

# Journal

SEP 2008  
VOL 59/08



## Expect success

**What every sales agent  
needs to know about:**

**Where the market is heading**

**The source of property data**

**Top negotiating strategies**

**How to achieve more VPA**

**... and more**

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**Simon Kersten:  
Believing in yourself**

**How to prepare  
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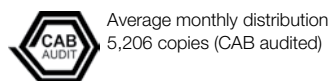
## SEPTEMBER 2008

COVER:  
WINNER OF THE 2008 REIA  
RESIDENTIAL SALES AWARD,  
SIMON KERSTEN FROM COLLIERS  
INTERNATIONAL, WOLLONGONG.

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**Brett Hunter**

General Manager

Raine + Horne Terrigal – Avoca Beach

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# PRESIDENT'S MESSAGE



## An opportunity for change

A review of the legislation that governs nearly every aspect of our profession has proposed some alarming new laws, but also provides us with a rare opportunity to seek positive changes.

The NSW Office of Fair Trading (OFT) recently conducted a five-yearly review of the *Property, Stock and Business Agents Act 2002* and released a list of recommendations as to how the legislation could be amended.

The result is a mixed bag for our profession.

We were shocked to discover that agents who work for large commercial property firms would be exempt from the PSBA Act altogether under OFT's recommendations – an outcome we believe would be detrimental to consumer protection.

REINSW is also strongly opposed to a proposal that would give OFT the power to cancel an agent's licence – without giving the agent the opportunity to respond first – if the department formed the view that the licence or certificate holder had obtained or renewed the licence by providing false information. REINSW believes this situation to be repugnant to the principles of natural justice.

We also feel that OFT has again missed a crucial opportunity to re-introduce provisional certificates for trainee staff, despite the unanimous voice of agents calling for such a certificate, particularly for new starters in regional areas.

On the other hand, we welcome the proposal for the courts to be given discretion when deciding commission disputes where minor errors were made when completing an agency agreement, rather than the current situation where agents face losing the whole of their commission.

There is only a short timeframe in which to make submissions about OFT's recommendations, with all submissions to OFT due by the end of September.

This is your chance to let your voice be heard! I encourage all members to read OFT's report, which is available from our website: [www.reinsw.com.au](http://www.reinsw.com.au). REINSW is dedicating considerable resources to preparing a submission about OFT's proposals and we look forward to receiving your comments. We are also seeking input from all REINSW's Chapter Committees and the Political Advisory Committee.

Remember that once the amendments go through parliament, we will be 'stuck' with them for another five years. Rest assured that REINSW will continue to strongly represent the interests of our profession to achieve a better regulatory environment within which to deliver our real estate services.



Steve Martin  
REINSW President

REINSW IS  
DEDICATING  
CONSIDERABLE  
RESOURCES TO  
PREPARING A  
SUBMISSION ABOUT  
OFT'S PROPOSALS  
AND WE LOOK  
FORWARD TO  
RECEIVING YOUR  
COMMENTS.

## IN THE MEDIA

Have you seen a photo of your house on Google Street View yet?

Last November, Google-branded cars with roof-mounted cameras began traversing the streets, taking tens of millions of detailed panoramic street-level photos. Most Australian coastal cities and many regional and outback towns are covered.

Google expects tourists to use Street View to see places they want to visit or stay, while home seekers might use it to research properties.

Tim McKibbin, REINSW's CEO, appeared on Nine Network television on the night that Street View was launched to comment on the possible impact that the

web function could have for real estate agents.

The verdict: it's too early to say how useful Street View might be. There are also privacy concerns because the photos are used without the permission of the property owners or any people who may appear in the shots. Nevertheless, Street

View has become a hot topic of conversation and a source of fascination as people check out their own property online.

Time will tell whether Street View becomes an integral part of property research or just another gimmick of the online world.

AN ARTIST'S IMPRESSION OF SYDNEY OLYMPIC PARK IN 2030



## Olympic-sized growth

Plans have been unveiled to grow the population of Sydney Olympic Park from 850 to 14,000 by 2030.

The draft plan would build new high density residential, retail and office buildings and increase the number of people working at the site from 6,000 now to 28,500 by 2030. The stadia and sports arenas would be retained.

*The Sydney Olympic Park Masterplan 2030 is available for download at [www.planning.nsw.gov.au](http://www.planning.nsw.gov.au).*

## Yielding to higher rents

Darlington in Sydney has the best inner city rental yield in Australia at 8.6%, according to figures from RP Data.

Rental yields are usually high for units within 10 kilometres of the CBD, while detached houses are more likely to achieve good capital growth.

### Top five suburbs for gross rental yields: houses and units (within 10 kilometre of GPO)

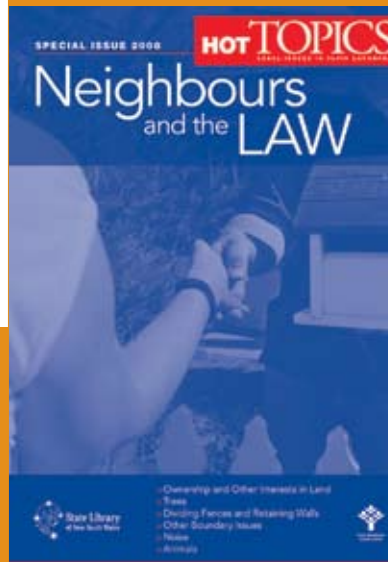
Sydney houses	Number sold	Median price	Average Annual change in median price over 5 yrs	Weekly Median Advertised Rent	Gross rental yield
Lane Cove North	77	\$860,000	7.4%	\$1,250	7.6%
Woolloomooloo	11	\$775,000	3.3%	\$950	6.4%
Ultimo	14	\$580,000	6.5%	\$630	5.6%
Zetland	12	\$600,000	4.6%	\$615	5.3%
Waterloo	15	\$498,000	6.3%	\$490	5.1%
Sydney units					
Darlington	21	\$228,000	-0.4%	\$375	8.6%
The Rocks	35	\$670,000	4.2%	\$1,100	8.5%
Haberfield	18	\$275,500	0.8%	\$375	7.1%
Haymarket	116	\$498,000	0.7%	\$650	6.8%
Greenwich	57	\$335,000	2.9%	\$425	6.6%

## Launch of rent.com.au

A new website to promote rental properties has been launched by a partnership between Yahoo!7 and Rent.com.au Pty Ltd.

Yahoo!7 users will be able to access rent.com.au and rental information immediately via [www.yahoo7.com.au](http://www.yahoo7.com.au), with a fully integrated service scheduled to be launched in the near future.

Richardson and Wrench has already agreed to move all of its offices across to rent.com.au to promote their rental vacancies.



## The law about next door

Consumers who want to find out more about how the law relates to dealing with their neighbours can now access a free legal resource produced by the State Library of NSW.

*Neighbours & the Law* covers issues such as noise (typically barking dogs), dividing fences, retaining walls, tree branches and roots.

*The booklet is available for loan from every public library in NSW or can be accessed free of charge from the Legal Information Access Centre website: [www.liac.sl.nsw.gov.au/hot/pdf/neighbours.pdf](http://www.liac.sl.nsw.gov.au/hot/pdf/neighbours.pdf).*

## Oasis towns

Property investment website [www.hotspotting.com.au](http://www.hotspotting.com.au) has compiled a list of the water-rich hot spots around Australia.

These oasis towns have reliable rainfall and/or water storage and could become more attractive to investors in the future, the website suggested.

### Oasis towns in NSW

- Newcastle
- Bathurst
- Port Macquarie
- Wagga Wagga
- Armidale
- Glen Innes
- Ballina
- Woolgoolga
- Bellingen

## Home Buyers Show

The Home Buyers Show in the Sydney Convention & Exhibition Centre, from Saturday 25 to Sunday 26 October, is the largest consumer event in Australia dedicated to educating home buyers and property investors of all levels.

REINSW's own experts will be on hand at the event to offer their extensive experience in the property market.

Whether you're a first, second or third time buyer, building a new home or looking for your next investment property, the Home Buyers show provides all the latest information required to finance, find and buy a home.

*REINSW members can receive a special \$5 ticket (a \$10 discount) to attend the expo. Please contact [jsacco@reinsw.com.au](mailto:jsacco@reinsw.com.au) to find out more about this member only offer.*

## Facing the future

A forum of agents from around Australia recently gathered in Canberra to discuss the future of the real estate profession.

The two-day forum, hosted by the Real Estate Institute of Australia, heard from keynote speaker Phil Ruthven, Chairman of business information provider IBISWorld, who said the future of the industry will be characterised by:

- more people renting for longer;
- fewer young people looking to own their dream home in the suburbs;
- more investment in dwelling and commercial trusts; and
- a significant increase in online and self-service information.

The forum also discussed ways to take Generation Y seriously – a generation focussed less on materialism and more on lifestyle.

REIA President Noel Dyett said the ideas developed at the forum will now be shared with the Real Estate Institutes across Australia and New Zealand.

## REA Group CEO resigns

REA Group is looking for a new CEO after a sudden leadership change at the organisation, which operates realestate.com.au, realcommercial.com.au, realholidays.com.au and other international real estate portals.

On August 5, REA Group announced the departure of Managing Director and Chief Executive Officer Simon Baker. Chief Financial Officer Georg Chmiel was appointed as acting CEO until a replacement is announced.

## Boosting broker numbers

Raine & Horne plans to increase its broker numbers by 80% by the end of the financial year and is set to launch a mortgage management business.

Raine & Horne Financial Services (RHFS) currently has more than 70 brokers in its network, which began in November 2006. It plans to extend its network to 125 across Australia by July 2009 and add six new franchises to the 29 in its financial services network.



## Big Brother house up for 'rent'

Love it or hate it, the Big Brother House has been the most watched address in Australia. Now that the house at Dreamworld on the Gold Coast has closed its doors to the TV show, it has opened to event organisers looking for a 'wow' factor for corporate functions or end of year parties.

## Work experience with a difference

Laing+Simmons is in its 12th year of providing school leavers with the chance to kickstart a career in real estate through its Laing+Simmons 2009 Scholarship Program.

Each year around 40 students are selected for one week's practical work experience in one of the 50 Laing+Simmons offices operating in New South Wales.

Three of these successful candidates will be offered scholarships to complete their Certificate of Registration at REINSW, with all costs to be met by Laing+Simmons. At least one overall winner will then be selected from the course attendees and will be guaranteed a position within the Laing+Simmons Group.

## Local businesses rally against Woolworths

About 200 residents have attended a rally in Mullumbimby to protest against the development of a Woolworths supermarket in the North Coast town.

The members of the Mullumbimby Community Action Network burned an effigy of 'Woolies' to demonstrate their opposition to the development.

The group says they are concerned about the impact that a multinational corporation would have on local businesses. They are also concerned about the impact on global warming from the long distances travelled to transport goods to the supermarket rather than relying on local produce.

## Pricey parking

Sydney car parking rates are the third highest in the world, according to a global survey by Colliers International.

This reflected the low office vacancies and tight space in the Sydney CBD, said Felice Spark, Colliers International State Director – Commercial Research.

### Monthly parking rates

Rank	City	Country	Rate in US dollars
1	London - City	UK	1,167
2	London West End	UK	1,136
3	Sydney	Australia	775
4	Hong Kong	China	742
5	Perth	Australia	610
6	Brisbane	Australia	592
7	New York, Midtown	US	585
8	Tokyo	Japan	552
9	Stockholm	Sweden	509
10	Dublin	Ireland	508



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AGENTS HAVE BEEN WARNED TO CHECK THEY HAVE COMPLETED ALL 12 CONTINUING PROFESSIONAL DEVELOPMENT (CPD) POINTS AND HAVE AN UP-TO-DATE CERTIFICATE OR LICENCE, FOLLOWING A RECENT CRACKDOWN BY THE NSW OFFICE OF FAIR TRADING (OFT).

The industry is on notice: make sure your CPD and registration is up-to-date.

REINSW has been informed by OFT that the department is increasing its audit activity in the area of CPD. This follows a recent audit of 270 randomly selected property agents, which included real estate, strata management, business, and stock and station agents.

The OFT audit found that 38 of the 270 agents were non-compliant. The department is considering disciplinary action against 12 of the non-compliant agents, who had allegedly indicated at the time of renewal that they had completed the necessary CPD requirements when this was not the case.

There are serious penalties for agents who fail to complete their CPD points in time for the annual renewal of their licence or certificate.

For agents who fail to renew their licence or certificate, there could be further consequences, including the voiding of sales commission earned while unlicensed.

Licence checks have come under the spotlight recently as OFT investigates the failure of a real estate business in Sydney's north-west, which caused the closure of three offices earlier this year. The business – which was not a member of REINSW – has gone into liquidation with media reports

## THERE ARE SERIOUS PENALTIES FOR AGENTS WHO FAIL TO COMPLETE THEIR CPD POINTS IN TIME.

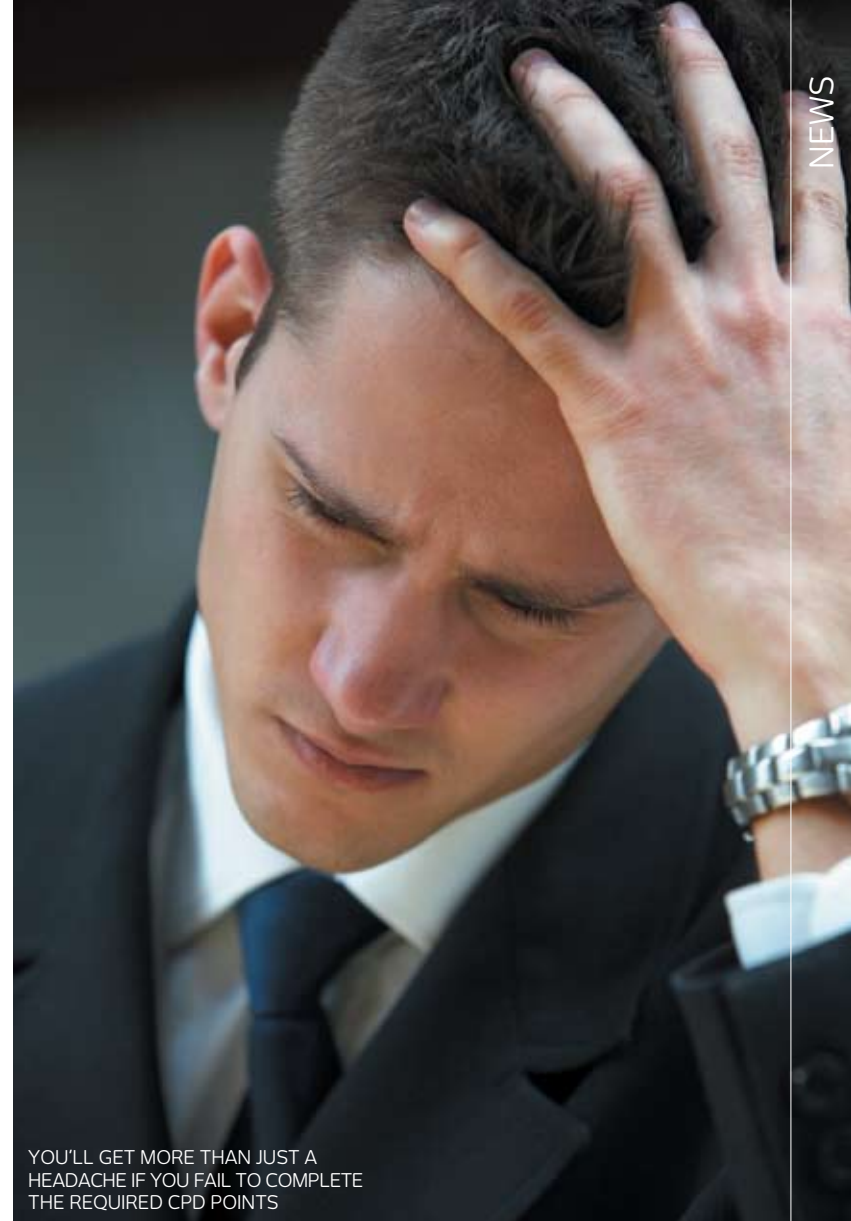
claiming that creditors are owed more than \$5 million. About 20 staff from the agencies were affected by the closures.

OFT recently reported that their investigation into the incident had discovered that the Licensee-in-Charge of the business did not even work there, but instead worked at a local bottle shop. His licence has now been cancelled and he has been disqualified from obtaining a licence for five years and from being involved in the direction, management or conduct of a real estate business.

The man who actually operated the three offices was not licensed under the *Property Stock and Business Agents Act*. OFT has stated that it is unable to take action under the Act against him for his involvement in the matter. However OFT said the businessman's conduct will be taken into account should he ever apply for a licence.

In another recent example, the NSW Supreme Court appointed a manager/receiver to run an agency in Auburn after OFT discovered that the operators of the agency were trading without a real estate agent's licence.

Fair Trading Minister Linda Burney said OFT had been closely monitoring the agency – which was not a member of REINSW – after complaints about the management of rental bonds.



YOU'LL GET MORE THAN JUST A HEADACHE IF YOU FAIL TO COMPLETE THE REQUIRED CPD POINTS

"Fair Trading launched a comprehensive investigation, gathering evidence including surveillance footage to prove that [the business operators] were ignoring the law," Ms Burney said.

REINSW President Steve Martin said the message to agents was clear.

"Make sure your CPD and licence or certificate are up-to-date," Mr Martin said.

Agents can check the expiry date for their licence or certificate by logging on to the OFT website: [www.fairtrading.nsw.gov.au](http://www.fairtrading.nsw.gov.au). For a list of CPD courses, visit [www.reinsw.com.au](http://www.reinsw.com.au).

Mr Martin said CPD did not have to be regarded as a chore, with REINSW offering a range of skills-based courses that are informative and convenient.

You can complete all 12 CPD points in as little as four hours with REINSW

## LICENCE CHECKS HAVE COME UNDER THE SPOTLIGHT RECENTLY AS OFT INVESTIGATES THE FAILURE OF A REAL ESTATE BUSINESS IN SYDNEY'S NORTH-WEST.

Education & Training in locations around the state, or you can complete a course online, with a choice of relevant topics that include negotiation skills, building your rent roll, and property investment analysis.

Find out what CPD courses are available either online or in your area by visiting [www.reinsw.com.au](http://www.reinsw.com.au). ♦

# Introducing PAC

## Real issues, real solutions

THE POLITICAL ADVISORY COMMITTEE (PAC) IS THE ENGINE ROOM FOR REINSW'S POLITICAL LOBBYING. FIND OUT WHY THESE MEMBERS ARE SO PASSIONATE ABOUT ISSUES AFFECTING OUR PROFESSION.

PAC's chief role is to advise the Board on issues that impact our profession.

The committee members voluntarily take time out from their own busy work schedules to debate issues such as housing affordability, property investment and changes to the *Property, Stock and Business Agents Act*.

After determining a policy position, they make recommendations to the REINSW Board, CEO and President.

PAC will also spread their message through an army of Political Delegates (PDs) – ordinary REINSW members who are keen to discuss issues with their local politicians.

*If you would like to get involved with PAC or would like to become a Political Delegate, please email [jsacco@reinsw.com.au](mailto:jsacco@reinsw.com.au).*

**"OUR CHALLENGE NOW IS TO PERSUADE ALL REI MEMBERS THAT THEY CAN MAKE A DIFFERENCE IN THE POLITICAL PROCESS BY BECOMING A POLITICAL DELEGATE."**



**Christian Payne**  
PAC Chair

Christian Payne is the Deputy President of REINSW. He brings to PAC his leadership qualities and his infectious enthusiasm for political lobbying.

Christian started in 1995 as a Political Action Delegate for the Sutherland Shire Division and joined PAC in 2003. As chairman, Christian is confident that PAC can truly make a difference "by using the power of reach that we have across all electorates with our members around New South Wales".

"By meeting face to face with State and Federal politicians, our Political Delegates have the opportunity to advise them about what's really happening in their own electorate and to get our message across," Christian said.

[cpayne@paynepacific.com.au](mailto:cpayne@paynepacific.com.au)  
0416 289 461



**Tim McKibbin**

As the Chief Executive Officer of REINSW, Tim is in a unique position to share his knowledge of current issues with PAC.

"I believe that the most valuable service REINSW provides to its members is the continuing fight for improvement in the regulatory environment for the real estate profession," Tim said.

"PAC is instrumental in the development of policy. As a member of PAC, I am able to stay in touch with the committee's views, so I can champion their cause when the President and I meet with the regulator and with Government."

[tmckibbin@reinsw.com.au](mailto:tmckibbin@reinsw.com.au)  
(02) 9264 2343



**Kathryn Hall**

Kathryn brings to PAC her exuberance, sense of humour and straightforward approach to complex issues.

Kathryn is based on Sydney's Northern Beaches and has been a licensed real estate agent for over 30 years. She joined PAC two years ago and saw that PAC members had "an incredible energy and a belief that something could be done. A 'Go Attitude.'"

Kathryn – who is currently Chair of REINSW's Residential Sales Chapter – is particularly concerned about social responsibility issues, such as housing affordability and the rental crisis.

"If I can help get any important issues off the ground, I will be thrilled to know that in some small way I have been able to help," she said.

[kathryn@kathrynhallrealestate.com.au](mailto:kathryn@kathrynhallrealestate.com.au)  
0419 147 873



**Brett Hunter**

As well as being on the REINSW Board, Brett brings to PAC a breadth of experience both in the real estate industry and in the corporate world. His wide-ranging career spans several different countries and industries including software, mining and agribusiness. He also has a degree in Civil Engineering and a Masters of Business Administration.

He is currently the General Manager of Raine & Horne Terrigal-Avoca Beach. "I approach my clients, and the industry in the same way that I attack my personal life: with enthusiasm, professionalism and dedication," Brett said.

"I am proactive throughout the industry in pushing for regulatory change, legislative support for the industry, its clients, and its members."

[brett@rhcoastal.com](mailto:brett@rhcoastal.com)  
0410 630 222



### Bob Berry

Bob Berry already has a wealth of experience in political lobbying, having joined PAC in 1993.

"Although we often think we are hitting a brick wall, REINSW has been successful over the years in many lobbying efforts which have brought benefits to members," he said.

One of the highlights of his PAC involvement so far was in 1995, when the REINSW Board met in Dubbo and adopted a regional NSW policy.

"Our challenge now is to persuade all REI members that they can make a difference in the political process by becoming a PD and forming a good working relationship with their local State member, irrespective of which party that member of NSW Parliament is in.

[bberry@bobberry.com.au](mailto:bberry@bobberry.com.au)  
0418 636 954



### Justin Butterworth

Justin's passion is holiday and short term rentals – a sector of the industry that has come under threat in recent years. Not content to let politicians or other special interest groups ruin a vital sector of the NSW property market, Justin is doing all he can to promote and protect short term rentals.

"I joined PAC to enable the wider representation of this accommodation sector within the tourism and real estate industry," he said.

Justin is also the Chair of REINSW's Holiday and Short Term Rental Chapter. He is the founder and Managing Director of [rentahome.com.au](http://rentahome.com.au), and previously worked as a research economist for the NSW Treasury. He holds a Bachelor of Commerce (Hons) and is a postgraduate of the Securities Institute of Australia.



### Brian McAneney

As an experienced agent running a busy country agency, Brian has in-depth knowledge about how issues impact on the day-to-day work of real estate professionals.

"I joined PAC to represent and be the voice of regional and country agents," Brian said.

Brian's experience covers every aspect of real estate: he is a licensed Real Estate Agent, Stock & Station Agent and Auctioneer. He is also a Registered Valuer.

Brian opened the Ray White Dubbo franchise in 1990. The company now has in excess of 20 staff and is active in the residential, commercial and rural markets. Brian has also been the Chairman of the Dubbo City Development Corporation.

[bmcaneney@raywhite.cc](mailto:bmcaneney@raywhite.cc)  
0417 277 424



### Don Nott

Don is certainly not afraid to speak up when he believes an issue has unfairly impacted on the real estate industry. His determined efforts contributed to the removal of the unpopular Vendor Duty Tax in 2005.

"I am interested in PAC because I believe we should be re-establishing the REI as a unbiased source of information and counsel for all political persuasions, for the benefit of our profession," Don said.

Don is a second generation real estate agent and has been in the real estate industry since 1972. Since 1975 he has been a Principal and has always been located at Springwood in the Blue Mountains.

[donnott@westnet.com.au](mailto:donnott@westnet.com.au)  
0414 512 446

## Stamp duty – on the way out?

THE NSW GOVERNMENT HAS STATED IT WOULD CONSIDER ABOLISHING STAMP DUTY IF IT RECEIVED SUFFICIENT COMPENSATION FROM THE FEDERAL GOVERNMENT.

REINSW has long argued that stamp duty and land tax are disincentives to the property market. This opinion has now been echoed by a review panel that has been studying the Australian tax system.

The review was commissioned by Prime Minister Kevin Rudd in May to simplify Australia's tax system, with the exception of the GST. The review panel released its first report on 6 August, in the form of a 366-page discussion paper.

The review found that while Australia is a relatively low-tax country, our reliance on property taxes is higher than most OECD countries. It also noted that stamp duties and land tax could be disincentives for the property market.

### "STAMP DUTIES CAN DISCOURAGE TURNOVER AND INFLUENCE HOUSING DECISIONS."

"As a tax on transactions, stamp duties can discourage turnover and influence housing decisions," the paper said.

It said that stamp duties could influence the choice for homeowners to renovate their existing home instead of upsizing to a bigger or better house.

"For those who would prefer downsizing to a smaller house, stamp duties can pose an additional difficulty in the relocation process, by increasing the required return on the property sale before they are able to move."

### "WE WOULD BE PREPARED TO LOOK AT REMOVING IT ... PROVIDED THERE WAS COMPLETE COMPENSATION FROM THE FEDERAL GOVERNMENT."

On land tax, the report noted that this tax favours owner-occupied housing over investment housing, and makes investment in apartments more attractive than in detached houses.

The review panel – chaired by Dr Ken Henry – is expected to provide its recommendations to the Federal Government by the end of 2009.

The NSW Government says it would consider abolishing stamp duty if that was the recommendation of the tax review.

"We would be prepared to look at removing it, or providing more stamp duty relief on top of what we have already done, provided there was complete compensation from the Federal Government," said a spokesman for NSW Treasurer Michael Costa.

The NSW Government has also been conducting a tax review of its own. At the time of writing this article, the Independent Pricing and Regulatory Tribunal (IPART) was expected to release its recommendations on the state's tax system in the coming weeks.

*Stay up-to-date with all the latest industry news by reading eNews each month. If you are not receiving this newsletter, please email [membership@reinsw.com.au](mailto:membership@reinsw.com.au) to check your details or to sign up as an individual member for just \$9 a month. ♦*

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"SALES ACTIVITY FOR HOUSES IN NSW FOR THE SECOND QUARTER IN 2008 SHOWED A FALL OF 22.5% FOR PROPERTIES SOLD COMPARED TO THE SAME QUARTER LAST YEAR."

# driving force

BY ROSLYN ALDERTON

INTEREST RATE RISES PUT THE BRAKES ON THE RESIDENTIAL SALES MARKET AND NOW IT'S JUST CRUISING UNTIL THE DEMAND FOR HOUSING PRESSES THE ACCELERATOR.

If it feels like the property market in your area is stuck in the slow lane, you're not alone. Recent figures show that sales volumes have fallen in most areas across the state.

"Sales activity for houses in NSW for the second quarter in 2008 showed a fall of 22.5% for properties sold compared to the same quarter last year," said market data company

PDS Live in a recent analysis of the market, provided exclusively to the *Real Estate Journal*.

There was a marked difference between suburbs near the Sydney CBD and other areas across the state.

"The inner suburbs continue to show positive signs," PDS Live said. "The relatively strong demand for inner metro living – potentially as a result of higher fuel prices and lifestyle choices – has resulted in a 34.4% increase in total properties sold compared to the same period last year."

Auction clearance rates have also fallen and have been hovering around 50% compared to the 60% levels this time last year, according to figures provided by Australian Property Monitors.

The good news is that despite this fall in sales volumes, prices have held up well, with PDS Live's figures showing that the median price has stayed flat in most Sydney areas and across regional NSW.

"It means that while it might be taking longer to sell, reasonable prices are still being achieved," said REINSW President Steve Martin.

"It is a buyer's market and that makes it harder work for agents, but you can still achieve with a good result for your client."

Economic commentators are predicting that the current situation won't last, with the market expected to accelerate over the coming few years.

"The driving force behind the change will be pent-up demand, as there are simply not enough new properties being built to satisfy the needs of the growing Sydney population," Mr Martin said. **(See over for sales figures.)**

## Snapshot – residential volumes down but prices stable

Total number of houses sold			
	Q2 2007	Q2 2008	% change
Inner metro – Sydney	4,280	5,751	34.4%
Outer metro – Sydney	10,799	8,106	-24.9%
Newcastle/Wollongong	1,436	960	-33.1%
Regional NSW	12,071	7,341	-39.2%
All NSW	28,586	22,158	-22.5%
Total market value (houses)			
All NSW	\$15.94 billion	\$10.57 billion	-33.7%
Median price (\$)			
Inner metro – Sydney	832,750	875,500	5%
Outer metro – Sydney	401,500	400,000	0%
Newcastle/Wollongong	359,750	349,000	-3%
Regional NSW	215,000	226,000	5%
All NSW	\$293,500	\$297,500	1.4%

Source: PDS Live

## Rural consolidation

A study of sales figures of rural land by Elders NSW has uncovered an interesting trend. While the number of sales has dropped by 29% over the past six years, the average sales prices have increased by 103% and the total sales value for broadacre and lifestyle properties has increased by 46%.

“At least part of the reason for this trend has been the sale of larger, and aggregated, parcels of land, a trend I believe reflects the consolidation of many parcels of rural land in a general move towards more corporate-style agriculture and the efficiencies which flow from greater scale of operation,” said John Peden, State Manager of Elders NSW.

He said that some corporations and also some larger farming families were generally the purchasers of smaller parcels of land, combining them into bigger farms.

However the sellers were not necessarily farmers leaving the land due to drought-stricken conditions.

“There are certainly people who found it tough over the last few years. There are people who have endured those drought conditions far better than others. They are certainly the ones that are looking at expanding.

“It would not be fair to say that’s at the expense of the people who are in desperate circumstances. We have not seen evidence of that.

“The drought conditions meant that people who would have normally over the last five or six years sold up and retired, they have put that off because their properties looked so bad. There was a bit of pent-up demand for property to come to the market. That’s now happening.

“Fortunately, it hasn’t happened by a rush of property to the market due to financial stress.”

Mr Peden said that cattle continued to be the enterprise of choice for a majority of buyers, with a renewed confidence in broadacre cereal properties. ♦



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# Under the hammer

MEMBERS OF THE REINSW AUCTIONEERS CHAPTER COMMITTEE TOLD THE *JOURNAL* THEIR VIEWS ABOUT WHAT HAS BEEN HAPPENING IN THE AUCTION MARKET.



**Kate Lumby**  
Dynamic Property Group Sydney  
Auctioneers Chapter Chair

When we look at the number of auctions, there are less auctions that are occurring than at this time last year. But there are buyers out there.

The savvy agents know how to use auction as a method of marketing. They are doing the hard yards and getting the results, getting the vendor educated and getting the buyers to the table. Auction – unlike other methods of marketing – creates that urgency for the buyers to come. It also facilitates the vendor being educated to the market.

We have a number of underlying drivers in our market. We have had interest rate rises and the flow-on effect from the credit crisis overseas, but with immigration and the influx of people coming into the country, there is a need for housing. Towards the end of next year we are going to see a difference in the market as it picks up again.



**Michael McCaffery**  
Chief Auctioneer  
First National Group

The First National network has seen auction clearance rates hovering around 50% for the last four months on the back of decreasing auction volumes, with the average Saturday in Sydney seeing only about 200 to 250 auctions being held.

The interesting fact is that about 90% of First National listings have sold within three weeks of auction. So even in this weaker market, auction still delivers the lowest number of 'days on market' to home owners.

I feel people have decided to hold off from selling in the hope the market will improve with spring and early summer, offering a better time to sell. While all agents hope this to be true, the only certainty is that there will be a lot more stock in coming months and no guarantee of more buyers or higher prices.



**David Sanders**  
Sanders Realty  
Point Clare

On the Central Coast, in the mortgage belt ranging from Umina through to Budgewoi, and away from the water fringes, there is a completely different market from the prestige ocean front properties in areas such as Terrigal or Avoca Beach.

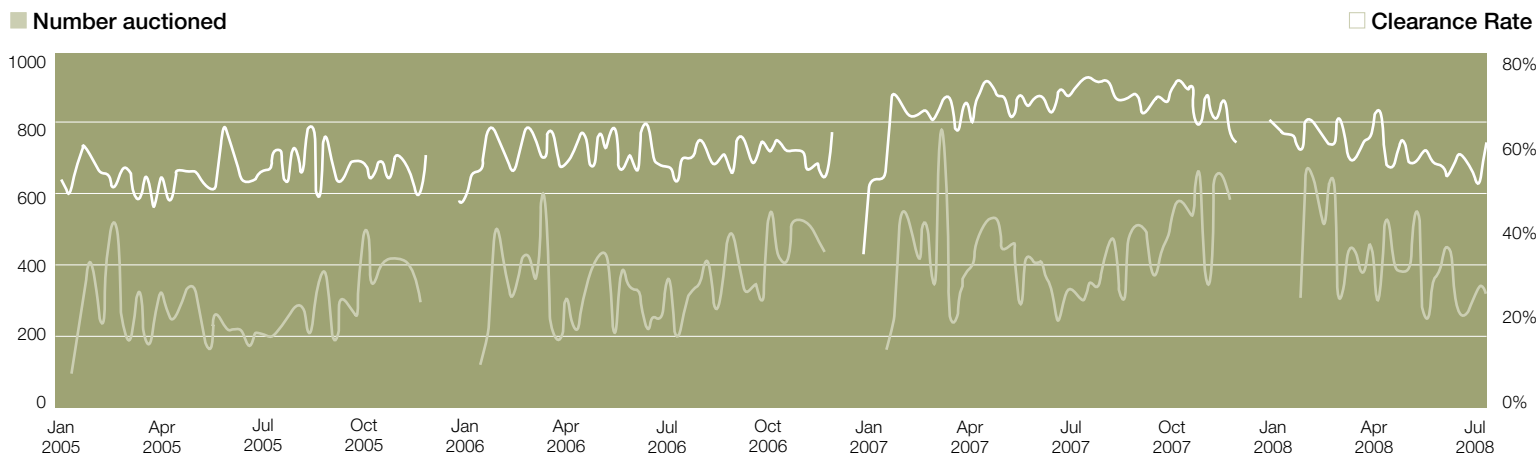
Mortgagee sales on the Central Coast have been more prolific over the last 18 months and a large number of auctions fall into this category. The interest rate rises of the last two years are creating huge stress on some Central Coast families; many of these properties are yet to come to market.

As an auctioneer I have found that buyers have become very street smart. Sales people now have to work harder to get buyers to attend their auction and there is less urgency for buyers to make a decision.

“THE SAVVY AGENTS KNOW HOW TO USE AUCTION AS A METHOD OF MARKETING. THEY ARE DOING THE HARD YARDS AND GETTING THE RESULTS, GETTING THE VENDOR EDUCATED AND GETTING THE BUYERS TO THE TABLE.”

*If you would like to join the Auctioneers Chapter, email [membership@reinsw.com.au](mailto:membership@reinsw.com.au).*

## Sydney auction results – 2005-2008



Data provided by Australian Property Monitors



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ADVERTISING FOR RESULTS:

# Increasing vendor paid advertising



BY TOM PANOS

DO YOU HAVE TROUBLE ACHIEVING VENDOR PAID ADVERTISING? HERE IS SOME ADVICE ON HOW TO INCREASE YOUR VENDOR'S ADVERTISING SPEND AND ULTIMATELY ACHIEVE A BETTER RESULT FOR THEIR PROPERTY.

As a real estate speaker and publisher, one of the most common questions I am asked is: "Is it still necessary to use newspapers to market property?"

The reality is that until recently there had been very little research carried out and as such the majority of real estate agents have relied upon anecdotal evidence to inform their opinion.

In the recently released book *Sell for More* by Gil Davis, research was commissioned to establish which advertising strategy works best: internet, print or both? Data was used from RP Data for sales

observed from 2005 to 2007 and results were conclusive for Sydney, Melbourne and Brisbane – where there was adequate listing type data – once it was analysed by specialist analysis data company Arismark. (The full research can be seen in chapter nine in the book.)

#### Ultimately, the research demonstrated two main points:

- 1) On average the internet achieved a higher price than expected, but a lower price than could have been achieved.
- 2) A property is sold faster and for more money if you combine the use of print and online media.

The clients I work with are arguably the best agents in Australia in terms of their ability to obtain vendor paid advertising. Typically an advertising campaign for these agents ranges between \$10,000 and \$20,000. Below I will summarise

## THE FIRST 30 DAYS ARE CRITICAL IN HOW BUYERS WILL PERCEIVE THE NEW PRODUCT YOU LAUNCH.

the characteristics and qualities I observe in them.

#### They have a passionate belief in advertising

They feel guilty when they don't achieve vendor paid advertising for a listing because they know they won't obtain the same result on the property with fewer people knowing about it. There is no need to learn any tricky and deceptive scripts and dialogue when you speak the truth. This is called 'authentic selling' and your vendors will feel what you feel when you have a deep conviction and belief in advertising. If you don't believe in it, how do you expect your vendors to believe in it? You simply cannot sell a secret.

#### They use evidence-based marketing

Some of the agents I coach have gone from \$0 vendor paid advertising to \$300,000 vendor paid advertising in a year by using this technique alone:

- a) Take a property and have it designed to look as an advertisement in the following sizes:
  - Full page ad with four multiple images
  - 1/2 page ad with one extra image in the advertisement
  - 1/4 page ad
  - 1/8 page ad
- b) Show the vendors the options above and ask them which one they would like their home to be displayed in.

This works well as you are providing evidence as to why they should not be cutting corners on advertising.

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Furthermore they have taken ownership in the decision-making process. It's collaborative selling at its best. The key is to ensure that you use the same property across all sizes and the samples you show are the exact newspaper size that will be published.

#### **They use metaphors**

People love ideas simplified into digestible concepts. The concept of listing a house on the market is no different to the concept of when Coca Cola launches a new product into the market. When Coca Cola does that, they don't just put it on the net passively and hope for the best. The company knows it has a small amount of time to launch the product successfully in the marketplace and will use all forms of media to get maximum impact. It is no different in real estate. The first 30 days are critical in how buyers will perceive the new product you launch (the listing) and maximum impact means print, online, brochures,

database, signboards, window display etc. The more people that know about the property, the better the chances you will get a higher price.

#### **They use statistics**

Professional agents who monitor buyer enquiry sources can clearly illustrate to potential vendors how and where the property should be marketed. If 50% of your buyers come from the net and 50% from print and you don't do significant print marketing for that vendor, you are losing half your marketplace and cannot seriously, morally and ethically look that vendor in the eye when you get an offer and recommend they take it, no matter what it is, when you have only gone to half the marketplace. Visual pie charts showing your buyer source levels are a wonderful way to show your vendors you are a professional and you know what you are talking about in regards to real estate marketing.

HAVING A LIST OF PAST SALES AND WHAT PERCENTAGE OF MARKETING THEY CARRIED OUT VS THE SALE PRICE WILL GIVE THEM CONFIDENCE THAT IT IS NORMAL TO INVEST BETWEEN 0.5% TO 1% OF THE PURCHASE PRICE IN MARKETING.

#### **They use case studies**

People need to be reassured that they are not a guinea pig in an experiment. They need to know others have previously done what you are recommending

now. Hence having a list of past sales and what percentage of marketing they carried out vs the sale price will give them confidence that it is normal to invest between 0.5% to 1% of the purchase price in marketing.

In summary, if you have a belief in advertising and have the skills to translate that belief using data, you will find your vendors will buy advertising instead of you selling it to them. A vendor won't be worried about spending 0.5% to 1% in advertising costs if they can potentially get an extra 5% to 10% on the selling price. It's your job to explain this to them.

*Tom Panos is a member of REINSW. He works in the real estate industry as a print publisher for News Community Newspapers. He is also an independent freelance auctioneer and keynote speaker specialising in vendor paid advertising coaching. For more information, visit [www.tompanos.com.au](http://www.tompanos.com.au). ♦*

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## A better way to do business



# Trends in renovations

DRAWERS INSTEAD OF KITCHEN CUPBOARDS, FRAMELESS GLASS SHOWERS AND WALK-IN ROBES ARE AMONG THE HOT TRENDS IN RENOVATIONS, ACCORDING TO A NEW SURVEY BY ARCHICENTRE.

In a property market that has softened over the past few years, many home owners have chosen to renovate their existing home instead of moving. Archicentre has reported a 40% increase in its Design Services over the past year.

"A good renovation can alter your life dramatically," said Archicentre Managing Director Robert Caulfield.

"For some, even the addition of an extra hand basin in the en suite is positively life-changing. Now imagine what a really good design could do!"

Archicentre polled its membership of over 800 architects on what steps their clients are taking to improve their homes. The findings are reported in *Trends in Contemporary Home Renovation, 2008*.

Here are some of the trends:

## Master bedroom trends

- En suite 93.2%
- Walk-in-robe 85.4%
- Deck or balconies 57.5%
- Study 28.8%
- Freestanding furniture (sofas) 17.8%
- Bidet 7.3%

En suites and walk-in-robos are practically a given in Australian master bed refurbishments (93% and 85% respectively). Bedrooms have grown considerably, but there are fewer of them.

"Main bedrooms now allow for additional furniture: couch, seats, desk, drawers etc," Mr Caulfield said.

Walk-in-robos are bigger than ever and today double as dressing rooms.

"The dark cavity wardrobe with mere hanging space is passé and ill-conducive. Today's walk-in-robe must be purpose built with natural light, 'his and hers' space and a full-length mirror," he said.

## Kitchen trends

- Drawers not cupboards 81.7%
- Large island benches 77.2%
- Walk-in pantries 58.0%
- Concealing appliances 50.2%
- Colourful splashbacks 35.6%
- Computer data points 22.8%
- Concealed food prep area 20.5%

## A few elegant factors define today's kitchen:

Open-plan layouts, clean featureless appearances and concealed appliances — what one architect refers to as 'hidden architecture'.

Drawers instead of cupboards have become a popular trend (82%), and a sensible one too. Searching behind item after item in cupboards that are too high to see into is no longer necessary if you have drawers instead.

Renovators are also going for the flush look by not putting any handles on them; the openings are strictly push-action.

Second behind drawers was the request for a large island bench (77%), a testament to the kitchen's rebirth as the home's mouthpiece.

"Integral to the contemporary kitchen's claim to a social hub is an island bench to huddle around," Mr Caulfield said.

Today's kitchen colour schemes stick to a strict code. "Neutral colours for the joinery and benches and radical colours for the splash backs," Mr Caulfield said.

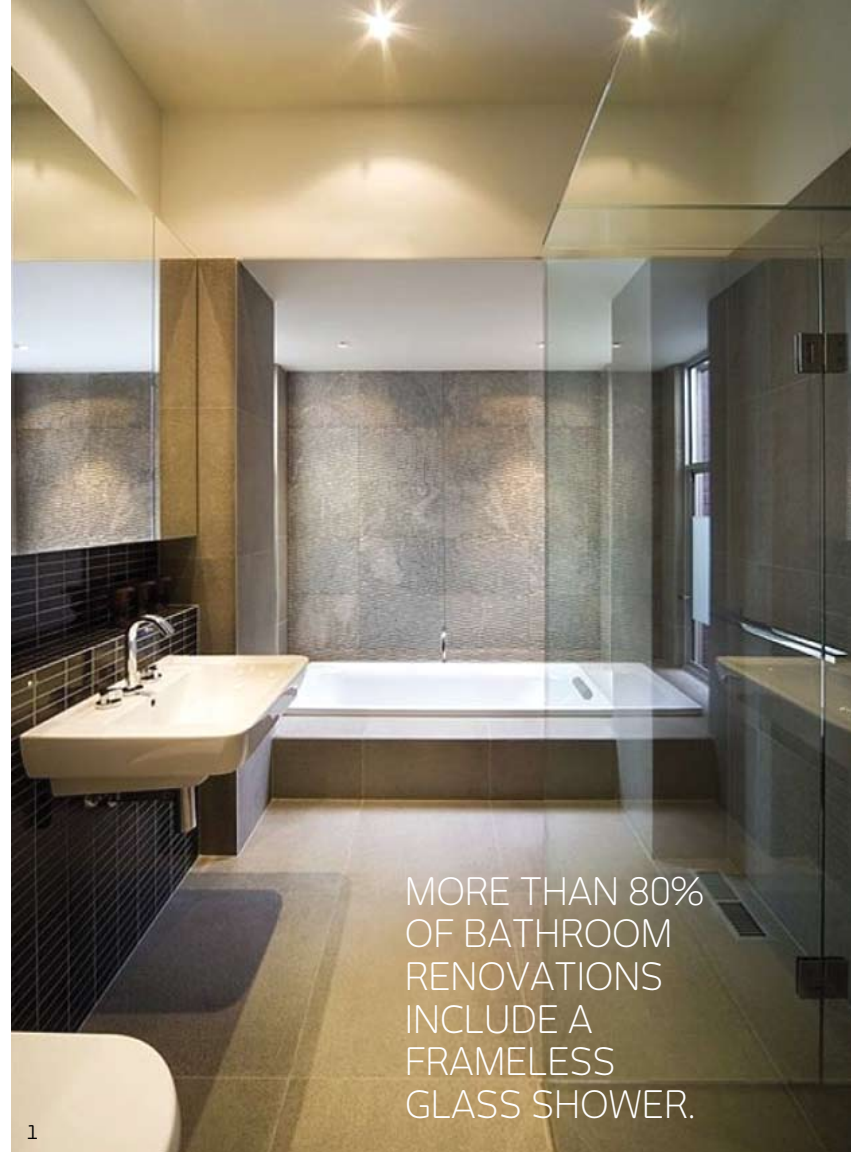
## Home office/study

Needs have radically changed when it comes to home offices. Wireless technology means the laptop can go anywhere and offices are now commonly in alcoves or niches.

"If clients desire a little privacy, a study space can be sectioned off the main living area behind screens," Mr Caulfield said.

## Bathroom trends

- Frameless showers 80.8%
- Double basins 54.8%
- Separate powder rooms 50.2%
- Baths 48.4%
- Double showers 37.9%



MORE THAN 80% OF BATHROOM RENOVATIONS INCLUDE A FRAMELESS GLASS SHOWER.

## OPEN-PLAN LAYOUTS, CLEAN FEATURELESS APPEARANCES AND CONCEALED APPLIANCES — WHAT ONE ARCHITECT REFERS TO AS 'HIDDEN ARCHITECTURE'

- Concealed cisterns 37.0%
- Heated floor 37.0%
- Free-standing baths 30.1%
- Views of internal courtyard 28.8%
- Spa baths 13.7%
- None of the above 1.8%

"Double showers and double basins are very popular right now. Frameless glass showers (double size if feasible) and freestanding period-style baths are also en vogue," Mr Caulfield said.

"Spa baths are definitely out!"

Toilets are becoming less visible. Over one in three Archicentre clients requested a concealed cistern.

Meanwhile one out of three want heated floors, while heated towel rails are now virtually standard.

## En suite trends

- Parent's en suite 93.2%
- Children's en suite 12.8%

"Many clients request en suites with glass walls overlooking lush, secret gardens — a 'bath with a view' is what it's called," Mr Caulfield said.

The sophisticated, sunken-floor open shower is one example of a masterful low-maintenance innovation. Shower cleaning is reduced drastically not to mention the wide open space allowing the bather to just walk in and walk out.

## Activity centre trends

- Rumpus room 54.3%
- Parents' retreat 50.7%



"INTEGRAL TO THE CONTEMPORARY KITCHEN'S CLAIM TO A SOCIAL HUB IS AN ISLAND BENCH TO HUDDLE AROUND."

2



3

1. ARCHITECT: VENN ARCHITECTS, PHOTO: EMMA CROSS  
2. AND 3. ARCHITECT: JASON BLAKE, PHOTO: ROWAN TURNER

- None of the above 21.0%
- Gym 17.4%

"In Sydney, rumpus rooms often double as home theatres to use space more effectively," Mr Caulfield said.

**Australian children's bedroom trends**

- Computer data point 65.8%
- Study 46.1%
- En suite 12.8%

"Some kids have decent-sized rooms, but not necessarily so big they get their own desk. Many parents prefer open shared study areas where computers can be monitored," Mr Caulfield said.

**Home theatre trends**

- Plasma TV 61.2%
- Just a fad 36.5%
- Ceiling-mounted projectors 15.5%
- Mini-cinemas 10.5%
- Data projectors 8.2%

Plasma screens are hot, mini-cinemas are not. Over a third of architects polled rated home theatres just a fad.

"The emphasis is to provide home theatre facilities within other more flexible living spaces – a la family or informal living rooms," Mr Caulfield said.

"Ceiling-concealed TV screens that fold down at the press of a button or that pop up from cabinetwork are really popular."

Over 30,000 Australians start their renovation projects with architects from Archicentre, the building advisory service of the Australian Institute of Architects (AIA).

*The Archicentre website [www.archicentre.com.au](http://www.archicentre.com.au) is a treasure trove of renovation information including up-to-date building costs, Do-it-yourself checklists and step-by-step case studies of successful building projects. ♦*

# at the right price

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\$9



## IN A WORLD WHERE WE EXPECT INFORMATION TO BE AT OUR FINGERTIPS, PROPERTY SALES DATA IS STILL FRUSTRATINGLY SLOW AND OFTEN UNRELIABLE. WHAT WILL IT TAKE FOR DATA TO CATCH UP?



BY ROSLYN ALDERTON

If you want to trade in the share market, it's easy to see all the trades instantaneously and watch all the share price movements in real time.

So why can't we do the same thing with property data?

It's a question worth millions of dollars to the real estate industry. After all, sales information lies at the heart of what agents do: trying to achieve the best possible price for a property.

It's the currency of real estate and that's what makes the information valuable.

One problem is that there is currently no central collection point for information. That's frustrating for agents, as well as for the companies that package and sell the data, for the Australian Bureau of Statistics trying to make meaningful comparisons of data, and for the Reserve Bank when it tries to make its interest rate decisions.

"You have this very fragmented ability to capture real-time data that is accurate," said Shaun Di Gregorio, General Manager of Emerging Business for The REA Group (the parent company of website realestate.com.au).

"We have different regulations in every state that govern the way the industry works. The industry is not set up in a way that you could get everyone to do the same thing all at once."

**"IT WILL BE CONSUMERS THAT DEMAND THAT AGENTS CONTINUE TO GET BETTER AT QUOTING PRICES."**

Property data comes from a number of sources. Sales figures are collected on a state by state basis by various government departments. REINSW collects vacancy rates from its member agencies. Other information – such as auction clearance rates, days on market and built attributes of houses – are collected direct from agents by various data and software companies, who usually do not share their information with each other due to the competitive environment. Some information is free but most costs money, particularly for more comprehensive reports.

Mr Di Gregorio believes such a complicated system for property data cannot last forever.

"It was consumers who led the change [to online advertising of properties]," he said. "It will be consumers that demand that agents continue to get better at quoting prices. These are the customers. These are the people that you are in business for. They will force the industry to get better at it, which will no doubt force change down the line, which will make information more readily available."

#### Electronic conveyancing

One scheme that could start to expedite and centralise the collection of information is the launch of a National Electronic Conveyancing System (NECS).

It's an announcement that came out of the Council of Australian Governments meeting in March but mostly slipped under the radar of mainstream news. All state and territory ministers agreed to begin an electronic system for property conveyancing in March 2010. This will effectively overcome the barriers of the state laws and provide a central collection point for Notice of Sale forms.

Christopher White from the Land and Property Information, an agency within the Department of Lands, is tasked with preparing the department for the switch to the national system – and he's excited about the positive changes that NECS could bring.

"It should reduce costs and delays arising from the logistics of manual processes," he said.

The key change is that NECS should reduce the time delay between a contract being signed and when sales data is available through the NSW Valuer General's system. Currently it takes 10 to 12 weeks for property sales results to be available.

Under NECS, the delay should reduce to just six weeks – the usual time period for settlement – and remove an extra four weeks where the forms are typically held by the mortgage provider and additional time in processing by Lands.

In a market that is moving quickly, the time-delay for the data could make a significant difference to

Shaun di Gregorio



an agent's price estimate for a newly-listed property.

"Where a property sale is settled through NECS, it will be possible to have sales information available from the day of settlement," Mr White said.

In NSW, the transition to NECS begins this month with the launch of an electronic version of the

"THE WILLINGNESS OF THE INDUSTRY TO SHARE INFORMATION – THAT'S ONE REALLY DIFFICULT ASPECT OF THE INDUSTRY THAT'S YET TO BE OVERCOME."

Notice of Sale form, which should cut down on the administration work for the department.

The states and territories are still working out consistent business practices and electronic forms for NECS in 2010, as the electronic settlement and lodgment arrangements will require legislative changes. It is unclear whether the forms used in NECS will have much more than

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Philip Western



“WE ARE AWARE OF THE IMPORTANCE OF PROPERTY SALES INFORMATION TO THE COMMUNITY, BUT THE SALES DATA ISN'T THE PRIMARY PURPOSE OF THE NOTICE OF SALE.”

the information currently provided – which in NSW is not extensive.

The primary purpose of the Notice of Sale form is to maintain the currency of the property and property owner details on the Register of Land Values (controlled by the Valuer General), while the sale price on the form is used for rating and taxation purposes (such as land valuation, land tax and stamp duty validation).

“We are aware of the importance of property sales information to the community, but the sales data isn't the primary purpose of the Notice of Sale,” said Valuer General Philip Western.

As a result, the sales information collected by the department is not particularly useful on its own.

“Most of the attributes that make a sales result meaningful for buyers and agents – like age and condition, bedrooms, bathrooms, car parking, views, swimming pools, proximity to transport – are actually collected and maintained by the private sector,” Mr Western said.

“All of those things, the built attributes of properties, are not required for land values for rating, and not captured through the Notice of Sale.”

Colin Rooke, Chair of the REINSW Valuers Chapter, said another problem was that sometimes the sales prices are not provided at all. Despite the mandatory requirement for solicitors to provide the “consideration” price on the Notice of Sale, sometimes they simply write “see contract” – but how is a property valuer supposed to get a copy of the sales contract?

And then there's another problem.

“How do any of the parties know whether the reported consideration

includes or excludes GST?” Mr Rooke said. Eight years after the introduction of GST, the form still has not been updated to show whether the tax is inclusive or exclusive.

Despite these drawbacks, the Valuer General figures are usually regarded as being among the most accurate available. These figures are on-sold to ‘authorised property sales information resellers’. According to Land & Property Information, there are currently nine authorised resellers:

- Allhomes
- Australian Property Monitors
- Commercial Property Monitor
- EAC Real Estate Innovations
- Onthehouse.com.au
- PropertyValue
- Residex
- RP Data
- Terrapages

In addition, a number of property websites including realestate.com.au and domain.com.au collect data from agents.

#### Sharing information

REA Group's Mr Di Gregorio said most data collection depended upon agents entering the details. However agents are not always reliable. Sometimes it is because of the frustration of entering details separately for the different companies. There are also commercial reasons to hold onto some information.

“An agent might say ‘If I have some information that's going to help me do a market appraisal more accurately than my competitor, I will probably withhold that information for myself’,” Mr Di Gregorio said.

“It just comes back to the willingness of the industry to share information – that's one really difficult aspect of the industry that's yet to be overcome.”

#### Meeting consumers' demands

Some companies are trying to overcome the challenges of sharing information by using sophisticated computer models to fill in the gaps and estimate property prices. Property Data Solutions (PDS) has developed a software program called Pricfinder to assist with property research.

“New products such as Pricfinder provide agents with a simple method of assisting with price estimates,” said Colin Wilson, Product and Sales Manager for PDS.

“These computer-based price estimate tools leveraged with local expertise are a good starting point when appraising or listing a property.”

While Pricfinder has been developed for real estate agents, Residex has focused on consumers with the launch of new website FindMeaHome.com.au to provide free property valuations “for every property listed for sale in Australia”.

Residex founder John Edwards claims that at least nine out of 10 prices will be within 10% of the final sale price.

Colin Rooke is skeptical about this claim. From his decades of experience in property valuations at respected firm Dyson Austen, Mr Rooke said that historical data can never be completely accurate in estimating a property's price because a good agent can sometimes achieve a price above the market.

“Why is it that a good professional agent is so much under-estimated?”

Mr Rooke said. “Where an agent acts in a professional manner and achieves a good result? Where the agent has illustrated a specific aspect of that property?”

No two properties are the same, and yet both consumers and agents are demanding accurate real-time data to compare properties. Some agents are even being accused of deliberately underquoting a property when the ultimate sale price ends up much higher than their original estimate. It is more important than ever to have the best, most up-to-date data for Comparative Market Analysis (CMA) reports to justify price estimates.

Products like PDS's Pricfinder are at the forefront of the market trend and are constantly working to improve their accuracy.

“In this day and age, when we insist on having information immediately at our fingertips, property data still seems to be always catching up,” said PDS's Colin Wilson.

“The industry is actively working towards making sales data more timely and accurate by collecting information from real estate agents direct.”

REA Group's Mr Di Gregorio said that the same problem was encountered by other industries with the introduction of the internet or with mobile phones.

“Sometimes technology runs ahead of our ability to use it,” he said.

“What you have got now is better access to more information, faster than you have ever had before. The question is how does the industry start to pull that together and learn how to use that in a more meaningful way.” ♦



REAL ESTATE INSTITUTE OF NSW

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## Information at your fingertips

Do you ever have a specific question about your area of practice and just don't know where to look?

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The REINSW website has recently launched a special page for each of our 11 Chapters. These pages give you the opportunity to ask questions to your Chapter Committee about your area of practice – whether that be property management, strata management, auctioneering or any of the other Chapter specialisations.

You can also check out the 'hot topics' being addressed and see what initiatives are being championed, with links to the latest Chapter news and updates.

In the coming months you will also be able to link to *Journal* articles, practice notes and other material relevant to your chosen specialisation.

You no longer need to feel overwhelmed by the volume of information out there. Find the answer you need, specific to your area of practice, by visiting your Chapter page at [www.reinsw.com.au](http://www.reinsw.com.au).

### Not a Chapter member?

Chapter membership is available free to all eligible members. Belonging to a Chapter gives you access to industry-related knowledge, support and business development opportunities.

To join any of the 11 Chapters, please contact REINSW's friendly Membership Team on (02) 9264 2343 or email [membership@reinsw.com.au](mailto:membership@reinsw.com.au).

## PROPERTY MANAGEMENT:

### Shadow Minister discusses tenancy law

Property managers recently discussed their concerns about proposed reforms to tenancy law with Catherine Cusack, Shadow Minister for Fair Trading.

Ms Cusack attended the committee meeting on 9 July for the REINSW Property Management Chapter, at the invitation of the committee.

The committee believes the rental crisis in NSW will worsen if proposed changes to the *Residential Tenancies Act* are implemented.

Among their concerns are changes that would:

- extend no grounds notice to 90 days for landlords, yet tenants could give just 21 days notice;
- grant tenants new rights to end a fixed term agreement early;
- give tenants the ability to make cosmetic improvements to the property; and
- prohibit property managers from charging a document preparation fee to tenants.

The committee believes these changes would discourage property investors and ultimately make it even harder for tenants to find a place to rent.

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To find out more about sponsorship opportunities, contact Alyssa King on (02) 9264 2343 or email [sponsorship@reinsw.com.au](mailto:sponsorship@reinsw.com.au).

## Upcoming forums

To find price information for the forums or to make a booking, visit [www.reinsw.com.au](http://www.reinsw.com.au) and click on 'Events'.

### 18 September Property management forum

Time: 8am-10am

Venue: Dee Why RSL

Speakers: Lyn Tamsett, Sandy Hodgkins and a representative from NSW Fire Brigade

### 23 September Auctioneers forum

Time: 10am-12 noon

Venue: Castle Hill RSL

77 Castle Street, Castle Hill

Speakers: Kate Lumby, Damien Cooley and Michael McCaffery

### 29 September Residential sales forum

Time: 10am-12 noon

Venue: Wagga RSL

Corner of Dobb St and Kincaid St  
Wagga Wagga

Speakers: Kathryn Hall and Richard Jobson

### 22 October Property management forum

Time: 1pm-3pm

Venue: The Armidale Ex-Services

Club Dumaresq Street, Armidale  
Speakers: Michelle McLean and Miles Felstead

## STRATA MANAGEMENT:

### Updating the agreement

Changes in legislation, court cases and the way that strata managers operate have meant that the REINSW Exclusive Management Agency Agreement is not as relevant as it used to be.

The Strata Management Chapter Committee has been working hard to update this form to better reflect the procedures and legal requirements of small strata schemes.

"It has been a rather drawn-out process, but it looks like we are finally getting to the end of it, subject to further legal review," said Chapter Chair Gary Adamson.

"We think the form is in its final draft."

# Going to the Tribunal



BY TIM ANDERSON

A SIMPLE ERROR IN SERVING A TERMINATION NOTICE OR A RENT INCREASE CAN RUIN A CASE AT THE CONSUMER, TRADER AND TENANCY TRIBUNAL (CTTT). HERE ARE SOME OF THE MOST COMMON MISTAKES AND SOME TIPS ON PREPARING FOR A TRIBUNAL HEARING.

One of the most important skills for a property manager is dispute resolution. Nearly every week we talk to a tenant who is a few days behind in their rent, has damaged the carpet or keeps the neighbours awake at all hours of the night. I would always recommend trying to talk and settle matters before taking it further, but when discussions and letters don't work, the next step is to pursue an order from the CTTT.

Predominantly, the actions in which most agents are involved are those seeking the termination of a tenancy due to non-payment of rent. Less frequently the actions are for other breaches, such as too many people living in the property or a tenant keeping a pet without the consent of the landlord.

In all cases, what we are trying to establish is that there has been a breach of the tenancy agreement. In order to do this, we need to build a case based upon evidence.

Everybody experiences some nervousness about Tribunal hearings because it is not part of their everyday work. However, there is no need to be frightened if you are well-prepared and have collected your evidence. In the Tribunal, the Member has wide jurisdictional power and judges the case upon the evidence presented to them. If, on balance, your evidence proves your case more

strongly than the tenant's evidence, then it is probable that you will win – if you have followed the requirements of all relevant legislation.

Unfortunately, weak evidence or failure to follow the requirements of the legislation is the most common way, from my experience, that a case can fall down.

### Serving the termination notice

I have found that one of the most common errors by property managers occurs when serving a termination notice for the non-payment of rent.

Section 57 of the *Residential Tenancies Act 1987* provides:

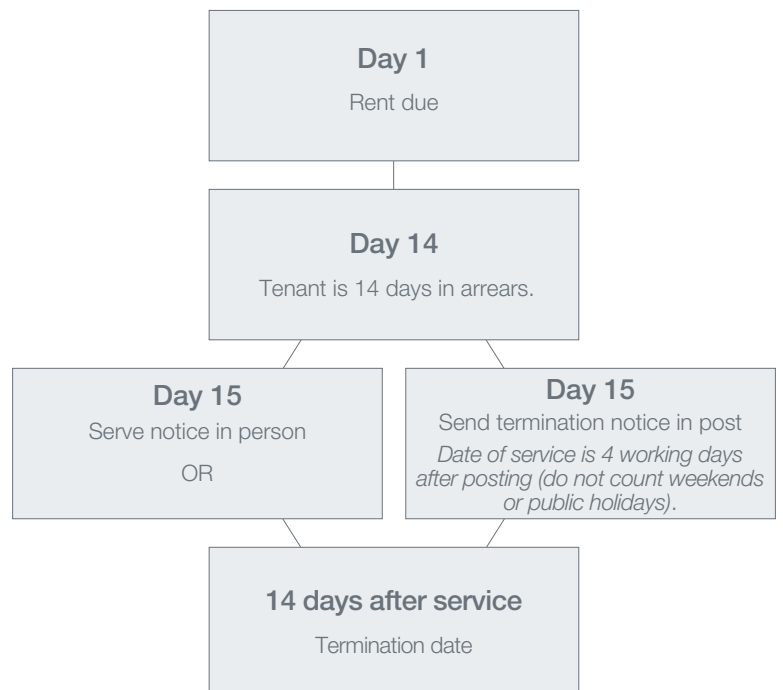
- (1) A landlord or a tenant may give notice of termination of a residential tenancy agreement to the other party on the ground that the other party has breached a term of the agreement.
- (2) A notice of termination given under this section shall not specify a day earlier than 14 days after the day on which the notice is given as the day on which vacant possession of the residential premises is to be or will be delivered up to the landlord.
- (3) A notice of termination given by a landlord on the ground of a breach of the agreement to pay rent has no effect unless the rent has remained unpaid in breach of the agreement for not less than 14 days before the notice is given.

Many agents make one of the following mistakes:

- On the 15th day the agent posts a notice requiring tenant to vacate in 14 days. The agent writes the specific date as being 14 days



THE CORRECT WAY OF CALCULATING THE TERMINATION DATE IS AS FOLLOWS:





IF, ON BALANCE,  
YOUR EVIDENCE  
PROVES YOUR CASE  
MORE STRONGLY  
THAN THE TENANT'S  
EVIDENCE, THEN  
IT IS PROBABLE  
THAT YOU WILL  
WIN – IF YOU HAVE  
FOLLOWED THE  
REQUIREMENTS  
OF ALL RELEVANT  
LEGISLATION.

section 63 (1) (e) of the Residential Tenancies Act:

Specify and give particulars of the ground (where applicable) on which the notice is given.

**If this information is not provided the Tribunal will dismiss the application.**

In *Cheung v Hema & Sullivan* (RTT 98/008499), the Tribunal outlined the rationale for the strict approach it has taken to the need for detailed particulars in nuisance cases:

“This notice specifies the breach but gives no particulars. The tenants would need to prepare evidence of their behaviour throughout the entire tenancy in order to defend themselves at the hearing ...

The best form of particulars in a nuisance and annoyance notice will state the approximate time, date and place of the incident together with a description of what is alleged to have occurred. However, not all breaches can be particularised in this way. Sometimes a breach is a continuing behaviour, say, every Friday night for several months. The landlord must do their best to let the tenant know exactly why it is that the landlord will be asking the Tribunal to evict the tenant ...”

The requirement to provide documentary evidence of all breaches for nuisance and annoyance was also mentioned in the NSW Supreme Court case *Street v Consumer, Trader and Tenancy Tribunal and Anor* [2003] NSWSC 1109, where the judge made the following comments about section 63:

“... it seems to me that the statute requires the notice to give particulars that are sufficient to enable the tenant to be aware of the nature of the ground upon which termination is sought ... Each case will depend on its own particular facts. What is sufficient will have to be determined on a case by case basis.

Generally speaking, it is well established that the function of particulars in litigation is to enable the other party to know the nature of the case that is to be met.”

It is not enough for you to simply have the documentary evidence in your own files. You need to let the tenant know ‘the nature of the case that is to be met’, which means that you must provide that evidence to the tenant when you send the termination notice. Staple the written evidence to the termination letter or enclose it in the same envelope.

### Rent increases

Be very careful to follow the correct procedure when serving a rent increase. If it has been incorrectly served at any time during the tenancy, the notice will have no effect and will void all rent increases thereafter. You can have a situation where a mistake is made with the first rent increase and subsequently several increases have been made correctly. The correct ones don't eliminate the first mistake. The Tribunal will recalculate right back to the level of rent before the mistake was made.

### When the tenant takes the landlord to Tribunal

On some occasions, a tenant may request an order from the Tribunal, for example, in a dispute over

from the date the notice was sent. The agent forgets to include the four working days required for service by post when they calculate the termination date.

- The agent remembers that they need to include four days for service. However they think the easiest way to work it out is to simply look at the calendar and work out a fortnight from the date the rent was due and then add another fortnight and then count another four days to represent the notice period and call that the date of termination. They forget that the four days for service is actually four *working* days and they cannot count a weekend, public holiday or bank holiday. You can't just count four weeks and then add four days.

If you discover that you have written the wrong termination date on the notice, you have not served the notice correctly. Your case at the Tribunal will be dead in the water. If the date is out by even one day, it will invalidate the notice and the Tribunal will have no jurisdiction to hear the case.

### Nuisance, annoyance or illegal acts

Another common mistake occurs when terminating a lease on the grounds of nuisance, annoyance or illegal acts by the tenant.

Section 23 of the *Residential Tenancies Act* states:

It is a term of every residential tenancy agreement that:

- the tenant shall not use the residential premises, or cause or permit the premises to be used, for any illegal purpose,
- the tenant shall not cause or permit a nuisance, and
- the tenant shall not interfere, or cause or permit any interference, with the reasonable peace, comfort or privacy of any neighbour of the tenant.

It is important to note that to properly serve notice of termination under this section, a statement indicating when and how often the breaches occurred must be attached to the notice of termination, in compliance with

## AS AGENTS SUFFER LOST TIME AND MONEY IN GOING TO THE TRIBUNAL, I THINK THEY ARE BECOMING MORE SELECTIVE OF THE CLIENTS THEY WANT TO REPRESENT.

maintenance or repairs that have not been carried out.

Under your management agreement, you are required to act on behalf of the landlord if so instructed. You will need to gather all the evidence that you can, including documents or photographs.

This can sometimes be a difficult position for a property manager if the landlord has in fact failed to carry out repairs or maintenance, even if you have tried very hard to convince the landlord to do so. I would recommend

that you try to avoid such clients and in extreme circumstances make a commercial decision to terminate your managing agreement with them before matters end up in Tribunal.

As agents suffer lost time and money in going to the Tribunal, I think they are becoming more selective of the clients they want to represent. I think this is a very good development both for the investor and also very good for the tenants to have property owners that are reasonable and do have a conscience about the condition of the properties.

### Tenant advocates

You may, on occasion, find that the tenant wants representation at the Tribunal by an advocate.

It is worthwhile noting that according to the law, you must be given an opportunity to make oral or written submissions about the tenant's representation. There is no automatic right for a tenant to be represented without your prior knowledge.

Regulation 13 (4) of the *Consumer, Trader and Tenancy Tribunal Regulation 2002* provides:

**An application for permission to be represented cannot be determined by the Tribunal unless each other party to the proceedings has been given an opportunity to make oral or written submissions in relation to the application.**

### Be prepared

Most experienced property managers have a checklist of evidence that will help them prove their case in the Tribunal. They build their case around their checklist. Evidence can include print-outs of the tenant's ledger, photos of the property, the Condition Report and letters to the tenant.

One of the most important things that I always say when I am training is that property managers must know their legislation. Be familiar with the *Residential Tenancies Act 1987*, the *Residential Tenancies Regulation 2006* and the *Consumer, Trader and Tenancy Tribunal Act*

and its Regulations. You really need to know your way around these pieces of legislation because they are the basis upon which you are putting a case together.

If you have a well-prepared case that provides all necessary evidence, you will find that the Members at the Tribunal will treat you with greater respect and you will be in a stronger position to protect your client's interests.

*Tim Anderson is a Life Fellow of REINSW and has conducted property management training courses with REINSW Education & Training for more than 15 years.*

*For more information about any of the above issues, please contact the REINSW Member Helpline on (02) 9264 2343 or email [helpline@reinsw.com.au](mailto:helpline@reinsw.com.au).*

*REINSW offers a CPD course on *Managing an Appearance at the CTTT*. For course dates and fees, visit [www.reinsw.com.au](http://www.reinsw.com.au). ♦*



# PROPERTY MANAGERS!

## Are you confused about the impact of the Financial Services Reform on how you manage landlord insurance for your clients?

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Aon Distributors, contact Michelle Palumbo on 02 9683 0921 or [michelle.palumbo@aon.com.au](mailto:michelle.palumbo@aon.com.au) for your guide. To find out more about becoming an Aon Distributor or to view an online copy of the guide, visit our website.

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# Negotiating for success



BY PETER KAKOS

JUST THINK OF A NORMAL DAY IN YOUR WORLD (IF THERE IS SUCH A THING). NOW I AM NOT JUST TALKING REAL ESTATE HERE, BUT EVERYTHING YOU DO IN A USUAL DAY. NOW FOCUS ON THE AMOUNT OF TIME WE SPEND NEGOTIATING IN ONE FORM OR ANOTHER. YOU WILL BE AMAZED TO REALISE HOW MANY SITUATIONS ARISE ON A DAILY BASIS.

In our personal lives, negotiating is prevalent and becomes extremely apparent in the way we try to influence our kids to do or act a certain way. It's unmistakable in conversations with our partner! It will most likely be evident when trying to get a discount at the furniture store or maybe when negotiating with a tradesperson to do work on your home.

In real estate terms, negotiating is a part of everything we do – both internally within our offices with principals and colleagues, and externally in the marketplace with buyers and sellers. The fact is everyone wants the best deal! No one wants to feel like they've paid too much – they want a fair deal. Hence come five common fears of clients:

1. Fear of acting without sufficient knowledge
2. Fear of making the wrong decision
3. Fear of being cheated
4. Fear of change
5. Fear of looking bad to others

Overcoming these fears will undoubtedly put you on the best and most direct path for successful negotiations. As John F. Kennedy

OBJECTIONS ARE THE WONDERFUL THINGS THAT PRECEDE NEGOTIATIONS AND SHOULD NEVER BE FEARED. THE CLIENT IS REALLY QUESTIONING VALUE.

said: "Let us not negotiate out of fear ... but let us never fear to negotiate".

When buying and/or selling a home there is always the element of risk. We need to give our clients strong reassurances that they are making the right decision. For buyers, it's not just buying the home, but buying it at the right price. For sellers, it's the decision to appoint us as their agent, at the right fee and with the right marketing package. Unequivocally in both cases, we want them to 'do it now!'.

Ultimately the transaction needs to be win/win. Certainly the client needs to have a win, but the agent also has to win. This will lead us to a wonderful thing called "Business on our terms" – eradicating overpriced, unmotivated, unreasonable prospects so we don't waste our valuable time and effort.

Objections are the wonderful things that precede negotiations and should



never be feared. The client is really questioning value. They are not telling you 'no', but that they want to 'know' more. As Orrin C Hudson said: "If you know the combination to the lock, it doesn't matter who you are; it has to open for you".

There are seven points to consider in a negotiation.

## 1. Empathy and trust

To develop the all-important empathy, we need to stop presenting and start proposing. Uncovering common ground and empathising with the particular wants and needs of the client will help. It is not only about trusting you though, the clients have to trust each other. Therefore it's important for each to appreciate the other's situation. A great question to ask the buyer is, "What would you like me to convey to the owner as the main reason you want to call this property your home?" And with the seller, "What are you going to miss most about the home?"

## 2. Don't let negative feelings get involved

Negative feelings could end up being incredibly destructive if we allow our egos to be involved. Poor offers along with excessive criticism can end up offending the owner, therefore making it extremely difficult for a deal to come together. Often a buyer or a seller will 'dig their heels in' simply because the agent has handled the negotiation poorly and allowed negative feelings to become involved. It may be that the two parties haven't even met but hate each other purely because the agent allowed it to happen. For price discrepancies, remember that the market is bigger than all of us so always direct it back to comparable sales in the market place.

## 3. Play on the same team

The buyer may say, "Yeah, of course you want us to pay top dollar because you are working for the seller". Your reply should be, "That's right in the sense the seller does pay me for a successful result, but

## A LOT OF AGENTS ... HAVE FALLEN INTO THE TRAP OF BECOMING ORDER TAKERS OR EVEN MESSENGERS.

in actual fact I am working for both of you. I really want to see you in your dream home and I would love to do whatever it takes to make that happen and ensure you don't miss the opportunity".

### 4. Understand special needs

Little things quite often can make a big difference. Ensure you know even the smallest details and requirements of your sellers and buyers. These are points that may favour a result purely because each party appreciates the often minor requirements or wishes of the other party.

### 5. Keep private things private

Meaning just that. Buyer: "Why are they looking at selling?" Agent: "They have no further use for the home, why are you looking at buying?"

We cannot be flippant about this, but need to steer sellers and potential buyers away from delicate situations, especially ones of an extremely personal nature.

### 6. Uncover quality information

Establish what is the client's actual need to sell or buy. How long have they have been looking as a buyer? What is the timeframe to sell for the seller? In this market it is not about 'what you say' as much as it is about 'what you ask'. The knowledge of the property is paramount along with impeccable knowledge and understanding of your key area.

### 7. Trained and skilled negotiators

A lot of agents, especially over the past few years, have fallen into the trap of becoming order takers or even messengers. The number one thing we need to be able to do, both from a buyer and seller perspective, is to get a commitment. It's not just at any cost though; we have to be able to transfer the perception of value to the client. That value is employing us for the full service fee with the right investment

## THE CLIENTS HAVE TO TRUST EACH OTHER. THEREFORE IT'S IMPORTANT FOR EACH TO APPRECIATE THE OTHER'S SITUATION.

in marketing, as well as the value of buying this home, in this market, today.

The challenge is definitely there for the great agents to truly stand out in this market. The market has changed, but the questions that remain are:

- Do we have the right attitude to tackle this market?
- Is our passion still strong for real estate?
- Are we prepared to increase our activities in line with the lower turnover?

- Are we prepared to invest in training to ensure we have the necessary skills and strategies needed?
- Are we willing go the extra step with our clients to really stand out?
- Are we learning new things and getting better each and every day?

Put simply, if we are not growing, we are dying. So let's grow and be the agent of choice. In great times we made sales by default. Now we have to work harder to get that deal across the line. WC Fields put it brilliantly when he said: "Even dead fish can swim with the current; it takes a live one to swim against it."

*Peter Kakos is Director of Agent Coaching with the Real Estate Results Network.*

*Peter wrote more than \$1.2 million in fees to become the top selling agent in one of Australia's leading real estate groups. He has been in the top 1% of Australian Real Estate Agents for the last five years and became Australia's youngest ever Auctioneer of the Year in 2003. He can be contacted by email at [peter@RERnetwork.com.au](mailto:peter@RERnetwork.com.au). ♦*

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# Creating a tourism experience



BY JUSTIN BUTTERWORTH

PROPERTY MANAGERS NEED TO PUT TIME AND EFFORT INTO DELIVERING A PROFESSIONAL TOURISM EXPERIENCE TO HOLIDAYMAKERS IN ORDER TO ACHIEVE REPEAT AND REFERRAL BUSINESS.

HOLIDAY RENTAL PROPERTY MANAGERS ARE DEALING WITH INTERNATIONAL VISITORS MORE OFTEN THAN IN THE PAST. HERE ARE SOME TIPS TO ASSIST GUESTS HAVE AN ENJOYABLE HOLIDAY – AND HOPEFULLY PROVIDE YOUR LANDLORD WITH REPEAT OR REFERRAL BUSINESS.

Holiday rental properties in Australia typically used to be rented by families, who would often come back for their holiday by the coast every year. The internet has significantly changed the accommodation market and it can no longer be taken for granted that the same family will return to the same property year after year.

With increased competition in the tourism market, property managers need to broaden their focus from just providing property management services to the landlord. Property managers need to put time and effort into delivering a professional tourism experience to holidaymakers in order to achieve repeat and referral business.

Property managers also need to bear in mind that with the internet reaching a wider market than ever before, more and more visitors are coming from different cultural backgrounds or from overseas and may require a higher level of assistance.

## Booking

The tourism experience starts from the initial contact with the customer on your website or by telephone. It includes the decision process and the booking process, which must be as seamless and as easy as possible.

Helping the customer with the right property selection can also improve their experience and ensure they have a great time. Are they seeking a family-friendly property, or one close to transport, or a luxury apartment?

Make sure that your website and booking process includes clear and comprehensive information about the property and the local area, so the customer knows exactly what to expect.

## Arrival

Create the right impression when they collect their keys by ensuring your staff have a positive culture focused on customer service. Ensure the property is clean and well-presented.

## Welcome kit

Guests may require assistance in the form of maps and tourist guides about the local area, including cafes, restaurants and interesting places to visit.

Guests may also need help in the form of written instructions for using appliances such as televisions and DVD players, air conditioning and heating, washing machines, alarms and barbecues.

In order to avoid disturbance to neighbours, it is also helpful to instruct guests about not hanging washing on the balcony, using the right parking space and being quiet late at night.



PROVIDE GUESTS WITH A COFFEE MAKER TO ADD A SPECIAL TOUCH

## Afterwards

Follow up for feedback through a customer satisfaction survey. Ongoing communication, for example with an newsletter, also helps.

Ensure the property remains clean and well-maintained between stays.

## In the office

Deliver a consistency of service so that customers know what to expect and feel confident of the same service when they visit next time.

Train your staff in systems and procedures to reduce your administration costs, minimise risk to your business and maximise your customer's experience.

It is worth recognising that the tourism experience extends beyond your service offering. Other aspects of the guests visit such as travel or traffic delays, bad weather or illness can have more impact than the accommodation you provide. Best practice accommodation providers acknowledge this and show compassion, understanding and perhaps even make allowances or gestures of goodwill to ensure an exceptional tourism experience.

Consider the tourism experience your team is delivering, start with your customer touch points and highlight areas for improvement. Your customers are bound to have a great holiday every time – and

ultimately you will also be providing the best possible opportunity for repeat business and referrals for your landlords.

*Justin Butterworth is the founder of [rentahome.com.au](http://rentahome.com.au) and is Chair of the REINSW Holiday and Short Term Rentals Chapter.*

*Membership of the Chapter is free for all individual REINSW members. To find out more or to join, email [membership@reinsw.com.au](mailto:membership@reinsw.com.au) or call (02) 9264 2343. ♦*

## Tips to help international visitors

- Americans often request coffee percolators or cable TV.
- English will often request tea pots and cups with saucers (not mugs).
- Some customers really appreciate rice cookers and microwaves for their cooking
- Business customers often require an internet connection.
- Maps, train and bus timetables, local tourist guides and emergency phone numbers will all assist tourists.
- Provide written instructions on using all appliances.

## Win-win



BY RICH HARVEY

BUYERS' AGENTS CAN ASSIST SELLING AGENTS BY HELPING TO MAKE A TRANSACTION RUN SMOOTHLY AND EFFICIENTLY, CREATING A WIN-WIN SITUATION ON BOTH SIDES OF THE DEAL.

One of the biggest frustrations for selling agents is having to qualify hundreds of potential buyers to find one buyer that is suitable and at a price that is acceptable. The real estate transaction can run off the tracks due to any number of factors. Classic "buyers' remorse" may set in early because a buyer does not fully understand the true values of properties in the suburb they are looking at. The buyer may not have their finance pre-approved. A hairline crack in brickwork highlighted by a building inspection report can be misinterpreted as a major structural fault. Or the buyer may get cold feet during the cooling off period after talking with friends and family about the size of the new mortgage they are about to take on.

A buyers' agent can help make the transaction run smoothly and efficiently and overcome these issues. The buyers' agent works throughout the process to make sure there is a 'clean exchange' and follows through to make sure of a timely settlement.

Independent research shows that the average time it takes for a buyer to locate their new home is between six to 12 months. With a buyers' agent the time frame is considerably less – at propertybuyer, we average around 30 days for investors and between 25 to 60 days for home buyers.

Feedback from selling agents is overwhelmingly positive about the way we have assisted in getting a deal over the line.

### A BUYERS' AGENT CAN ALSO HELP A SELLING AGENT UNCOVER MORE LISTINGS.

#### Here are 15 ways a buyers' agent can assist a selling agent:

1. A buyers' agent brings a qualified buyer to the negotiating table.
2. A buyers' agent will educate their client on the current market conditions and comparable sales for a local area. This helps eliminate time wasting when it comes to buyers making sensible offers, as the buyer is more informed about true value.
3. When a selling agent speaks to a typical buyer, they have no real way of knowing if the buyer has their finance approved or if the buyer is 'just looking'. A buyers' agent pre-qualifies their client where possible by viewing a copy of their finance pre-approval.
4. A buyers' agent will typically research a selected area thoroughly and then present a shortlist of properties for sale that meets the criteria of their client. The buyers' agent will not waste the selling agent's time looking at properties that are outside the price range (or other criteria) of their client.
5. A buyers' agent can also help a selling agent uncover more listings. If their buyer client has a property they need to sell, the buyers' agent is likely to refer this business to a local sales agent with a good track record and profile.



6. Where a selling agent has a 'silent listing' the buyers' agent may have a suitable buyer client on their books. This avoids the need for a costly auction or marketing campaigns, saves the vendor money in advertising and saves the agent considerable time and effort in running the campaign and reduces the risk of a no sale.
7. A buyers' agent will provide the selling agent the opportunity for multiple sales. The buyers' agent is looking to develop a long term buying relationship with sales agents.
8. A buyers' agent makes it less likely for a transaction to 'fall over' during the cooling off period.
9. As buyers' agents, we get an excellent 'helicopter view' of the property market by viewing lots of open inspections across different markets and properties. In some circumstances, a buyers' agent can reassure the selling agent what a realistic fair-market price is for a particular property.
10. The buyers' agent will have access to the same data as selling agents so they are realistic about the price. The buyers' agent can, through the offer process, help the selling agent frame the 'unrealistic vendor' and 'unrealistic buyer' to accept a fair market price, rather than one that is unobtainable.
11. Some vendors may be reluctant to proceed with a sale process because they don't know where they are going to buy. If a vendor is unsure about whether to proceed, the buyers' agent can assist the vendor in locating a property before they are willing to list their current property for sale, as well as help coordinate the sale and purchase process. By working in co-operation with the sales agent, the buyers' agent helps motivate the vendor to sell by giving them a more suitable property alternative.
12. Some buyers can get very emotionally tied up the process of buying and selling a home. A buyers' agent should be objective and not emotional to make sure the buyer doesn't miss any major positives about a property or when a property represents excellent value.
13. A buyers' agent will hold the purchaser's hand throughout the process and minimise or eliminate any buyers' remorse.
14. A buyers' agent understands 'real estate speak' and can work in conjunction with the selling agent to help educate the buyer on any issues they may be unsure about (e.g. cooling off periods, exchange of contracts, and technical terms like easements and covenants).
15. A buyers' agent aims to buy the best property in the shortest amount of time at a fair price and will work with a selling agent to achieve a win-win outcome, not wasting their time with procrastinating buyers or by giving silly offers.

In summary, a buyers' agent represents a genuine buyer, will not procrastinate once they find the 'right' property and will make sure the whole process is fast and efficient.

*Rich Harvey is founder and Managing Director of propertybuyer®, a buyers' agency that has won awards including the 2007 National Telstra Business Awards, and the REINSW Awards for Excellence in 2005, 2006 and 2007.*

*Rich is also a member of the REINSW Buyers Agents Chapter Committee. To join the Chapter, please email [membership@reinsw.com.au](mailto:membership@reinsw.com.au) or call (02) 9264 2343. ♦*

A BUYERS' AGENT REPRESENTS A GENUINE BUYER, WILL NOT PROCRASTINATE ONCE THEY FIND THE 'RIGHT' PROPERTY AND WILL MAKE SURE THE WHOLE PROCESS IS FAST AND EFFICIENT.

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SIMON KERSTEN  
COLLIERS INTERNATIONAL,  
WOLLONGONG

## Racing ahead

By Roslyn Alderton

SIMON KERSTEN APPLIED LESSONS LEARNED FROM INTERNATIONAL TRACK CYCLING TO REAL ESTATE AGENCY WITH GREAT SUCCESS, WINNING THE TOP RESIDENTIAL SALES AWARD IN AUSTRALIA.

At age 19, Simon Kersten left behind a promising future as a competitive track cyclist to pursue a business career. After three years travelling the world at the elite level in his sport, winning Australian competitions and training for 45 hours a week, Simon needed a change. He had just missed the cut for the Barcelona Olympics and was tired of the politics behind the selection process. So he quit competitive cycling and became a real estate agent instead.

It turned out to be the right decision.

In April, Simon, from Colliers International, Wollongong, won the prestigious Real Estate Institute of Australia award for Residential Sales, proving that he could be a national champion in the field of business as well as sport.

"I have no regrets at all," he said about his life-changing decision to pursue real estate.

Simon, 34, shared some of the secrets of his success with the *Journal*.

### 1) Set goals

Being an elite athlete gave Simon excellent preparation for the discipline, goal-setting and competitive spirit needed to achieve in real estate agency.

"I had a huge advantage," he said. "I have been fortunate that planning ahead for me was always something that was second nature. At 16 years of age I had a training program that mapped out every minute of my day. For me it was normal to wake up at 6 o'clock and go for a 200km ride. I would plan ahead for a year for a race.

"In business, you plan where you want to be in a year and work backwards about how you will get there. I've heard that 83% of businesses don't have a business plan. In running a business, a plan has been imperative for me."

His goal-setting enabled him to progress quickly in his real estate career, inspired by his father, who was also a real estate agent. Simon started out at a property development firm in Wollongong, which moved into leasing and sales, and by age 22 he had bought the business.

Simon also sets goals for his skills development. He has completed an MBA and just this year completed a Diploma in Property Finance.

### 2) Don't be afraid to take calculated risks

Simon said that real estate agents needed to keep adapting to the changing market.

"Real estate is a very challenging industry because of the cycles in the market," he said. "Then you have cycles in business and the economy, and trends in where people want to live and what they want to do. They are three variables that are hard to control.

"I have been fortunate that planning ahead for me was always something that was second nature. At 16 years of age I had a training program that mapped out every minute of my day."

You really need to be constantly aware of your market and constantly aware of trends, and try to be reactive to it."

His business choices demonstrate that he takes his own advice, taking calculated risks to open or close offices, or to change brands.

"I have reinvented myself every couple of years," Simon said "I have chased the opportunities."

He bought the property development business in 1996 and in 1999 Simon changed the name to Raine and Horne Wollongong, with the agency involved in both commercial and residential property.

In 2002, he opened a new Raine and Horne office in Dapto.

"We saw an opportunity in Dapto," Simon said. "It was a growth area but at the time it wasn't a fashionable area."

As it turned out, the Dapto office became more successful than the Wollongong office.

In 2003 he opened Raine and Horne Miranda, but then his first child was born and his priorities changed, so he sold that office the following year and in 2005 sold the Wollongong office.

"All I had left was Raine and Horne Dapto," Simon said. In 2006 he rebranded to PRDnationwide and at the start of 2007 he opened Colliers International in Wollongong, where he now spends most of his time.

Simon said it was important for agents to keep their eyes open to opportunities.

"Real estate agents tend to work really hard and put their heads down. Before they think to look up, the world's changed. That's a huge danger in our industry."

### 3) Maintain a healthy work/life balance

Unlike most agents, Simon only works five days a week. He tries to spend as much time as possible with his wife and two children, aged four and 11 months.

"It's a constant struggle," he said. "It's just programming your life so you don't let work take over."

"Everything I  
have ever done  
is about  
striving for  
excellence."



Simon also makes time for exercise three times a week, usually cycling or running.

#### 4) Believe in yourself

Simon's initial reaction to winning the REIA award was surprise, because he has predominantly been a commercial agent in the past.

"That was a bit of kudos, to win in that category," he said.

It reinforced to him that he could achieve in anything he set his mind to.

"Everything I have ever done is about striving for excellence. I will continue to do that," he said.

Simon's younger brother, Ben Kersten, chose a different path and remained a competitive cyclist. Ben won a gold medal at the Melbourne Commonwealth Games but missed selection for the Beijing Olympics.

When asked if he sometimes wished he had continued with cycling, like his brother, Simon replied that he was certain he had made the right decision.

"I have a family now. I can provide for them. I have a career which is an enjoyable one. I wouldn't change that at all."

*Simon Kersten was the 2007 winner of the Residential Sales category in the REINSW Awards for Excellence. 2008 winners will be announced at the Awards for Excellence Dinner on 18 October at the Sydney Convention & Exhibition Centre. For bookings, visit [www.reinsw.com.au](http://www.reinsw.com.au). Entries for the 2009 awards open early next year. ♦*

# Estimated selling price



BY SAM KREMER

IT IS TIMELY TO REMIND ALL CERTIFICATE AND LICENCE HOLDERS (AGENTS) WHO SELL RESIDENTIAL PROPERTY OF THE IMPORTANCE OF CORRECTLY CALCULATING, RECORDING AND SUBSTANTIATING THEIR ESTIMATED SELLING PRICE.

The *Property, Stock and Business Agents Act 2002* (PSBA Act) contains provisions dealing with representations as to selling price which can be found in sections 72-76A of the PSBA Act. The NSW Office of Fair Trading *Estimated Selling Price Guidelines for Agents*<sup>1</sup> (Guidelines), which are created under the PSBA Act, also apply and give guidance as to how agents can comply with their obligations under the PSBA Act. Agents should familiarise themselves with the provisions of the PSBA Act and the Guidelines or risk disciplinary action by OFT and/or penalties of up to \$22,000.

Put simply, an agent must not make a false representation regarding their true estimate of the selling price of the property to a seller<sup>2</sup>, and must not falsely understate their true estimate of the selling price of the property to a buyer<sup>3</sup>. They must also be in a position to substantiate their estimates. The rationale behind these, as provisions quoted in the Guidelines, is:

... to require agents to act reasonably and fairly in their dealings with sellers or prospective sellers of properties and with buyers or prospective buyers of properties.

Agents must not use unrealistic estimates to win a listing. It is also important for all agents to understand that in relation to dealings with a buyer, the agent's true estimate of the selling price is taken to be the [estimated] price quoted in the agency agreement<sup>4</sup>. If an agent states that their estimate of the selling price is less than the amount quoted in the agency agreement they will have committed an offence under the PSBA Act<sup>5</sup>. Such a statement made in the course of marketing the property can be made by way of a published advertisement, or orally, or otherwise in writing.

If significant changes to the market have occurred since the date the agency agreement was signed, then it is appropriate to amend the estimated selling price in the agency agreement in writing, in the usual manner, to reflect the agent's revised estimate.

The PSBA Act allows OFT to require an agent to substantiate the reasonableness of any estimate made by an agent orally or in writing to a buyer or a seller, or in an advertisement published by the agent<sup>6</sup>. This substantiation requirement will most often be required following receipt of a complaint by OFT from a disgruntled buyer or seller. To be in a position to satisfy OFT as to the reasonableness of the estimate, the agent must be able to demonstrate that they complied with the requirements of the Guidelines.

**"IF SIGNIFICANT CHANGES TO THE MARKET HAVE OCCURRED SINCE THE DATE THE AGENCY AGREEMENT WAS SIGNED IT IS APPROPRIATE TO AMEND THE ESTIMATED SELLING PRICE IN THE AGENCY AGREEMENT IN WRITING."**

## Steps to be taken when calculating an estimated selling price

The Guidelines set out the following requirements when calculating an estimated selling price:

When an agent provides an estimated price they must be able to demonstrate

that their estimate of the selling price of a property was reasonable in all the circumstances and that they took due regard of those matters that should be included in determining an estimated selling price.

Matters that should be considered when an agent is determining an estimated selling price include:

- Features of the property which would affect the value of the property in the market, such as recreational facilities or special architectural features.
- Future use of the property (such as zoning, rights of way, redevelopment, resumption by public authorities, historical preservation orders, covenants

or restriction of user, development approvals)

- Market demand in the area
- Sales of comparable properties
- Likely level of demand for the particular property
- Recent valuations of the property
- The circumstances of the vendors (are they under pressure to sell, how much time is available to develop a marketing plan, are they limited in terms of the way they wish to exhibit the property or in respect of their desired method of sale)
- Seasonal factors (does demand traditionally fall away or increase at the time of year the property is being marketed)
- Economic factors (the level of demand for property, whether interest rates on the move, whether the authorities warning about overheated markets).

The key point to remember here is that not only should the above factors be considered, but such consideration should be documented and kept on the property sale file. Agents should take note that an unsubstantiated figure or a mere printout of a large list of 'comparable sales' will not satisfy the above requirements, particularly where the sales data is not – when properly examined – comparable.

Compliance with the Guidelines is not optional. Failure to comply with the Guidelines can constitute a failure by a Licensee-in-Charge to properly



YOU MUST HAVE DOCUMENTARY EVIDENCE TO SUPPORT THE PRICE TAG YOU PUT ON A PROPERTY.

**"AN UNSUBSTANTIATED FIGURE OR A MERE PRINTOUT OF A LARGE LIST OF 'COMPARABLE SALES' WILL NOT SATISFY THE REQUIREMENTS."**

supervise their business, as required by section 32 of the PSBA Act, and can carry a maximum penalty of \$22,000 for a corporate licensee.

Checklists, such as those prepared by REINSW can assist agents to comply with the requirements of the Guidelines, and Licensees-in-Charge should also appreciate that they are responsible for supervising the actions of their staff, which includes ensuring that appropriate policies, procedures and systems of review are in place for determining an estimated selling price in accordance with the Guidelines and that these are carried out for every property listed by the agency.

Finally, it is worth noting that the Guidelines also provide that:

The price at which a property ultimately sells will be a factor to be considered by Fair Trading in relation to the reasonableness of the agent's estimate.

However, it is not the only factor, and without more it is not determinative of whether an agent's estimate was fair and reasonable.

The Office of Fair Trading recognises that a significant number of external factors can affect the final selling price. Prevailing economic conditions, interest rate movements, the level of interest in a specific property, the marketing program and method of sale used in a particular case and seasonal factors all play a part in determining the final selling price of a property.

However, where a property sells for well in excess of, or well below, the estimated price it can be even more critical to be able to show that the necessary procedures were followed and that the documentary evidence in the sales file substantiates the estimates of selling price contained in the agency agreement, and that external factors such as those listed above, rather than underquoting or overquoting, were the true cause of the difference.

(Note: there are other Acts (e.g. *Fair Trading Act* and the *Trade Practices Act*) which also regulate this aspect of agency practice, however this article has concentrated on the applicable provisions of the PSBA Act.)

*Sam Kremer is REINSW Legal Counsel and Agency Services Manager.*

*REINSW is currently in discussions with OFT in relation to clarifying an agent's obligations under the various guidelines.*

*If you have further questions about estimated selling price, contact the REINSW Member Helpline on (02) 9264 2343 or email [helpline@reinsw.com.au](mailto:helpline@reinsw.com.au).* ♦

#### References

- 1 [http://www.fairtrading.nsw.gov.au/pdfs/Property\\_agents\\_and\\_managers/estimated-priceguideline.pdf](http://www.fairtrading.nsw.gov.au/pdfs/Property_agents_and_managers/estimated-priceguideline.pdf)
- 2 PSBA Act, s 72
- 3 PSBA Act, s 73
- 4 PSBA Act, s 73(4)
- 5 PSBA Act, s 73(2)
- 6 PSBA Act, s 74

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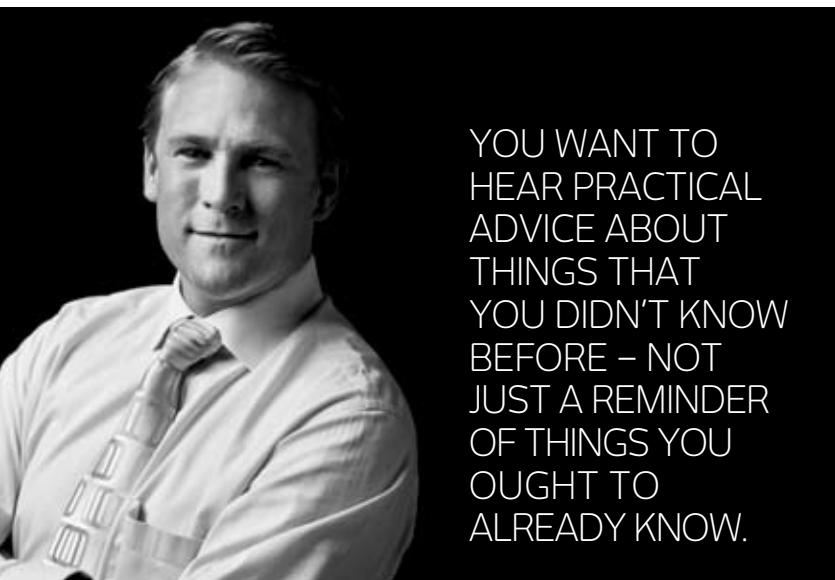
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YOU WANT TO HEAR PRACTICAL ADVICE ABOUT THINGS THAT YOU DIDN'T KNOW BEFORE – NOT JUST A REMINDER OF THINGS YOU OUGHT TO ALREADY KNOW.

## Develop your skills

BY JAMIE HAMMOND

IF YOU DON'T STAY AHEAD, YOU'LL FALL BEHIND! STAY UP TO DATE WITH THE LATEST TRENDS AND IMPROVE YOUR SKILLS BY ATTENDING AN REINSW CPD COURSE.

Have you noticed a change in your Continuing Professional Development training over the past five years? If you haven't, you probably weren't training with REINSW!

When CPD was first introduced five years ago, agents frequently complained that the government-prescribed topics were too focused on consumer protections, with little opportunity to develop the skills of agents.

REINSW shared that frustration and through frequent meetings with key politicians and bureaucrats, the CPD requirements are now more skills-based than ever before.

That doesn't mean that CPD courses are the same everywhere. If you really want value for money, you will want to attend a course that:

- is taught by licensed agents who can share practical examples from their own experience;
- has the most up-to-date information about trends in the industry; and

- comes from a respected and trusted professional organisation.

You want a choice of topics that will enhance your skills no matter what your specialisation – whether it be residential sales, auctioneering, property management, commercial leasing or rural agency, to name a few.

You want to hear practical advice about things that you didn't know before – not just a reminder of things you ought to already know.

You want training to be convenient. Face to face in just one morning or afternoon, or online at your own convenience. You don't want to travel far. You might even want a trainer to come to your own office.

Don't keep doing the same tired old CPD training. Attend a skills-based CPD course with REINSW and experience the difference.

*Jamie Hammond is the REINSW Education & Training Manager.*

*Find the CPD course that's right for you by visiting [www.reinsw.com.au/training](http://www.reinsw.com.au/training) or email [training@reinsw.com.au](mailto:training@reinsw.com.au).*

*Have you completed your 12 points before the renewal date of your Licence or Certificate? Check the renewal date by visiting [www.fairtrading.nsw.gov.au](http://www.fairtrading.nsw.gov.au).*

## How to have a compliant agency

This CPD course will provide you with practical advice on how to set up a compliant office and how to survive an OFT audit.

**Course:** How to have a compliant agency

**Date:** 29 September

**Time:** 9am – 4pm

**Venue:** REINSW Training Centre, Level 2, 74-78 Wentworth Ave, Sydney CBD

**Cost:** \$199 member, \$245 non-member

The course provides a to-do list as well as advice on procedures and legal requirements. Get it right from the start and you'll have a much better chance of passing an audit by the Office of Fair Trading further down the track.

Hear from experienced real estate agent David Pentecost, who works for the REINSW Compliance Review Service, so you can trust that you'll receive the most up to date advice.

*To book for this course, visit [www.reinsw.com.au/training](http://www.reinsw.com.au/training) or call REINSW Education and Training on (02) 9211 8707.*

You cannot afford to miss this workshop – your new business may depend on it!

## Manage an appearance at the CTTT

What would you do if you had to appear at the CTTT tomorrow?

**Course:** Manage an appearance at the CTTT

**Date:** 16 October

**Time:** 9am – 1pm

Discover the dos and don'ts in a workshop specifically designed to give you practical knowledge for preparing and appearing before the CTTT.

**Venue:** REINSW Training Centre, Level 2, 74-78 Wentworth Ave, Sydney CBD

In this workshop you will learn:

- Requirements for appearing at the CTTT
- What notices and evidence are required
- CTTT protocol
- Tips and ideas for an effective appearance
- What to say and what not to say

**Cost:** \$199 member, \$245 non-member

This course will also be held at Gosford on 24 October and Coogee on 31 October.

*Visit [www.reinsw.com.au/training](http://www.reinsw.com.au/training) or call (02) 9211 8707 for more details or to make a booking.*

No property manager can afford to miss this workshop!



# Share market downturn: the long and short of it

IF YOUR SUPER BALANCE HAS DECREASED THIS YEAR, YOU MIGHT BE FEELING A BIT SHAKEN. YOU'RE NOT ALONE.

Investment markets worldwide have suffered a significant downturn this year and because super is invested in the markets, nearly everyone's super has been affected.

The important thing is not to lose heart. Negative returns are something you should expect from super from time to time. There are still lots of reasons to feel good about your super.

## Remember that super is still tax-effective

Investing isn't just about returns. Other factors are equally as important, such as tax-effectiveness.

Super can be a tax-effective investment structure. Super offers tax advantages in three ways:

- on contributions as they are paid into super;
- on investment returns; and
- when a super payout is taken after the age of 60.

These tax advantages mean that you can get more 'bang for your buck' with super.

## Keep your eye on the long term

It's vital to keep this market downturn in perspective as it's only a small part of the larger context. One-year investment returns can distort the true picture of how your super is performing. Consider the one-year returns against the longer term gain shown in this graph.

While Australian shares have delivered a return of -13.7% for the year to 30 June 2008, over the last 10 years, they have risen by 189% in total or an average of 11.2% a

year, as compared to an investment in cash which has returned 7.34% for the year to 30 June 2008, but an increase of 73.71% in total or an average of 5.68% a year.

Check out the five and 10-year returns for your investment option and you'll get a clearer indication of its performance.

## Don't try to time the markets

Changing investment strategies during times of downturn can prove risky. In fact, research has shown that investors who attempt to 'time the markets' by frequently switching investments generally perform badly over the long term.

## INVESTING ISN'T JUST ABOUT RETURNS. OTHER FACTORS ARE EQUALLY AS IMPORTANT, SUCH AS TAX-EFFECTIVENESS.

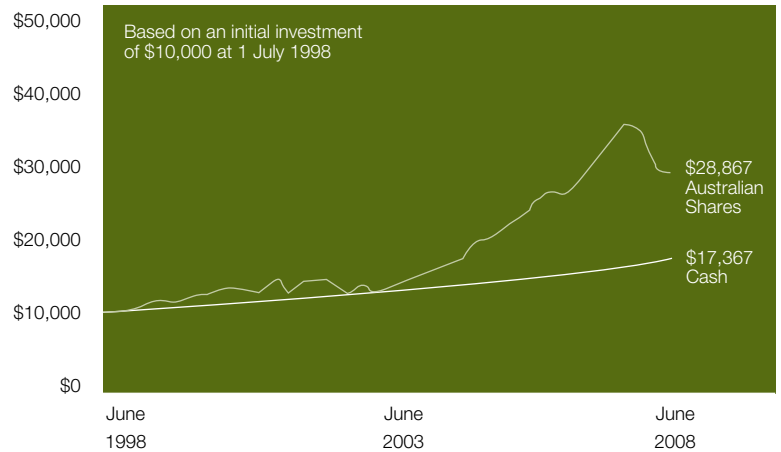
If you are considering changing your investment strategy, make sure you educate yourself first and speak to a licensed or appropriately authorised financial adviser before you take action.

## Arm yourself with information

Understanding investment basics can help you to keep focused during testing times.

The basic rules for investing are tried and true, and don't change. The better you understand these, the more comfortable you will be with your investment decisions.

It's important to understand the investment profile of your super



Past performance should not be relied on as an indicator of future performance. Performance for Australian Shares is based on the S&P/ASX 300. Performance for cash is based on the UBSA 90 Day Bank Bill Index.

investment option. Generally, the likelihood of a negative return for aggressive investment options (high exposure to shares) may be one year in every three to five years. Defensive investment options (high exposure to cash) are not risk-free as their return performance can erode with increases in inflation. The likelihood of a negative return with a defensive option is one year in nine.

## Know yourself

When choosing an investment option, it's important that you understand your personal level of risk tolerance. How do you feel about the possibility of negative returns on your super? All investments carry risk, but high-growth investments such as shares carry more risk of negative returns. They also generally offer the greatest potential for long-term growth.

If you are prepared to trade off some potential long-term growth for a lower risk of negative returns, you might be more comfortable in a less aggressive option. It's important to remember, however, that risk tolerance is not the

only factor you should consider when choosing an option.

## Plan, plan, plan

The old adage "failing to plan is planning to fail" holds very true for super. The best way to manage your super is to formulate a solid retirement savings plan and stick with it. You should only need to depart from it if your circumstances change.

*If you do feel you need to make any change to your super investment, be sure to get all the facts by speaking to a licensed or appropriately authorised financial adviser before you take action. If you don't have an adviser, you can call REI Super's Helpline on 1300 134 433. ♦*

## 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

# Auction day dramas



BY JOHN HILL

AUCTIONEERS OFTEN QUESTION WHETHER IT IS WORTHWHILE TAKING OUT PROFESSIONAL INDEMNITY INSURANCE. AFTER ALL, THEY'RE NOT LIKELY TO BE SUED ... ARE THEY?

The truth is that even careful auctioneers can still make mistakes. And even if they have done everything right, they are often dragged into disputes between a vendor or purchaser and the sales agent. Fighting these disputes can cost thousands of dollars in legal fees.

In one real-life example, an auctioneer was sued for rejecting a bid. The bidder was representing a third party but did not bring along a letter of authorisation to the auction. Instead, they were waiting for the letter to be faxed through. The letter had not yet arrived by the time the auction started and the auctioneer declined to accept the bidder's bid. The matter was disputed and went to the NSW Supreme Court, which vindicated the auctioneer's decision. Nevertheless, defending the matter cost the auctioneer time and money.

Another recent case involved a dispute over GST. The purchaser believed that the property was GST inclusive and was therefore unhappy to be told it was actually GST exclusive and that they needed to pay extra money for

## IN ONE REAL-LIFE EXAMPLE, AN AUCTIONEER WAS SUED FOR REJECTING A BID.

the GST. The purchaser subsequently sued the agent, claiming they had been misled.

The property had been sold at auction, which brought the auctioneer into the equation. The auctioneer had to provide evidence about what details had been announced at the auction and whether they had said GST was inclusive or exclusive.

Ultimately the matter was settled for tens of thousands of dollars, as well as almost the same amount in legal fees. Fortunately the agent was represented by RealCover. The matter was resolved in a timely way and without the expense or publicity of going to court.

Other examples of things that can go wrong on auction day include:

- incorrect details about a property announced by an auctioneer (such as whether the property has rear access, off-street parking, a water source or any other valuable inclusions to the property);

- confusion about who was the winning bidder if two people put up their cards at the same time but the auctioneer only noticed one of them;
- an auctioneer only calling twice instead of three times for the winning bid;
- a winning purchaser changing their mind and refusing to sign the contract;

## THE AUCTIONEER HAD TO PROVIDE EVIDENCE ABOUT WHAT DETAILS HAD BEEN ANNOUNCED AT THE AUCTION AND WHETHER THEY HAD SAID GST WAS INCLUSIVE OR EXCLUSIVE.

- a winning purchaser believing the auctioneer had 'pressured' them into bidding higher than they had intended;
- a vendor believing they had been 'talked into' lowering the reserve to make the property sell;

AT THE FALL OF THE HAMMER, AN AUCTIONEER'S TROUBLES MAY ONLY BE BEGINNING



- auction condition notices incorrectly displayed or not displayed at all; and
- an auctioneer accepting a bid from someone who is not authorised to make a bid.

Don't take the risk! Professional indemnity insurance with RealCover will give you peace of mind so that if you make a mistake or get dragged into a court action, you know you'll be backed by an industry insurer that could ultimately save you thousands of dollars.

*John Hill is Chairman of RealCover, the specialist real estate insurer. 100% owned by REINSW.*

*For more information about professional indemnity insurance, call the RealCover Service Hotline on 1800 803 636 or visit [www.realcover.com.au](http://www.realcover.com.au).* ♦

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## WISE INVESTMENT: Why use a buyers' agent?



BY CHRIS GRAY

BUYERS' AGENTS ARE BECOMING MORE COMMON IN AUSTRALIA FOR BOTH BUYING HOMES AND INVESTMENT PROPERTIES. IF THE SELLER USES A PROFESSIONAL TO NEGOTIATE FOR THEM, IT MAKES SENSE TO HAVE SOMEONE ON YOUR SIDE TOO.

Here are some of the reasons why they might be good for you too:

- 1) They can free up your valuable time. To really understand what's available and at what price, you will need to inspect up to 100 properties before you make the right decision. If you are already working long hours, do you really have the time to spend a few months' worth of Saturdays scouring the market?
- 2) If a professional buyers' agent is looking at properties in the market every day for many years and you buy once every few years, who do you think will understand the market better? Each suburb is different and what works in one area may not work in another. Only a seasoned, regular buyer will know which sides of the street to avoid and which buildings are no-go areas.
- 3) Many properties are sold without even hitting the market. Not everyone wants to have strangers running through their properties at open inspection time. Others just want a quick sale. Agents often take great deals to buyers' agents because they know they often have more than one client the property could be suitable for.
- 4) Buyers' agents are expert negotiators. If you're weighing up whether it's worth paying a buyers' agent a \$10,000 - \$15,000 fee for your next investment, think back to when you last bid at auction. If they can save you just one or two extra

bids, they may have saved you more than their fee.

- 5) Property buying is one of the most emotional decisions you ever make in your life. It's also one of the largest financial decisions you'll ever make. Hiring a buyers' agent that is not emotionally connected to the sale will increase your chances of making a better all-round decision.

### HIRING A BUYERS' AGENT THAT IS NOT EMOTIONALLY CONNECTED TO THE SALE WILL INCREASE YOUR CHANCES OF MAKING A BETTER ALL-ROUND DECISION.

In my experience with building large property portfolios, often you need to spend a dollar to make two. Everyone's so busy in their lives that often they never actually get to build a portfolio. At least when you outsource the work, you know it will get done. In 10 years' time, when your property value has grown through the roof, you'll be glad you made the decision.

*Chris Gray is a leading property expert who provides opinion and commentary regularly on Sky Business News, Channel Nine and other media. He builds property portfolios for time-poor investors – searching, negotiating and renovating on their behalf. For a FREE copy of his latest book, The Effortless Empire: The Time-Poor Professional's Guide to Building Wealth from Property, go to [www.yourempire.com.au](http://www.yourempire.com.au) ♦*

## Open for break-ins?

IS THERE ANYTHING WORSE THAN AN OPEN HOUSE WHERE YOU AND THE PET BUDGIE ARE THE ONLY ATTENDEES? ACTUALLY, THERE IS, AND THAT'S DAMAGE OR THEFT OF THE OCCUPIER'S VALUABLES.

It could be as simple as someone bumping a display cabinet and breaking an antique plate. In such a case, the occupier would make a claim against the person responsible, but as the agent managing the open house, you could also be included.

There are two types of claims that can be made against you. If the occupier is seeking compensation for the plate, your public liability (PL) insurance would generally respond to the claim.

If the allegation against you is for financial loss or injury due to a breach of your professional duty, it is your professional indemnity (PI) insurance that you will need to call on.

In a recent example, a house was subject to a break, enter and steal immediately after an open house inspection. Numerous valuable items were stolen. The homeowners claimed that an agency employee failed to secure the premises adequately and do a final 'security' inspection after the open house.

In fact, the owners claimed a window was opened during the inspection, giving the thief access to the house. The agent's PI policy responded to the claim. The matter was taken to the tribunal, which recognised that the owners were victims of theft but was not satisfied that an order for compensation should be made out, as the open window was not the catalyst for the break and enter.

A PI policy not only protects your personal assets against claims brought against you, it also covers the costs and expenses of defending such claims.

*For inquiries about professional indemnity insurance, please call the RealCover Service hotline on 1800 803 636 or visit [www.realcover.com.au](http://www.realcover.com.au).*

*For inquiries about public liability insurance, please call Aon on (02) 9683 0921 or email [ns wre@aon.com.au](mailto:ns wre@aon.com.au).* ♦

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### Tips for reducing the risk of theft during an open house:

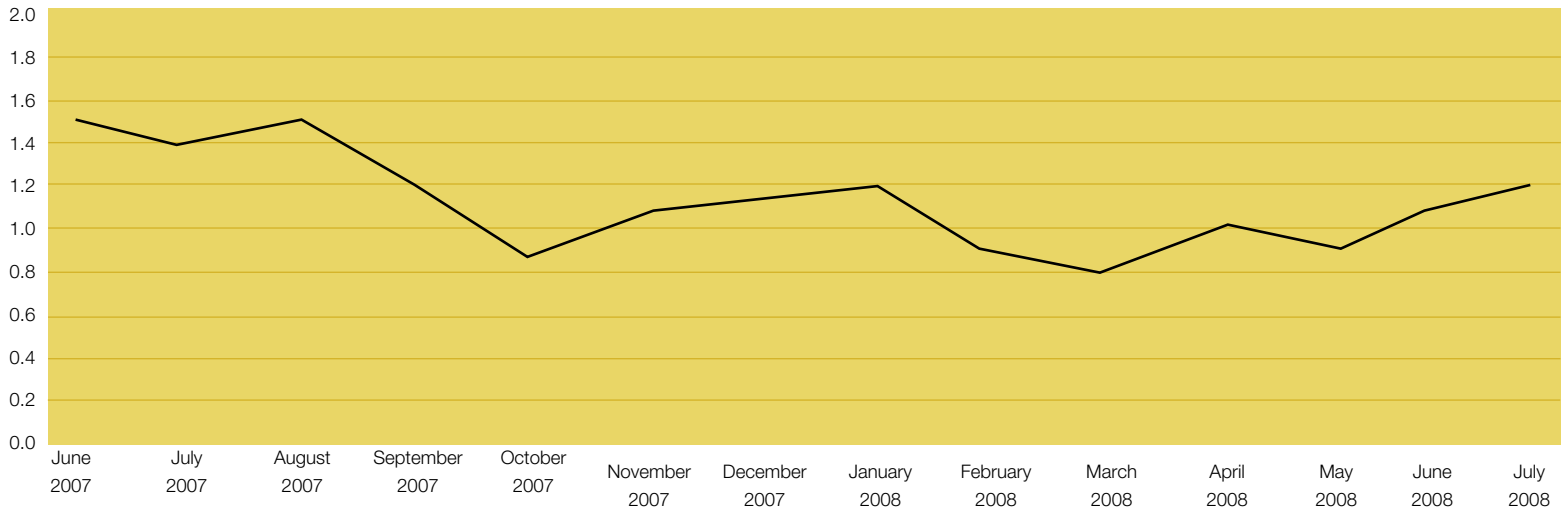
- Ensure at least two agency staff are present.
- Have viewers fill out a sign-in sheet with their identification details. Agents are entitled to ask to see viewers' photo ID.
- Keep only one access door unlocked. Alternatively, ensure a staff member is at the back and front door to monitor viewers entering and leaving.
- Secure and hide all valuables, from jewellery to loose change.
- Ensure items with the owners' financial details – such as bank statements and credit cards – are stored away.
- Ask the homeowner to reduce as much clutter in the house as possible.
- Be aware of high-risk areas, such as valuable or fragile objects.
- Ensure your PI insurance policy is up to date.
- Look out for unusual details, such as people entering with large tote bags, or wearing a long coat on a warm day, or viewers who don't appear to be potential buyers.

# Research

## Residential vacancy rate – Compiled by REINSW

<b>SYDNEY</b>	<b>Jul-08</b>	<b>Jun-08</b>	<b>May-08</b>	<b>Apr-08</b>		<b>Jul-08</b>	<b>Jun-08</b>	<b>May-08</b>	<b>Apr-08</b>
Inner	1.2%	1.4%	0.9%	1.2%	<b>ALBURY</b>	3.7%	4.1%	3.1%	3.0%
Middle	1.3	1.1	0.8	0.9	<b>CENTRAL WEST</b>	2.4	4.0	3.0	3.4
Outer	1.0	0.9	0.8	1.0	<b>COFFS HARBOUR</b>	4.6	4.9	4.0	3.8
Total	1.2	1.1	0.9	1.0	<b>FAR WEST</b>	-	-	-	-
<b>HUNTER</b>					<b>MID-NORTH COAST</b>	2.1	2.6	2.1	2.0
Newcastle	1.5	1.8	3.1	1.5	<b>NEW ENGLAND</b>	4	4.7	3.4	3.6
Other	1.6	1.8	1.9	2.2	<b>NORTHERN RIVERS</b>	1.9	1.7	2.4	1.5
Total	1.5	1.8	2.2	1.9	<b>ORANA</b>	1.7	2.4	3.3	1.8
<b>ILLAWARRA</b>					<b>RIVERINA</b>	2.6	3.3	2.3	3.4
Wollongong	2.3	1.3	2.0	1.5	<b>SOUTH COAST</b>	3.8	3.8	3.6	4.0
Other	2.3	3.4	1.6	1.9	<b>SOUTH EASTERN</b>	3.8	2.0	3.3	1.2
Total	2.2	2.2	1.6	1.6					
<b>CENTRAL COAST</b>									
	3.2	1.8	2.7	2.7					

## Sydney vacancy rate



Source: REINSW Vacancy Rate Survey

Please assist REINSW in compiling the vacancy rate by responding to the survey emailed each month. To find out more, please call (02) 9264 2343 or email [info@reinsw.com.au](mailto:info@reinsw.com.au).

## Sydney weekly auction clearance rates – provided by Australian Property Monitors

<b>Week Ending</b>	<b>Inner Sydney</b>		<b>Inner West</b>		<b>Lower North</b>		<b>Inner East</b>		<b>Sydney</b>	
	<b>Number Auctioned</b>	<b>Auction Clearance Rate</b>	<b>Number Auctioned</b>	<b>Auction Clearance Rate</b>	<b>Number Auctioned</b>	<b>Auction Clearance Rate</b>	<b>Number Auctioned</b>	<b>Auction Clearance Rate</b>	<b>Number Auctioned</b>	<b>Auction Clearance Rate</b>
27/7/08	46	69.6%	20	85.0%	31	61.3%	39	74.4%	288	60.07%
20/7/08	60	56.7%	25	48.0%	31	64.5%	37	70.3%	329	50.15%
13/7/08	35	74.3%	19	57.9%	19	63.2%	30	56.7%	274	51.82%
6/7/08	35	65.7%	19	42.1%	30	66.7%	37	56.8%	252	55.16%
29/6/08	37	59.5%	13	69.2%	27	55.6%	43	60.5%	276	55.07%
22/6/08	64	54.7%	25	50.0%	50	46.9%	79	56.8%	439	51.48%
15/6/08	47	46.3%	22	69.6%	36	51.1%	61	50.7%	369	53.66%
8/6/08	53	57.4%	20	52.4%	47	52.6%	36	38.8%	340	53.53%
1/6/08	42	55.8%	18	55.0%	28	53.8%	51	49.2%	243	57.20%
25/5/08	85	51.0%	36	55.0%	80	46.6%	67	63.2%	537	55.31%
18/5/08	57	60.6%	28	50.0%	48	42.6%	69	49.4%	384	54.43%
11/5/08	58	59.7%	24	56.0%	47	51.8%	72	65.0%	374	58.82%

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OUR MEMBERS  
ALREADY KNOW  
THE ANSWER

# Membership news



## FOR THE CONSUMER: How much extra will that spare bedroom cost?

While it may be true that any time is a good time to buy property if you choose carefully, it's also prudent to be conservative about how much you commit financially when considering a home purchase.

Put some serious thought into what you absolutely cannot do without in your new home. And what would you like but could do without if push comes to shove? Some people might be prepared to forego a third bedroom but insist that the property have a garage. Others would never consider living anywhere 10km out from the CBD but don't mind if the backyard is small. Let's face it, for many of us, compromise is involved in many of our buying decisions.

To get some clarity, it helps to think about how much those extra things are going to cost you. As an example, a property with a garage might add another \$20 a week to the mortgage. Can you afford this, taking into account the possibility of further rate rises? A spare bedroom

could be useful but if it is going to add extra noughts to your home loan, think through the ramifications. See if you can work out many extra dollars a week that spare bedroom would cost.

Properties grow in value in the long term anyway. What you don't want to do is face a scenario whereby you struggle to meet repayments and cause yourself unnecessary pain. Many homeowners who overcommitted when interest rates were lower are regretting it now and some are even losing their homes. Perhaps that extra bedroom or inner city location isn't worth the pain. You could end up finding more satisfaction and joy in a property that doesn't have everything you want initially but fulfils your needs in the long run.

*Members are welcome to reproduce For the consumer in their own newsletters. To copy the text, go to [www.reinsw.com.au](http://www.reinsw.com.au), click on Knowledge Centre and visit this Journal article online.*



## PRODUCT OF THE MONTH: A-frame signs

Tired of lugging around your heavy, ugly, old signs? Upgrade to brand new, lightweight signs! Better still, the signs can display your logo and details to enhance your professional image.

The Endurosigns are sturdy and wind resistant. They also stack easily and rubber feet will prevent damage to your car boot or seats.

### Special offer!

Buy 3 signs printed in your brand and get a 4th sign free! This offer is only available to REINSW members. (Offer expires October 15)

*To take advantage of the special Endurosign offer, call the REINSW Store on (02) 9264 2343.*

## DID YOU KNOW? 10% discount on [realestate.com.au](http://realestate.com.au) for members

REINSW members receive a 10% discount on standard subscriptions with [realestate.com.au](http://realestate.com.au) as well as selected advertising products on [realcommercial.com.au](http://realcommercial.com.au).

Membership of REINSW saves you money! Make the most of this exclusive member benefit.

*For more information, call 1300 134 174.*

## LET'S TALK ABOUT FORMS: Estimated sale price

You can lose your commission or even lose your licence if you do not correctly state the estimated selling price of a property in your agreements.

REINSW assists agents to comply by clearly setting out where you need to fill in the estimated selling price or price range under the "price" heading in the Sales Inspection Report of each of our Sales Agency Agreements.

It is essential that this field not only be completed, but that any prices stated reflect the agent's true estimate of the sale price. The estimate must also be supported by appropriate documentation. This is critical and the agent's attention is brought to this matter in the forms' User Guides, which state,

**"the Agent may be called upon to substantiate the estimate if there is a complaint to the Office of Fair Trading about underestimating or overestimating prices to consumers".**

The form has ample room to state a price range, but remember a range must not be too broad and must still be substantiated.

There is also a note to vendors in this section of each of the forms advising them that the figure quoted is merely an estimate and is not to be construed as a valuation.

*To place an order or make further inquiries, call (02) 9264 2343, email [store@reinsw.com.au](mailto:store@reinsw.com.au), fax 1800 622 546 or visit the REINSW Store at 30-32 Wentworth Avenue in the Sydney CBD.*



FIABCI:

# From Amsterdam to Hawaii



BY PHILIP WEBB  
PRESIDENT FIABCI AUSTRALIA

I WOULD ENCOURAGE ANYONE WHO WANTS TO GAIN AN EDGE ON THEIR BUSINESS TO REGISTER FOR THE CONFERENCE.

The 59th FIABCI World Conference was held in Amsterdam in late May 2008. This was an amazing event with real estate and property professionals gathering from all four corners of the globe.

The conference focussed on Water, Threats, Opportunities and Possibilities as its central theme – a very pertinent message for our times. Apart from being highly informative, the backdrop

of this beautiful European city provided a wonderful atmosphere.

The FIABCI conferences are world class forums for property professionals. Not only are these events informative and entertaining, but they open doors to many sights and venues that are not available to the average traveller.

You also get to make valuable contacts with some of the



MEMBERSHIP

brightest minds in real estate from around the globe. For example, we recently hosted FIABCI World President, Luis Correa, who visited Australia in July.

If you happened to miss Amsterdam, rest assured that the combined conferences of the Americas and Asia Pacific which is scheduled for 23-25 October 2008 in Honolulu, Hawaii, is going to be a dynamic occasion. I would encourage anyone who wants to gain an edge on their business to register for it.

A spectacular line-up of speakers are scheduled to appear. There will also be study tours available that will be relevant to both residential and commercial agents.

Another advantage to consider is that some educational trips like this are often tax deductible – something you might want to discuss with your accountant.

Australian membership of FIABCI costs a mere \$150! I know that you will never look back when you move forward with this extraordinary network of professionals.

*If you would like to know more about the conferences available to FIABCI members, or if you have any questions regarding FIABCI membership, contact the Real Estate Institute of Australia on (02) 6282 4277 or Philip Webb on (03) 9841 1011. ♦*

## NEW MEMBERS

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## NEW MEMBER PROFILE: Ray White Epping

We joined the REI for a number of reasons as it provides access to a broad range of members, regular newsletters and updates on legislative changes, access to an up-to-date library, training and current agency forms.



DENNIS NUTT

Most importantly we joined to encourage the real estate public to have faith in our business and our brand, which is reinforced by our membership of the REI.

Our business commenced July 1, 2003, so we have just had our 5th birthday. We are establishing ourselves as an effective and professional agency in the broader Epping market, which has been identified as a market to confidently invest in as we await the soon to be opened Epping-Chatswood heavy rail link.

# Real benefits

REINSW IS YOUR PROFESSIONAL ASSOCIATION FOR ADVICE, SUPPORT, KNOWLEDGE, EXPERIENCE AND TRAINING. NO MATTER WHAT AREA OF THE PROPERTY INDUSTRY YOU WORK IN, REINSW WILL SUPPORT YOU TO:

## 01 Build your business

- REINSW branding
- REINSW Awards for Excellence
- REINSW Find an Agent
- REINSW networking and member forums

## 02 Minimise your risks

- REINSW Compliance Review Service
- REINSW free member-only helpline service
- REINSW forms, leases and agreement documents
- REINSW legal advice and dispute resolution

## 03 Protect your interests

- Lobbying government and driving industry change
- Advocacy for members through the media
- Industry representation
- Educating consumers

## 04 Increase your knowledge

- REINSW Education and Training
- REINSW Real Estate Journal
- REINSW website
- REINSW specialist industry newsletters
- REINSW online news updates

## 05 Save you money

- REINSW Store
- REINSW member-only prices
- REINSW member discounts on a full range of commercial supplies

## REINSW member discounts

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**realestate.com.au**

REINSW member agencies receive a 10% discount on standard subscriptions, platinum subscriptions and selected advertising products on realestate.com.au and realcommercial.com.au. Call 1300 134 174.

### Professional indemnity insurance

**RealCover**

REINSW member agencies enjoy a 10% discount off base premium professional indemnity insurance with RealCover. Minimise your risk and ensure your business is protected by experiencing the RealCover difference. Call 1800 803 636 or visit [www.realcover.com.au](http://www.realcover.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](mailto:info@salesandrentals.com.au) or visit [www.salesandrentals.com.au](http://www.salesandrentals.com.au);
- Park Beachside, Coogee on phone (02) 9315 7777, email [rent@parkbeachside.com.au](mailto:rent@parkbeachside.com.au) or visit [www.parkbeachside.com.au](http://www.parkbeachside.com.au); or
- Tea Gardens Real Estate on phone (02) 4997 1300, email [rick@teagardensrealestate.com.au](mailto:rick@teagardensrealestate.com.au) or visit [www.teagardensrealestate.com.au](http://www.teagardensrealestate.com.au)

### Car services

**Private Fleet Car Buying Service**

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.

### Mitsubishi Motors Australia

Purchase any one of a number of vehicles from the extensive Mitsubishi range at the fleet owners' discount price. Call REINSW Membership on (02) 9264 2343 for more information.

### Media

**BRW**

BRW offers REINSW members a highly discounted rate to BRW of \$179 for 12 months (50 issues). This offer is available to new subscribers to BRW only. Call 1800 032 577 or email [brwhelp@brw.fairfax.com.au](mailto:brwhelp@brw.fairfax.com.au).

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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](mailto:paulg@ce.com.au)

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REINSW membership number	<input type="text"/>	Contact telephone number	<input type="text"/>
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Name	<input type="text"/>	Position title	<input type="text"/>
<input type="checkbox"/> Cert. of Registration OR <input type="checkbox"/> Licence	Number		<input type="text"/>
Are you a registered Valuer?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Expiry date	<input type="text"/>
Mobile	<input type="text"/>	Email	<input type="text"/>
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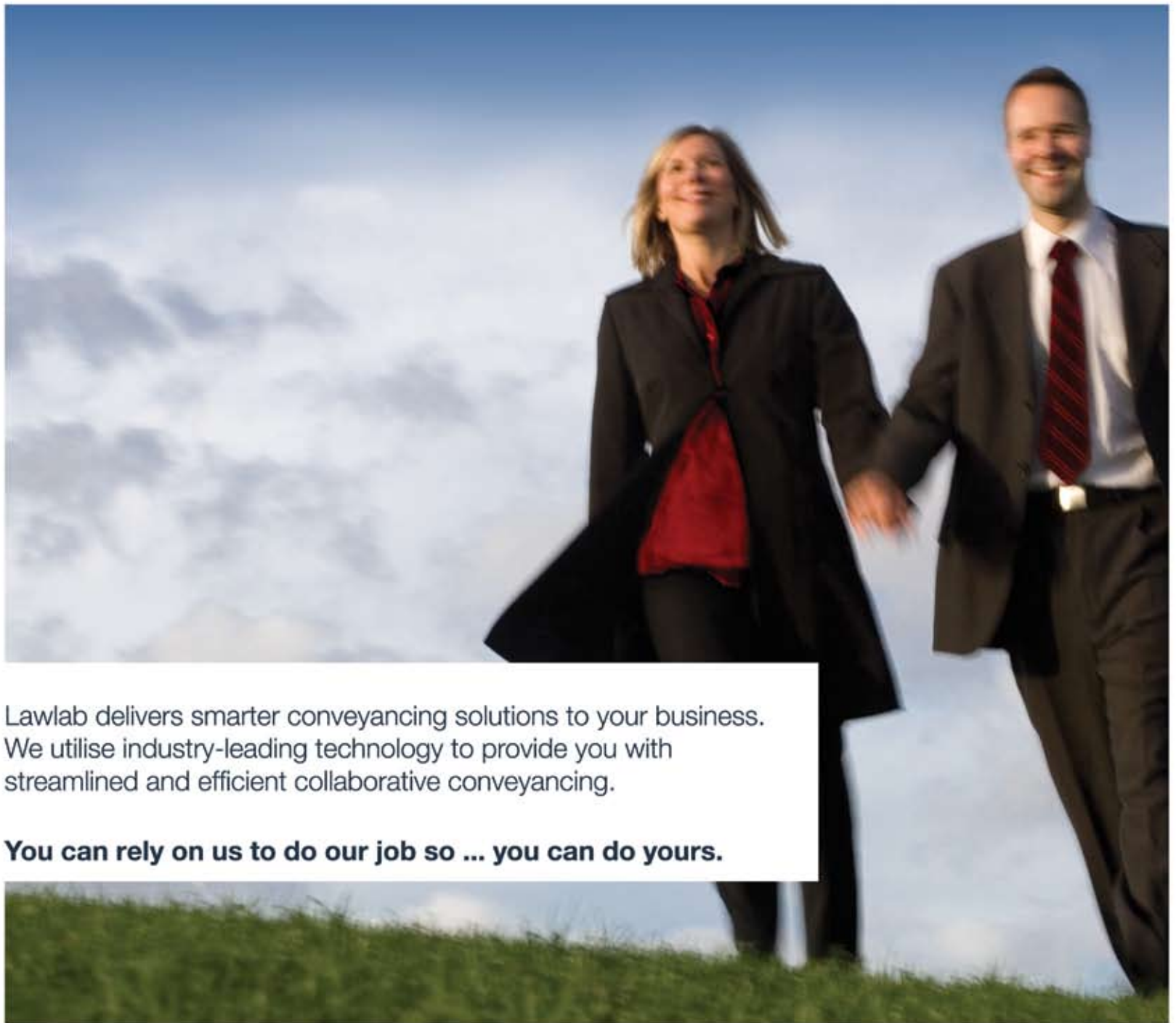
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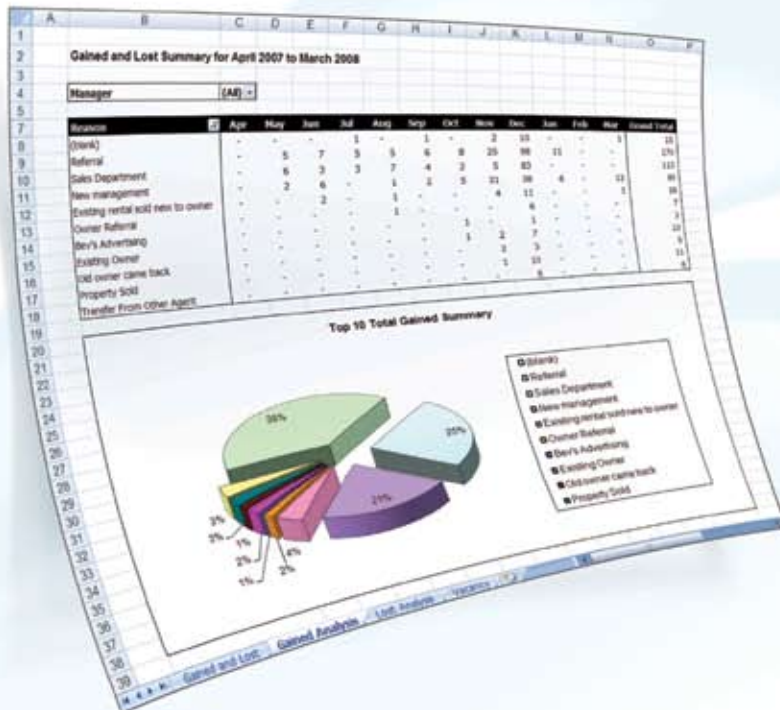
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