mind.

For more information on Rei Super or for a free cost comparison, call 1300 134 433 or email admin@reisuper.com.au. ♦

Disclaimer

This information is a summary only and is based on information received from sources within the market which are believed to be reliable. However, no warranty or guarantee is provided as to its accuracy, reliability or completeness. No part of this transmission is to be construed as a solicitation to buy or sell any security and investors are encouraged to seek professional assistance in order to avoid making decisions which are not appropriate to their needs, objectives and circumstances.

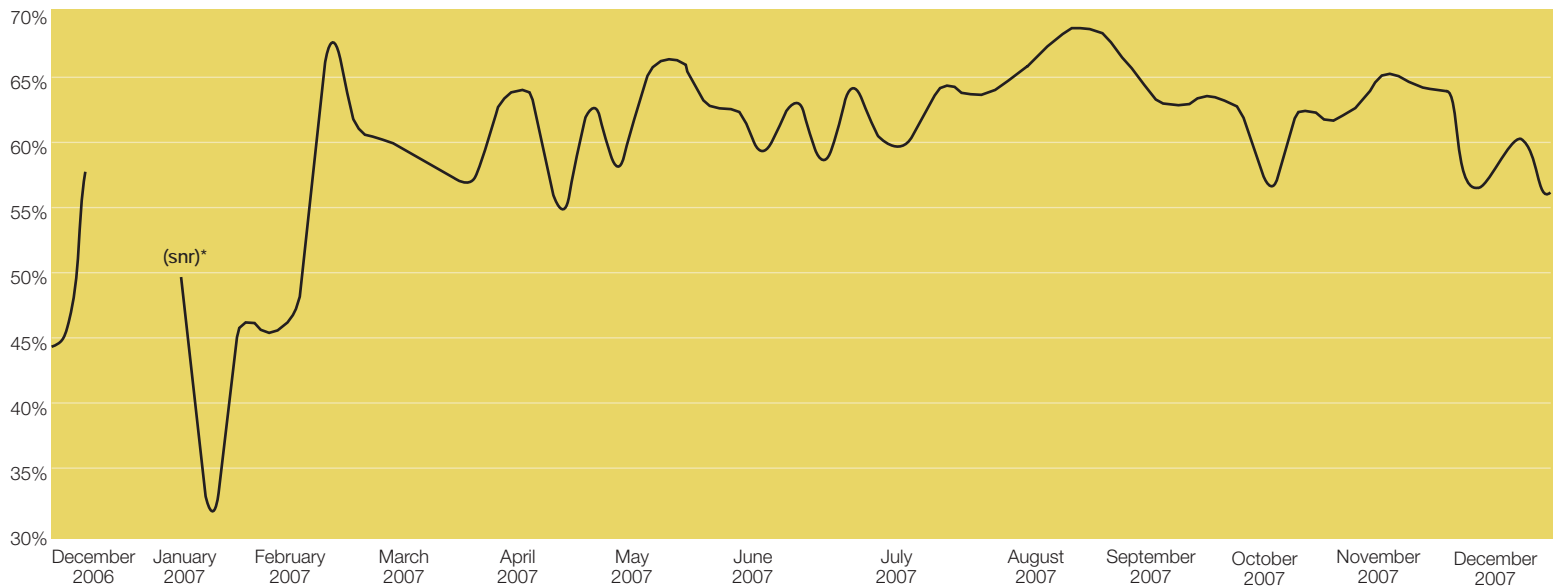
Rei Superannuation Fund Pty Ltd ABN 68 056 044
770 AFSL 240569. RSE L 0000314 Rei Super ABN
76 641 658 449 RSE R1000412

SYDNEY AUCTION DATA

Sydney weekly auction clearance rates

Week Ending	Inner Sydney		Inner West		Lower North		Inner East		Sydney	
	Number Auctioned	Auction Clearance Rate	Number Auctioned	Auction Clearance Rate	Number Auctioned	Auction Clearance Rate	Number Auctioned	Auction Clearance Rate	Number Auctioned	Auction Clearance Rate
16/12/07	64	56.2%	54	69.1%	49	50.0%	84	67.0%	542	54.16%
9/12/07	100	74.4%	49	70.0%	82	68.0%	82	69.6%	631	58.84%
2/12/07	92	62.6%	48	54.0%	84	65.7%	89	67.4%	630	55.21%
25/11/07	58	71.9%	18	57.9%	38	68.2%	95	72.1%	331	61.50%
18/11/07	99	75.7%	59	71.0%	84	56.7%	97	62.9%	641	56.58%
11/11/07	85	69.9%	47	74.0%	78	76.7%	75	69.5%	530	63.58%
4/11/07	99	67.0%	37	78.9%	73	76.8%	126	72.8%	563	64.53%
28/10/07	104	78.5%	42	79.5%	54	73.3%	123	72.1%	555	65.48%
21/10/07	96	78.2%	44	58.7%	55	65.6%	66	68.6%	452	62.88%
14/10/07	57	70.1%	36	69.2%	74	76.2%	67	80.6%	419	61.67%
7/10/07	66	69.2%	32	68.8%	55	71.9%	38	73.8%	361	62.44%
30/9/07	60	65.7%	38	65.0%	72	64.8%	92	64.7%	484	56.86%

Sydney auction clearance rates



NEWCASTLE/WOLLONGONG AUCTION DATA

Newcastle and Wollongong weekly auction clearance rates

Week Ending	Newcastle		Wollongong	
	Number Auctioned	Auction Clearance Rate	Number Auctioned	Auction Clearance Rate
16/12/07	30	36.36%	17	41.2%
9/12/07	37	22.73%	27	44.8%
2/12/07	23	26.92%	35	48.6%
25/11/07	11	25.00%	7	28.6%
18/11/07	10	30.00%	20	42.9%
11/11/07	38	45.00%	26	35.7%
4/11/07	24	25.93%	31	38.2%
28/10/07	9	55.56%	6	42.9%
21/10/07	17	26.32%	9	33.3%
14/10/07	16	33.33%	25	42.3%
7/10/07	56	27.87%	23	36.0%
30/9/07	8	25.00%	25	snr



MICHAEL MCNAMARA,
GENERAL MANAGER OF
AUSTRALIAN PROPERTY MONITORS
PUBLISHER OF
WWW.HOMEPRICEGUIDE.COM.AU

"Sydney unit values have been the laggard of the Australian property market for over four years now. With Sydney apartments looking so cheap compared to other capitals (Melbourne, Canberra, Perth and Brisbane apartments are within 15% of Sydney values), and assuming there is a transfer of cash from stocks to other asset classes, we have Sydney apartments as our number one pick for growth over the next few years."

Data provided courtesy of Australian Property Monitors. More detailed information can be purchased from APM's Home Price Guide by calling 1800 817 616, or visit www.homepriceguide.com.au
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Are You "Going Dutch" in 2008?



BY PHILIP WEBB
PRESIDENT - FIABCI AUSTRALIA

Whenever I talk with fellow members of FIABCI, it's amazing how often the conversation turns to the real estate conferences which are conducted each year in some of the most beautiful cities in the world.

I firmly believe that the FIABCI conferences are among the best available for property professionals, and I can genuinely say that I have thoroughly enjoyed each one I have

participated in. Not only are these events informative and entertaining, but they also open doors to many sights and venues that are not available to the average traveller.

Two prime examples of this are the 59th FIABCI World Conference which will be held in beautiful Amsterdam in late May 2008, and the combined conferences of the Americas and Asia Pacific that are scheduled for October 2008 in Honolulu, Hawaii.

These events will enable you to hear about the latest developments in real estate from around the world. The World Congress will be focussing on Water: Threats, Opportunities and Possibilities – a particularly relevant theme for Australians. You will also



have the chance to discover the spectacular architecture, artworks and night life that Amsterdam is famous for. These events look likely to be among the best yet, with the Amsterdam event ideally timed for those who may want to add a tour of Europe to their itinerary after the conference.

With Australian membership of FIABCI costing a mere \$150, our numbers have grown considerably in recent years. I would suggest that

you mark your diary now so that you can take advantage of the early bird discounts when they become available. This promises to be a very informative, very enjoyable opportunity to learn and network.

If you would like to know more about the conferences available to FIABCI members, or if you have any questions regarding FIABCI membership, please contact Philip Webb on (03) 9874 3355. ♦

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Honouring excellence in the Australian Real Estate Profession



Australia's most outstanding real estate professionals will compete for the Real Estate Institute of Australia's 2008 National Awards for Excellence, to be presented at a gala dinner, hosted by the ABC's Peter Berner with entertainment by Matt Hetherington, at the Grand Hyatt Hotel, Melbourne on Thursday 3 April 2008.

Already recognised as winners of the State and Territory Real Estate Institutes' Awards during 2007, this select group of top performers will be acknowledged by their peers for the significant contribution they have made to best practice in the real estate profession.

Award categories include:

- REIA President's Award
- Large Residential Agency of the Year
- Small Residential Agency of the Year
- Commercial Agency of the Year
- Residential Salesperson of the Year
- Commercial Salesperson of the Year
- Residential Property Manager of the Year
- Commercial Property Manager of the Year
- Business Broker of the Year
- Buyer's Agent of the Year
- Achievement
- Innovation
- Communications
- Community Service

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or fill in this form and fax to 02 9267 5443

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Company _____		
Address _____		
Suburb	State	Postcode
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Email _____		

Tickets (all prices inclusive of GST)

Gala Dinner \$165.00 p/p	x	no. of tickets = \$	total
Gala Dinner table of ten \$1500.00 p/table	x	no. of tables = \$	total

Accommodation (all prices inclusive of GST)

Grand Hyatt Hotel Melbourne Check-in Thursday 3 April

Grand Room

<input type="checkbox"/> \$285 Single Room (incl 1 Breakfast) x	no. of rooms = \$	total
<input type="checkbox"/> \$305 Double Room (incl 2 Breakfasts) x	no. of rooms = \$	total
<input type="checkbox"/> \$305 Twin Room (incl 1 Breakfast) x	no. of rooms = \$	total

Grand View Room

<input type="checkbox"/> \$310 Single Room (incl 1 Breakfast) x	no. of rooms = \$	total
<input type="checkbox"/> \$330 Double Room (incl 2 Breakfasts) x	no. of rooms = \$	total
<input type="checkbox"/> \$330 Twin Room (incl 1 Breakfast) x	no. of rooms = \$	total

Rates may increase without notice due to changes in government charges, taxes or levies. Accommodation deposit must be paid at time of booking to guarantee reservation. Accommodation cancelled on or after 29th February 2008 will incur a cancellation fee equal to one nights deposit.

Please note: If booking for more than one person, please advise their names overleaf or attach separately, noting any special dietary requirements

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Cancellation Policy: Substitutions may be made at any time. The entire payment will be forfeited if cancellations are received less than ten working days prior to the event. Substitutions and cancellations should be addressed to reia2008@tourhosts.com.au



An invitation to attend the REIA National Awards

The REIA 2008 National Awards for Excellence will celebrate dedication to the highest standards by Australia's top real estate agencies and professionals.

I invite you to support the REIA National Awards and participate in this important industry event. Please join me at the Gala Dinner to salute our leading achievers in an atmosphere of fun, dancing and fine dining.

Graham Joyce President, REIA

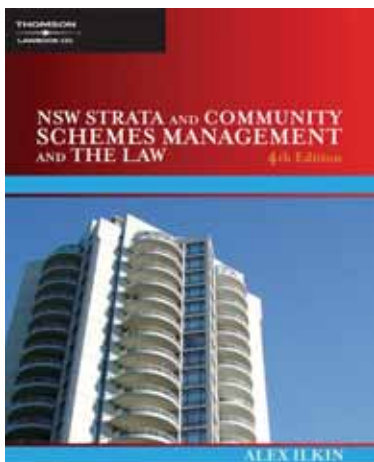


Membership in briefs

One Minute Update

The best way to stay up to date with all the latest data! When industry facts and figures are released, REINSW puts together an easy-to-understand summary, available on the website every Friday. More importantly, it tells you what you really want to know – the good news and the bad news.

Check out this free member-only service under the Knowledge Centre at www.reinsw.com.au.



Product of the month

NSW Strata and Community Schemes Management and the Law, 4th Edition
Author: Alex Ilkin
Publisher: Lawbook Co.

The latest edition of this excellent reference on all aspects of strata laws. A useful guide for owners in strata schemes, secretaries, treasurers and chairpersons, strata managing agents, students, solicitors, barristers, accountants and all those involved in the real estate industry.

Keep one in your office so you can always look up those tricky legal questions on strata schemes as they arise!

Regular retail price is \$169.95, however REINSW offers this to members for \$152.96.

For more information, call the REINSW Sales and Supply Centre on (02) 9264 2343.

Where to get the new logo

REINSW rolled out the new logo on 1 January 2008 to align with all the Australian States and Territories under a national branding with REIA (Real Estate Institute of Australia).

Use of new logo by members

REINSW members can demonstrate their membership of the industry's leading professional association by using the new REINSW logo on materials and websites.

1. For easy access to the new logo, visit the website at www.reinsw.com.au
2. Click on MEMBERSHIP from the top menu, then select MEMBER LOGOS
3. From there you need to logon to access downloads for the Style Guide and logo options available in colour and black/white.

The Style Guide explains the important information about layout, clearspace and colours for the new logo. Please ensure you download a copy for your information.



To protect the benefits of membership, only REINSW members have access to use the logo. If you have forgotten your username or password, please click on the FORGOTTEN USERNAME &/OR PASSWORD link on the homepage. If you do not have a login, please email membership@reinsw.com.au to request one.

Changed your contact details?

If you have recently changed offices or changed contact details, please send an email with the new information to membership@reinsw.com.au.

If you haven't been receiving emails from REINSW, perhaps we don't have your correct email details. Call our membership department on (02) 9264 2343 if you would like to check.

◆ DID YOU KNOW?

You can have your office audited to ensure you are complying with all relevant legislation. An REINSW representative can review your office to go through a check-list of compliance issues, including the way your agency agreements are filled out, the office's promotional material, and occupational health and safety procedures.

Feedback from agencies across the state who have taken advantage of this member-only service has been overwhelmingly positive.

"Taking the time out was a major benefit and a due-diligence we aim to carry out annually," said Dominique Moloney, Managing Director of Exclusive Lifestyle Agents at Pacific Palms.

Don't wait until the Office of Fair Trading knocks on your door – arrange for a compliance review today!

For more information, call REINSW on (02) 9264 2343

🛒 FOR THE CONSUMER:

Buying at auction

There is no doubt about it, property auctions can be nerve wracking. You have your heart set on your dream home but others probably do too. This puts the sale day up there with all the other big days in your life, full of potential for both pain and pleasure.

However, you can limit the stress, and therefore the pain, by putting in place a rigorous plan that includes doing your homework, setting yourself a strict financial limit and understanding that if it doesn't work out, there is always a next time.

Much of the early work involved in buying a property can be done online these days. Go to a website such as www.realestateworld.com.au and research the area where you want to buy and the type of home you want and you will get a fairly accurate estimate of going prices. Enlist

your agent's help as well as they will know better than most how local properties are performing.

When you find what you want, make sure you visit the property a number of times, and at different times of the day. Aircraft noise can be a part-time problem in some areas, for example, but if the planes aren't flying overhead on the day you visit, you may be unaware of this. Look out for schools or kindergartens in the street, as these can make parking and access difficult.











Let your real estate agent know you are interested in a property by registering early. And don't leave it until the day of the sale as by doing so – you might just miss out. Some properties are sold prior to auction and if you haven't declared your interest, then who will know what you had your heart set on.

If the whole notion of an auction is too scary for you and you would rather get a friend, a buyer's agent or a solicitor to do the bidding for you, then remember you must give the auctioneer a written authority before the auction starts. This must include your name, address and details and proof of your identity such as a driver's licence or passport.

And for all their potential anguish, the best thing about auctions is their finality. There is no cooling off period, no waiting or delay. If you are the successful bidder, it is all signed, sealed and delivered on the day. Good luck!

A pdf version of this article is available with the electronic version of this article on www.reinsw.com.au in the 'Knowledge Centre', which members can print out in their office and hand out to consumers if they wish. ◆

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REINSW distributes approximately 5,200 copies each month, reaching an estimated readership of 15,000, while the website receives an average of 13,000 unique visitors per month.

REINSW also has a number of advertising packages, as well as sponsorship and partnership opportunities.

For more information, please contact Alyssa King on (02) 9264 2343 or email advertising@reinsw.com.au

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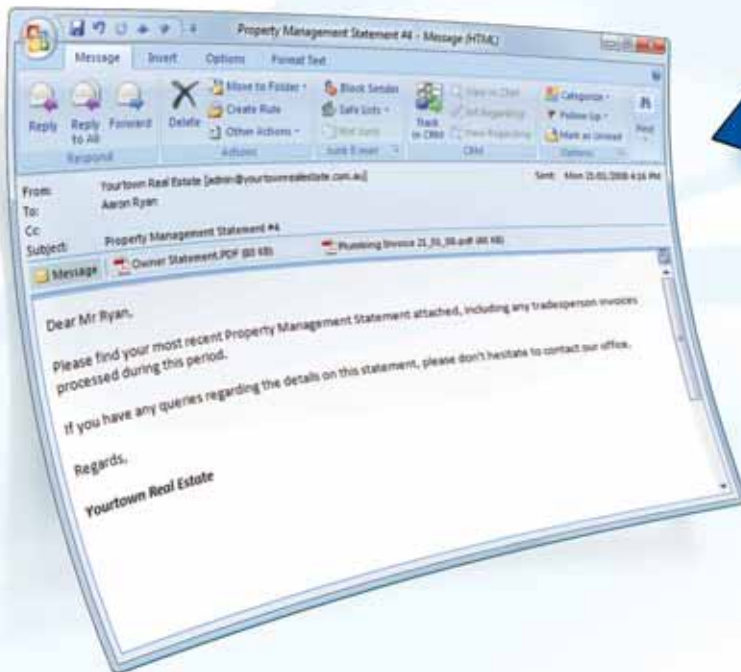
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