

Journal

JUL 2009
VOL 60/06



Traineeships
How to reap the benefits

Real Business First
Benchmark your way to
greater profit

Cause to celebrate
Young Agents 1st birthday

Green leases
Good commercial sense

destination known

**Young agents know what
they want and where they
are heading**

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Your logo

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Your contact details

Introduce your sales agents

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eBrochure ALL pictured. Single-use eBrochure template not shown.

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EDDY PIDDINGTON (McGRATH MANLY),
JACQUELINE POULTER (BALLARD
PROPERTY) AND ADRIAN WILSON
(WILSON PROPERTY).

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Bottom line you need Real Business First

You know your office accounts, but do you know how they stack up against other agencies?

Real Business First combines a compilation of data provided by agents about their business – revenue, staffing costs and administration expenses – with a powerful forecasting tool to model the financial impacts to profitability.

It's practical, user-friendly and responsive to today's rapidly changing business environment.

Do you know what aspects of your business could be improved to deliver better results to the bottom line? This essential benchmarking tool will help you strengthen your business by identifying real business improvement opportunities.

\$49.50 per month for REINSW members

(\$69.50 per month for non-members. Prices include GST.
12 month contract.)

To find out more, visit www.reinsw.com.au and click on the link to Real Business First.



PRESIDENT'S MESSAGE



Rental vacancies stay in the headlines

The release of the latest REINSW Vacancy Rate Survey results has once again attracted widespread media coverage across the state and around Australia.

News stories about the vacancy rates appear not just in metropolitan areas, but also in numerous regional and rural newspapers, including the *Border Mail* (Albury), the *Northern Daily Leader* (Tamworth), and the *Daily Advertiser* (Wagga Wagga).

REINSW President Steve Martin and REINSW CEO Tim McKibbin have both been busy on the phone doing interviews with journalists and reporters, with guest spots on television and radio including Channel 7, 2GB, 2SM and 2UE.

The stories centred on the extremely tight rental vacancies in most areas.

"The results are a double-edged sword: great news for landlords but grim news for tenants," Steve said.

"The results are concerning and show that despite falls in interest rates and additional first home buyer incentives, the rental market remains extremely fragile."

Check out all the latest media releases and media coverage by visiting www.reinsw.com.au

Vinnies CEO Sleepout raises more than \$530,000

Last month I completed the Vinnies CEO Sleepout along with 220 others including Tim McKibbin, CEO, and Board Members Wayne Stewart and John Cunningham. It was an uplifting experience as we saw the difference we can make both as individuals and as an industry body.

REINSW was the Event Partner for the CEO Sleepout, which meant that we put a lot of energy into promoting the event and lent our name to Vinnies own promotional efforts. The event was a spectacular success, raising over \$530,000 to help the homeless and significantly raising awareness amongst the community and the government. This was one of my proudest moments as REINSW President.

Make more profits with Real Business First

The other big event that has happened recently is the launch of Real Business First. This is an exciting new benchmarking tool designed to help your business become more profitable by allowing you to compare your agency's performance each month with similar agencies across the State and country. This will help you with the management of your business that will lead to a better bottom line.

We have partnered with **Deloitte** to ensure this is a top-quality offering, and I thank them for all of their support in the development of the technology and processes to make this an easy-to-use and easy-to-understand benchmarking tool. Their experience in offering this same service to car dealerships across Australia means that the product is proven and the financial benefits for agents will be significant. Some car dealerships have reported a significant increase in profits through changes made as a result of using the benchmarking tool.

In the current financial climate, Real Business First is a service that is both needed and timely. If you want to increase your profits I earnestly urge you to find out more – go to www.realbusinessfirst.com

Steve Martin
REINSW President

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Mistaken identity proves costly

Robert Mitrevski, of Newcastle, nearly had his house inadvertently sold by a court order in a case of mistaken identity.

The mix-up left Mr Mitrevski with a legal bill of \$14,000.

The NSW Supreme Court 'Writ of sale' had been placed on the rental property that Mr Mitrevski is paying-off in the suburb of Jesmond.

Mr Mitrevski was dumbfounded when he went to his bank manager to ask about a car loan and he was declined because his records showed that he owed the bank \$3 million. It was only then that he was aware something was wrong and by digging further, he discovered the writ against his house.

The writ was in fact intended for a different Robert Mitrevski, a Sydney businessman who has been involved in a four-year long court battle with another party.

The writ of sale has since been lifted, but not without a lot of stress and aggravation for Mr Mitrevski, who had to hire a lawyer to rectify the situation.

The lesson learned: Make sure you use your full name in registering a property. Registering your name, middle name and surname could help to prevent a mix up such as this.

New home sales hit new high

Housing has been deemed a 'bright spot' in the economy, with sales of new homes rising to their highest level in 14 months.

According to a survey by the Housing Industry Association (HIA) new home sales increased by 0.5 per cent, to 8,191 homes since February last year.

HIA's chief economist, Harley Dale, expects the combination of low interest rates and the first home owners boost, which has lifted prospects for the housing industry, will also convert into a recovery in home building activity in the June quarter of 2009.



Audit of Continuing Professional Development (CPD)

The Office of Fair Trading (OFT), is currently conducting an audit of CPD requirements. It is randomly selecting agents, who will then need to verify the CPD activities they have undertaken in the 12 months prior to their ast licence renewal.

Further CPD information is available on the OFT website at www.fairtrading.nsw.gov.au

Kidman mansion's discount sale

Nicole Kidman has finally sold her Darling Point Mansion, which has been quietly on the market for about a year. The property was reportedly hoping to fetch a sale price of \$20 million, but the deal was made at 30% less than that – about \$6 million under the asking price.

It is unknown who the buyer of the house is, with real estate agent Bill Bridges confirming that rumoured purchaser, Michael Hannan, former owner of the Wentworth Courier, is not the successful purchaser.

The property was bought in 1995, when Kidman was then married to actor Tom Cruise. After the birth of daughter Sunday Rose with her new husband, country singer Keith Urban, Kidman decided to sell the property, mostly due to its child-unfriendly features such as its hill-side location, no lawn and limited gardens.

Wollongong farewells Rat of Tobruk war hero and well-known real estate agent

Hilton King Snr, a prominent Wollongong real estate agent, has passed away, aged 89.

Mr King was one of the few remaining of 14,000 Australians who served at Tobruk during World War II and was a member of the 2/13 Battalion that stayed the full 242 days of the siege from 10 April to 7 December 1941.

Mr King joined his brothers Neville and Ron in the family real estate agency, Kings Real Estate in Wollongong in 1965.

His son, Hilton jnr says "Dad was a very good auctioneer ... he was still selling real estate up until he was 78."



REINSW PRESIDENT
STEVE MARTIN
WITH 2008 NOVICE
AUCTIONEERS
COMPETITION WINNER
ANGUS MCLEOD.

REINSW Novice Auctioneers Competition

It is that time of year once again where up and coming auctioneers compete at a divisional level, battling each other for a place in the prestigious State final.

The event is even bigger this year, with up to 10 Divisions participating.

The competition raises funds for local charities, where each competing division chooses a charity to donate to.

Do you think you have what it takes to stand on the podium, gavel in hand and convince 200 people to bid on an item?

If you are more comfortable off the podium, we invite you to come along in support of this charity event and back the industry's rising talent.

Further information will be posted on www.reinsw.com.au soon, so keep an eye out.



Are small houses the next big thing?

Architects have a message for anyone concerned about the cost of housing: go small.

The Australian Institute of Architecture has unearthed a trend in 'small housing', saving many owners and buyers substantial dollars. Its recent awards showcased many 'small' developments, such as the quirky 'Almost House', designed by a couple to use as their home. It only cost a mere \$165,000 as they renovated a semi-detached house in Annandale using recycled materials. The floor area is 120 square metres.

Could this defined category of 'small houses' be the way forward for buyers on a limited budget who want to invest in the more exclusive

Commitment to corporate social responsibility

Colliers International has been listed, for the second year running, on the Corporate Responsibility Index (CRI).

Colliers prides itself in delivering best practice in this field. It is the only property services provider in Australia to make the list.

By utilising the CRI strategic management tool, provided by St James Ethics Centre, which basically measures CSR best practices, companies can assess and address the impact of its business operations on clients, people, community and the environment.

Sleeping on the street

REINSW's President Steve Martin and CEO Tim McKibbin joined almost 220 CEOs and business leaders on 18 June at Luna Park for the 2009 Vinnies CEO Sleepout. Sleeping out in the cold and wet, they experienced what it would be like to have nothing – bedding down on sheets of cardboard on the ground, with only a small bowl of soup for dinner.

"TO SAY THE NIGHT WAS OVERWHELMING AND HUMBLING IS ALMOST AN UNDERSTATEMENT"

"There's no getting around it, it was a cold and miserable night," said Steve Martin. "However we woke the next morning reluctant to complain about the experience. It gave us a real insight into the issue of homelessness."

More than \$530,000 was raised for the St Vincent de Paul Society's homeless services.

"To say the night was overwhelming and humbling is almost an understatement," said John Picot, the CEO of the St Vincent de Paul Society. "We want to thank everyone for their generosity of spirit. The money raised means we can continue to shelter, feed, clothe, educate and support those people for whom life is very hard." ♦

1. TIM MCKIBBIN WITH CEO SLEEPOUT AMBASSADOR DICK SMITH AND REGULAR JOURNAL CONTRIBUTOR JODIE MASSON, PARTNER AT MIDDLETONS LAWYERS

2. STEVE MARTIN KICKS OFF THE EVENING.

3. COLD AND WET, THE REINSW TEAM BEDDED DOWN ON CARDBOARD FOR THE NIGHT.

4. STEVE MARTIN AND CEO OF THE ST VINCENT DE PAUL SOCIETY, JOHN PICOT



John Hill has retired from the REINSW Board after 18 years of service. John has made a huge contribution to the real estate industry during this period. He served a very successful term as President of REINSW, and was also President of the Real Estate Institute of Australia. He also contributed as a member of the Rental Bond Board, the Ministers Advisory Committee on Retail Tenancy and the Advisory Committee to the Valuer General. John is currently a member of the Infrastructure Committee at UTS.

Steve Martin, current President of REINSW, summed up the sentiments of the Board when he said "the REINSW Board will be the lesser place for losing John's experience and expertise. He has been a guiding mentor for many of us over many years, and his contribution to the real estate industry has, quite simply, been immense."

One of John's greatest contributions to the industry was to spearhead the creation of Realcover. This industry-owned insurance company was set up in the wake of the collapse of HIH in the early 1990s, and has delivered major benefits to agents through reduced premiums and better structured policies for professional indemnity insurance.

Following its creation, John went on to become the inaugural Realcover Chairman.

"IT HAS BEEN A FANTASTIC EXPERIENCE. I'VE MADE A LOT OF GREAT FRIENDS, AND I'VE GOT A LOT MORE OUT OF IT THAN I HAVE PUT IN."

Another major achievement for John was to increase the industry's profile in the media as the voice of the real estate industry. This assisted REINSW in more effective lobbying of the State Government on a range of agents' issues.

John has always been a passionate advocate for agents, and will continue to speak out on issues that interest him. "There are significant issues for agency in the near future," John said. "Big changes are coming in the role of IT, and this Government is bringing about an enormous shift in power to Canberra."

At his recent farewell function at REI House, John said that "it has been a fantastic experience. I've made a lot of great friends, and I've got a lot more out of it than I have put in. It was a privilege to have contributed to making the life of an agent better."

John will be continuing to serve agents in his role as Chairman of Realcover. ♦

1. REINSW PRESIDENT STEVE MARTIN (LEFT) AND CEO TIM MCKIBBIN (RIGHT) CONGRATULATE JOHN HILL ON 18 YEARS OF SERVICE.

2. SON SAM HILL AND DAUGHTER-IN-LAW NICOLA JOINED JOHN HILL TO CELEBRATE HIS ACHIEVEMENTS.



Tax tips for landlords



BY ROBERT ATANASOV

It's that time of year again when you have to start thinking about getting your tax information together and seeing your accountant. Landlords are in a unique tax situation as they have a bit more control over their tax refunds than taxpayers who only have group certificate income.

The following tips can help you legally maximise your tax refund and bring you one step closer to buying that next rental property:

- If you are receiving a sizeable tax refund at the end of the year due to negatively geared rental property, consider varying

the amount of Pay As You Go Withholding Tax that your employer deducts from your wage each pay period. This will increase your net wage each pay period and smooth out your cash flow during the year.

- It's possible to pre-pay the interest on your investment property loan up to 12 months in advance. This is a strategy that can be employed towards the end of the financial year to boost your tax refund at year end. There may be other expenses that you can prepay such as insurance and repairs that will further inflate your year-end tax refund.
- New landlords need to remember to provide the solicitor's settlement statement on the purchase of their rental property to their accountant, as well as the loan establishment documents. These documents will contain items that can be claimed in the year of purchase and other items – such as borrowing costs which include loan establishment fees and mortgage insurance – that need to be claimed over five years.
- Remember if you are thinking of selling your rental property, you can offset the capital gain against any capital losses you may have recently made on the sale of shares or if you have carried forward capital losses from previous years. This is especially relevant with the currently losses experienced by shareholders. The timing of the sale of shares and property are important, make sure you ask your accountant before making a sale.
- Don't forget to claim travel to your property to inspect it. You may also need to make trips to repair the property if you are not engaging a tradesman to do so.

- If you have multiple rental properties and need to sell one, check if any of your properties were purchased prior to 20 September 1985. These are known as "pre-capital gains tax assets", and as the name suggests are not subject to capital gains tax (CGT). There are special rules surrounding CGT and if you have made major improvements to a pre-CGT property this may affect the CGT exemption. Again, it is important to consult your accountant.

- Depreciation is often overlooked by property investors. If the building is relatively new or has had recent capital improvements it could be prudent to consult a quantity surveyor to see whether you are missing out on significant depreciation expenses.

These are merely the tip of the iceberg when it comes to deductible expenses for landlords. If you want to learn more, it is advisable to consult a qualified accountant before making any major decisions.

Robert Atanasov is the Principal of Atanasov Audit & Consulting and specialises in rental property tax returns. He can be contacted on (02) 9588 2055. ♦

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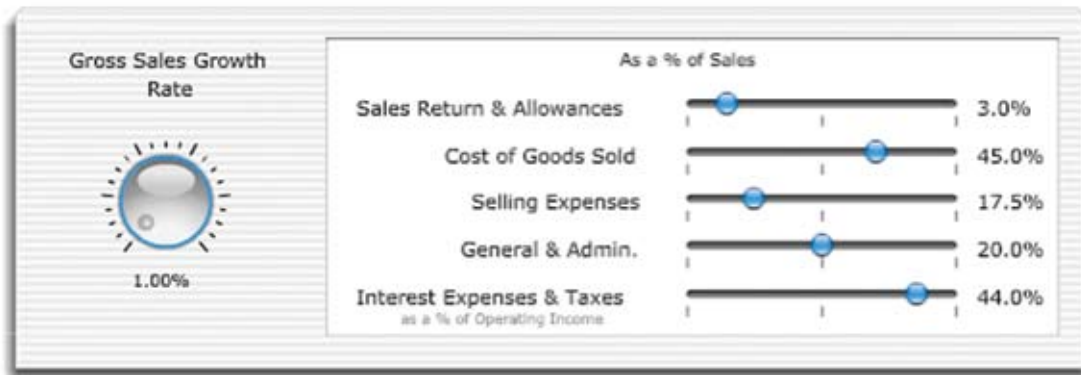
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USE THE POWERFUL FORECASTING TOOL TO SEE HOW YOUR PROFITS WOULD BE IMPACTED IF YOU ADJUSTED ASPECTS OF YOUR BUSINESS.

BENCHMARKING HAS BEEN AN IMPORTANT TOOL OVER THE LAST DECADE OR SO IN BUSINESS TRANSFORMATION AND GROWTH. SMALL BUSINESS OWNERS PERHAPS PERCEIVE BENCHMARKING AS A COMPLICATED MODEL OR PROCESS THAT THEY CAN DO WITHOUT. NOW, A NEW BENCHMARKING TOOL IS BREAKING DOWN THE PERCEIVED COMPLEXITIES BY MAKING IT EASIER FOR REAL ESTATE BUSINESSES TO IMPROVE THEIR BOTTOM LINE.

Real Business First, an online benchmarking system, has been developed specifically for the real estate industry to assist businesses in increasing their overall profit.

Benchmarking is a process of meeting industry standards, and culminates in best practice activities which improve productivity and efficiency and help make a business more lucrative.

Best practice constantly changes and continuous benchmarking can help an organisation identify what it needs to do in order to keep up with competitors. Real Business First offers agencies

THE BOTTOM LINE OF ANY BUSINESS CAN BE IMPROVED BY STREAMLINING INTERNAL PRACTICES AND CLOSELY MONITORING THE EXTERNAL ENVIRONMENT

a straight forward and effective way to do this.

Powered by Deloitte, who have partnered with REINSW to bring the product to market, Real Business First allows agents to compare their accounts to those of other subscribing agencies, as well as easy access to reviewing their own agency's current financial position at a glance.

Real Business First is an interactive online program that shows agents their bottom line and demonstrates how profit is affected as various parts of the business are adjusted. It provides an instant snapshot of how a business stacks up against the market average*, best practice and

competitors, which in turn provides insight into potential changes that can be made to increase profit.

An agent will clearly see how their agency compares, helping them make the decision as to where business improvement opportunities lie.

The bottom line of any business can be improved by streamlining internal practices and closely monitoring the external environment, allowing quick reaction to industry trends. Parts of the business, such as staffing, administration and trading conditions should be analysed to determine how they are performing and opportunities for improvement identified.

This is where a product like Real Business First can help.

Real Business First is only \$49.50 per month for REINSW members and \$69.50 per month for non-members (prices GST inclusive).

To find out more about Real Business First or to subscribe, go to www.realbusinessfirst.com ♦

**of subscribing agencies only*

Benchmark your way to greater profit

Today's small business owner is confronted with new business problems and opportunities on a regular basis. Running a company requires the ability to look outside the business for solutions, ideas, and best practices. In short, benchmarking allows best practice.

Benefits of best practice:

- Reduce costs: Small companies often do not have the deep financial pockets of big business to "re-invent the wheel". By learning what other companies have successfully done, a small business can save money without testing new ideas.
- Avoid mistakes: Solving business problems on your own can result in costly errors. Learning what others have done can keep your business in business.
- Find new ideas: Learn from beyond your company.
- Improve performance: When your business looks for best practices outside your business, you can raise the bar of performance and set new standards of excellence to propel your company forward.

Big business across numerous industries has used best practice benchmarking over decades and realised billions in savings and revenues in all areas of business operations and sales.

The opportunity is here for real estate agencies to reap the rewards from best practices. A benchmarking product such as Real Business First can provide you information to determine who is the very best, who sets the standard, and what that standard is across the real estate industry.

Modernising learning

BY SUSAN HULL

THE NEW CHANGES TO LICENSING REQUIREMENTS IN NSW FOR ALL SECTORS OF THE REAL ESTATE INDUSTRY HAS PRESENTED A PERFECT OPPORTUNITY TO MAKE SOME LONG OVERDUE CHANGES TO THE TRAINING AND DEVELOPMENT OF REAL ESTATE PROFESSIONALS.

In light of these changes, there is opportunity to drive a more innovative and practical approach to learning and development.

REINSW has long maintained the premise that learning must have both a practical and theoretical approach, however agents should be aware that the move by some training providers to offer quick-fix solutions has led to a real lack of industry expertise.

Delivering licensing training half-heartedly in periods of 10 or even five days, is producing competency outcomes that fall well short of the standards the industry should be aspiring to. This lack of comprehensive training is also paving the way for increased litigation against licensees and therefore increased regulation to ensure consumer protection.

In these modern times, a return to months in a classroom is not the answer. However the half-hearted approaches by training providers who are solely driven by money-spinning in the lucrative market of mandatory training are not the solution either.

The key is to develop new ways of offering a learning experience

that is flexible enough to allow for practical application and demonstration of skills, but also ensures that classroom sessions are accessible and meet the needs of our ever increasing time constraints.

The underlying issue is that balancing work and life is a hard task, and trying to make time for necessary learning and professional skill development is often too hard to schedule - and so the quick fix, although seemingly contentious, is appealing.

Training methods must be revamped to suit the more demanding work and life pressures agents are facing today. REINSW is committed to making changes accordingly:

- Implementing training that is based around skill sets and specific job roles, such as sales or property management or administration. This allows learning to be tailored to specific industry sectors, including commercial and rural agents, and also allows for greater flexibility in delivery.
- Increasing accessibility to a range of different courses and learning schedules. For example, when running a week-long course of a particular skill set, you can book in for a day, two days or the whole week – your schedule can be set according to your availability and needs. Training can be taken on days that suit agents or students

around their work or family commitments.

- Increasing eLearning courses. Agents will be offered access to a combination of practical workshops and the ability to supplement theory sessions online whenever they can't make it to a workshop or traditional classroom session.
- Developing and trialing new courses that develop skills sets in areas such as sales, property management, finance and administration, compliance and legislation, auctioneer accreditation, plus less traditional areas such as staff recruitment, selection and induction and occupational health and safety.
- Continued training for licensing and certificates of registration.
- Consolidating the current training course feedback process to more effectively analyse comments and suggestions from REINSW members and staff.
- Develop and offer CPD in a range of new and exciting areas. Whole agencies will be invited and encouraged to get involved in tailored solutions and renew their commitment to best practice.
- Quality of trainers and assessors. Keeping with our quality standards, all trainers and assessors are regularly reviewed to ensure they are suitably qualified, maintain their own industry knowledge and experience and upgrade their own training and assessment skills to meet modern standards.

LACK OF COMPREHENSIVE TRAINING IS ALSO PAVING THE WAY FOR INCREASED LITIGATION AGAINST LICENSEES AND THEREFORE INCREASED REGULATION TO ENSURE CONSUMER PROTECTION.

The flexibility offered in course delivery gives agents the ability to tailor their training to their own specific needs. The payoff between time and convenience, and quality of training will diminish and choosing a renowned course is not only now a convenient way to learn, but ensures the quality of your professional development. Mediocre courses designed purely for time convenience should have no place in the industry.

This much needed change in training is not for the sake of change itself, but needs to be made for the ongoing evolution of our industry and agents' own professional development.

Susan Hull has recently been appointed as REINSW Education and Training Manager and has more than 22 years' experience within the vocational education and training (VET) sector. She specialises in compliance and the development of innovative training solutions to industry. ♦

Don't disregard the value of a trainee

BY SUSAN HULL

THE REVITALISATION OF TRAINEESHIPS IS MAKING THEM AN OPPORTUNITY WORTH SERIOUS CONSIDERATION FOR AGENCIES AND STUDENTS ALIKE. WITH SUBSTANTIAL NEW BENEFITS NOW OFFERED, IT IS WORTHWHILE RECONSIDERING A TRAINEESHIP AS A WAY TO ENHANCE YOUR BUSINESS OR CAREER.

This current economic climate doesn't seem like the time to be thinking about training and recruitment, but smart employers are making the most of new Government incentives to stimulate jobs and growth.

Traineeships in the real estate industry have been around for a long time and yet are not very widely used or taken up.

This could be due to the seemingly endless amount of government red tape or the poor quality of information to employers on how to recruit and retain a trainee. However I think it is more likely due to a perceived lack of value to the agency.

Traineeships are actually a great way to train your staff and can help make your company more productive and competitive. Having well-trained, quality staff means more listings and more listings means more sales and larger rent rolls.

Modern traineeship arrangements allow for flexible training delivery such as online, on the job or by correspondence, and that means training schedules are developed around the agency not the training provider.

You no longer have to engage a trainee that has no experience or

knowledge of the industry – there are now arrangements for existing workers and many students attending the REINSW Course in Property Practice are eligible to take up a traineeship.

Even further, agencies can utilise REINSW trainers to identify likely traineeship candidates enrolled in our courses. This value-added benefit can save you time and money in the recruitment process and you reap the benefits of the employer incentives.

TRAINEESHIPS ARE ACTUALLY A GREAT WAY TO TRAIN YOUR STAFF AND CAN HELP MAKE YOUR COMPANY MORE PRODUCTIVE AND COMPETITIVE.

Employing a trainee also satisfies a part of your OFT compliance for supervision and training, and sets you up for a best practice agency – even more added value and your compliance headache gone.

Then of course, there are the actual financial benefits for employers who take on a new trainee. These can be up to \$4,500, even more if you are in a rural or regional area.

More excitingly the NSW Department of Education and Training recently announced new funding programs that will allow existing workers to take up a traineeship at a Certificate IV or Diploma level and be eligible to have



their entire training costs subsidised by the Government.

This means that current Certificate of Registration holders can take up a traineeship, and undertake their licensing training at little or no cost. Only the administration fee is payable but the benefit to the agency, employer or the Certificate of Registration holder is a saving of at least \$2,500 or more. Add to that the opportunity for members to recruit directly from our classrooms and the value is pretty hard to ignore.

The REINSW Training Centre is a great no-cost vehicle for agents to show their profile and advertise and recruit for new and experienced staff. The Training Centre has agents who regularly come and talk to students about working in the industry and these industry experts also work with the trainers to find suitable applicants for vacant positions.

The new traineeship arrangements provide even more value to agents seeking to upgrade to the new licence requirements or those who want to vary or add to their licence. They now allow for people with existing qualifications to be eligible for funding and that means that a whole range of possibilities for upskilling and professional development are available.

This represents even more value for REINSW members as REINSW can recruit trainees with qualifications from other industries who would suit a real estate career but haven't been able to afford the training or been eligible for funding. Most of the leg-work is done for you.

Only the best training solutions and recruitment services will do, and striving to ensure every REINSW member receives the most value that they possibly can is our objective – including advice and assistance with selecting and recruiting trainees and developing tailored training plans that provide quality industry training and suit the nature and size of the agency.

In time, we will also review our training scope and offer courses outside the traditional property areas, such as business and finance and that is simply more value for the real estate industry generally and our members.

There is a plethora of options and opportunities open for smart operators to upskill their staff and improve their business and own professionalism, and the really good news is that REINSW is there to assist you.

With such guidance and help on offer, you will be greatly supported in gaining relevant information, having access to expertise on traineeships and hence be able to put a best practice recruitment and training system in place.

For more information on traineeships please call the REINSW Training Centre. New funding arrangements are expected to be in place by September 2009. There are a range of traineeships currently available for all sectors of the industry. Traineeships are expected to change and be brought in line with new licensing requirements by the end of June 2009. ♦

Architects and real estate agents: the ingredients to a winning team



BY ANGUS KELL

A WELL-DESIGNED RENOVATION HAS BEEN KNOWN TO CAPTURE THE IMAGINATION OF A BUYER AND LEAD TO SALES WELL BEYOND THE IMAGINATION OF BOTH THE VENDOR AND REAL ESTATE AGENT.

Sure, there are a number of ways to improve the value of a property, but good architectural planning, design and the architect's skill in recognising the full potential of a property is one of the best.

To reach the stage of completion an architect will have completed numerous phases of pre-planning design and coordination of trades (builders, tradespeople, landscape architects, engineers, quantity surveyors and interior designers) to get a fantastic result.

This is what makes architecture more expensive but it's also what adds an extra 20-30% to a resale value. It can also help realise the sale of a house a lot quicker, a salient point in these difficult times with so few buyers out and about.

Architectural 'wow' factors are a sale's secret weapon, giving the real

estate agent plenty of ammunition to make a handsome sale. They require minimal perspiration on the part of the agent to promote – as they practically sell themselves!

Many people like to do-it-themselves and some do it well, but a DIY is a DON'T when you're trying to cut corners and costs. Not only is it extremely difficult to pull off quality results successfully and demanding on a DIY individual's quality of life, but ruinous results will diminish the resale value of the home.

People often ask what various "trends" add or detract from the value of a house and how can home owners maintain a modern, sought after property?

I tell them that most trends have the tendency to lose their lustre and become passé after a few years. Often it's best to stick with the tried and true methods.

Angus Kell is the NSW State Manager of Archicentre. Archicentre is the building advisory service of the Australian Institute of Architects www.archicentre.com.au ♦



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ARCHITECTURAL 'WOW' FACTORS ARE A SALE'S SECRET WEAPON, GIVING THE REAL ESTATE AGENT PLENTY OF AMMUNITION TO MAKE A HANDSOME SALE.



1, 2 AND 3
WELL-DESIGNED RENOVATIONS CAN CAPTURE THE IMAGINATION OF BUYERS.

4 AND 5
BEFORE AND AFTER – RECOGNISING THE FULL POTENTIAL OF A PROPERTY. ARCHITECT: JUSTIN QUINLAN

PHOTOS COURTESY OF ARCHICENTRE



Some of the key tried and tested methods include:

- A minimalist look, functional and also timeless.
- Simple finishes and neutral or muted colours that can be modified with little trouble.
- Multi-purpose rooms.
- Focus on interesting spaces rather than lavish fittings and fixtures.
- Architectural designers consider important things such as site conditions, the sun and views so not only does a renovation provide a terrific design but also presents magnificently at an open house with after light and landscaping a big drawcard.

Three advantages to selling architect-designed homes

- Designs generally more intelligent, functional and individually exciting
- Architects specialise in passive solar design which reduces energy bills
- Architect-designed homes traditionally carry a premium resale value



LANDI



ESTABLISHING A NEW BUSINESS CAN BE TOUGH BUT EXCITING. STARTING YOUR OWN AGENCY IS A MAJOR STEP IN YOUR CAREER AND CAN BE EXTREMELY SUCCESSFUL AND REWARDING IF DONE WITH COMPLETE COMMITMENT AND COMPREHENSIVE PLANNING

REBECCA RYAN TALKS TO YOUNG AGENT ADRIAN WILSON, OF WILSON PROPERTY, ON STARTING UP HIS OWN AGENCY.

NG

IN NEW TERRITORY

After seven years in real estate and fulfilled with his current career, Adrian Wilson, 29, wanted to take things to the next level and running his own business seemed like the most fitting next step.

"I felt I could do my [previous roles] with my eyes closed. There were no further growth opportunities for me. However, I wanted to continue in real estate, but needed a new direction."

In June 2008, Adrian took that next step in his career and Wilson Property was born.

"I had been contemplating making this move for quite a few years before actually initiating anything, maybe three or four years of thinking about it and basically preparing myself for this ultimate change," Adrian explains.

One key decision that needed to be made was what type of real estate business Adrian wanted. What was the best option for him, a franchise or independent agency?

"The decision was made not to establish a franchise because I felt that it would restrict the agency's [Wilson Property] creative freedom." He also wasn't too keen on giving away five to 10 per cent of his profit.

Although this meant forfeiting the support mechanisms and an already established brand identity in the marketplace that come with a franchise business, it was more important to have control over the creative scope and flexibility, Adrian said.

In hindsight Adrian now realises that relinquishing the support that came with a franchise also meant that "a lot of things were learnt and discovered the hard way".

Defining his target market was another key consideration.

"I knew I needed to stay within the boundaries of my expertise initially, which is in high-end residential property within the Sydney CBD and city fringe areas. In the last few years I had seen that there was a gap in this niche market, particularly around the emerging Hyde Park Precinct, and I was confident it was potentially lucrative and penetrable in terms of competing agencies."

Adrian explains that although this niche already had established competitors, he found that most of the city-based real estate agencies were boutique, making the playing field more even for a start-up business. The larger 'powerhouses' such as McGrath and Ray White tended to be localised – they were based in the outer suburbs of Sydney and not positioned as CBD prestige residential specialist agencies as such.

"I saw an opportunity for my agency to be positioned as the leader in this niche, and be able to eventually dominate the CBD market."

Wilson Property was first set up in a tiny bedroom of a share apartment in Bondi. Adrian was the only staff member and his improvised office consisted of the bare basics: a simple table, ancient laptop and a budget printer.

"I SAW AN OPPORTUNITY FOR MY AGENCY TO BE POSITIONED AS A LEADER IN THIS NICHE, AND BE ABLE TO EVENTUALLY DOMINATE THE CBD MARKET."

Within four months the business had outgrown the small cramped office, much to Adrian's relief.

"Not only was the office small and cramped, but it was less than ideal being in Bondi. I really needed to get into a city location," Adrian said.

Adrian goes on to talk about the importance of the agency's location. To gain the most success, it is essential to 'set-up-shop' in the vicinity of the area in which you service. Establishing your agency as a valuable resource to the area is a great way to encourage clients to turn to you for their buying and selling needs.

In September 2008, Adrian was able to rent a small, three person commercial office in the Sydney CBD. The choice of office type was important, as keeping overhead costs as low as possible was critical, as it is in any start-up business.

"I made a conscious decision to lease a small serviced office, which are plentiful in the CBD. This provided the opportunity to have a 'ready-made' receptionist, who came as part of the lease package and it was already completely set-up and fitted out as an office with furniture and phone lines."

Adrian explains that it would cost approximately \$35,000 per annum or more to hire a receptionist alone, and his lease for the office was much less than that, let alone the savings in not having to furnish the office.

"The serviced office was an extremely cost-effective option initially, but I knew it was only a short-term option. This was another advantage as I had great flexibility to simply move to larger premises when the business was ready to. There was no long-term commitment on the lease and I had no furniture to move," he says.

The next facet of building the business was staffing. With growth comes the need for people power, and so it wasn't long before Adrian needed to start building a small team.

"The challenge here was hiring staff in areas I was not very knowledgeable in. For example, after hiring another sales agent, which was relatively easy as I knew him through the industry and I knew he was good, I then faced hiring a property manager. I hadn't worked in property management since 2002 and so was a little unsure of exactly what I needed to look for."

To overcome this limitation, Adrian decided to outsource. His conclusion was that a specialist recruitment agency was the best bet in terms of getting the right person for the job and would free up a lot of his time and stop any associated stress.

There have also been a few other challenges for Adrian. He found

financing the business one of the most difficult, simply because the banks were reluctant to lend money to a business with no history of trade and capital.

"I have found the financial institutions rather difficult to negotiate with and have not really had much luck with securing business loans. I have subsequently had to run the business by re-investing any profit back into the business. This has pretty much meant I have had to 'take the hit' by sacrificing my salary."

He mentions that although this has meant he has had to initially feed a lot of his own cash into the business in order for it to grow, it has in turn made him far better at cash management and more strategic with decision making.

"A substantial part of the business was initially self-funded. In hindsight I actually see this as a good thing as I have had to take on a very clinical attitude to spending money and become very intuitive in regards to budgeting. Fighting for every dollar has really refined my financial management skills."

If there were one lesson to be shared with other young agents it would be to "Be cautious about how you finance your business, and consider that the market will not always be rallying."

"Another thing," Adrian points out, "is that a lot of people forget how much impact there will be on their current profession. Owning a business is not about being an expert in your fields as much as it is about becoming a manager. This involves being able to, and

wanting to, hand over some of the tasks you enjoy, such as selling, in order for you to manage the business aspects, like the finances, staffing and administration. It has been important for me to make sure I made the transition from sales manager to business owner; otherwise important business decisions can be overlooked. I still sell of course, but I have to make sure I never neglect the additional owner-specific responsibilities."

And with such responsibilities comes sacrifice. A word with true meaning when it comes to owning your own agency. Sacrificing your income, your savings and your social life are just some of the things you need to be willing to do, at least for the first few or more years after starting the business and perhaps even beyond.

"YOU NEED TO HAVE THE RIGHT MIND-SET, BE READY FOR CHANGE AND ENSURE YOU ARE ABLE TO TAKE ON ALL THE EXTRA RESPONSIBILITIES WHICH CAN BE VERY STRESSFUL AND TOUGH."

"The business became my life. My life worked around the business," Adrian confirms.

Adrian has a natural inclination towards high quality and it shows in the business, particular in marketing.

Essentially, he felt it was vital to ensure the branding was symbolic of the agency's target market. In this case, it needed to reflect 'prestige'. And it certainly achieves its intended objective. His website has followed suit ensuring that the branding is integrated across the business.

"Achieving a point of difference is important. This is not only in the branding which can assist in positioning the business, but also in what the agency actually offers, for example we actively promote a residential styling service as added-value, as well as embracing the most contemporary marketing technologies."

Despite the ongoing decline in the economy, the agency has gone from strength to strength. This could be attributed to the hard work that has been put into the business as well as the solid relationships already established with clients.

"In terms of growth and sales, we started with zero properties listed and zero income. Since June 2008, we now have transacted almost \$20 million in sales, having just exchanged our 27th property."

The agency is also just about to move office again due to such impressive growth.

"We are about to move to a shop front location, which will increase visibility and is ideal for a real estate agency. It is so rewarding to know that the business has grown substantially in the last 12 months and can now afford to make the move."

And a prime location it is, in the busy quarter of the CBD, across from Hyde Park on Liverpool Street, which boasts heavy foot and vehicle traffic. The office is currently under renovation and once finished will include the most modern technologies including Splash screens in its display windows – an interactive screen that will allow for customers to view property and information through a touch screen. A unique feature of this is that it also allows for the screen to remain on during the office's hours of closure – another contemporary feature of the agency that delivers added-value for its clients and allows potential customers to leave their details via the touch screen and even email selected properties to their own inbox.

Since Wilson Property's conception in the Bondi 'bedroom' office, to a small serviced office, to its current location of larger stand-alone office, Adrian now looks forward to the impending move to his state-of-the-art shop front.

The office moves could be seen as milestones, representative of the business' exceptionally rapid growth and success to date, which really is the exception and not the rule with start-up businesses.

Adrian passes on a few key words of advice to the young agents or anyone out there thinking about starting an agency. "You need to have the right mind-set, be ready for change and ensure you are able to take on all the extra responsibilities which can be very stressful and tough. More importantly, you need to be in a good cash position and have a targeted niche." ♦

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JACQUELINE POULTER
BALLARD PROPERTY

Start small and dream big

JACQUELINE POULTER IS A PERFECT EXAMPLE OF HOW HARD WORK AND A MATURE OUTLOOK IS HELPING YOUNG AGENTS ACHIEVE SUCCESS EARLY IN THEIR CAREERS.

At the tender age of 19, Jacqueline Poulter invested in her first property, by purchasing two studio apartments in the Sydney suburb of Petersham, which she still owns today and rents out. This, according to Jacqui, is just the start of what she plans to be an extensive investment property portfolio over time.

Her passion for property made a career in real estate an obvious choice. And so, upon finishing her HSC in 2004, Jacqui started looking for a full-time role in the industry. She was soon employed as the junior receptionist at Colonial State Realty in Marrickville.

Now, at just 22 years of age, Jacqui has already been making her mark in the real estate industry for four years.

Within a month of starting with Colonial State, she was already assisting the property manager and taking on responsibility in other areas of the business.

"My boss was key to my early career development. His ongoing support in training me and throwing me in the deep end, so to speak, really pushed me to deliver."

"I was learning not just property management, but all aspects of running an agency."

It was sink or swim, Jacqui says, and she rose to the challenge.

"It was scary to have responsibilities for tasks that I didn't really know much about at the time," Jacqui says. However she felt that this approach really pushed her to go the extra mile and by having to move outside her comfort zone constantly, she become more and more confident in her abilities.

Jacqui has since moved up the career ladder to become a senior property manager with Ballard Property, in the South Coogee office, and she plans to stay in the industry for the long haul.

"I love the interaction with people – the contact with landlords and tenants. I enjoy advising and assisting clients and funnily enough I also actually really like trust accounting. I'm also energised by the various property designs and how stunning a lot of the places are, especially in the Eastern suburbs."

It hasn't all been plain sailing though, with her young age at times being an obstacle when dealing with some clients.

There have been a couple of instances, Jacqui says, where

clients were a little concerned with her age and one particular time when a landlord asked to deal with her boss instead. She overcame this situation with the support of her boss, who assured this client that Jacqui was more than capable of handling their property. This gave her the opportunity to demonstrate her in-depth knowledge and win the client's trust. Jacqui believes it is the ability to draw on substantial industry experience and knowledge that really helps when faced with difficult situations such as this.

"I think one thing I have noticed with some young agents today is that after completing their Certificate of Registration their expectations can be quite high. It is important to really understand how things work and that takes time, work experience and more training."

Young agents need to realise their limitations and not be afraid to ask questions, she says.

"By really buckling down and not being afraid of hard work, young agents can have great success."

"At the beginning I worked extremely long hours, seven days a week and 12 hours days at times. I was committed to what I was doing and knew that I had to work hard."

Jacqui also points out that regarding the agencies she has worked in as if they were her own

"By really buckling down and not being afraid of hard work, young agents can have great success."

and really caring about her work has been instrumental in her success.

"A little common courtesy goes a long way, show people respect and they will respect you back," she said.

Jacqui has big plans for the future. She is currently undertaking her Certificate IV in Training and Assessment to satisfy her interest in real estate training and within the next two years her ambition is to move into sales with Ballard Property's Woollahra office. Her longer term aspirations are to own her own boutique agency by the time she is 30 and ultimately start a property development business with her father, a civil engineer, as the pinnacle of her career.

Big dreams you might think for such a young agent. But with an evident pristine work ethic, openness to further developing her skills and a clear focus on the future, there is nothing stopping this young agent from realising her dreams. ♦



EDDY PIDDINGTON
McGRATH MANLY

No room for fear

YOUNG, CONFIDENT AND SAVVY - YOUNG AGENTS TODAY ARE MAKING THEIR MARK IN REAL ESTATE EARLY IN THEIR CAREERS. THEY KNOW WHAT THEY WANT AND THEY AIM HIGH. FEAR HAS NO PLACE IN THEIR QUEST TO BE THE BEST. YOUNG AGENT EDDY PIDDINGTON TALKS ABOUT WHAT DRIVES HIM TO SUCCEED.

Eddy Piddington was born with the gift of the gab.

Growing up in a business savvy and entrepreneurial spirited family, Eddy began helping out his mother in her tourist accommodation business when he was just nine. Customers were often astounded when told it was in fact a nine-year-old boy that had been taking their bookings over the phone.

Leaving school after completing his HSC, Eddy commenced as a receptionist in real estate agency PRD in Mosman. His progression in the industry was rapid. At just 21, he was recruited by McGrath Estate Agents on the Northern Beaches as the youngest member of their sales team and at the age of 22 he was chosen as Licensee-in-charge of the Manly Office. He is still working there to this day.

"When I have an interest in something I always want to come out on top, be the very best at it, life's too short to be second best," he said.

His outstanding success in residential sales caught the attention of the industry and he was named as the 2008 Winner for Residential Sales Achievement in the prestigious REINSW Awards of Excellence.

His secret to success, he says, is predominantly mind set. That is, knowing what you want and going after it 100 per cent and no less.

"At the age of 18 I decided I wanted to buy a black BMW M3 by the age of 25. Most people said I was dreaming. I printed photos of the car, put it as background on my computer, got brochures on the car and even test drove one at 18, after negotiating with the salesman for an hour. At the age of 22, I purchased the black M3 which I love.

"I have now decided a Ferrari F360 is on the cards for 25," he laughs.

"Don't be fooled though, real estate is not all about the money," he assures. "It isn't easy money and comes with a lot of hard work."

This attitude is demonstrated in all aspects of his life. From his first taste of business at nine when helping out with the family business, to starting his own DJ'ing company, to becoming one of the best in the country at down-hill mountain bike racing. Rising to the top is what he aspires to.

"I never stop until I achieve what I set out to do and I always put in 110 per cent effort."

He is the epitome of how varied interests and a desire to constantly learn and grow - in all aspects of his life, not just his real estate career - has culminated in a well-rounded life experience that shows in his work and has given him confidence that belies his age of just 22.

Eddy has come from a family known for its business acumen - his father is the late Sydney Piddington, a well-known show business entrepreneur and former Sales Director of Channel 7 and Chief Advertising Manager for the Fairfax Group, where he trained and managed his teams to the top.

Sadly, Sydney Piddington passed away the day before Eddy started his

"I always want to come out on top, be the very best at it, life's too short to be second best."

infant schooling. His immediate family has consisted ever since of just him and his Mum, who continues to run a tourist accommodation and property development business in Leura in the Blue Mountains.

"My family has always been business oriented and savvy. Dad was an entrepreneur and in sales, so I guess it runs in the family. I have always been inclined to get out there and do things, and I am driven to give something back to my Mum and make her proud."

Eddy is a self-proclaimed doer. Not academically inclined, a more vocational career choice suited him and the decision not to pursue studies through university came easily.

"School was a waste of time for me," he says. And so, with a

"If people like you
and trust you, they
will want you to
represent them.
I have never
had a client
concerned
about my
age."

passion for sales and a real interest in people, Eddy found his niche in real estate, where he could mostly learn on the job.

Referring to his assertion that people will buy from people they like, he goes on to explain what he means by this.

"If people like you and trust you, they will want you to represent them. I have never had a client concerned about my age."

The two biggest pieces of advice Eddy can give to other young up and coming agents are: to ignore those who put you down - "Stick it out through the tough times by learning to become thick-skinned" and; knowing how to relate to people.

When faced with tough situations Eddy would think to himself, "Time, just give it time".

"I have thought time and time again about leaving the industry through the tough times. But now it's paying off, sticking at it and keeping positive."

Eddy is extremely competitive but points out that he is always ethical.

"It's easy to get caught up in getting the sale in real estate, however if you want to be in the industry for the long haul, you must protect your reputation, and have a longer term focus. That involves striving to be the best, but in an ethical way."

He goes on to say that morals are always important, even in the cut-throat industry of real estate sales.

"Do right by someone and on average they will tell four people. Do wrong by someone and they will tell 11 people. One big mistake and [your career] could all be over."

Eddy says he is inspired by people and feels that his clients are more than just a 'sale'. He cares and wants the best for them. Eddy exudes confidence, which is important in the industry, but rightly believes there is a very

fine line between confidence and arrogance. "You need to be careful you don't cross that line," he says.

Where to next for Eddy? He believes he will continue in real estate and continue to explore his enthusiasm for self and professional development, an area that he values greatly and attributes to his continued success.

"Something I have learned through self development is that the secret to success is in your state of mind."

He also suggests networking, by joining forums and groups, is a great way to meet peers, gain work referrals and build those ever so important industry relationships, as well as finding mentors within the industry that you can work with.

"I love working for John McGrath," Eddy says, "and James Dack [another work colleague who is renowned as one of the best residential sales agents in NSW] is someone I really look up to ... he is down to earth and relatable, he started small and has worked his way up to being one of the best and I admire that and want to follow in his footsteps."

With an unwavering desire to constantly achieve, Eddy is representative of the new breed of young agents ready to leap at opportunity and take risks to reach their goals. He passes on some final words of advice to aspiring real estate agents:

"Believe in yourself, be positive, give it time and aim to become the best," he says.

But he doesn't stop there.

He ponders a moment, thinks about what he wants to add and further elaborates, in true Eddy Piddington motivational speaking style:

"Remember young guns: if you can imagine it, you can achieve it, if you can dream it, you can become it. Just like my M3 when I was 18," he states, with his trademark confidence and winning smile.


Eddy Piddington is a member of the REINSW Young Agents Committee and runs his own peer networking group called 'Becoming the best'. For further information email eddypiddington@mcgrath.com.au ♦


REINSW Training Calendar


AUGUST/SEPTEMBER 2009


AUGUST

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	WEEKEND
3	4	5	6	7	8/9
SYDNEY Experienced Agents Licensing Course	SYDNEY Setting up your agency	SYDNEY The Keys to Successful Property Management	TAREE An Agent's Guide to Tax and Property Investment		
			TAREE Experienced Agents Licensing Course		
10	11	12	13	14	15/16
SYDNEY Course in Property Practice F/T (starts)	SYDNEY An Agent's Guide to Tax and Property Investment	SYDNEY Marketing and Advertising Conference			
		DUBBO Rural CPD Day			
		DUBBO Residential Sales Forum			
17	18	19	20	21	22/23
		NOVICE AUCTIONEERS COMPETITION Central Coast Division	SYDNEY Property Management Forum	NOVICE AUCTIONEERS COMPETITION North Division	
			BYRON BAY Holiday and Short Term Rentals Conference		
24	25	26	27	28	29/30
SYDNEY Auctioneers Accreditation (3 days)	SYDNEY Talent Management - Knowing how to retain key personnel		BATEMANS BAY Holiday and Short Term Rentals Conference		
SYDNEY Course in Property Practice F/T (starts)	NORTHERN BEACHES Auctioneers Forum				

 CPD Workshops (Sydney metro) \$199/\$245

 CPD Workshops (Regional) \$199/\$245

 Course in Property Practice start dates (full and part time as noted)
\$510/\$645

 Experienced Agents Licensing Course (available in business \$999/\$1499,
real estate \$1499/\$1999 and stock & station \$2499/\$2999 categories)

 Forums \$25/\$50

 Monthly CPD Conferences

 Novice Auctioneers Competition

 Auctioneers Accreditation \$599/\$699

Prices are indicated as member/non-member and GST inclusive

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- 6 hour workshops are delivered under Learning Category 2

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23 September

Commercial Property Conference

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in one fulfilling day!

SEPTEMBER

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	WEEKEND
	1 SYDNEY Professional Receptionist	2	3	4 NOVICE AUCTIONEERS COMPETITION East Division	5/6
7 SYDNEY Course in Property Practice F/T (starts)	8 SYDNEY An Agent's Guide to Tax and Property Investment	9	10	11	12/13
14	15 SYDNEY Valuers forum SYDNEY Business Relationship Intelligence	16	17	18 WAGGA WAGGA Rural CPD Day	19/20
21 SYDNEY Course in Property Practice F/T (starts)	22	23 SYDNEY Commercial Property Conference	24	25	26/27
28	29 SYDNEY How to have a compliant agency	30	31		



"REINSW PROVIDES TARGETED AND INNOVATIVE TRAINING PROGRAMS THAT ARE RELEVANT AND PRACTICAL

... and that's why I'm a member."

Sara Pratt
Knight Frank Australia



Real cause to celebrate

The REINSW Young Agents Chapter was launched a year ago to inspire, inform and ignite young and aspiring real estate agents – and what a year it's been!

Almost 100 agents came together at the Loft bar on 25 June to celebrate the early success of the Chapter – creating networking and training opportunities specifically for young and new agents, implementing a new Student Member category to the REINSW membership structure, and instigating the introduction of two new Young Agents categories in the REINSW Awards for Excellence program.

To kick start the celebrations, the Young Agents major sponsor Sharon Bennie, Director of sharonbennie – Specialist Property Recruitment, shared her inspiring journey and how she used real estate to drive her passion to become a highly successful business entrepreneur.

The formalities over, attendees took the opportunity to network with their peers – and hatch plans for the future of Young Agents!

REINSW Young Agents is a network of agents under 35 years of age or with less than three years' experience. Membership is free for all individual members of REINSW.

If you would like to join the REINSW Young Agents Chapter, email membership@reinsw.com.au or visit www.reinsw.com.au ♦



YOUNG AGENTS GET REAL



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Auction portfolios are just 'super'

COMMERCIAL

AUCTION PORTFOLIOS ARE RECOGNISED AMONGST BUYERS AS ESSENTIAL INVESTMENT READING. THE PORTFOLIO OFFERS A TARGETED AND UNIQUE OPPORTUNITY TO SHOWCASE PROPERTY TO POTENTIAL BUYERS OF COMMERCIAL AND INDUSTRIAL PROPERTY. IN LIGHT OF THE CURRENT ECONOMIC DOWNTURN, AUCTION PORTFOLIO'S ARE PROVING AN EFFECTIVE CALL-TO-ACTION FOR SERIOUS PROPERTY INVESTORS.

In the current market conditions, agents are finding that auctions are driving buyers to make decisions, according to Scott-Gray Spencer, Executive Managing Director of CBRE's Private Client Group.

CBRE recently packaged more than \$150 million in property in one of Australia's largest auction/sale campaigns. Titled 'Going Going Gone', the campaign featured 54 office, industrial, hotel and retail properties throughout Australia.

Mr Gray-Spencer said that the campaign was designed to capitalise on the increased private buyer interest in commercial property investment opportunities.

"Low interest rates have provided much needed stimulus for private buyers seeking higher yielding investment opportunities. Private buyers were the single biggest purchaser group in 2008 and lower interest rates have accelerated that trend. With cash management accounts providing minimal returns we are fielding increased enquiries from investors seeking out commercial property assets with longer term, credit worthy tenants."

Recent smaller auction campaigns conducted by CBRE have achieved clearance rates as high as 75 per cent.

Colliers International has hailed so much success from its first auction portfolio in April this year, it has already rolled out its second NSW portfolio for 2009.

The Colliers Autumn Portfolio Auction in April showed that the market for assets under \$10m in value is in good shape, with over 50 per cent of the properties by both number and value, selling under the hammer and a further 20 per cent sold subsequent to the auction.

Jon Chomley, National Director Investment Sales at Colliers

International, said that Colliers has strategically moved towards marketing properties in auction portfolios in light of the current decline in economic conditions.

He said that portfolio auctions are a marketing strategy used to provide a platform for both investor and vendors to determine the market in a period of few sales.

"Auction portfolio marketing reaches a wider audience due to combined marketing budgets and creates confidence in buyers and vendors by providing an open market process which sets the market values," Mr Chomley said.

Ray White has had unprecedented success with auction portfolios and is continuing with its 'super auctions' themed campaign across all disciplines including commercial.

Such widespread success illustrates that property auctions have a lot of distinct advantages. They are, particularly in unpredictable markets, an excellent way to find the real value of a property – both for the vendor and the purchaser. ♦

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Office buildings get a green lease on life

THE FUTURE OF OFFICE BUILDINGS IS GOING GREEN, SUPPORTED BY GOVERNMENT ENVIRONMENTAL INITIATIVES SUCH AS THE 'GREEN LEASE'. ENERGY EFFICIENCY UPGRADES CAN REDUCE RUNNING COSTS FOR TENANTS AND ENABLE THE BUILDING'S OWNERS TO ATTRACT VALUABLE CLIENTS, SUCH AS LARGE CORPORATIONS AND GOVERNMENT AGENCIES, WHICH ARE INCREASINGLY OPTING FOR ENERGY-RATED OFFICES.

The fundamental purpose of office buildings is to provide a productive and effective place for people to work.

In recognising this, the Department of Environment and Conservation NSW (DEC) partnered with Investa Property group, City of Sydney, City of Melbourne and the Institute for Sustainable Futures to develop a Green Lease Guide for commercial office tenants.

A 'green lease' is an agreement between building owner and tenant to work together to protect the environment. It is struck by adding 'green' provisions into a standard leasing agreement.

"We don't have the luxury of starting many new buildings from scratch. A green lease recognises the immediate things owners and tenants can do, in their existing building, to make a difference to the environment. Green leases not only protect our environment but they make good business sense - they improve employee well-being, increase profitability and help attract talented staff," Sydney Lord Mayor Clover Moore MP said.

A 'GREEN LEASE' IS AN AGREEMENT BETWEEN BUILDING OWNER AND TENANT TO WORK TOGETHER TO PROTECT THE ENVIRONMENT. IT IS STRUCK BY ADDING 'GREEN' PROVISIONS INTO A STANDARD LEASING AGREEMENT.

This guide provides tenants with an opportunity to identify and commit to objectives that will:

- save tenants money;
- provide an excellent working environment for employees; and
- enhance an organisation's reputation through reduced environmental impact.

Investa Property group, who produced the Green Lease Guide for commercial office tenants, includes green lease provisions in all base leasing agreements.

The vast majority of Investa's 17 Sydney CBD buildings are covered by green lease provisions.

"Over the past two years alone, Investa has reduced water consumption in our commercial office buildings by 28 per cent through a number of new initiatives," General Manager, Sustainability, Safety & Environment for Investa, Craig Roussac said.



DELIVERING HIGHER ENERGY EFFICIENCY STANDARDS IN BOTH NEW AND EXISTING BUILDINGS IS A POSITIVE STEP FORWARD TO REDUCE AUSTRALIA'S CARBON FOOTPRINT.

The guide explains what a green lease is and what to look for when choosing a building. It also outlines what to consider when designing an office fit-out, and provides valuable tips on choosing equipment and sources of further information.

The DEC, through its Business Partnerships unit, works with companies to evaluate their current environmental performance and provides expertise, training and tools required for each business to develop environmental projects that will deliver the best results for their company.

Future direction of green buildings

The federal budget announcements are good news for Australia's green building industry, says the Green Building Council of Australia (GBCA).

According to Romilly Madew, Chief Executive of the GBCA, the \$3.3 million allocation over four years to increase the energy efficiency requirements for

THE USE OF SOLAR PANELS CAN HELP DELIVER ENERGY SAVINGS FOR BOTH NEW AND EXISTING BUILDINGS.



commercial buildings will have a positive impact on greenhouse gas emissions reduction.

"We've advocated changes to the Building Code of Australia for some time, and welcome the Australian Government's decision to increase the stringency of energy efficiency requirements for all classes of commercial buildings in the Building Code of Australia from 2010," Ms Madew said.

The GBCA is also pleased with the Australian Government's commitment to spend \$5.3 million over four years to accelerate and expand a national regime for the mandatory disclosure of commercial building energy efficiency at the point of sale

or lease to improve awareness of building energy performance.

The new national regime will commence in 2010 for office buildings larger than 2,000 square metres, with coverage to expand to a wider range of commercial buildings by 2012.

"Australia's commercial and residential buildings are responsible for 23 per cent of the nation's greenhouse gas emissions. We must take swift and decisive action to ensure we address climate change. Delivering higher energy efficiency standards in both new and existing buildings is a positive step forward to reduce Australia's carbon footprint," Ms Madew added. ♦

Interested in Greening your building?

Case study: Ford, Geelong Manufacturing Plant – Lighting

Background

Ford Australia's Stamping Plant, located in Geelong, manufactures car panels and various other sub-assembly parts.

In 1997, Ford Australia became the first Australian automotive manufacturer, and one of the first within Ford globally, to be recommended for ISO 14001 Environmental Management Systems certification. In 2007, Ford recognised the opportunity to improve their ageing lighting system, which was inefficient and costly to operate.

The existing 400 W metal halide lamps could be retrofitted with 350 W pulse-start metal halide lamps, reducing energy consumption by 19%.

Objectives

Review and upgrade the current system.

Actions

Origin Energy were appointed to assess and document the savings that Ford estimated to achieve from the conversion of 1100 existing 400 W metal halide lamps, which ran on constant wattage control gear.

Results

The cost of retrofitting the existing lighting system was \$378,000, with expected energy savings of \$349,000 annually. Based on energy cost savings alone, this resulted in a project payback of just over one year.

Key outcomes

Amongst other environmental benefits, this action reduced greenhouse gas pollution by 828 tonnes of carbon.

Case study provided by Sustainability Victoria

Keep fire-safe this winter

ENSURE ALL ELECTRIC HEATERS AND HEATING APPLIANCES ARE IN GOOD WORKING ORDER BEFORE SWITCHING THEM ON THIS WINTER.

WINTER IS TRADITIONALLY THE WORST TIME FOR FIRES IN THE HOME. KNOWING WHAT DANGERS TO LOOKOUT FOR AND THE BEST WAYS TO STAY SAFE COULD HELP SAVE A LIFE OR A PROPERTY FROM FIRE DAMAGE.

With winter now upon us, it is important to review all existing fire safety measures in all property to ensure a safe and tragedy free winter season.

NSW Fire Brigades (NSWFB) Assistant Commissioner Jim Smith, Director Community Safety, said winter was traditionally the worst time of year for fires in the home with the NSWFB attending more than 1500 fires between June and August last year.

“Our data indicates that around one in three winter house fires occur between the hours of 4pm to 8pm. This is the time when a lot of families are at home cooking dinner and warming up their homes with heaters and fireplaces.

Vigilance during this time is important, particularly as the data shows us that almost half of all winter house fires in 2008 started in the kitchen and a further 22 per cent were caused by heating equipment such as portable heaters.”

With the colder weather already upon us, Assistant Commissioner Smith urged families to make sure they took steps for ensure their homes and families were protected.



“It is vital that people pay close attention to the stove when cooking hearty winter stews and soups. Portable heaters and other heating appliances were the second most common cause of winter fire deaths last year.

“Ensure that all heating appliances are in good working order before switching them on this winter and make sure flammable materials like clothes, curtains and bedspreads are at least one metre away from any heat source.

PORTABLE HEATERS AND OTHER HEATING APPLIANCES WERE THE SECOND MOST COMMON CAUSE OF WINTER FIRE DEATHS LAST YEAR.

“A house fire can be devastating and potentially fatal. Every home must have at least one working smoke alarm per level, which can

give you an early warning and the best possible chance to escape a fire. Ideally, we recommend a working smoke alarm be installed in every bedroom, living area and hallway.

Assistant Commissioner Smith said families should also consider having a fire blanket and fire extinguisher in the kitchen.

“Some small fires can be extinguished with a fire blanket or fire extinguisher. You should only

DEVELOP A HOME ESCAPE PLAN, IDENTIFYING TWO EXITS FROM EACH ROOM WHERE POSSIBLE AND A SAFE MEETING PLACE FOR EVERYONE TO GO TO ONCE OUT OF THE HOUSE.

attempt to extinguish a fire if it is safe to do so and you have the appropriate equipment. If not, get out of the house immediately and call Triple Zero (000) so the fire

services can be dispatched as soon as possible.”

He urged all residents to ensure that they knew how to escape safely in the event of a fire.

“Develop a home escape plan, identifying two exits from each room where possible and a safe meeting place for everyone to go to once out of the house. By practising the escape plan with your family, you can ensure that it can be implemented safely and effectively.”

Here are some simple steps that can be taken to stay safe during the winter months:

1. Never leave cooking unattended on the stove or in the oven. The NSWFB recommends to keep a fire blanket and extinguisher in the kitchen.
2. Check heaters, electric blankets and other winter electrical appliances, for any faults before using them. Don't leave heating appliances on all day.
3. Maintain a gap of no less than one metre between flammable objects and a heat source such as heaters.
4. If the residence has a fireplace ensure the chimney is clean and in good working order, use a fire place screen and make sure the flue is correctly installed.
5. Clean the lint filters in the clothes dryer after each use and never leave a dryer operating when you're out of the house.
6. Have at least one working smoke alarm on each level of the home and make sure it is working by testing them monthly and changing the batteries at least once a year.
7. Develop a home escape plan and practice it with all members of the household.
8. Discard all cigarettes properly and do not empty ashtrays into the rubbish until cigarettes are fully extinguished. Never smoke in bed.♦

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Holiday rentals boost the Shoalhaven economy



DEBATE OVER THE EFFECTS OF HOLIDAY AND SHORT-TERM RENTALS ON LOCAL PERMANENT RESIDENTS HAS PUT A SPOTLIGHT ON THIS NICHE RECENTLY. KEEPING REGULATIONS SIMPLE AROUND HOLIDAY AND SHORT-TERM RENTALS IS EXTREMELY IMPORTANT TO SOME COMMUNITIES, SUCH AS COASTAL HOLIDAY DESTINATIONS LIKE SHOALHAVEN, WHO RELY ON TOURISM TO KEEP THEIR CITY THRIVING.

Last year the Shoalhaven region, a major holiday destination on the south coast of NSW, saw more than 2.7 million visitors, bringing with them more than \$630 million and creating over 6,000 jobs in the city.

The tourism trade in Shoalhaven is continuing to grow, despite trends of decline in other NSW regions. Tourism is what keeps the city thriving.

Visitors to the city are a major contribution to the city's well-being and as many of these visitors stay in rented holiday accommodation, it is important to ensure any changes in regulation are not detrimental to its tourism trade.

Further regulating the use of such dwellings could have an adverse impact on the tourist trade in cities, such as Shoalhaven, who

are dependant on tourism as a major determinant of their town's economic prosperity.

Shoalhaven Council has taken steps to ensure its short-term and holidays rentals trade works as smoothly as possible. They have amended their local environment plan so that short-term and holiday rentals do not require consent of the council, saving a complex approval process and encouraging landlords to run their business above board. If regulations are changed and call for a more complicated approval process, it could lead to renegade operators who would fly under the radar and ignore such regulations anyway, which may actually have an inverse affect on the purpose of such regulations. It could also be detrimental to the economy if landlords decided it was too complicated to continue trading.

Shoalhaven Council has also taken a pro-active approach to ensuring holiday-makers do not disturb local residents. It has produced a set of Guidelines, which are published on its website and promoted to landlords who are engaging in short-term and holiday rentals. The Guidelines include a list of do's and don'ts for landlords who rent out to holidaymakers and other short-term tenants. The overall

ALTHOUGH WE HAVE SEEN MUCH ATTENTION FOCUSED ON THE NEGATIVE ISSUES ASSOCIATED WITH HOLIDAY AND SHORT-TERM RENTALS, SHOALHAVEN COUNCIL PRESENT THE OTHER SIDE OF THE COIN.

key message is to 'respect your neighbours'.

The Guidelines include specific points on how to be a 'good neighbour'. Tips include do's and don'ts such as leasing through an agency, knowing rights and responsibilities, exchanging numbers with neighbours in case there are any urgent problems and notice of penalties for tenants for not complying with regulations.

Although we have seen much attention focused on the negative issues associated with holiday and short-term rentals, Shoalhaven council present the other side of the coin.

Shoalhaven City Mayor and Councillor Paul Green said, "At council we are continuously working to ensure our city maintains these qualities that continue to attract such a large number of visitors. We also work to ensure our city is sustainable so that the people influx does not have a deleterious effect on the condition of our city. I'm always hopeful that our citizens are kind and generous people so that visitors on leaving think that this was a truly wonderful visit to the coast."

Any severe change in regulation could in fact be detrimental to a tourist destination such as Shoalhaven, who almost completely rely on tourism in order to prosper. ♦

REINSW Holiday and Short Term Rentals Forum

Attendees came from up and down the coast to attend the recent REINSW Holiday and Short Term Rentals Forum in Sydney.

Keynote speaker Justin Butterworth, CEO of Rentahome and Chair of the REINSW Holiday and Short Term Rentals Chapter, discussed the overall industry and regulation, including its evolution and a snapshot of the current market.

Justin lead discussions on numerous topics including, how various local councils are adopting different policies towards holiday homes – some councils have

sought to overturn the traditional residential definitions of holiday homes in favour of tighter restrictions. The Department of Planning has not adopted a statewide policy as yet.

He also gave an overview of REINSW's activities including stakeholder engagements strategies and its plan to provide a submission to the Department of Planning, and finished with a discussion on the proposal by the Department of Fair Trading to deregulate accounting standards for managers of holiday rentals. REINSW has lobbied to oppose

this proposal, as there are concerns it will decrease the sector's professionalism and high standards.

Other speakers included Rick Wraight, from Tea Gardens, who spoke on ways an agency can improve its profitability through new revenue streams and automation, and a presentation by accounting software company Rockend, on trust accounting and its imminent movement to online accounting systems.

Further Chapter Forums are planned for later in the year. ♦

SOME COUNCILS HAVE SOUGHT TO OVERTURN THE TRADITIONAL RESIDENTIAL DEFINITIONS OF HOLIDAY HOMES IN FAVOUR OF TIGHTER RESTRICTIONS. THE DEPARTMENT OF PLANNING HAS NOT YET ADOPTED A STATEWIDE POLICY.

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Dishonest tenant claims can still cost you

EVEN WHEN DRAWN QUESTIONABLY INTO A LEGAL BATTLE INVOLVING TENANTS AND LANDLORDS, YOUR AGENCY CAN STILL BE RESPONSIBLE FOR LARGE LEGAL COSTS, REGARDLESS OF WHETHER YOU ARE IN THE RIGHT.

Gilchrist and Connell acted for a real estate agency ('the agent') in successfully defending a claim made against the agent by the owner of a residential rental property tenanted and managed by the agent.

The owner was sued by the tenant for an alleged breach of the lease and/or in negligence for allegedly causing or allowing the premises to remain in a dangerous condition.

The tenant alleged that the shower was defective, causing a dangerous water leakage onto the floor of the bathroom. The tenant alleged that she slipped and sustained injury when stepping from the shower on to the wet and slippery floor due, despite multiple prior unactioned complaints to the agent to repair the leaking shower.

The tenant did not sue the agent but only the owner. The owner however joined the agent to the proceedings as a cross defendant seeking an indemnity for any liability to the tenant if the tenant succeeded in her claim against him.

Ultimately the owner successfully defended the tenant's claim and

the agent in turn successfully defended the cross claim issued against it by the owner. The decision can be found online at the District Court of NSW website under the reported decision of *Hilditch v Dhasmana & Ors* (2009) NSWDC 27.

The owner denied that he was on notice of any problem with the shower prior to the commencement of the tenancy. There were no records ever located which suggested otherwise.

Notwithstanding, the tenant alleged in her claim against the owner that she and her partner had complained to the agent by telephone on up to 70 occasions prior to her accident with those complaints remaining unactioned. Despite these alleged multiple telephone complaints, the tenant wrote two letters to the agent during her tenancy requesting repairs to other aspects of the premises without any mention of the leaking shower.

The owner accepted at trial that he was not on notice of any apparent defect in the shower prior to the commencement of the tenancy. That was also supported by the agent's residential premises condition report completed by both the agent and the tenant at the time of the commencement of the tenancy.

The owner pleaded in his cross claim that if any complaints

had been made to the agent concerning a leak in the shower after the commencement of the tenancy, then the agent had failed to report any such defects or to have arranged a repair directly, pursuant to its obligations under the Managing Agency Agreement and was therefore liable to indemnify the owner for any liability to the tenant.

The agent agreed it had not reported any defects in the shower to the owner or directly arranged repairs to the shower for the simple reason that it denied that any complaints had been made by the tenant concerning the shower prior to her accident and/or that it was on notice of any defect in the shower from its inspections carried out on behalf of the owner.

Ultimately the trial judge did not believe the tenant and her partner's evidence of the making of multiple unactioned complaints to the agent. To the contrary, the agent's evidence was accepted.

The agent was assisted in its defence by the existence of detailed records maintained by the agent and its employees of the receipt of complaints from the tenant which were logged and recorded and which were tendered at trial to rebut the tenant's evidence. The fact that the agent kept good records including copies of receipts, the tenant's letters, subsequent work orders, notations

THE CASE IS A TIMELY REMINDER OF NOT ONLY THE BENEFIT OF KEEPING DETAILED UP-TO-DATE RECORDS OF ALL CONTACT WITH TENANTS AND ANY REPAIR WORKS UNDERTAKEN, BUT ALSO THE BENEFITS OF HAVING PROFESSIONAL INDEMNITY INSURANCE.

of action and a conversation diary evidencing that requests for other repairs by the tenant had been actioned promptly was extremely valuable evidence in rebutting the claimant's allegations of unactioned complaint.

The agent was also assisted by evidence obtained from hospital records prepared immediately after the accident when the plaintiff attended hospital. Those records strongly suggested that the tenant had not actually fallen in the shower at all but had fallen in the lounge room and that her allegations of a fall in the bathroom were a fabrication.

Notwithstanding the strong view held by the agent prior to the trial that the tenant's case was effectively a try-on, the defence to trial was a significant inconvenience to the agent. The agent was required to attend court to give evidence to rebut the tenant's allegations. Given the alleged multiple complaints, the agent was required to effectively also call all of its current employees and some former employees to give evidence

to rebut the suggestion that complaint(s) may have been made to them by telephone.

The issue of who will ultimately bear the costs of the agent's joinder to the proceedings is still before the courts. Even though the agent successfully defended the owner's claim, the trial judge took the view that the owner was an absent and innocent landlord and despite accepting that the agent had acted properly, believed it was appropriate for the owner to join the agent to the proceedings and therefore was not minded to require the owner to pay the agent's costs of successfully defending the claim. Indeed the court ordered the agent to pay the owner's costs of prosecuting its unsuccessful claim against the agent. That costs issue is on appeal to the Court of Appeal and the case continues.

Conclusion

Although the case was defensible and it warranted proceeding to a defended trial, significant legal costs were incurred in defending the claim disproportionate to the damages claimed by the tenant and the merit of her claim overall.

The case is a timely reminder of not only the benefit of keeping detailed up-to-date records of all contact with tenants and any repair works undertaken, but also the benefits of having professional indemnity insurance.

Professional indemnity insurance

If agencies have professional indemnity insurance with Realcover, such claims could be fully covered under the terms and conditions of the policy. If the agencies did not have professional indemnity insurance, they would be responsible for their own legal costs.

The importance of professional indemnity insurance is highlighted when you consider what the agencies' worst case scenario would be. If any one of these cases goes to hearing and is decided against the agency, not only would the agency have to pay its own costs of the proceedings, it may be ordered to pay the other party's costs as well. This can amount to hundreds of thousands of dollars and, in some cases, more than one million dollars.


Realcover can be contacted on 1800 559 450. ♦

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A TENANT MAY ALLEGE BREACH OF LEASE WHERE A SHOWER IS IN DEFECTIVE OR DANGEROUS CONDITION AND COMPLAINTS REMAIN UNACTIONED.



"I CAN SAVE MONEY
ON TRAINING, EVENTS,
FORMS AND INSURANCE
... and that's why
I'm a member."

Michelle McLean
Ray White Sylvania

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For more information on professional indemnity insurance, call RealCover on 1800 803 636.

*REINSW member agencies receive 10% off the base premium of professional indemnity insurance with RealCover.

Intentional versus malicious damage

In a property manager's world, any damage to a client's property is bad news. However, there are different definitions of damage that can affect your clients' insurance claims.

As a general rule, landlords' insurance policies do not provide cover for general maintenance or wear and tear as a result of tenant neglect, carelessness, poor housekeeping or unhygienic living habits. Examples of these include:

- tenant scratching a kitchen bench when chopping vegetables without a chopping board;
- cleaning of stained and dirty walls;
- rubbish removal and garden maintenance; and
- tenant trying to clean kids' drawings from a painted surface and damaging the wall.

The reason that these kinds of costs are not included is that landlords' insurance policies are designed to be affordable with a basic policy costing around \$300. Including cover for these costs would drive premiums up considerably and possibly drive landlords away from purchasing this essential insurance.

What landlords' insurance does cover is intentional or malicious damage. There are specific definitions of what type of damage falls under each of these two categories and the insurance policy may respond differently based on how the damage is defined.

Intentional or deliberate damage is when a person deliberately makes alterations to a property without the owner's permission but without malice. This may include:

- installing shelves into a wall;
- drilling in picture hooks; and
- adding a pet door.

Malicious damage or vandalism is a wrongful act motivated by malice with the intention to damage the property. Examples include:

- holes punched in the doors and walls;
- cutting the carpet or blinds; and
- several cigarette burns on the carpet.

As you can appreciate, it can be difficult for landlords to understand and differentiate between the types of damage, especially when they are faced with a hole punched through their wall.

Additionally, with malicious damage it is often very difficult to tell whether the damage was the result of one event or more. Recognising this issue, Aon has negotiated to change the way malicious damage claims are assessed.

With malicious damage, only one excess will be applied despite there possibly being more than one event. For example, if someone cuts up the carpet, pulls a door from its hinges and punches a hole in the wall, one excess will be applied to this malicious damage claim.

This will significantly reduce the landlords' out-of-pocket costs.

However, for intentional damage claims, where it is often more clear cut as to how many events there were, an excess will be applied to each event. For example, if

INSTALLATION OF A PET DOOR WITHOUT THE OWNER'S PERMISSION MAY AMOUNT TO INTENTIONAL OR DELIBERATE DAMAGE.



someone fixes a wall unit to a wall and installs Foxtel, these are two separate events and two separate excesses will apply.

As your broker, Aon is here to provide you with professional guidance and assistance, and to liaise with the insurer on your behalf. Visit our website at www.aon.com.au/realestate for more information or call your local Aon representative on 1300 734 274. ♦

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Protecting your income



BY JOHN GREIG

How can super benefit me while I am working?

One of the greatly underappreciated assets of superannuation is its ability to provide cost effective personal insurance such as life, total and permanent disablement and income protection insurance.

Many super funds provide a minimum level of life insurance when the member joins, however income protection insurance is generally elective.

Why would a person want income protection insurance?

It is ironic that we all think it is sensible to insure our car or our home but don't insure our most valuable asset – our ability to work.

Income protection insurance provides you with a substitute income if through illness or injury you are unable to work. This income ensures that your lifestyle will not be seriously compromised, i.e. you can still meet your financial obligations and that you can focus on recovery.

Isn't income protection insurance tax deductible?

If you take out an income protection policy outside of super and pay the premiums out of your income, then that is a tax deductible expense that you can claim at the end of the financial year.

However if you take out income protection within your superannuation policy, the premiums are paid for out of your superannuation contributions, meaning that there is no impact on your cashflow. These premiums are not directly tax deductible to you. However, they do reduce the amount of contributions tax you pay within super.

How do policies differ?

Naturally the cost of insurance depends on the likelihood of the event. Hence the waiting period – the time that you must be off work before the insurer will pay – greatly influences the cost of the policy, as you are more likely to be off work for two weeks than for two months.

IT IS IRONIC THAT WE ALL THINK IT IS SENSIBLE TO INSURE OUR CAR OR OUR HOME BUT DON'T INSURE OUR MOST VALUABLE ASSET – OUR ABILITY TO WORK.

Also some policies pay for fixed periods such as two or five years, while others will pay during incapacity up until age 65.

Another difference is that some policies will increase the premium as you age, while others have one premium regardless of age.

What do REI Super offer?

REI Super offers income protection insurance with a 90 day waiting period and two year maximum payment period, where the premiums do not change with age.

We can insure up to 75% of your income, based on your average remuneration over the previous three years, i.e. we include your

commissions as part of your insured income.

As REI Super is a real estate fund, the underwriters consider members to be in a relatively low risk occupation so we are able to offer extremely competitive premiums. For example to insure you if you had an income of \$60,000 (i.e. a \$42,500 annual payment) will only cost \$104 a year – deducted from your superannuation balance. That's \$2 a week to insure your biggest asset.

Where can I get more information?

Go to our website www.reisuper.com.au or call us on 1300 13 44 33. ♦

Disclaimer

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Orana 27 October

WISE INVESTMENT: Silent sales



BY CHRIS GRAY

While it's still widely reported in the media that residential property is continuing to suffer, there's still a shortage of good-quality properties for sale in many blue-chip areas. Home buyers and investors looking to buy may have to look at securing a deal before the property goes to auction or even before it gets advertised to the public. This is why, as an investor, I always seek out unadvertised properties first.

Good properties that are located in blue chip areas and are median priced generally sell well and rent well. With the extension of the First Home Owner Grant continuing to stimulate first home buyer activity, there is expected to be plenty more competition for properties at the lower end of the market.

Once these properties are listed, there is even more competition, and they are often sold at auction for 5-10 per cent more than their market value. If you want to buy at or below market value, think like an investor: you need to look at other avenues rather than mainstream advertised property – just as many of your investor clients would.

Many vendors will put their properties on the market only as a last resort. As you know, few are keen to spend \$5000-10,000 on

marketing fees, especially in an uncertain market. Many others are nervous about auctions, particularly about whether buyers will attend or bid. These may take a guaranteed offer beforehand rather than risk an unfavourable sale at auction.

It's the professional investors and buyers' agents that often handpick these before they go to market. The public gets what's left.

As an example, my company Empire – which builds property portfolios for investors – snaps up to 60-70 per cent of its properties for clients before they are marketed. Buyers have come to rely on our ability to purchase such properties on their behalf. Recently, we slowly bought a block of seven units over a nine-month period. Five of these were silent sales. Using this approach, not only do vendors save \$5,000-\$10,000 on marketing fees, they often get a sale within 24-48 hours.

In this time of national fiscal restraint and further job losses, some vendors will be looking for further ways of getting out of their properties quickly. I believe this will lead to more silent sales in the coming months, presenting a great opportunity for investors and real estate agents.

IT'S THE PROFESSIONAL INVESTORS AND BUYERS' AGENTS THAT OFTEN HANDPICK THE BEST PROPERTIES BEFORE THEY GO TO MARKET. THE PUBLIC GET WHAT'S LEFT.

Chris's top 5 tips for snapping up unlisted properties

- **Use a buyers' agent.** Buyers agents, such as Empire, can serve you well if you are looking for a property outside of your area. These agents have good relationships with other real estate agents.
- **Become better friends with other real estate agents.** As you know, agents are the first to be aware of properties for sale. Make sure they know you are serious about buying and can make a quick decision followed by a signed, unconditional contract.
- **Letterbox drops.** Do what you do for your own clients, and letterbox drop in the areas you want to buy. Say that you are

a serious buyer for the right property and the vendor can save time and money by going direct to you.

- **Get organised.** Make sure you are ready when the right deal comes along. Get pre-approved for finance and have your valuer, building inspector and strata inspector all ready so they can check you are buying the right property at the right price.
- **Tell your friends, family and colleagues you are looking to buy.** Often those close to you will know of someone else looking to sell, so spread the word.

Chris Gray is CEO of property portfolio company Empire. He is a leading property expert who provides opinion and commentary regularly in news media. Through Empire, Chris today 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, visit www.yourempire.com.au. ♦

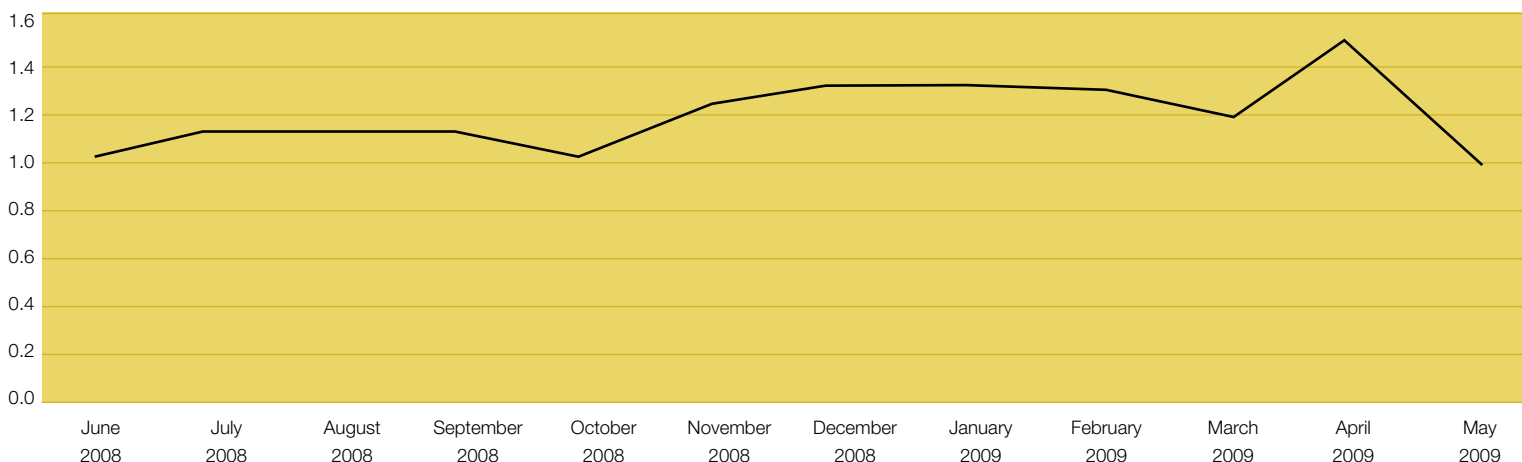
Research

Check out the latest rate for your area. You can use it in your newsletters, information packs and discussions with potential investors!

Residential vacancy rate – Compiled by REINSW

SYDNEY	May-09	Apr-09	Mar-09	Feb-09		May-09	Apr-09	Mar-09	Feb-09
Inner	1.4	1.4	1.2	1.3	ALBURY	2.3	2.1	1.7	3.4
Middle	1.5	1.7	1.5	1.3	CENTRAL WEST	2.2	2.9	3.1	3.1
Outer	1.0	1.4	0.9	1.1	COFFS HARBOUR	3.3	1.8	3.6	2.7
Total	1.0	1.5	1.2	1.3	FAR WEST	0.0	-	-	-
HUNTER					MID-NORTH COAST	1.8	2.1	1.4	2.0
Newcastle	1.5	1.7	2.2	1.3	NEW ENGLAND	1.9	1.8	2.0	2.1
Other	1.9	2.1	1.6	2.2	NORTHERN RIVERS	2.2	2.7	2.2	2.1
Total	1.7	1.9	1.9	1.7	ORANA	1.6	1.6	1.6	2.9
ILLAWARRA					RIVERINA	2.0	2.3	2.2	3.0
Wollongong	1.2	2.2	1.6	1.5	SOUTH COAST	3.5	3.7	2.3	3.3
Other	2.7	1.4	2.7	2.7	SOUTH EASTERN	2.5	1.5	3.5	2.6
Total	1.6	1.9	2.0	1.9					
CENTRAL COAST	1.6	1.7	2.2	2.6					

Sydney vacancy rate



Source: REINSW Vacancy Rate Survey

Did you realise that your rent roll information is used by the Reserve Bank of Australia when making its interest rate decisions? REINSW Vacancy Rates are a significant source of property information for economists, so make sure you contribute by sending us your vacancy rate figures each month.

Sydney weekly auction clearance rates – provided by Australian Property Monitors

Week Ending	Inner Sydney		Inner West		Lower North		Inner East		Sydney	
	Number Auctioned	Auction Clearance Rate	Number Auctioned	Auction Clearance Rate	Number Auctioned	Auction Clearance Rate	Number Auctioned	Auction Clearance Rate	Number Auctioned	Auction Clearance Rate
3/5/09	37	62.8%	21	68.2%	14	73.3%	21	85.7%	127	74.83%
26/4/09	26	65.5%	7	87.5%	11	78.6%	37	62.5%	183	84.24%
19/4/09	45	66.0%	37	75.7%	28	54.3%	33	63.9%	456	79.06%
12/4/09	23	76.9%	2	100.0%	30	63.9%	63	65.2%	44	83.67%
5/4/09	77	66.7%	27	56.7%	56	57.1%	91	61.2%	566	80.24%
29/3/09	72	63.6%	31	77.4%	60	57.4%	60	61.6%	463	74.95%
22/3/09	57	65.1%	26	67.9%	25	59.3%	68	53.1%	368	78.51%
15/3/09	33	81.1%	27	64.5%	48	54.7%	57	67.7%	483	79.10%
8/3/09	39	72.7%	21	68.2%	32	55.8%	47	58.0%	159	79.63%
1/3/09	55	71.0%	33	80.6%	65	55.8%	88	53.3%	634	71.95%
22/2/09	63	71.0%	24	70.8%	31	67.6%	78	58.8%	487	77.00%
15/2/09	25	76.0%	16	81.3%	18	56.5%	10	45.5%	270	66.79%

*snr = sample not reliable

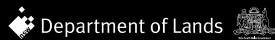
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Time to renew your membership



BY PETER GRIFFIN

As a member of the Real Estate Institute of New South Wales, you belong to the State's largest industry association for property professionals. Your membership identifies you as a leader in the industry, with high professional standards and a willingness to continue developing your skills and knowledge.

Now that it's time to renew your membership it's timely to look at some of our achievements over the past 12 months:

- **Reduction in stamp duty.** We have spent recent months lobbying the NSW Government and Opposition on this issue, and are pleased to have influenced the outcome which is a plus for agents. We held meetings with the Premier, Treasurer, Opposition Leader and Shadow Treasurer to make your voice heard.
- **Lobbying in the media.** We have focused a lot of effort in increasing our media profile over the past 12 months, with some good success. For example in June 2009 we achieved a total of 76 media hits (i.e. a stand alone story concerning REINSW, which often involves an interview) which exposed your issues to

a cumulative audience of over 4 million people. These hits included four for TV, 37 for radio and 35 for newspapers.

- **Provision of quality training for 7,000 agents and new industry entrants across NSW.** This included the launch of our new monthly all-day conferences with high-profile speakers on themes such as sales, marketing and advertising, leadership, property management, commercial sales and property management, strata etc.
- **Over 10,000 calls to the free member helpline answered.** Manned by experienced agents and backed by a specialist lawyer, this top-quality service is consistently rated as one of the top reasons why agents hold REINSW membership. Take the helpline challenge – call the team on 02 9264 2343 and see if you can ask them an agency-related question that they can't answer!
- **Launch of Real Business First.** A benchmarking tool developed jointly with Deloitte, this web-based interactive service allows agencies to compare their performance across a range of measures each month to determine how they might increase their profits.

- **Holiday and Short Term Rentals Best Practice Guidelines** have been developed in order to respond to a number of political issues specifically impacting upon this specialist area of real estate practice. The Chapter drafted the Guidelines with the aim of improving standards in the holiday and short-term rentals sector.
- **Launch of the Young Agents Chapter** for the up-and-coming members of our profession. This Chapter held a series of training, networking and motivation events, and lobbied successfully for the introduction of a new membership category for students.
- Our agreement with **realestate.com.au** and **realcommercial.com.au** entitles you to a 10% discount off their standard prices.
- **A range of other special price deals** with organisations such as Corporate Express (office supplies) and Private Fleet (new cars), plus we are working on new arrangements with telecommunications and computer hardware companies.
- You are entitled to **10% discount off your professional indemnity insurance with Realcover**, which is majority-owned by REINSW. Protect your agency with this industry-specific insurer which offers great coverage and competitive premiums.

Real advantages of membership

- **The free Member Helpline** service, which is available on an unlimited basis to provide you with prompt and expert advice on any agency question or issue.
- **A rich source of relevant and timely information** provided via means such as the monthly *Real Estate Journal*, the 2000-page website with premium member-only content, plus regular Chapter forums at nominal prices.
- **Electronic and paper agreements** for sales and property management are easy to use and constantly updated. These agreements have been prepared in consultation with internal and external lawyers and specialist consultants. We have invested significant sums of money and time in developing the content for these forms.
- **Lobbying.** REINSW works hard to stay in the public eye, promoting your most important issues to government, media and other influencers.
- **A compliance review** ensures your office complies with regulations. This value-priced service is covered by a unique 'money back guarantee'.
- **Annual Awards program.** These prestigious, independent awards are an important way for you to demonstrate your expertise to your clients and prospects and to differentiate yourselves from the competition. Awards winners and finalists gain great coverage and credibility when using the Awards promotional logos to market themselves.

Remember, membership of REINSW can build your business, save you money and give you a competitive edge.

Peter Griffin is the General Manager of REINSW. To find out more about the benefits of membership, call (02) 9264 2343, email servicecentre@reinsw.com.au or visit www.reinsw.com.au ♦

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